

07-19-2004

Form PTO-1595
(Rev. 10/02)

REC



U.S. DEPARTMENT OF COMMERCE
U.S. Patent and Trademark Office

OMB No. 0651-0027 (exp. 6/30/2005)

102793407

Tab settings

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

1. Name of conveying party(ies):

Wavien, Inc.

2. Name and address of receiving party(ies)

Name: CLT Associates, L.P.

Internal Address: Attn: General Counsel

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

3. Nature of conveyance:

- Assignment
- Security Agreement
- Other
- Merger
- Change of Name

Street Address: One Meadowlands Plaza

City: East Rutherford State: NJ Zip: 07073

Execution Date: 12/11/2002

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

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 Schedule A

B. Patent No.(s) _____

none

Additional numbers attached? Yes No

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

Name: Federal Research Co., LLC

Internal Address:

Attn: Penelope J.A. Agodoa
Federal Research Company, LLC
1030 15th Street, NW, Suite 920
Washington, DC 20005
202.783.2700

Street

City: Washington State: DC Zip: 20005

6. Total number of applications and patents involved:

7. Total fee (37 CFR 3.41).....\$ 200.00

Enclosed

Authorized to be charged to deposit account

8. Deposit account number:

DO NOT USE THIS SPACE

9. Signature.

Julie Cravitz

Name of Person Signing

Julie Cravitz
Signature

July 16, 2004

Date

07/20/2004
01 FC:8021

SELLER 00000000 60467583

Total number of pages including cover sheet, attachments, and documents: 13

200.00 (P)

Mail documents to be recorded with required cover sheet information to:
Commissioner of Patents & Trademarks, Box Assignments
Washington, D.C. 20231

SCHEDULE A

to

PATENT AND TRADEMARK SECURITY AGREEMENT

Patents and Applications

<u>Title</u>	<u>Patent No./ Application No.</u>	<u>Filing/Issue Date</u>
Polarization Recovery System for Projection	60-467583	5/5/03
Folding an Arc Into Itself to Increase the Brightness of an Arc Lamp	10-440265	5/19/03
A Light Pipe Based Projection Engine	60-476612	6/9/03
A Light Pipe Based Projection Engine	60-485736	7/10/03
A Light Pipe Based Projection Engine	60-489104	7/23/03

PATENT AND TRADEMARK SECURITY AGREEMENT

THIS PATENT AND TRADEMARK SECURITY AGREEMENT (this "Agreement"), dated as of December 11, 2002, is entered into by and between WAVIEN, INC., a California corporation and a debtor and debtor-in-possession ("Debtor"), having an office at 27825 Fremont Court, Santa Clarita, California 91355, and CLT ASSOCIATES, L.P., a Delaware limited partnership, with an office at One Meadowlands Plaza, East Rutherford, New Jersey 07073 ("Secured Party").

RECITALS

A. Debtor has adopted, used and is using, and is the owner of, the entire right, title, and interest in and to the patents and the applications therefor described in Schedule A annexed hereto and made a part hereof, and the trademarks, trade names, terms, designs and applications therefor described in Schedule B annexed hereto and made a part hereof.

B. Debtor has requested that Secured Party provide debtor-in-possession financing to Debtor's affiliate, Wavien Holdings, Inc., a California corporation and a debtor and debtor-in-possession (the "Borrower"), pursuant to which Secured Party will make loans to the Borrower in an aggregate principal amount of up to Five Million Dollars (\$5,000,000) (collectively, the "Loan"), evidenced by a certain Post-Petition Loan and Security Agreement, of even date herewith, by and between the Borrower and Secured Party (the "Loan Agreement").

C. Secured Party is unwilling to provide such financing to the Borrower unless: (i) Debtor guaranties the obligations of the Borrower to Secured Party under the Loan Agreement by entering into a certain Secured Continuing Guaranty, of even date herewith (the "Guaranty"); (ii) Debtor secures the payment and performance of its obligations to Secured Party under the Guaranty by entering into a Security Agreement, of even date herewith (the "Security Agreement"), by which Debtor shall grant Secured Party a security interest in certain collateral as specified therein; and (iii) Debtor enters into this Agreement with Secured Party and grants Secured Party a security interest in the Collateral described below.

D. To induce Secured Party to provide debtor-in-possession financing to the Borrower pursuant to the Loan Agreement, Debtor is willing to execute the Guaranty in favor of Secured Party, to execute the Security Agreement in favor of Secured Party, and to enter into this Agreement with Secured Party, by which Debtor shall grant Secured Party a security interest in the Collateral described below.

NOW, THEREFORE, the parties hereby agree as follows:

1. SECURITY INTEREST

Debtor hereby grants Secured Party a security interest in the following property of Debtor:

(a) all of Debtor's now existing or hereafter acquired right, title and interest in and to: all of Debtor's interests in any patents, whether foreign or domestic; all applications, registrations and recordings relating to such patents in the United States Patent and Trademark Office or in any similar office or agency of the United States, any state thereof, any political subdivision thereof and all reissues, extensions and renewals thereof, including, without limitation, those patents, applications, registrations and recordings described in Schedule A hereto (collectively, the "Patents");

(b) all of Debtor's now existing or hereafter acquired right, title, and interest in and to: all of Debtor's trademarks, trade names, trade styles and service marks; all prints and labels on which such trademarks, trade names, trade styles and service marks appear, have appeared or will appear, and all designs and general intangibles of a like nature; all applications, registrations and recordings relating to the foregoing in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof, any political subdivision thereof or in any other countries, and all reissues, extensions and renewals thereof including those trademarks, terms, design and applications described in Schedule B hereto (collectively, the "Trademarks");

(c) the goodwill of the business symbolized by each of the Trademarks, including, without limitation, all customer lists and other records relating to the distribution of products or services bearing the Trademarks; and

(d) any and all proceeds of any of the foregoing, including, without limitation, any claims by Debtor against third parties for infringement of the Patents, Trademarks or of any licenses with respect thereto (all of the foregoing are collectively referred to herein as the "Collateral").

2. OBLIGATIONS SECURED

The security interest granted by Debtor to Secured Party in the Collateral pursuant to this Agreement shall secure the prompt and indefeasible payment and performance of all of Debtor's obligations to Secured Party under the Guaranty (collectively, the "Obligations").

3. WARRANTIES AND COVENANTS

Debtor hereby covenants, represents and warrants that (all of such covenants, representations and warranties being continuing in nature so long as any of the Obligations are outstanding):

A. All of the existing Collateral is valid and subsisting in full force and effect to Debtor's knowledge, and Debtor owns sole, full, and clear title thereto, and has the right and power to grant the security interests granted hereunder. Debtor will, at Debtor's expense, perform all acts and execute all documents reasonably necessary to maintain the existence of the Collateral as valid, subsisting and registered Patents and Trademarks including without limitation the filing of any renewal affidavits and applications (except as to such Patents and Trademarks as Secured Party consents are not material to Debtor's business). The Collateral

is not subject to any lien, security interest, claim or encumbrance ("Lien"), except the security interests granted hereunder and the licenses, if any, which are specifically described in Schedule C hereto.

B. Debtor will not assign, sell, mortgage, lease, transfer, pledge, hypothecate, grant a security interest in or lien upon, encumber, grant an exclusive or non-exclusive license relating thereto, except to Secured Party, or otherwise dispose of, any of the Collateral without the prior written consent of Secured Party, which will not be unreasonably withheld; provided, however, Debtor may enter into licenses, sublicenses, leases or subleases of the Collateral with third persons in the ordinary course of business not interfering in any material respect with the business of Debtor.

C. Debtor will, at Debtor's expense, perform all acts and execute all documents reasonably requested at any time by Secured Party to evidence, perfect, maintain, record, or enforce the security interest in the Collateral granted hereunder or to otherwise further the provisions of this Agreement. Debtor hereby authorizes Secured Party to execute and file one or more financing statements (or similar documents) with respect to the Collateral signed only by Secured Party. Debtor further authorizes Secured Party to have this or any other similar Security Agreement filed with the Commissioner of Patents and Trademarks or other appropriate federal, state or government office.

D. Debtor will, concurrently with the execution and delivery of this Agreement, execute and deliver to Secured Party five (5) originals of a Power of Attorney in the form of Exhibit 1 annexed hereto for the implementation of the assignment, sale or other disposition of the Collateral pursuant to Secured Party's exercise of the rights and remedies granted to Secured Party hereunder. Secured Party agrees it will only exercise such Power of Attorney upon Debtor's failure to pay or perform the Obligations.

E. Secured Party may, in its sole discretion, pay any amount or do any act which Debtor fails to pay or do as required hereunder or as requested by Secured Party to maintain and preserve the Collateral, defend, protect, record, amend or enforce the Obligations, the Collateral, or the security interest granted hereunder, including, but not limited to, all filing or recording fees, court costs, collection charges and reasonable attorneys' fees. Debtor will be liable to Secured Party for any such payment, which payment shall be deemed a borrowing by Borrower from Secured Party under the Loan Agreement, and shall be payable on demand together with interest at the applicable rate set forth in the Loan Agreement and shall be part of the guaranteed Obligations secured hereby.

F. As of the date hereof, Debtor does not have any Patents or Trademarks registered, or subject to pending applications, in the United States Patent and Trademark Office or any similar office or agency in the United States other than those described in Schedules A and B annexed hereto.

G. Debtor shall notify Secured Party in writing of the filing of any application for the registration of a Patent or Trademark with the United States Patent and Trademark Office or any similar office or agency in the United States or any state therein within thirty (30) days of such filing. Upon request of Secured Party, Debtor shall execute and

deliver to Secured Party any and all assignments, agreements, instruments, documents, and such other papers as may be requested by Secured Party to evidence the security interests of Secured Party in such Patent or Trademark.

H. Debtor has not abandoned any of the Patents or Trademarks material to the conduct of the business and Debtor will not do any act, nor omit to do any act, whereby such material Patents or Trademarks may become abandoned, canceled, invalidated, unenforceable, avoided, or avoidable. Debtor shall notify Secured Party immediately if Debtor knows or has reason to know of any reason why any application, registration, or recording may become abandoned, canceled, invalidated, unenforceable, avoided, or avoidable.

I. Debtor will render any assistance, as Secured Party may determine is reasonably necessary, to Secured Party in any proceeding before the United States Patent and Trademark Office, any federal or state court, or any similar office or agency in the United States or any state therein or any other country to maintain such application and registration of the Patents or Trademarks as Debtor's exclusive property and to protect Secured Party's interest therein, including, without limitation, filing of renewals, affidavits of use, affidavits of incontestability and opposition, interference, and cancellation proceedings.

J. Debtor will promptly notify Secured Party if Debtor (or any affiliate or subsidiary thereof) learns of any use by any person of any term or design likely to cause confusion with any Trademark or of any use any person of any other process or product which infringes upon any Patent or Trademark. If requested by Secured Party, Debtor, at Debtor's expense, shall join with Secured Party in such action as Secured Party, in Secured Party's reasonable discretion, may deem advisable for the protection of Secured Party's interest in and to the Patents or Trademarks.

K. Debtor assumes all responsibility and liability arising from the use of the Patents or Trademarks by Debtor, and Debtor hereby indemnifies and holds Secured Party harmless from and against any claim, suit, loss, damage, or expense (including reasonable attorneys' fees) arising out of any alleged defect in any product manufactured, promoted, or sold by Debtor (or any affiliate or subsidiary thereof) in connection with any Patent or Trademark or out of the manufacture, promotion, labeling, sale or advertisement of any such product by Debtor (or any affiliate or subsidiary thereof).

L. Debtor will maintain the quality of the products associated with the Trademarks at a level consistent with the quality at the time of this Agreement. Debtor will not change the quality of the products associated with the Trademarks without the Secured Party's prior written consent. Debtor hereby grants to Secured Party the right to visit Debtor's plant and facilities which manufacture or store products sold under any of the Trademarks and to inspect the products and quality-control records relating thereto during Debtor's normal business hours.

4. RIGHTS AND REMEDIES

Upon the failure of Debtor to pay or perform its Obligations when demanded under the Guaranty (an "Event of Default") and at any time thereafter, in addition to all other

rights and remedies of Secured Party, whether provided under applicable law, the Agreements or otherwise, and after expiration of any grace period, Secured Party shall have the following rights and remedies which may be exercised without notice to, or consent by, Debtor, except as such notice or consent is expressly provided for hereunder:

A. Secured Party may make use of any Patents or Trademarks for the sale of goods or rendering of services in connection with enforcing any other security interest granted by Debtor to Secured Party.

B. Secured Party may grant such license or licenses relating to the Collateral for such term or terms, on such conditions, and in such manner as Secured Party shall in its sole discretion deem appropriate. Such license or licenses may be general, special, or otherwise and may be granted on an exclusive or non-exclusive basis throughout all or any part of the United States of America, its territories and possessions, and all foreign countries.

C. Secured Party may assign, sell, or otherwise dispose of the Collateral or any part thereof, either with or without special conditions or stipulations, except that Secured Party agrees to provide Debtor with ten (10) days prior written notice of any proposed disposition of the Collateral. Secured Party shall have the power to buy the Collateral or any part thereof, and Secured Party shall also have the power to execute assurances and perform all other acts which Secured Party may, in Secured Party's sole discretion, deem appropriate or proper to complete such assignment, sale or disposition. In any such event, Debtor shall be liable for any deficiency.

D. In addition to the foregoing, in order to implement the assignment, sale, or other disposition of any of the Collateral pursuant to subparagraph 4C hereof, Secured Party may at any time execute and deliver on behalf of Debtor, pursuant to the authority granted in the Powers of Attorney described in subparagraph 3D hereof, one or more instruments of assignment of the Patents or Trademarks (or any application, registration, or recording relating thereto), in form suitable for filing, recording or registration. Debtor agrees to pay Secured Party on demand all costs incurred in any such transfer of the Collateral, including, but not limited to, any taxes, fees, and reasonable attorneys' fees.

E. Secured Party may apply the proceeds actually received from any such license, assignment, sale or other disposition of Collateral first to the reasonable costs and expenses thereof, including, without limitation, reasonable attorneys' fees and all legal, travel, and other expenses which may be incurred by Secured Party. Thereafter, Secured Party may apply any remaining proceeds to such of the Obligations as Secured Party may in its sole discretion determine. Debtor shall remain liable to Secured Party for any expenses or obligations remaining unpaid after the application of such proceeds, and Debtor will pay Secured Party on demand any such unpaid amount, together with interest at the default rate set forth in the Loan Agreement.

F. In the event that any such license, assignment, sale or disposition of the Collateral (or any part thereof) is made after the occurrence of an Event of Default, Debtor shall supply to Secured Party or Secured Party's designee Debtor's knowledge and expertise relating to the manufacture and sale of the products and services bearing the Trademarks or to

which the Patents relate and Debtor's customer lists and other records relating to the Patents and Trademarks and the distribution thereof.

G. In addition to its other available default rights and remedies described above, Secured Party also shall have the right to propose to retain part or all of the Collateral in partial or complete satisfaction of the Obligations pursuant to Sections 9620 and 9621 of the California Uniform Commercial Code.

Nothing contained herein shall be construed as requiring Secured Party to take any such action at any time. All of Secured Party's rights and remedies, whether provided under law, the Agreements, this Agreement, or otherwise, shall be cumulative and none is exclusive. Such rights and remedies may be enforced alternatively, successively, or concurrently.

5. MISCELLANEOUS

A. Any failure or delay by Secured Party to require strict performance by Debtor of any of the provisions, warranties, terms and conditions contained herein or in any other agreement, document, or instrument, shall not affect Secured Party's right to demand strict compliance and performance therewith, and any waiver of any Event of Default shall not waive or affect any other Event of Default, whether prior or subsequent thereto, and whether of the same or of a different type. None of the warranties, conditions, provisions, and terms contained herein or in any other agreement, document, or instrument shall be deemed to have been waived by any act or knowledge of Secured Party, its agents, officers, or employees, but only by an instrument in writing, signed by an officer of Secured Party and directed to Debtor, specifying such waiver.

B. All notices, requests and demands to or upon the respective parties hereto shall be deemed to have been duly given or made: if by hand, immediately upon delivery; if by facsimile (fax), telex or telegram, immediately upon sending; if by any overnight delivery service, one day after dispatch; and if mailed by first class or certified mail, three (3) days after mailing. All notices, requests and demands are to be given or made to the respective parties at the following addresses (or to such other addresses as either party may designate by notice in accordance with the provisions of this paragraph):

If to Debtor: WAVIEN, INC.
27825 Fremont Court
Santa Clarita, California 91355
Attn: Larry Maston

If to Secured Party: CLT ASSOCIATES, L.P.
One Meadowlands Plaza
East Rutherford, New Jersey 07073
Attn: General Counsel

C. In the event that any provision hereof shall be deemed to be invalid by any court, such invalidity shall not affect the remainder of this Agreement.

D. This Agreement shall be binding upon and for the benefit of the parties hereto and their respective legal representatives, successors and assigns. No provision hereof shall be modified, altered or limited except by a written instrument expressly referring to this Agreement signed by the party to be charged thereby.

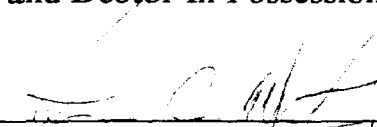
E. The security interest granted to Secured Party hereunder shall terminate and the Collateral will be reassigned to Debtor, at Debtor's sole expense, upon termination of the Guaranty and either the indefeasible payment in full by the Borrower of all of its obligations to Secured Party under the Loan Agreement or the indefeasible payment in full by Debtor to Secured Party of all of the guaranteed Obligations.

F. THE VALIDITY, INTERPRETATION AND EFFECT OF THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE UNITED STATES OF AMERICA AND THE LAWS OF THE STATE OF CALIFORNIA.

IN WITNESS WHEREOF, Debtor and Secured Party have executed this Agreement as of the day and year first above written.

DEBTOR:

WAVIEN, INC.,
a California corporation,
Debtor and Debtor-In-Possession

By: 
Name: Lawrence C. Munson
Title: President

SECURED PARTY:

CLT ASSOCIATES L.P.,
a Delaware limited partnership

By: MLCLT Associates, Inc.
Its: General Partner

By: _____
Name: _____
Title: _____

D. This Agreement shall be binding upon and for the benefit of the parties hereto and their respective legal representatives, successors and assigns. No provision hereof shall be modified, altered or limited except by a written instrument expressly referring to this Agreement signed by the party to be charged thereby.

E. The security interest granted to Secured Party hereunder shall terminate and the Collateral will be reassigned to Debtor, at Debtor's sole expense, upon termination of the Guaranty and either the indefeasible payment in full by the Borrower of all of its obligations to Secured Party under the Loan Agreement or the indefeasible payment in full by Debtor to Secured Party of all of the guaranteed Obligations.

F. THE VALIDITY, INTERPRETATION AND EFFECT OF THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE UNITED STATES OF AMERICA AND THE LAWS OF THE STATE OF CALIFORNIA.

IN WITNESS WHEREOF, Debtor and Secured Party have executed this Agreement as of the day and year first above written.

DEBTOR:

WAVIEN, INC.,
a California corporation,
Debtor and Debtor-In-Possession

By: _____
Name: _____
Title: _____

SECURED PARTY:

CLT ASSOCIATES L.P.,
a Delaware limited partnership

By: MLCLT Associates, Inc.
Its: General Partner

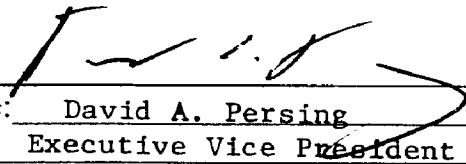
By: 
Name: David A. Persing
Title: Executive Vice President

EXHIBIT 1

SPECIAL POWER OF ATTORNEY

STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES) ss.:

KNOW ALL MEN BY THESE PRESENTS, that WAVIEN, INC., a California corporation and a debtor and debtor-in-possession (hereinafter "Debtor"), hereby appoints and constitutes CLT ASSOCIATES, L.P., a Delaware limited partnership ("Secured Party"), and each officer thereof, its true and lawful attorney, with full power of substitution and with full power and authority to perform the following acts on behalf of Debtor:

1. Execution and delivery of any and all agreements, documents, instruments of assignment, or other papers which Secured Party, in its sole discretion, deems necessary or advisable for the purpose of assigning, selling, or otherwise disposing of all of right, title, and interest of Debtor in and to any patents or trademarks and all registrations, recordings, reissues, extensions, and renewals thereof, or for the purpose of recording, registering and filing of, or accomplishing any other formality with respect to, the foregoing.

2. Execution and delivery of any and all documents, statements, certificates or other papers which Secured Party, in its sole discretion, deems necessary or advisable to further the purposes described in paragraph 1 hereof.

This Power of Attorney is made pursuant to a Patent and Trademark Security Agreement, of even date herewith, by and between Debtor and Secured Party (the "Security Agreement"), and may not be revoked until indefeasible payment in full of all Debtor's "Obligations", as such term is defined in the Security Agreement. Secured Party agrees that it will exercise its rights with respect to this Special Power of Attorney only after the occurrence and during the continuation of an Event of Default, as such term is defined in the Security Agreement.

Dated as of December 11, 2002.

WAVIEN, INC.,
a California corporation

By: _____
Name: _____
Title: _____

SCHEDULE A

to

PATENT AND TRADEMARK SECURITY AGREEMENT

Patents and Applications

<u>Title</u>	<u>Patent No./ Application No.</u>	<u>Filing/Issue Date</u>
Polarization Recovery System for Projection	60-467583	5/5/03
Folding an Arc Into Itself to Increase the Brightness of an Arc Lamp	10-440265	5/19/03
A Light Pipe Based Projection Engine	60-476612	6/9/03
A Light Pipe Based Projection Engine	60-485736	7/10/03
A Light Pipe Based Projection Engine	60-489104	7/23/03

SCHEDULE B
to
PATENT AND TRADEMARK SECURITY AGREEMENT

Trademarks / Service Marks

Trademark/ Service Mark

Serial No./
Registration No.

File Date/
Registration Date

None

SCHEDULE C
to
PATENT AND TRADEMARK SECURITY AGREEMENT

Permitted Licenses

1. License agreement with Laser Media, Inc.
2. License agreements with Welch Allyn, Inc.
3. License agreement with ViewSonic Corporation
4. License agreement with Advanced Lighting Systems, Inc.