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102753957

To the Honorable Commissioner of Patents and Trademarks: Please return the attached original documents or copy thereof.

1. Name of conveying party(ies):
Nova Packaging Systems, Inc.

5-2604

2. Name and address of receiving party(ies)

Name: CapitalSource Finance LLC

Internal Address:

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

3. Nature of conveyance:

- ☐ Assignment ☐ Merger
☒ Security Agreement ☐ Change of Name
☐ Other _____

Street Address: 4445 Willard Avenue, 12th Fl.

City: Chevy Chase State: MD Zip: 20815

Additional Name(s) & address(es) attached? ☐ Yes ☒ No

Execution Date: March 8, 2004

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)
09/727,013

B. Patent No.(s)
D403,950

Additional numbers attached? ☒ Yes ☐ No

5. Name and address of party to whom correspondence concerning this document should be mailed:

Name: Joseph Turitz

Internal Address:

Street Address: 4445 Willard Avenue, 12th Fl.

City: Chevy Chase State: MD Zip: 20815

6. Total number of applications and patents involved: 28

7. Total fee (37 CFR 3.41)\$ 1120.00

- ☒ Enclosed
☐ Authorized to be charged to deposit account

8. Deposit account number:

50-2816 (deficiency only)

(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Darren W. Collins
Name of Person Signing

Signature

May 2004
Date

Total number of pages including cover sheet, attachments, and documents: 19

Mail documents to be recorded with required cover sheet information to:

Commissioner of Patents & Trademarks, Box Assignments
Washington, D.C. 20231

05/27/2004 MGETACHE 00000040 09727013

01 FC:8021

1120.00 DP

Exhibit of Patents and Applications

Patents

D389,034
6,651,842
6,568,151
6,430,896
6,422,418
6,401,007
6,373,207
6,334,525
6,244,429
6,209,705
6,202,827
6,170,700
6,168,004
5,971,041
5,881,429
5,755,566
5,713,180
5,704,175
5,662,208
5,489,019
5,463,839
5,439,093
5,137,187
5,115,617
4,680,464
4,674,259

Applications

INTELLECTUAL PROPERTY SECURITY AGREEMENT

This Intellectual Property Security Agreement (as amended, supplemented or otherwise modified from time to time, this "**IP Security Agreement**") is made and effective as of March 8, 2004 by each of the signatories hereto listed as a "Grantor" (together with any other entity that may become a party hereto pursuant to a Joinder Agreement, each a "**Grantor**" and collectively, "**Grantors**"), in favor of **CAPITALSOURCE FINANCE LLC**, a Delaware limited liability company, as agent for Lenders (in such capacity, "**Agent**"). Capitalized terms used in this IP Security Agreement and not otherwise defined herein shall have the respective meanings ascribed to such terms in the Loan Agreement.

RECITALS

WHEREAS, pursuant to that certain Revolving Credit, Term Loan and Security Agreement, dated as of the date hereof, by and among Nova Packaging Systems, Inc., a Delaware corporation ("**Borrower**"), the other Credit Parties thereto, Agent and Lenders from time to time party thereto (as amended, supplemented or otherwise modified from time to time, the "**Loan Agreement**"), Lenders have agreed, subject to the terms and conditions set forth therein, to lend to Borrower certain amounts pursuant to a revolving credit facility and a term loan (collectively, the "**Loans**");

WHEREAS, Borrower and Grantors are members of an affiliated group of companies;

WHEREAS, the proceeds of the extensions of credit and other financial accommodations under the Loan Agreement will be used in part to enable Borrower to make valuable transfers to the other Grantors and the other Grantors to make valuable transfers to Borrower in connection with the operation of their respective businesses;

WHEREAS, Borrower and the other Grantors are engaged in related businesses, and the other Grantors will derive substantial direct and indirect benefit from the making of the extensions of credit and other financial accommodations by Lenders under the Loan Agreement; and

WHEREAS, it is a condition precedent to the obligation of Agent and Lenders to execute and perform under the Loan Agreement that Grantors shall have executed and delivered this IP Security Agreement to Agent, for the ratable benefit of Lenders.

AGREEMENT

NOW, THEREFORE, in consideration of the willingness of Agent and Lenders to enter into the Loan Agreement and to agree, subject to the terms and conditions set forth therein, to make the Loans to Borrower pursuant thereto, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed as follows:

1. Grant of Security Interest. To secure the due and punctual payment and performance by Borrower of all the Obligations, including, without limitation, all of Borrower's obligations to Agent under the Note, the Loans, the Loan Agreement, this Agreement and the other Loan Documents (collectively, the "**Secured Obligations**"), each Grantor hereby grants to Agent, for the ratable benefit of Lenders, a continuing security interest in all of the right, title and interest of such Grantors in and to any and all of the following collateral, whether now owned or hereafter acquired, but excluding any Intellectual Property for which the granting of a security interest therein would void or result in the termination, invalidation, cancellation or abandonment of such Intellectual Property (the "**IP Collateral**"):

(a) The U.S and foreign copyrights, associated copyright registrations and applications for copyright registration, for the works set forth on Schedule A attached hereto (collectively, the "**Copyrights**");

(b) The U.S. and foreign patents and patent applications set forth on Schedule B attached hereto, including, without limitation, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same (collectively, the "**Patents**");

(c) The U.S., state and foreign trademark and service mark registrations, trademark and service mark applications set forth on Schedule C attached hereto and all goodwill associated with the foregoing (collectively, the "**Trademarks**");

(d) The domain names and registrations set forth on Schedule D attached hereto and all goodwill associated with the foregoing (collectively, the "**Domain Names**");

(e) Any and all claims and causes of action for past, present or future infringement of any of the IP Collateral, with the right, but not the obligation, to sue for and collect damages for infringement of the IP Collateral;

(f) Any and all licenses or rights granted under any of the IP Collateral, and all license fees and royalties arising from such licenses or rights, in each case to the extent permitted by such licenses or rights;

(g) Any and all amendments, renewals, extensions, reissuances and replacements of any of the IP Collateral; and

(h) Any and all products and proceeds of any of the foregoing.

2. Requested Recordation. Each Grantor authorizes and requests that the Register of Copyrights and the Commissioner of Patents and Trademarks (and any state, foreign or other authority to which this IP Security Agreement is submitted) file and record this IP Security Agreement (and any corresponding or separate forms of such jurisdiction) in order to publicly reflect the interests of Agent and Lenders in the IP Collateral.

3. Assignment. Upon the occurrence and during the continuance of an Event of Default, each Grantor shall execute and deliver to Agent an absolute assignment transferring its entire right, title, and interest in and to the IP Collateral to Agent, for the ratable benefit of Lenders.

4. Power of Attorney. Each Grantor hereby irrevocably grants to Agent, for the ratable benefit of Lenders, a power of attorney, to act as such Grantor's attorney-in-fact, with full authority in the name, place and stead of such Grantor, from time to time in Agent's discretion, to take any action and to execute any instrument that Agent may deem necessary or advisable in its Permitted Discretion to accomplish the purposes of this IP Security Agreement. This authority includes, without limitation, the following:

(a) Upon no less than two (2) Business Days prior written notice to Grantor, to modify or amend (in the Permitted Discretion of Agent and without first obtaining such Grantor's approval thereof or signature thereto) Schedule A, Schedule B, Schedule C, and/or Schedule D hereof, as appropriate, to include references to any registered intellectual property (or application or license therefor) acquired by such Grantor after the execution hereof or to delete any reference to any IP Collateral in which such Grantor no longer has or claims any right, title or interest;

(b) To execute, file and pursue (in the Permitted Discretion of Agent and without first obtaining such Grantor's approval thereof or signature thereto, unless otherwise prohibited by applicable law) any application, form or other document in order to perfect, maintain, continue or otherwise protect Agent's interest or such Grantor's rights in the IP Collateral, including, without limitation, (i) to execute and file any financing statement, any continuation statement or any amendment thereto, and (ii) to execute and file any applications for renewal, affidavits of use, affidavits of incontestability or similar document or proceeding before the United States Patent and Trademark Office, the United States Copyright Office or the relevant office of any state or foreign jurisdiction or relevant domain name registrar, and (iii) to execute and file any response or answer to any opposition, interference or cancellation proceedings brought by a third party, and (iv) to pay any fees and taxes in connection with any action referred to in this paragraph (b) or otherwise (in the case of each of clauses (i) through (v) above, to the extent such Grantor fails to do so within two (2) Business Days after Agent's request or the time Grantor is otherwise obligated to do so);

(c) To execute any document required to acknowledge, register or perfect the interest of Agent and Lenders in any part of the IP Collateral without the signature of such Grantor unless prohibited by applicable law; and

(d) Upon the occurrence and during the continuation of an Event of Default, to (i) endorse the respective Grantor's name on all applications, documents, papers and instruments necessary or desirable for Agent in the use of the IP Collateral, (ii) take any other actions with respect to the IP Collateral as Agent deems in its Permitted Discretion to be in the best interest of Agent, (iii) grant or issue any exclusive or non-exclusive license under the IP Collateral to anyone or (iv) assign, pledge, convey or otherwise transfer title in or dispose of the IP Collateral to anyone.

The foregoing power of attorney is coupled with an interest and is irrevocable until the Secured Obligations (other than indemnity obligations under the Loan Documents that are not then due and payable or for which any events or claims that would give rise thereto are not then pending) secured hereby have been unconditionally and indefeasibly paid or performed in full and the

Loan Agreement has been terminated (except for any obligations designated under the Loan Agreement as continuing on an unsecured basis).

5. Release. Unless otherwise agreed in writing by the parties, the security interests granted herein will terminate (and all rights to the IP Collateral will revert to each of the Grantors) upon satisfaction of the following conditions: (a) payment and performance in full of all the Secured Obligations (other than indemnity obligations under the Loan Documents that are not then due and payable or for which any events or claims that would give rise thereto are not then pending) secured hereby (unconditionally and indefeasibly) and (b) the termination of the Loan Agreement (except for any obligations designated thereunder as continuing on an unsecured basis). Upon any such termination, Agent (at Grantors' request and sole expense) shall promptly execute and deliver to Grantors (without any representation, warranty or recourse of any kind whatsoever) such documents as Grantors may reasonably request and as are provided to Agent to evidence such termination.

6. Newly Registered Copyrights, Patents and Trademarks. Each Grantor hereby agrees to provide Agent, for the ratable benefit of Lenders, every three (3) months, a schedule of newly registered Copyrights, Patents, Trademarks and Domain Names (if any).

7. Miscellaneous.

(a) This IP Security Agreement has been entered into in conjunction with the provisions of and the security interest granted to Agent, for the ratable benefit of Lenders, under the Loan Agreement. The rights and remedies of Grantors and Agent with respect to the security interests granted herein are in addition and without prejudice to those set forth in the Loan Agreement, all terms and provisions of which are hereby incorporated herein by reference. In the event that any provisions of this IP Security Agreement are deemed to conflict with the Loan Agreement or the other Loan Documents, the provisions of the Loan Agreement or the other Loan Documents shall govern.

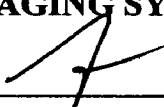
(b) This IP Security Agreement may be executed in any number of counterparts with the same effect as if all the signatures on such counterparts appeared on one document. Each such counterpart will be deemed to be an original, but all counterparts together will constitute one and the same instrument.

[Remainder of Page Intentionally Blank; Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have executed this IP Security Agreement as of the date first written above.

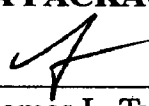
GRANTORS:

PACKAGING SYSTEMS HOLDINGS, LLC

By: 

Thomas L. Tuttle
Vice President

NOVA PACKAGING SYSTEMS, INC.

By: 

Thomas L. Tuttle
Vice President

AGENT:

CAPITALSOURCE FINANCE LLC

By: 

Name: Joseph Turitz

Title: General Counsel

ACKNOWLEDGMENT

STATE OF New York §
§
COUNTY OF New York § SS

Before me, the undersigned, a Notary Public, on this 1st day of March, 2004, personally appeared Thomas L. Tuttle to me known personally, who, being by me duly sworn, did say that he is the Vice President of Packaging Systems Holdings, LLC, a Delaware limited liability corporation, as Grantor, and that said Intellectual Property Security Agreement was signed on behalf of said Grantor, by authority of its board of directors or members, as applicable, and the said Vice President acknowledged said instrument to be his free act and deed.

Raina Lesperance
Notary Public
My Commission Expires: January 28, 2006

THAINA LESPERANCE
Notary Public, State of New York
No. 01LE6069337
Qualified in Nassau County
Certificate Filed in New York County
Commission Expires 1/28/ 06

ACKNOWLEDGMENT

STATE OF New York §
COUNTY OF New York § SS

Before me, the undersigned, a Notary Public, on this 1st day of March, 2004, personally appeared Thomas L. Tuttle to me known personally, who, being by me duly sworn, did say that he is the Vice President of Nova Packaging Systems, Inc., a Delaware corporation, as Grantor, and that said Intellectual Property Security Agreement was signed on behalf of said Grantor, by authority of its board of directors or members, as applicable, and the said Vice President acknowledged said instrument to be his free act and deed.

Thana Lesperance
Notary Public
My Commission Expires: January 28, 2006

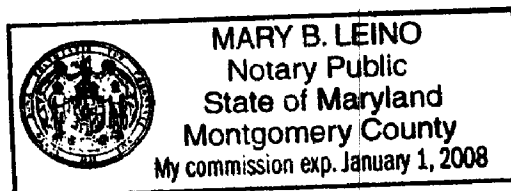
THAINA LESPERANCE
Notary Public, State of New York
No. 01LE6069337
Qualified in Nassau County
Certificate Filed in New York County
Commission Expires 1/28/ 06

ACKNOWLEDGMENT

STATE OF MARYLAND §
 § SS
COUNTY OF MONTGOMERY §

Before me, the undersigned, a Notary Public, on this 26th day of February, 2004, personally appeared Joseph Turitz to me known personally, who, being by me duly sworn, did say that he is the General Counsel of CapitalSource Finance LLC, as Agent, and that said Intellectual Property Security Agreement was signed on behalf of said Agent, and the said General Counsel, Corporate Finance acknowledged said instrument to be his free act and deed.

Mary B. Leino
Notary Public
My Commission Expires: _____



SCHEDULE A

COPYRIGHT COLLATERAL

Registered Copyrights

None

Pending Copyright Applications

None

SCHEDULE B**PATENT COLLATERAL****Registered Patents**

| Jurisdiction | Title | Patent No. | Issue Date |
|---------------------|---|-------------------|-------------------|
| U.S. | Wireaway | D403,950 | 1/12/99 |
| U.S. | Wireaway | D389,034 | 1/13/98 |
| U.S. | Article dispensing machine and method | 6,651,842 | 11/25/03 |
| U.S. | Conveyor for use in contamination sensitive equipment | 6,568,151 | 5/27/03 |
| U.S. | Capping machine | 6,430,896 | 8/13/02 |
| U.S. | Article dispensing machine and method | 6,422,418 | 7/23/02 |
| U.S. | Gage element for performing automatic setting of a machine for manipulating articles, such as a palletization machine | 6,401,007 | 6/4/02 |
| U.S. | Braking system for a DC motor | 6,373,207 | 4/16/02 |
| U.S. | Transfer conveyor system | 6,334,525 | 1/1/02 |
| U.S. | Automatic adjustable guide rails | 6,244,429 | 6/12/01 |
| U.S. | Container transport system | 6,209,705 | 4/3/01 |

| Jurisdiction | Title | Patent No. | Issue Date |
|---------------------|---|-------------------|-------------------|
| U.S. | Method and apparatus for feeding containers in serial order on a conveyor belt | 6,202,827 | 3/20/01 |
| U.S. | Leaflet dispensing apparatus | 6,170,700 | 1/9/01 |
| U.S. | Container distribution apparatus | 6,168,004 | 1/2/01 |
| U.S. | Container filling apparatus with walking nozzles bank | 5,971,041 | 10/26/99 |
| U.S. | Portable container cleaning station | 5,881,429 | 3/16/99 |
| U.S. | Self-driving fluid pump | 5,755,566 | 5/26/98 |
| U.S. | System for transporting containers for use with an apparatus to process containers such as a tablet filling monoblock | 5,713,180 | 2/3/98 |
| U.S. | Multi-channel raceway for electric wires, cables and other elongated utility lines | 5,704,175 | 1/6/98 |
| U.S. | Conveyor with retractable flaps for transporting containers | 5,662,208 | 9/2/97 |
| U.S. | Feed tray for singularizing objects | 5,489,019 | 2/6/96 |
| U.S. | Apparatus for packaging a predetermined quantity of objects and a counting device therefor | 5,463,839 | 11/7/95 |
| U.S. | Apparatus for unscrambling containers | 5,439,093 | 8/8/95 |
| U.S. | Anti-spray fluid dispensing nozzle | 5,137,187 | 8/11/92 |
| U.S. | Capping machine | 5,115,617 | 5/26/92 |

| Jurisdiction | Title | Patent No. | Issue Date |
|---------------------|--|-------------------|-------------------|
| U.S. | Optical detecting system for article counting machine | 4,680,464 | 7/14/87 |
| U.S. | Container filling machine | 4,674,259 | 6/23/87 |
| Canada | Multi-channel raceway for electric wires, cables and other elongated utility lines | 2,153,865 | 1/5/99 |
| Canada | Container filling machine | 1,287,333 | 8/6/91 |

Pending Patent Applications

| Jurisdiction | Title | Applic. No. | Filing Date |
|---------------------|---|--------------------|--------------------|
| U.S. | Magazine for storing leaflets | 09/727,013 | 11/30/00 |
| Canada | Leaflet dispensing apparatus | 2,288,830 | 11/5/99 |
| Canada | Gage element for performing automatic setting of a machine for manipulating articles, such as a palletization machine | 2,301,356 | 3/20/00 |

SCHEDULE C

TRADEMARK COLLATERAL

Registered Trademarks

| Jurisdiction | Mark | Registration No. | Registration Date |
|--------------|-------------|------------------|-------------------|
| U.S. | CHORD-LOC | 0,855,939 | 9/3/68 |
| U.S. | FILLIT | 1,863,507 | 11/22/94 |
| U.S. | LAKSO | 1,365,218 | 10/15/85 |
| U.S. | MERRILL | 0,865,718 | 3/4/69 |
| U.S. | MICRO-SCAN | 2,312,090 | 1/25/00 |
| U.S. | PACER | 1,239,993 | 5/31/83 |
| U.S. | PHARMAVEYOR | 1,918,705 | 9/12/95 |
| U.S. | REFORMER | 0,993,395 | 9/24/74 |
| U.S. | SLAT-SCAN | 1,484,143 | 4/12/88 |
| U.S. | SMARTPART | 2,554,200 | 3/26/02 |
| U.S. | VERSA-PRESS | 1,250,184 | 9/6/83 |
| Canada | MERRILL | TMA174,691 | 2/26/71 |
| Switzerland | MERRILL | 376634 | 8/8/89 |

Trademark Applications

| Jurisdiction | Mark | Serial No. | Filing Date |
|--------------|----------|------------|-------------|
| U.S. | TRUCOUNT | 78/307,576 | 9/30/03 |

Trademark Licenses

SCHEDULE D

DOMAIN NAMES

lakso.com

swiftpack.net

swiftpackautomation.net

swiftpackautomation.com

swiftpack.com

swiftpack.co.uk

swiftpackautomation.co.uk

Exhibit of Patents and Applications

Patents

Applications

D403,950

09/727,013

D389,034

6,651,842

6,568,151

6,430,896

6,422,418

6,401,007

6,373,207

6,334,525

6,244,429

6,209,705

6,202,827

6,170,700

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4,674,259