

PATENT ASSIGNMENT

Electronic Version v1.1

Stylesheet Version v1.1

SUBMISSION TYPE:

NEW ASSIGNMENT

NATURE OF CONVEYANCE:

SECURITY AGREEMENT

CONVEYING PARTY DATA

Name	Execution Date
AirIQ, Inc.	05/02/2005

RECEIVING PARTY DATA

Name:	Royal Bank of Canada
Street Address:	200 Bay Street
Internal Address:	4th Floor, Royal Bank Plaza, South Tower
City:	Toronto
State/Country:	CANADA
Postal Code:	M5J 2W7

PROPERTY NUMBERS Total: 2

Property Type	Number
Patent Number:	6249217
Patent Number:	6025774

CORRESPONDENCE DATA

Fax Number: (215)965-1210  
*Correspondence will be sent via US Mail when the fax attempt is unsuccessful.*  
Phone: 215-965-1303  
Email: mbelisario@akingump.com  
Correspondent Name: Martin G. Belisario (209411.5002)  
Address Line 1: 2005 Market Street  
Address Line 2: 22nd Floor  
Address Line 4: Philadelphia, PENNSYLVANIA 19103

NAME OF SUBMITTER:

Lynn Spina

Total Attachments: 12

source=209411 5002 Security Agreement#page1.tif

source=209411 5002 Security Agreement#page2.tif

source=209411 5002 Security Agreement#page3.tif

PATENT

REEL: 016079 FRAME: 0404

500033739

CH \$80.00 6249217

source=209411 5002 Security Agreement#page4.tif  
source=209411 5002 Security Agreement#page5.tif  
source=209411 5002 Security Agreement#page6.tif  
source=209411 5002 Security Agreement#page7.tif  
source=209411 5002 Security Agreement#page8.tif  
source=209411 5002 Security Agreement#page9.tif  
source=209411 5002 Security Agreement#page10.tif  
source=209411 5002 Security Agreement#page11.tif  
source=209411 5002 Security Agreement#page12.tif

**AIRIQ INC.**

**- and -**

**ROYAL BANK OF CANADA**

---

**SECURITY AGREEMENT**

---

Dated as of May 2, 2005

## SECURITY AGREEMENT

Security agreement dated as of May 2, 2005, made by AirIQ Inc. (the "**Corporation**"), to and in favour of Royal Bank of Canada (the "**Bank**").

**WHEREAS** the Bank has agreed to make certain credit facilities available to the Corporation upon the terms and conditions contained in a credit agreement among the Corporation and the Bank dated as of April 25, 2005 (such credit agreement as it may at any time or from time to time hereafter be amended, supplemented, restated or replaced, the "**Credit Agreement**");

**AND WHEREAS** the Corporation has agreed to execute and deliver this security agreement to and in favour of the Bank as security for the payment and performance of the Corporation's obligations to the Bank under the Credit Agreement and the other Credit Documents to which the Corporation is a party;

**NOW THEREFORE**, in consideration of the foregoing premises, the sum of \$10.00 in lawful money of Canada now paid by the Bank to the Corporation and other good and valuable consideration, the receipt and sufficiency of which are acknowledged by the Corporation, the Corporation agrees as follows:

### ARTICLE 1 SECURITY

#### Section 1.01 Terms Incorporated by Reference

Terms defined in the *Personal Property Security Act* (Ontario) (as amended from time to time, the "**PPSA**") and used in this security agreement shall have the same meanings.

#### Section 1.02 Grant of Security

Subject to Section 1.05, the Corporation grants to the Bank a security interest in all the Corporation's right, title and interest in and to all of the personal property and undertaking of the Corporation now owned or hereafter acquired (collectively, the "**Collateral**") including, without limitation, any and all of the Corporation's:

- (a) inventory including goods held for sale, lease or resale, goods furnished or to be furnished to third parties under contracts of lease, consignment or service, goods which are raw materials or work in process, goods used in or procured for packing and materials used or consumed in the business of the Corporation;
- (b) equipment, machinery, furniture, fixtures, plants, vehicles and other goods of every kind and description and all licences and other rights and all records, files, charts, plans, drawings, specifications, manuals and documents relating thereto;
- (c) accounts due or accruing due and all agreements, books, accounts, invoices, letters, documents and papers recording, evidencing or relating thereto;
- (d) money, documents of title, chattel paper, instruments and securities;

- (e) intangibles including all security interests, goodwill, choses in action and other contractual benefits and all trade marks, trade mark registrations and pending trade mark applications, patents and pending patent applications and copyrights and other intellectual property (collectively, the "**Intellectual Property**");
- (f) substitutions and replacements of and increases, additions and, where applicable, accessions to the property described in Sections 1.02(a)-(e) inclusive; and
- (g) proceeds in any form derived directly or indirectly from any dealing with all or any part of the property described in Sections 1.02(a)-(f) inclusive or the proceeds of such proceeds.

### **Section 1.03 Obligations Secured**

(1) The security interest granted hereby (the "**Security Interest**") secures the payment and performance of all debts, liabilities and obligations of the Corporation to the Bank pursuant to or in connection with the Credit Agreement and each of the other Credit Documents to which it is a party (collectively, and together with the expenses, costs and charges set out in Section 1.03(2), the "**Obligations**").

(2) All reasonable expenses, costs and charges incurred by or on behalf of the Bank in connection with this security agreement, the Security Interest or the realization of the Collateral, including all legal fees, court costs, receiver's or agent's remuneration and other expenses of, or of taking or defending any action in connection with, taking possession of, repairing, protecting, insuring, preparing for disposition, realizing, collecting, selling, transferring, delivering or obtaining payment of the Collateral or other lawful exercises of the powers conferred by the Credit Agreement and the other Credit Documents shall be added to and form a part of the Obligations.

### **Section 1.04 Attachment**

(1) The Corporation acknowledges that (i) value has been given, (ii) it has rights in the Collateral (other than after-acquired Collateral), (iii) it has not agreed to postpone the time of attachment of the Security Interest, and (iv) it has received a duplicate original copy of this security agreement.

(2) If the Corporation acquires Collateral consisting of chattel paper, instruments, securities or negotiable documents of title (collectively, "**Negotiable Collateral**"), the Corporation shall, immediately upon the request of the Bank: (i) deliver to the Bank the Negotiable Collateral, together with undated powers of attorney signed in blank or duly endorsed for transfer in blank, as applicable, or as the Bank may direct, (ii) cause the Security Interest in the Negotiable Collateral in favour of the Bank to be registered wherever, in the opinion of the Bank, such registration may be required or advisable, and (iii) duly endorse the same for transfer in blank or as the Bank may direct, and (iv) immediately deliver to the Bank any and all consents or other documents which may be necessary to effect the transfer of the Negotiable Collateral to the Bank or as it may direct upon or after the occurrence of an Event of Default.

(3) The Corporation will promptly inform the Bank in writing of the acquisition by the Corporation of any personal property which is not adequately described in this security

agreement, and the Corporation will execute and deliver, at its own expense, from time to time amendments to this security agreement and its schedules or additional security agreements or schedules as may be required by the Bank in order that the Security Interest shall attach to such personal property.

#### **Section 1.05 Scope of Interest**

(1) To the extent that the creation of the Security Interest would constitute a breach or permit the acceleration of any agreement, right, licence or permit of the Corporation (each, a "Restricted Asset"), the Security Interest shall not attach to the Restricted Asset but the Corporation shall hold its interest in the Restricted Asset in trust for the Bank, and shall be deemed to have granted a Security Interest in such Restricted Asset to the Bank immediately upon obtaining the consent of the other party.

(2) Until the Security Interest shall have become enforceable, the grant of the Security Interest in the Intellectual Property shall not affect in any way the Corporation's rights to commercially exploit the Intellectual Property, defend it, enforce the Corporation's rights in it or with respect to it against third parties in any court or claim and be entitled to receive any damages with respect to any infringement of it. Upon the Security Interest becoming enforceable and thereafter, the Bank shall be entitled, but not obligated, to exercise or enforce any of the rights referred to in this Section 1.05(2).

(3) The Security Interest shall not extend to consumer goods.

(4) The Security Interest shall not extend or apply to the last day of the term of any lease or sublease or any agreement for a lease or sublease, now held or hereafter acquired by the Corporation in respect of real property, but the Corporation shall stand possessed of any such last day upon trust to assign and dispose of it upon the Security Interest becoming enforceable, as the Bank may direct.

#### **Section 1.06 Grant of Licence to Use Intellectual Property**

For purposes of enabling the Bank to exercise its rights and remedies pursuant to Article 2, at such time the Bank shall be lawfully entitled to exercise its rights and remedies and for no other purpose, the Corporation grants to the Bank an irrevocable, nonexclusive licence (exercisable without payment of royalty or other compensation to the Corporation) to use, assign or sublicense any of the Intellectual Property wherever the same may be located, including in such licence access to (i) all media in which any of the licensed items may be recorded or stored, and (ii) all computer programs used for compilation or print-out.

#### **Section 1.07 Care and Custody of Collateral**

(1) The Bank shall have no obligation to keep Collateral in its possession identifiable.

(2) The Bank may, at any time after the Security Interest shall have become enforceable, (i) notify any person obligated on an account or on chattel paper or any obligor on an instrument to make payments to the Bank whether or not the Corporation was previously

making collections on such accounts, chattel paper or instruments, and (ii) assume control of any proceeds arising from the Collateral.

## **ARTICLE 2 ENFORCEMENT**

### **Section 2.01 Enforcement**

The Security Interest shall be and become enforceable against the Corporation upon the occurrence and during the continuance of an Event of Default (as defined in the Credit Agreement).

### **Section 2.02 Remedies**

Whenever the Security Interest has become enforceable, the Bank may realize upon the Collateral and enforce its rights by:

- (a) entry onto any premises where Collateral consisting of tangible personal property may be located;
- (b) entry into possession of the Collateral by any method permitted by law;
- (c) sale or lease of all or any part of the Collateral;
- (d) collection of any proceeds arising in respect of the Collateral;
- (e) collection, realization or sale of, or other dealing with, the accounts;
- (f) appointment by instrument in writing of a receiver (which term as used in this security agreement includes a receiver and manager) or agent of all or any part of the Collateral and removal or replacement from time to time of any receiver or agent;
- (g) institution of proceedings in any court of competent jurisdiction for the appointment of a receiver of all or any part of the Collateral;
- (h) institution of proceedings in any court of competent jurisdiction for sale or foreclosure of all or any part of the Collateral;
- (i) filing of proofs of claim and other documents to establish claims to the Collateral in any proceeding relating to the Corporation; and
- (j) any other remedy or proceeding authorized or permitted under the PPSA or otherwise by law or equity.

Such remedies may be exercised from time to time separately or in combination and are in addition to, and not in substitution for, any other rights of the Bank however created. The Bank shall not be bound to exercise any right or remedy, and the exercise of rights and remedies shall

be without prejudice to the rights of the Bank in respect of the Obligations including the right to claim for any deficiency.

### **Section 2.03 Additional Rights**

In addition to the remedies set forth in Section 2.02, the Bank may, whenever the Security Interest has become enforceable:

- (a) require the Corporation, at the Corporation's expense, to assemble the Collateral at a place or places designated by notice in writing and the Corporation agrees to so assemble the Collateral;
- (b) require the Corporation, by notice in writing, to disclose to the Bank the location or locations of the Collateral and the Corporation agrees to make such disclosure when so required;
- (c) repair, process, modify, complete or otherwise deal with the Collateral and prepare for the disposition of the Collateral, whether on the premises of the Corporation or otherwise;
- (d) carry on all or any part of the business of the Corporation and, to the exclusion of all others including the Corporation, enter upon, occupy and use all or any of the premises, buildings, and other property of or used by the Corporation for such time as the Bank sees fit, free of charge, and the Bank shall not be liable to the Corporation for any act, omission or negligence in so doing or for any rent, charges, depreciation or damages incurred in connection with or resulting from such action;
- (e) borrow for the purpose of carrying on the business of the Corporation or for the maintenance, preservation or protection of the Collateral and grant a security interest in the Collateral, whether or not in priority to the Security Interest, to secure repayment; and
- (f) commence, continue or defend any judicial or administrative proceedings for the purpose of protecting, seizing, collecting, realizing or obtaining possession or payment of the Collateral, and give good and valid receipts and discharges in respect of the Collateral and compromise or give time for the payment or performance of all or any part of the accounts or any other obligation of any third party to the Corporation.

### **Section 2.04 Concerning the Receiver**

(1) Any receiver appointed by the Bank shall be vested with the rights and remedies which could have been exercised by the Bank in respect of the Corporation or the Collateral and such other powers and discretions as are granted in the instrument of appointment and any supplemental instruments. The identity of the receiver, its replacement and its remuneration shall be within the sole and unfettered discretion of the Bank.



(2) Any receiver appointed by the Bank shall act as agent for the Bank for the purposes of taking possession of the Collateral, but otherwise and for all other purposes (except as provided below), as agent for the Corporation. The receiver may sell, lease, or otherwise dispose of Collateral as agent for the Corporation or as agent for the Bank as the Bank may determine in its discretion. The Corporation agrees to ratify and confirm all actions of the receiver acting as agent for the Corporation, and to release and indemnify the receiver in respect of all such actions.

(3) The Bank, in appointing or refraining from appointing any receiver, shall not incur liability to the receiver, the Corporation or otherwise and shall not be responsible for any misconduct or negligence of such receiver.

#### **Section 2.05 Appointment of Attorney**

The Corporation irrevocably appoints the Bank (and any of its officers) as attorney of the Corporation (with full power of substitution) to do, make and execute, in the name of and on behalf of the Corporation, upon the occurrence and during the continuance of an Event of Default all such further acts, documents, matters and things which the Bank may deem necessary or advisable to accomplish the purposes of this security agreement including the execution, endorsement and delivery of documents and any notices, receipts, assignments or verifications of the accounts. All acts of the attorney are ratified and approved, and the attorney shall not be liable for any act, failure to act or any other matter or thing, except for its own gross negligence or wilful misconduct.

#### **Section 2.06 Dealing with the Collateral**

(1) The Bank shall not be obliged to exhaust its recourse against the Corporation or any other person or against any other security it may hold in respect of the Obligations before realizing upon or otherwise dealing with the Collateral in such manner as the Bank may consider desirable.

(2) The Bank may grant extensions or other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Corporation and with other persons, sureties or securities as they may see fit without prejudice to the Obligations, the liability of the Corporation or the rights of the Bank in respect of the Collateral.

(3) The Bank shall not be (i) liable or accountable for any failure to collect, realize or obtain payment in respect of the Collateral, (ii) bound to institute proceedings for the purpose of collecting, enforcing, realizing or obtaining payment of the Collateral or for the purpose of preserving any rights of any persons in respect of the Collateral, (iii) responsible for any loss occasioned by any sale or other dealing with the Collateral or by the retention of or failure to sell or otherwise deal with the Collateral, or (iv) bound to protect the Collateral from depreciating in value or becoming worthless.

### **Section 2.07 Standards of Sale**

The Bank may dispose of the Collateral in any manner which is commercially reasonable, including by way of a disposition which takes place substantially in accordance with the following provisions:

- (a) Collateral may be disposed of in whole or in part;
- (b) Collateral may be disposed of by public auction, public tender or private contract, with or without advertising and without any other formality;
- (c) any assignee of such Collateral may be a customer of the Bank;
- (d) a disposition of Collateral may be on such terms and conditions as to credit or otherwise as the Bank, in its sole discretion, may deem advantageous; and
- (e) the Bank may establish an upset or reserve bid or price in respect of Collateral.

### **Section 2.08 Dealings by Third Parties**

No Person dealing with the Bank or an agent or receiver shall be required to determine (i) whether the Security Interest has become enforceable, (ii) whether the powers which the Bank, an agent or a receiver, as applicable, is purporting to exercise have become exercisable, (iii) whether any money remains due to the Bank by the Corporation, (iv) the necessity or expediency of the stipulations and conditions subject to which any sale or lease is made, (v) the propriety or regularity of any sale or other dealing by the Bank with the Collateral, or (vi) how any money paid to the Bank has been applied.

## **ARTICLE 3 GENERAL**

### **Section 3.01 Notices**

Any notices and other communications provided for in this security agreement shall be given in accordance with the provisions of the Credit Agreement.

### **Section 3.02 Defined Terms**

Capitalized terms used in this security agreement and not otherwise defined shall have the respective meaning attributed to them in the Credit Agreement.

### **Section 3.03 Discharge**

The Security Interest shall be discharged upon, but only upon, full payment and performance of all of the Obligations, termination of the Credit Agreement and at the request and expense of the Corporation. The Bank shall execute and deliver to the Corporation such releases and discharges as the Corporation may reasonably require.

#### **Section 3.04 No Merger**

This security agreement shall not operate by way of merger of any of the Obligations and no judgment recovered by the Bank shall operate by way of merger of, or in any way affect, the Security Interest, which is in addition to, and not in substitution for, any other security held by the Bank in respect of the Obligations.

#### **Section 3.05 Further Assurances**

The Corporation shall from time to time, whether before or after the Security Interest shall have become enforceable, do all acts and things and execute and deliver all transfers, assignments and instruments as the Bank may reasonably require for (i) protecting the Collateral, (ii) perfecting the Security Interest, and (iii) exercising all powers, authorities and discretions conferred upon the Bank. The Corporation shall, from time to time after the Security Interest has become enforceable, do all acts and things and execute and deliver all transfers, assignments and instruments as the Bank may require for facilitating the sale or other disposition of the Collateral in connection with its realization.

#### **Section 3.06 Supplemental Security**

This security agreement is in addition to and without prejudice to all other security now held or which may hereafter be held by the Bank.

#### **Section 3.07 Successors and Assigns**

This security agreement shall be binding upon the Corporation, its successors and assigns, and shall enure to the benefit of the Bank and its successors and assigns. All rights of the Bank shall be assignable and in any action brought by an assignee to enforce any such right, the Corporation shall not assert against the assignee any claim or defence which the Corporation now has or hereafter may have against the Bank.

#### **Section 3.08 Headings, etc.**

The division of this security agreement into articles, sections and subsections and the insertion of headings are for convenience of reference only and shall not affect its interpretation.

#### **Section 3.09 Severability**

If any provision of this security agreement shall be deemed by any court of competent jurisdiction to be invalid or void, the remaining provisions shall remain in full force and effect.

#### **Section 3.10 Governing Law**

(1) This security agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

(2) The Corporation hereby (i) irrevocably submits to the jurisdiction of any court sitting in the Province of Ontario over any suit, action or proceeding arising out of or relating to this security agreement; (ii) irrevocably agrees that all claims in respect of any suit, action or proceeding may be heard and determined in such court; (iii) irrevocably waives, to the fullest extent permitted by law, any objection which it may have or hereafter have to the laying of the venue of any such suit, action or proceeding brought in such a court and any claim that any such suit, action or proceeding brought in such a court has been brought in an inconvenient forum; and (iv) authorizes service of any and all process which may be served in any suit, action or proceeding by delivering a copy of such process to the Corporation in accordance with the notice provisions of Section 24(a) of the Credit Agreement. The Corporation agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in any other manner provided by law. Nothing in this section shall affect the right of the Bank to serve process in any manner permitted by law or limit the rights of the Bank to bring proceedings against the Corporation in the courts of any other jurisdiction.

(3) The Corporation hereby consents generally in respect of any legal action or proceedings arising out of or in connection with this security agreement to the giving of any relief or the issue of any process in connection with such action or proceedings, including, without limitation, the making, enforcement or execution against the Corporation of any order or judgment which may be made or given in such action or proceedings.

(4) To the extent that the Corporation has or hereafter may acquire any immunity from the jurisdiction of any court or from any legal process (whether service of notice, attachment prior to judgment, attachment in the aid of execution, execution or otherwise) with respect to itself or its assets, the Corporation hereby irrevocably waives, to the fullest extent permitted by law, such immunity in respect of its obligations under this security agreement.

### **Section 3.11 Counterparts**

This security agreement may be executed in counterparts (including by way of facsimile) and all such counterparts taken together shall be deemed to constitute one and the same instrument.

*[The remainder of this page is intentionally left blank]*

IN WITNESS WHEREOF the Corporation and the Bank have caused this security agreement to be executed by their respective officers duly authorized as of the date first above written.

AIRIQ INC.

Per: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Per: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

ROYAL BANK OF CANADA

Per: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Per: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

IN WITNESS WHEREOF the Corporation and the Bank have caused this security agreement to be executed by their respective officers duly authorized as of the date first above written.

**AIRIQ INC.**

Per: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Per: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ROYAL BANK OF CANADA**

Per: Tom Fairbrother

Name: Tom Fairbrother

Title: **Attorney-in-Fact**

Per: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_