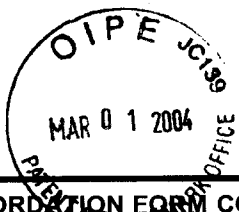


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Form PTO-1595
(Rev. 10/02)
OMB No. 0651-0027 (exp. 6/30/2005)
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RECORDATION FORM CO
PATENTS & TRADEMARKS



102684929

To the Honorable Commissioner of Patents and Trademarks: Please

1. Name of conveying party(ies):

International Product Technology, Inc.

Additional name(s) of conveying party(ies) attached? Yes No

2. Name and address of receiving party(ies)
Name: Robotic Vision Systems, Inc.
Internal Address: Attn: President

Street Address: 486 Amherst Street

City: Nashua State: NH Zip: 03036

Additional name(s) & address(es) attached? Yes No

3. Nature of conveyance:
 Assignment Merger
 Security Agreement Change of Name
 Other _____

Execution Date: 10/20/2003

4. Application number(s) or patent number(s):
If this document is being filed together with a new application, the execution date of the application is: _____
A. Patent Application No.(s) _____
See attached Addendum to Recordation
B. Patent No.(s) _____
See attached Addendum to Recordation
Additional numbers attached? Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:
Name: Sonnenschein Nath & Rosenthal LLP
Internal Address: Attn: Dan L. Rosenbaum, Esq.

Street Address: P. O. Box 061080
Wacker Drive Station - Sears Tower

City: Chicago State: IL Zip: 60606-1080

6. Total number of applications and patents involved: 14
7. Total fee (37 CFR 3.41).....\$ 560.00
 Enclosed
 Authorized to be charged to deposit account

8. Deposit account number:

DO NOT USE THIS SPACE

9. Signature.
Dan L. Rosenbaum [Signature] February 27, 2004
Name of Person Signing Signature Date

03/03/2004 DBYRNE 00000115 102684929 Total number of pages including cover sheet, attachments, and documents: 9

01 FC:8021 560.00 All documents to be recorded with required cover sheet information to:
Commissioner of Patents & Trademarks, Box Assignments
Washington, D.C. 20231

Addendum to Recordation Form Cover Sheet

Patents Only

4. Application number(s) or patent number(s):

A. <u>Patent Application No.(s)</u>	B. <u>Patent No.(s)</u>
10/287878	6573987
10/282625	6481187
10/282492	6311886
10/262245	6585185
10/260956	
10/239344	
10/171466	
10/165045	
10/141275	
10/050900	

SCL1730.WPD;1

SECURITY AGREEMENT

This Security Agreement (this "Agreement") is made as of October 20, 2003 by and between International Product Technology, Inc., a Wisconsin corporation ("Debtor"), and Robotic Vision Systems, Inc., a Delaware corporation (the "Secured Party").

BACKGROUND

Debtor has issued a Promissory Note (the "Note") dated the date hereof in favor of the Secured Party pursuant to an Asset Purchase Agreement (the "Purchase Agreement") dated the date hereof.

The parties have agreed that Debtor's obligations under the Purchase Agreement, the Note, and related documents will be secured by Debtor's grant to the Secured Party of a security interest in and to certain collateral, pursuant to the terms and conditions of this Agreement.

AGREEMENT

Intending to be legally bound, the parties hereby agree as follows:

1. **DEFINITIONS.** Capitalized terms used herein and not defined herein have the respective meanings set forth in the Purchase Agreement.
2. **SECURITY.**

2.1 Grant of Security Interest. As security for payment and performance of all Secured Obligations (as defined below) of the Debtor to the Secured Party when and as due, the Debtor hereby grants to the Secured Party a security interest in all of Debtor's right, title, estate, claim and interest in and to all of the Intellectual Property (as defined in the Purchase Agreement) and the proceeds of any sale or license thereof which would require the consent of Secured Party or the Agent pursuant to Section 3.1 hereof (collectively, the "Collateral").

2.2 Secured Obligations. For purposes of this Agreement, "Secured Obligations" means all money, debts, obligations and liabilities which now are or have been or at any time hereafter may be or become due, owing or incurred by the Debtor to the Secured Party, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with:

- (a) the Note; or
- (b) this Agreement;

and any other document made, delivered or given in connection therewith or herewith, whether on account of principal, interest (including, without limitation, interest accruing on the Note and interest accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Debtor, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), royalties, reimbursement

obligations, fees, indemnities, costs, expenses or otherwise. Reference to the "Secured Party" in the remainder of this Agreement shall include any subsequent holder of the Note.

2.3 Financing Statements.

(a) The Secured Party is authorized to file such UCC-1 financing statements and other related filings (such as continuations or amendments) that the Secured Party deems necessary in order to perfect or to continue the perfection of its security interest in the Collateral.

(b) For so long as any of the Secured Obligations have not been fully satisfied, the Debtor will promptly execute and deliver to the Secured Party such assignments, notices, financing statements or other documents and papers, including, but not limited to, such documents as may be filed with the U.S. Register of Copyrights and the U.S. Patent and Trademark Office in order to evidence the perfection of Secured Party's rights in Debtor's patents, registered trademarks, registered copyrights and applications therefore and any proceeds thereof or revenues therefrom, and any continuation statements or amendments thereto (collectively and including the financing statements referred to in Section 2.3(a), the "Lien Notices") as the Secured Party may reasonably require in order to perfect and maintain the security interest in the Collateral granted to the Secured Party hereby and to give any third party notice of the Secured Party's interest in the Collateral. Each such Lien Notice delivered to the Secured Party pursuant to the provisions of this Agreement will be in suitable form for filing with the appropriate governmental office.

2.4 Termination. When all the Secured Obligations have been paid in full or otherwise satisfied, this Agreement and the security interest granted to the Secured Party under this Agreement will terminate and the Secured Party will execute and deliver such documents as may be reasonably necessary and requested by the Debtor to release the Collateral from the security interest granted to the Secured Party in this Agreement.

3. COVENANTS OF THE DEBTOR. So long as any of the Secured Obligations have not been fully satisfied, the Debtor covenants and agrees with the Secured Party that:

3.1 Sale of Collateral. The Debtor will not, without the prior written consent of the Secured Party and, so long as the Revolving Credit and Security Agreement dated as of April 28, 2000 among the Secured Party certain former subsidiaries of the Secured Party, the financial institutions party thereto and PNC Bank, National Association, as agent (as amended from time to time, the "Seller Credit Agreement"), is in effect, of the Agent (as defined in the Seller Credit Agreement) (which consents shall not unreasonably be withheld), sell, assign, transfer or otherwise unconditionally dispose of the Collateral to any person, entity or party other than the Secured Party; *provided, however*, that no such consents shall be required with respect to (i) sales of inventory by the Debtor in the ordinary course or (ii) any non-exclusive license of the Collateral.

3.2 Liens on Collateral. The Debtor will not, without the prior written consent of the Secured Party and, so long as the Seller Credit Agreement is in effect, of the Agent (which consents shall not unreasonably be withheld), create, incur, assume or permit to exist any Lien on

the Collateral; *provided, however*, that no such consents shall be required with respect to the grant of any non-exclusive license of the Collateral.

3.3 State of Incorporation. The Debtor shall maintain and keep Wisconsin as its state of formation and will not change its state of formation without prior written notice to the Secured Party. The Debtor shall maintain and keep its records concerning the Collateral at its chief executive office at 16255 W. Lincoln Ave., New Berlin, WI 53151 .

4. RIGHTS AND REMEDIES UPON EVENT OF DEFAULT.

4.1 General Remedies. For purposes of this Agreement, the term "Default" shall include any of the following:

(a) The Debtor fails to pay when due any payment on the Note (*provided, however*, that Debtor's exercise of any right to set-off under Section 6.3(e) of the Purchase Agreement shall not constitute a Default) ;

(b) The Debtor's indebtedness for borrowed money is accelerated as a result of a default or breach of or under any agreement for such borrowed money, including but not limited to loan agreements, or material breach under any real property lease agreements and capital equipment lease agreements, by which Debtor is bound or obligated;

(c) The filing of a petition in bankruptcy or under any similar insolvency law by the Debtor, the making of an assignment for the benefit of creditors, or if any voluntary petition in bankruptcy or under any similar insolvency law is filed against the Debtor and such petition is not dismissed within sixty (60) days after the filing thereof.

Except for a Default pursuant to Section 5.1(c), upon each such Default, the Debtor shall have three (3) business days to cure such Default after receipt of written notice of default from the Secured Party specifying the nature of the Default. If the Debtor is unable to cure its Default within such three (3) day period, the Secured Party may, at its option, accelerate repayment of the Note in which case the outstanding balance of the Note and all interest accrued thereon shall be due and payable immediately. Upon any Default of the Debtor, the Secured Party shall have full recourse against any of the Collateral and may pursue any legal or equitable remedies that has available to it. In addition to the payment of the indebtedness secured hereby, Debtor agrees to pay to Secured Party all costs and expenses (including reasonable attorneys' fees and costs) incurred by Secured Party, after the occurrence of a Default hereunder, including any expenses incurred by Secured Party (i) in any bankruptcy proceeding involving Debtor, (ii) in connection with the collection of any sums due hereunder or under the Purchase Agreement or the Note, and (iii) in connection with the retaking, holding, preparing for sale or sale of the Collateral.

4.2 Proceeds. If a Default occurs, and is not cured within the time provided herein, all proceeds and payments with respect to the Collateral will be retained by the Secured Party (or if received by the Debtor will be held in trust and will be forthwith delivered by the Debtor to the Secured Party in the original form received, endorsed in blank) and held by the Secured Party as part of the Collateral or applied by the Secured Party to the payment of the Secured Obligations.

4.3 Sales of Collateral. If a Default occurs, and is not cured within the time provided herein, any item of Collateral may be sold for cash or other value at public or private sale or other disposition and the proceeds thereof collected by or for the Secured Party as provided in the Uniform Commercial Code or under other applicable law. The proceeds of all such sales and collections in respect of the Collateral, the application of which is not otherwise specifically herein provided for, will be applied as follows: (i) first, to the payment of the costs and expenses of such sale or sales and collections and the attorneys' fees and out-of-pocket expenses incurred by the Secured Party relating to costs of collection; (ii) second, to the payment of all unpaid interest accrued with respect to the Secured Obligations, and then to the payment of unpaid principal of the Secured Obligations; and (iii) third, any surplus then remaining will be paid to the Debtor.

5.4 Remedies Cumulative. The remedies hereunder are cumulative and not exclusive and Secured Party shall have the right to enforce one or more remedies hereunder, successively or concurrently, and such action shall not operate to estop or prevent Secured Party from pursuing any further remedy which it may have, and any repossession or retaking or sale of the Collateral pursuant to the terms hereof shall not operate to release Debtor until full payment of all Secured Obligations has been made.

5. GENERAL PROVISIONS.

5.1 Survival of Warranties. The representations, warranties and covenants of the Debtor and the Secured Party contained in or made pursuant to this Agreement shall survive the execution and delivery of this Agreement and shall in no way be affected by any investigation of the subject matter thereof made by or on behalf of any of the Secured Party or the Debtor, as the case may be.

5.2 Successors and Assigns. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties.

5.3 Governing Law. Except to the extent otherwise required by applicable law, the New York Uniform Commercial Code shall govern the attachment, perfection, priority and enforcement of the Secured Party's security interest and all other matters to which the New York Uniform Commercial Code applies pursuant to the terms thereof. Subject to the foregoing, this Agreement shall be governed by, and construed in accordance with, the laws of the State of New York (other than choice of law rules that would require the application of the laws of any other jurisdiction).

5.4 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

5.5 Headings. The headings and captions used in this Agreement are used only for convenience and are not to be considered in construing or interpreting this Agreement. All references in this Agreement to sections, paragraphs, exhibits and schedules shall, unless otherwise provided, refer to sections and paragraphs hereof and exhibits and schedules attached hereto, all of which exhibits and schedules are incorporated herein by this reference.

5.6 Notices. Unless otherwise provided, any notice required or permitted under this Agreement shall be given in writing and shall be deemed effectively given (i) at the time of personal delivery, if delivery is in person; (ii) one (1) business day after deposit with an express overnight courier for United States deliveries, or two (2) business days after such deposit for deliveries outside of the United States, with proof of delivery from the courier requested; or (iii) three (3) business days after deposit in the United States mail by certified mail (return receipt requested) for United States deliveries when addressed to the address indicated for such party in Section 7.1 of the Purchase Agreement, or at such other address as any party may designate by giving ten (10) days' advance written notice to all other parties.

5.7 Amendments and Waivers. Any term of this Agreement may be amended, and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of the Debtor and the Secured Party. Any amendment or waiver effected in accordance with this Section shall be binding upon the Secured Party and the Debtor.

5.8 Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision(s) shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision(s) were so excluded and shall be enforceable in accordance with its terms.

5.9 Further Assurances. From and after the date of this Agreement, upon the request of the Secured Party or the Debtor, the Debtor shall execute and deliver such instruments, documents or other writings as may be reasonably necessary or desirable to confirm and carry out and to effectuate fully the intent and purposes of this Agreement.

5.10 Jurisdiction. The parties hereby stipulate and agree that any action or other legal proceeding arising under or in connection with this Agreement may be commenced in the state or federal courts of either the state of Wisconsin or the state of New York; *provided, however*, that any such proceeding shall be and prosecuted in its entirety in the state or federal courts of the state in which such proceeding was first filed. Each party hereby agrees not to assert in any such action or proceeding that either of such courts lacks personal jurisdiction or is not a convenient forum and hereby waives, to the fullest extent permitted by law, any other right to contest the jurisdiction and/or venue thereof.


5.11 Facsimile Signatures. This Agreement may be executed and delivered by facsimile and upon such delivery the facsimile signature will be deemed to have the same effect as if the original signature had been delivered to the other party.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered as of the date first above written.

SECURED PARTY:

ROBOTIC VISION SYSTEMS, INC.

By: 
Name: Ray V. Costa
Title: President

DEBTOR:

INTERNATIONAL PRODUCT TECHNOLOGY, INC.

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered as of the date first above written.

SECURED PARTY:

ROBOTIC VISION SYSTEMS, INC.

By: _____

Name: _____

Title: _____

DEBTOR:

INTERNATIONAL PRODUCT TECHNOLOGY, INC.

By: 

Name: MARK S. JAEGER

Title: PRESIDENT

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