

PATENT ASSIGNMENT

Electronic Version v1.1

Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY AGREEMENT
EFFECTIVE DATE:	04/27/2005
CONVEYING PARTY DATA	
Name	Execution Date
CSP Technologies, Inc.	04/27/2005
RECEIVING PARTY DATA	
Name:	Charter One Bank, N.A.
Street Address:	1215 Superior Avenue
City:	Cleveland
State/Country:	OHIO
Postal Code:	44114
PROPERTY NUMBERS Total: 48	
Property Type	Number
Application Number:	11022207
Application Number:	60540978
Application Number:	10779507
Application Number:	10140698
Application Number:	10061037
Application Number:	10219570
Application Number:	10799487
Application Number:	10219908
Application Number:	60554974
Application Number:	60555254
Application Number:	10683692
Application Number:	09751191
Application Number:	10804508
Application Number:	10213516

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REEL: 016237 FRAME: 0584

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Application Number:	60560444
Application Number:	60524495
Application Number:	10714474
Application Number:	10683311
Application Number:	60620513
Application Number:	10683176
Application Number:	60514774
Application Number:	60573124
Application Number:	10794306
Application Number:	10148849
Patent Number:	6279736
Patent Number:	6769558
Patent Number:	6460271
Patent Number:	6465532
Patent Number:	6696002
Patent Number:	6486231
Patent Number:	6214255
Patent Number:	6130263
Patent Number:	6080350
Patent Number:	5911937
Patent Number:	6726058
Patent Number:	D421216
Patent Number:	6705463
Patent Number:	6852783
Patent Number:	6221446
Patent Number:	6613405
Patent Number:	6124006
Patent Number:	6316520
Patent Number:	6174952
Patent Number:	6194079
Patent Number:	6177183
Application Number:	10723873
PCT Number:	US0332052
PCT Number:	US0414611

CORRESPONDENCE DATA

Fax Number: (585)325-5458

Correspondence will be sent via US Mail when the fax attempt is unsuccessful.

Phone: 5853257570

Email: ayost@hiscockbarclay.com

Correspondent Name: Andrew H. Yost

Address Line 1: 2000 HSBC Plaza

Address Line 4: Rochester, NEW YORK 14604-2404

NAME OF SUBMITTER:

Andrew H. Yost

Total Attachments: 24

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SECURITY AGREEMENT AND ASSIGNMENT (PATENT COLLATERAL)

AGREEMENT dated as of April 27th, 2005 made by CV HOLDINGS, L.L.C., a Delaware limited liability company, CAPITOL PLASTIC PRODUCTS, L.L.C., a Delaware limited liability company, CSP TECHNOLOGIES, INC., an Alabama corporation, CAPITOL INSULATED PRODUCTS, INC., a Delaware corporation and CAPITOL CUPS, INC., a Delaware corporation with an office for the transaction of business at 1030 Riverfront Center, Amsterdam, New York 12010 (collectively, the "Debtor"), in favor of CHARTER ONE BANK, N.A., a national banking association with an office for the transaction of business at 1215 Superior Avenue, Cleveland, Ohio 44114, and its successors, assigns, and other legal representatives ("Secured Party").

WITNESSETH:

WHEREAS, Debtor and Secured Party are parties to a Loan Agreement dated on even date herewith (the "Agreement"), a Revised And Restated Master Note in the amount of \$8,000,000.00 (the "Line of Credit Note") dated March 10, 2003 and a Term Loan Note in the amount of \$10,053,281.00 (the "Term Loan Note") and other documents dated as of the date hereof, and certain supplements, agreements, documents and instruments entered into pursuant thereto, or in connection therewith, as may be amended, supplemented or modified from time to time (collectively, the "Loan Documents"), pursuant to which Secured Party and Debtor have agreed to certain financial arrangements; and

WHEREAS, Secured Party's willingness to enter into the Loan Documents is subject to the condition, among others, that Debtor execute and deliver this Agreement;

NOW, THEREFORE, in consideration of the premises and for one dollar (\$1.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in addition to, and not in limitation of, any rights of the Secured Party under the Loan Documents, Debtor hereby agrees for the benefit of Secured Party as follows:

1

DEFINITIONS; RULES OF INTERPRETATION

1.1 All capitalized terms used herein and not otherwise defined herein shall have the respective meanings provided therefore in the Loan Documents. In addition, the following terms shall have the meanings set forth in this Section I or elsewhere in this Agreement referred to below:

"Collateral" shall have the meaning ascribed to that term in the Loan Documents.

"Obligations" shall mean the indebtedness set forth in the Line of Credit Note and the Term Loan Note and in the Loan Documents or in any modifications, renewals or replacements for any of the foregoing.

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“PTO” shall mean the United State Patent and Trademark Office.

“Patents” shall mean all of the following now or hereafter owned or used by Debtor:

- (a) all letters patent of the United States and all applications for letters patent of the United States;
- (b) all re-issues, continuations, divisions, continuations-in-part, renewals or extensions thereof;
- (c) the inventions disclosed or claimed therein, including the right to make, use practice and/or sell (or license or otherwise transfer or dispose of) the inventions disclosed or claimed therein; and
- (d) the right (but not the obligation) to make and prosecute applications for such Patents.

Patents shall include but not be limited to those set forth on Schedule A attached hereto.

“Patent Collateral” shall mean all of the Debtor’s right, title and interest in and to all of the Patents, the Patent License Rights, and the Patent Rights, and all additions, improvements, and accessions to, all substitutions for and replacements of, and all products and Proceeds (including insurance proceeds) of any and all of the foregoing, and all books and records and technical information and data describing or used in connection with any and all such rights, interests, assets or property.

“Patent License Rights” shall mean any and all past, present or future rights and interests of the Debtor pursuant to any and all past, present and future licensing agreements in favor of the Debtor, or to which the Debtor is a party, pertaining to any Patents (whether Patents or Licensed Patents), or Patent Rights, owned or used by third parties in the past, present or future, including the right in the name of the Debtor or Secured Party to enforce, sue and recover for, any past, present or future breach or violation of any such agreements.

“Patent Rights” shall mean any and all past, present or future rights in, to and associated with the Patents throughout the world, whether arising under federal law, state law, common law, foreign law, or otherwise, including but not limited to the following: all such rights arising out of or associated with the Patents; the right (but not the obligation) to register claims under any federal, state or foreign patent law or regulation; the right (but not the obligation) to sue or bring opposition or bring cancellation proceedings in the name of the Debtor or Secured Party for any and all past, present and future infringements of or any other damages or injury to the Patents or the Patent Rights, and the rights to damages or profits due or accrued arising out of or in connection with any such past, present or future infringement, damage or injury; and the Patent License Rights.

“Proceeds” shall mean any consideration received from the sale, exchange, license, lease or other disposition or transfer of any right, interest, asset or property which constitutes Patent Collateral, any value received as a consequence of the ownership, possession, use or practice of any Patent Collateral, any payment received from any insurer or other person or entity as a result of the destruction or the loss, theft or other involuntary conversion, of whatever nature, or any right, interest, asset or property which constitutes Patent Collateral.

“Patent Security Agreement” shall mean this Security Agreement and Assignment (Patent Collateral), as it may be amended or supplemented from time to time.

1.2 UCC TERMS. Unless otherwise defined herein, or in the other Loan Documents, terms used in Article 9 of the Uniform Commercial Code of the State of New York are used herein as therein defined.

1.3 RULES OF INTERPRETATION. All definitions (whether set forth herein or by reference) shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation” or the phrase “but not limited to”. All references herein to Sections, Exhibits and Schedules shall be deemed references to Sections of and Exhibits and Schedules to this Agreement unless the context otherwise requires.

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GRANT OF SECURITY; COLLATERAL ASSIGNMENT

2.1 GRANT OF SECURITY INTEREST. As collateral security for the complete and timely performance and satisfaction of all Obligations, the Debtor hereby unconditionally grants to Secured Party, a continuing security interest in and first priority lien on the Patent Collateral, and pledges, mortgages and hypothecates the Patent Collateral to Secured Party.

2.2 COLLATERAL ASSIGNMENT.

(a) In addition, and not by way of limitation of, the grant, pledge, mortgage and hypothecation of the Patent Collateral provided for in Section 2.1, to secure the complete and timely payment, performance and satisfaction of all Obligations, the Debtor hereby grants, assigns, transfers and conveys to Secured Party, BY WAY OF COLLATERAL SECURITY, the Debtor’s entire right, title and interest in and to the Patent Collateral. The foregoing grant, assignment, transfer and conveyance shall be referred to from time to time herein as the “Section 2.2 Assignment”. SECURED PARTY ASSUMES NO LIABILITY OR RESPONSIBILITY ARISING IN ANY WAY BY REASON OF ITS HOLDING SUCH COLLATERAL SECURITY.

(b) Unless and until there shall have occurred and be continuing an Event of Default and Secured Party has notified the Debtor that the license granted hereunder is terminated,

Secured Party hereby grants to the Debtor the sole and exclusive, non-transferable, royalty-free, worldwide right and license under the Patent Collateral to make, have made for it, use sell and otherwise practice the Patents for the Debtor's own benefit and account and for none other, with the right to prosecute and maintain Patents in the United States Patent and Trademark Office and in foreign countries; provided, however, that the foregoing right and license shall be no greater in scope than, and limited by, the rights assigned to Secured Party by the Debtor hereby. The Debtor agrees not to sell, assign, transfer, or sub-license any of its rights or interests in the license granted to the Debtor in this Section without the prior written consent of Secured Party.

2.3 LICENSE. In addition to, and not by way of limitation of, all other rights of Secured Party and obligations of the Debtor pursuant to this Agreement and the other Loan Documents, upon the effectuation of a Section 2.2 Assignment, the Secured Party shall, hold a fully-paid-up, right and license to make, use, practice and sell (or license or otherwise transfer) the Patent Collateral, for the exclusive purpose of, and to the extent necessary and sufficient for, the full and complete enjoyment and exercise of any realization upon the rights, remedies and interests of Secured Party pursuant to this Agreement and the other Loan Documents.

2.4 ASSIGNMENT. The Secured Party may in its discretion, file and record at Borrower's expense with the PTO, the Patent Assignment attached hereto as Exhibit A.

2.5 SUPPLEMENTS TO LOAN DOCUMENTS. The parties expressly acknowledge and agree that they have previously executed and delivered the Loan Documents pursuant to which the Debtor unconditionally granted to Secured Party, a continuing security interest in and first priority line on the Collateral (including the Patent Collateral). Such Loan Documents, and all rights and interests of Secured Party in and to the Collateral (including the Patent collateral) thereunder, are hereby ratified, confirmed, adopted and approved. In no event shall this Agreement, the Section 2.2 Assignment of the Patent Collateral hereunder or the recordation of this Patent Security Agreement (or any document hereunder) with the PTO, adversely affect or impair, in any way or to any extent, the other Loan Documents, the security interest of Secured Party in the Collateral (including the Patent Collateral) pursuant to the other Loan Documents, the attachment and perfection of such security interest under the Uniform Commercial Code, or the present or future rights and interests of Secured Party in and to the collateral under or in connection with this Patent Security Agreement, the other Loan Documents, and/or the Uniform Commercial Code. Any and all rights and interests of Secured Party in and to the Patent Collateral (and any and all obligations of the Debtor with respect to the Patent Collateral) provided herein, or arising hereunder or in connection herewith, shall only supplement and be cumulative and in addition to the rights and interests of Secured Party (and the obligations of the Debtor) in, to or with respect to the Collateral (including the Patent Collateral) provided in or arising under or in connection with the other Loan Documents.

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**REPRESENTATIONS, WARRANTIES AND COVENANTS
OF THE DEBTOR**

The Debtor represents and warrants to, and covenants and agrees with, Secured Party, as follows:

Ownership and Rights in Patent Collateral

3.1 POWER AND AUTHORITY; NON-CONTRAVENING. The Debtor has the full power and authority to execute and deliver this Agreement, to perform its obligations hereunder, and to subject the Patent Collateral to the terms hereof. The parties agree that the execution, delivery and performance of this Agreement shall not conflict with or contravene any contractual provision binding on the Debtor with respect to the Patent Collateral (including but not limited to any license agreement relating to the Patent Collateral or any part thereof).

3.2 PATENTS, LICENSES. Set forth on Schedule A hereto is a true and complete list of all of Debtor's Patents. All license and other agreements applicable to the Patents are the valid and binding obligations of all of the parties thereto, enforceable against each of such parties in accordance with their respective terms (provided, that, with respect to any such parties other than the Debtor and its affiliates, such representation and warranty is made to the best of the Debtor's knowledge and belief).

3.3 TITLE. Except as set forth herein, the Debtor is and will continue to be the sole and exclusive owner of the entire legal and beneficial right, title and interest in and to the Patents and the Patent Collateral free and clear of any lien, charge, security interest, claim, or other encumbrance, except for the security interest and collateral assignment created by this Agreement and the other Loan Documents, and except for liens and encumbrances explicitly permitted pursuant to the Loan Documents. To the extent commercially reasonable, the Debtor will defend its right, title and interests in and to the Patents and the Patent Collateral against any and all claims of any third parties.

3.4 VALIDITY AND ENFORCEABILITY. The Patents and Patent Rights related thereto are subsisting, and have not been adjudged invalid or unenforceable; to the best of the Debtor's knowledge and belief, all of the Patents and Patent Rights related thereto are valid and enforceable; and the Debtor has not received written notice of any claim by any third party that any of the Patents and Patent Rights related thereto are invalid or unenforceable.

3.5 EXCLUSIVE RIGHT TO USE. To the best of the Debtor's knowledge and belief, the Debtor has, and shall continue to have, the exclusive right to practice, make, sell, practice and use all the Patents, free and clear of any liens, charges, encumbrances, claims or rights of any third party, or restrictions on the rights of the Debtor to protect or enforce any of its Patent Rights against any third party.

3.6 NO FINANCING STATEMENTS, ETC. There is not on file in any governmental or regulatory authority, agency or recording office any effective financing statement, security agreement, assignment, license or transfer or notice of any of the foregoing other than those that have been filed in favor of Secured Party covering any of the Patent Collateral, and the Debtor is not aware of any such filing, other than those for which duly executed assignment statements have been delivered to Secured Party. So long as this Agreement shall be in effect, the borrower shall not execute and shall not knowingly permit to be on file in any such office or agency any such financing statement or other document or instrument (except financing statements or other documents or instruments filed or to be filed in favor of Secured Party).

3.7 NO CLAIMS OR PROCEEDINGS. No written claim has been received that the Patents or the Debtor's use of or practice thereof does or may violate the rights of any third party. There has been no decision adverse to the Debtor's claim of ownership rights in or exclusive rights to use and practice the Patents or the Patent Collateral associated therewith in any jurisdiction or to keep and maintain such Patents in full force and effect, and, except as provided on Schedule 3.7, there is no proceeding involving said rights threatened or pending in the PTO or any similar office or agency of the United States, any state or foreign country or in any court except as set forth on Schedule 3.7 attached hereto.

3.8 NOTICE OF ADVERSE DEVELOPMENTS. The Debtor shall promptly notify Secured Party of the institution of any proceeding in any court or the PTO or any similar office or agency of the United States or any state regarding the Debtor's claim of exclusive ownership or rights in any of the Patents or related Patent Collateral, its right to patent any of the same, or to keep and maintain any such Patent.

3.9 AFTER-ACQUIRED PATENT COLLATERAL. The Debtor agrees that, upon its commencement of use of or acquisition of any right, title or interest in or to any Patent or Patent Right (including any reissues, continuations, divisions, continuations-in-part, renewals or extensions thereof, or any variations or new versions of any such scheduled Patents or Patent Rights), the provisions of this Agreement shall automatically apply thereto (and for this purpose Secured Party agrees that the Debtor may satisfy such notification obligation by providing to Secured Party, no less frequently than once each calendar year or upon the reasonable request of the Secured Party, an up-to-date, amended and/or supplemented Schedule A). Secured Party shall be authorized to amend such Schedule A, as appropriate, to include such additional Patents and Patent Rights, without the necessity for the Debtor's approval of or signature to such amendment, and the Debtor shall do all such other acts (at its own expense) deemed necessary or appropriate by Secured Party to implement or reserve Secured Party's interest therein (including but not limited to executing and delivering, and recording in all places where this Agreement or notice hereof is recorded, an appropriate counterpart of or other instrument pursuant to this Agreement). Such additional Patents and Patent Rights shall be automatically included in the "Patents" and "Patent Rights" as defined herein, and all representations and warranties of the Debtor set forth herein shall be deemed to be restated by the Debtor as of the date of any such amendment of or supplement to Schedule A with the full force and effect as though made on such date.

3.10 MAINTENANCE OF PATENT COLLATERAL. The Debtor shall take any and all such actions (including but not limited to institution and maintenance of suits, proceedings or actions) as in the Debtors' reasonable business judgment are necessary or appropriate to maintain, protect, preserve, care for and enforce the Patent Collateral. Without limiting the generality of the foregoing, the Debtor shall pay when due such fees, taxes and other expenses which shall be incurred or which shall accrue with respect to any of the Patent Collateral and which in the Debtor's reasonable business judgment are necessary or appropriate to satisfy the foregoing obligation.

3.11 NO CONFLICTING AGREEMENTS. The Debtor shall not take any actions or enter into any agreements, including but not limited to any agreements for the assignment, sale, transfer, license, disposition, grant of any interest in or encumbrance of any of the Patent Collateral, which are inconsistent with or would or might impair in any way the Debtor's representations, warranties and covenants herein, without the prior written consent of Secured Party (which consent shall not be unreasonably withheld or delayed); provided, however, that so long as no Event of Default shall have occurred and be continuing, the Debtor may license the Patent Collateral in any lawful manner that is in the ordinary course of its business and is otherwise not inconsistent with the provisions of this Patent Security Agreement or the Loan Documents. Without limiting the generality of the foregoing, the Debtor shall not permit the inclusion in any agreement to which it becomes a party of any provision which could or might in any way impair or prevent the creation of a security interest in or the collateral assignment of the Debtor's rights any interest in any property of material value acquired under such agreement which is included within the definition of Patent Collateral.

3.12 NO ABANDONMENT. The Debtor shall not abandon or dedicate to the public any of the Patents or related Patent Rights, nor do any act nor omit to do any act if such act or omission is of a character that tends to cause or contribute to the abandonment or dedication to the public of any Patent or related Patent Right or loss of or adverse effect on any rights in any Patent or related Patent Right. Notwithstanding the foregoing provisions of this Section or any other provision of this Patent Security Agreement, the Debtor shall have the right to abandon or dedicate to the public, in whole or in part, any Patent where such abandonment or dedication is deemed necessary or desirable by the Debtor in the exercise of its reasonable business judgement.

3.13 ENFORCEMENT OF LICENSES. The Debtor shall do all things which in the Debtor's reasonable business judgement are necessary or appropriate to insure that each licensee of any Patent, in its use of any or all of the Patent Collateral in its business, shall (a) comply fully with all applicable license agreements and (b) satisfy and perform all the same obligations set forth herein (with respect to the Debtor's use of the Patent Collateral) as fully as though such obligations were set forth with respect to such licensee's use of the licensed Patent Collateral.

3.14 NO INFRINGEMENTS. To the best of the Debtor's knowledge and belief, there is at present no material infringement or unauthorized or improper use of the Patents or related Patent Rights. The Debtor shall use efforts consistent with past practices to detect any such infringement or unauthorized or improper use. In the event any such infringement or unauthorized or improper use by any third party has been reasonably established by the Debtor, the Debtor shall promptly

notify Secured Party and shall have the right to sue and recover therefor and to retain, any and all damages so recovered or obtained. In the event the Debtor fails so to sue or bring legal action, the Debtor shall notify Secured Party of such decision within sixty (60) days after the date of original notice to Secured Party.

3.15 APPLICATIONS FOR PATENTS. To the extent commercially reasonable, the Debtor, with counsel of its own choosing, and at its own expense, shall apply to patent patentable but unpatented inventions or discoveries with the PTO (and in such other jurisdictions as are commercially appropriate) as may be material to the Debtor's business in such jurisdiction, shall diligently prosecute its patent applications and use commercially reasonable efforts to obtain such patents. Secured Party hereby appoints and designates the Debtor as the agent of Secured Party for such purposes.

3.16 MAINTENANCE OF PATENTS. To the extent commercially reasonable, the Debtor, with counsel of its own choosing and at its expense, shall take the necessary and appropriate actions to preserve and maintain in full force and effect the Patents and Patent Rights, including but not limited to filing and diligently prosecuting necessary or appropriate patent applications and appropriate applications for re-issues, continuations, continuations-in-part, divisions, renewals and extensions, and paying when due maintenance fees. Secured Party hereby appoints and designates the Debtor as the agent for Secured Party for such purposes.

3.17 CERTIFICATES OF ISSUED PATENTS. Upon demand by Secured Party at any time, the Debtor shall deliver to Secured Party the original or a true copy of all current official certificates of issued Patents (for any jurisdiction) and forthwith upon receipt thereof the original or a true copy of all such official certificates for any Patents for which applications are then pending or thereafter filed.

General

3.18 RECORDS. The Debtor has kept and will diligently keep complete and accurate records respecting the Patent Collateral (including accounting records with respect to the Patent Collateral, and including a record of all payments and Proceeds received), and will at all times keep at least one set of such records at its principal executive office or principal place of business as set forth above. The Debtor shall, upon reasonable prior notice by Secured Party and at reasonable times, permit Secured Party (or Secured Party's designee) from time to time to review, inspect and examine (and make extracts and copies of) such records. In connection with any such review, inspection or examination by Secured Party, Secured Party shall, upon the request of Debtor, enter into a mutually agreeable nondisclosure agreement with respect to the Debtor's technical data and information included in any patent applications which are trade secrets for purposes of New York law, provided that such agreement shall include provisions expressly permitting Secured Party (a) upon and during the continuance of an Event of Default, to use or disclose such trade secrets in any way Secured Party deems necessary or appropriate in the exercise and enjoyment of its rights and remedies pursuant to this Patent Security Agreement and the Loan Documents; and (b) to disclose such trade secrets as may be required by any law or regulation to which Secured Party is subject.

3.19 PERFECTION OF INTEREST. This Patent Security Agreement, and the other Loan Documents shall create in favor of Secured Party a valid and perfected first priority security interest in the Patent Collateral.

3.20 FILING FOR PERFECTION OF INTEREST. Except for the filings of financing statements with the Secretary of State of New York under the Uniform Commercial Code with respect to the Loan Documents necessary to perfect and record Secured Party's security interest in the Patent Collateral, no authorization, approval or other action by, and no notice to or filing with, any governmental or regulatory authority, agency or office is required either (a) for the grant by the Debtor or the effectiveness of the security interest and collateral assignment granted by the Loan Documents and supplemented hereby or for the execution, delivery and performance of this Agreement by the Debtor, or (b) for the perfection of or the exercise by Secured Party of its rights and remedies under the Loan Documents or hereunder; provided, however, that the foregoing representation and warranty shall not apply to foreign Patents or foreign Patent Rights. The Debtor also acknowledges and agrees that a copy of this Agreement (or instruments executed and delivered pursuant hereto) will be filed and recorded with the PTO with respect to the Debtor's Patents issued at present or in the future by the PTO (or with respect to which patent applications are at present or in the future pending or filed with the PTO).

3.21 DISCLOSURE COMPLETE AND ACCURATE. All information with respect to the Patent Collateral set forth herein, in the Loan Documents, or in any schedule, certificate or other writing at any time heretofore or hereafter furnished by the Debtor to Secured Party, is and will be true, correct and complete in all material respect as of the date furnished.

3.22 LOAN DOCUMENTS REPRESENTATIONS. Each representation and warranty of the Debtor set forth in the Loan Documents is true and correct and all such representations and warranties are hereby incorporated herein by reference with the same effect as though set forth herein in their entirety.

4

CONSEQUENCES OF AND REMEDIES UPON DEFAULT

4.1 COLLECTIONS.

(a) Except as otherwise provided in the Loan Documents, the Debtor shall continue to collect, at its own expense, all amounts due or to become due to the Debtor in respect of the Patent Collateral or any part thereof.

(b) If any Event of Default shall have occurred and be continuing, then Secured Party shall have the right, as the true and lawful agent of the Debtor, with power of substitution for the Debtor and in the Debtor's name, Secured Party's name or otherwise, for the use and benefit of Secured Party, (i) to notify any and all obligors with respect to the Patent Collateral or any part thereof; (ii) upon notice from Secured Party, to receive, endorse, assign and/or deliver any and all notes, acceptances, checks, drafts, money orders or other evidences of payment relating to the Patent Collateral or any part thereof; (iii) to demand, collect, sue for and receive payment of, for its own use and account, and give receipt for and give discharges and releases of, all or any of the Patent Collateral and all amounts due or to become due in respect of the Patent Collateral; (iv) to sign the name of the Debtor on any invoice relating to any of the Patent Collateral; (v) to commence and prosecute any and all suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect or otherwise realize on all or any of the Patent Collateral or to enforce any rights or remedies in respect of any Patent Collateral; (vi) to settle, compromise, compound, adjust or defend any actions, suits or proceedings relating to or pertaining to all or any of the Patent Collateral; (vii) to license, or to the extent permitted by any applicable law, sublicense, whether general, special or otherwise, and whether on an exclusive or non-exclusive basis any of the Patent Collateral throughout the world, for such term or terms, on such conditions, and in such manner, as Secured Party shall determine (other than in violation of any then existing licensing arrangements to the extent that waivers or other adequate provision cannot be secured therefor); and (viii) generally to make, sue, practice, sell, assign, transfer, pledge, make any agreement with respect to or otherwise deal with all or any of the Patent Collateral, and to do all other acts and things necessary to carry out the purposes of this Patent Security Agreement and the Loan Documents, as fully and completely as though Secured Party were the absolute owner of the Patent Collateral for all purposes; provided, however, that except as provided for by law or the Uniform Commercial Code as in effect in the State of New York or its equivalent in other jurisdictions, nothing herein contained shall be construed as requiring or obligating Secured Party to make any commitment or to make any inquiry as to the nature or sufficiency of any payment received by Secured Party, or to present or file any claim or notice, or to take any action with respect to the Patent Collateral or any part thereof, or the moneys due or to become due in respect thereof, or any property covered thereby, and no action taken by Secured Party or omitted to be taken with respect to the Patent

Collateral or any part thereof shall give rise to defense, counterclaim or offset in favor of the Debtor's claim or action against Secured Party. Whether or not Secured Party shall have so notified any obligors, the Debtor shall at its expense cooperate with Secured Party and render all reasonable assistance to Secured Party in enforcing claims against such obligors. It is understood and agreed that the appointment of Secured Party as the agent of the Debtor for the purposes set forth above in this Section is coupled with an interest and is irrevocable. The provisions of this Section shall in no event relieve the Debtor of any of its obligations hereunder or under the Loan Documents with respect to the Patent Collateral or any part thereof or impose any obligation on Secured Party to proceed in any reimbursement of Secured Party for any liabilities, obligations, costs, expenses or disbursements imposed on, incurred or suffered by or asserted against Secured Party in the exercise of its rights under this Section. In the event Secured Party shall elect not to bring any such suit, proceeding or action to protect, maintain or enforce any such rights or measures, whether by action, suit, proceeding or otherwise, to protect, maintain, and enforce such rights and interests, and for that purpose shall diligently maintain any such action, suit or proceeding necessary or appropriate for such protection, maintenance or enforcement.

4.2 OTHER REMEDIES UPON DEFAULT. Upon the occurrence and during the continuation of an Event of Default, then, forthwith upon notice by Secured Party to the Debtor, in addition to all other rights and remedies of Secured Party, whether under law, the other Loan Documents, or otherwise (all such rights and remedies being cumulative, not exclusive, and enforceable alternatively, successively or concurrently, without notice to or consent by the Debtor except as expressly provided otherwise herein), Secured Party's rights and remedies with respect to the Patent Collateral, shall include but not be limited to the following, without payment of royalty or compensation of any kind to the Debtor except as expressly provided otherwise herein:

(a) The Debtor's license with respect to the Patents as set forth herein shall terminate, and the Debtor shall immediately cease and desist from the practice, manufacture, use and sale (or license or other transfer) of the Patents.

(b) Secured Party may, to the same extent that the Debtor had the right to do so immediately prior to such notice, license or sublicense, whether general, special or otherwise, and whether on an exclusive or non-exclusive basis, any of the Patent Collateral, throughout the world, for such term or terms, on such conditions, and in such manner, as Secured Party shall in its sole discretion determine.

(c) Secured Party may (without assuming any obligations or liability thereunder), at any time, enforce (and shall have the exclusive right but not the obligation to enforce) against any licensor, licensee or sublicensee all Patent License Rights of the Debtor, and take or refrain from taking any such action.

(d) Secured Party may, on one or more occasions at any time, with or without legal process and with or without previous notice or demand for performance, take possession of all tangible manifestations or embodiments of the Patent Collateral and documentation relating thereto and all business records, documents and files with respect to the Patent Collateral, and without

liability for trespass to enter any premises where such tangible manifestations or embodiments, business records, documents and files with respect to the Patent Collateral may be located for the purpose of taking possession of or removing such tangible manifestations or embodiments, business records, documents and files.

(e) The Debtor shall, upon written demand of Secured Party, deliver to Secured Party (or Secured Party's designee) all unused, unsold or undelivered goods incorporating, including or using any of the Patents.

(f) In general, Secured Party may exercise, in respect of the Patent collateral, all of the rights and remedies of a secured party on default under the Uniform Commercial Code (whether or not such Code applies to the affected Patent Collateral).

(g) (1) Without limiting the generality of the foregoing, Secured Party may, with or without demand for performance, all of which are hereby expressly waived, subject to the mandatory requirements of current law or as specified below, assign, sell, license, sublicense, or otherwise transfer or dispose of the Patent Collateral or any part thereof, either with or without special or other conditions or stipulations, with power to purchase the Patent Collateral or any part of it, in one or more portions at public or private sale, at any of Secured Party's offices or elsewhere, at such time or times, for cash, or credit, or for future delivery, and at such price or prices and upon such other terms as Secured Party may deem commercially reasonable, irrespective of the impact of any such sales on the market price of any of the Patent Collateral. Each such purchaser at any such sale shall hold the property sold absolutely, free from any claim or right on the part of the Debtor or any party claiming by or through the Debtor, and the Debtor hereby waives (to the extent permitted by law) all rights of redemption, stay and/or appraisal which it now has or may have at any time in the future under any rule of law or statute now existing or hereafter enacted. The Debtor agrees that, to the extent notice of sale shall be required by law, at least ten (10) days notice to the Debtor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. At any sale of the Patent Collateral, if permitted by law, Secured Party may bid (which bid may be, in whole or in part, in the form of cancellation of indebtedness) for and purchase the Patent Collateral or any portion thereof for the account of Secured Party. Secured Party shall not be obligated to make any sale of the Patent Collateral regardless of notice of sale having been given. Secured Party may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was adjourned. The Debtor recognizes that Secured Party may elect in its sole discretion to sell all or part of the Patent Collateral to one or more purchasers in privately negotiated transactions. The Debtor hereby waives any claims against Secured Party arising by reason of the fact that the price at which any Patent Collateral may have been sold at such a private sale was less than the price which might have been obtained at a public sale, even if Secured Party accepts the first offer received and does not offer such Patent Collateral to more than one offeree. Secured Party shall also have the power to execute assurances, and do all other acts and things for completing the assignment, sale, license, sublicense, transfer or disposition which Secured Party, in its sole discretion, deems appropriate or proper.

(2) In case any sale of all or any part of the Patent Collateral is made on credit or for future delivery, the Patent Collateral so sold may be retained by Secured Party until the sale price is paid by the purchaser or purchasers thereof, but Secured Party shall not incur any liability in case any such purchaser or purchasers shall fail to take up and pay for the Patent Collateral so sold and, in case of any such failure, such Patent Collateral may be sold again upon like notice to the Debtor. At any public sale made pursuant to this Section, Secured Party may bid for or purchase, free from any right of redemption, stay, valuation or appraisal on the part of the Debtor (all said rights being also hereby waived and released to the extent permitted by law), the Patent Collateral or any part thereof offered for sale and may make payment on account thereof by using any claim then due and payable to Secured Party from the Debtor as a credit against the purchase price, and Secured Party may, upon compliance with the terms of sale, hold, retain and dispose of such property without further accountability to the Debtor therefor. For purposes hereof, a written agreement to purchase any Patent Collateral, or any portion thereof, shall be treated as a sale thereof; Secured Party shall be free to carry out such sale pursuant to such agreement, and the Debtor shall not be entitled to the return of the Patent Collateral or any portion thereof subject thereto, notwithstanding the fact that after Secured Party shall have entered into such an agreement all Events of Default shall have been remedied and the Obligations paid in full. As an alternative to exercising the power of sale herein conferred upon it, Secured Party may proceed by a suit or suits at law or in equity to foreclose this Agreement and to sell the Patent Collateral or any portion thereof pursuant to a judgment or decree of a court or courts having competent jurisdiction or pursuant to a proceeding by a court-appointed receiver.

(3) In addition to the foregoing, in order to implement the assignment, sale, license, sublicense, transfer or other disposition of any of the Patent Collateral pursuant to this Section, Secured Party may, pursuant to the authority granted in the power of attorney provided herein, execute and deliver on behalf of the Debtor one or more instruments of assignment or other transfer of the Patent Collateral, in form suitable for filing, recording or registration in any jurisdiction or country.

4.3 OBLIGATION TO PROVIDE KNOW-HOW. In the event of any such license, assignment, sale, transfer or other disposition of the Patent Collateral, or any of it, whether to or by Secured Party, the Debtor shall supply to Secured Party (or Secured Party's designee) the Debtor's know-how and expertise relating to the products and services sold and provided which use or practice or incorporate any of the Patents, and other records relating to the Patent Collateral and to the production, marketing, delivery, sale and transfer of said products and services. Without limiting the generality of the foregoing, within five (5) Business Days of written notice thereof from Secured Party, the Debtor shall make available to Secured Party, to the extent within the Debtor's power and authority, such personnel in the Debtor's employ on the date of the Event of Default as Secured Party may reasonably designate by name, title or job responsibility, to permit the Debtor (or if Secured Party so elects, Secured Party or Secured Party's designee) to continue, directly or indirectly, to manufacture, produce, supply, advertise, provide, license, sell and deliver such products or services, such persons to be available to perform their prior functions on Secured Party's behalf and, if Secured Party so elects to utilize their services, to be compensated by Secured Party on a per diem, *pro rata* basis, consistent with the wage and salary structure applicable to each as of

the date of such Event of Default.

4.4 NO OBLIGATION OF SECURED PARTY. Nothing herein shall be construed as obligating Secured Party to take any of the foregoing actions at any time.

4.5 COSTS AND APPLICATION OF PROCEEDS. (a) The Debtor agrees to pay when due all reasonable costs incurred in any license, assignment, sale, transfer or other disposition of all or any portion of the Patent Collateral to or by Secured Party, including any taxes, fees and reasonable attorneys' fees, and all such costs shall be added to the Obligations. Secured Party may apply the proceeds actually received from any such license, assignment, sale, transfer, other disposition or other collection or realization, to the reasonable out-of-pocket costs and expense thereof, including without limitation reasonable attorneys' fees and all reasonable legal, travel and other expenses which may be incurred or paid by Secured Party in protecting or enforcing its rights upon or under this Agreement, the Patent Collateral, the Collateral or the Obligations, and any proceeds remaining shall be held by Secured Party as collateral for, and/or then or at any time thereafter applied (after payment of any amounts payable to Secured Party pursuant to the provisions herein) to the Obligations; and the Debtor shall remain liable and will pay Secured Party on demand any deficiency remaining, together with interest thereon at a rate equal to the highest rate then payable on the Obligations and the balance of any expenses unpaid. Any surplus of such cash or cash proceeds held by Secured Party and remaining after payment in full of all of the Obligations shall be paid over to the Debtor or to whomsoever may be lawfully entitled too receive such surplus.

(b) Secured Party shall have absolute discretion as to the time of application of any such Proceeds, moneys or balances in accordance with this Agreement. Upon any license, assignment, sale, transfer or other disposition of all or any portion of the Patent Collateral by Secured Party (including without limitation a sale pursuant to a power of sale granted by statute or under a judicial proceeding), the receipt of Secured Party or the officer making the sale shall be a sufficient discharge to the purchaser or purchasers of the Patent Collateral so sold and such purchaser or purchasers shall not be obligated to see to the application of any part of the purchase money paid over to Secured Party or such officer or be answerable in any way for the misapplication thereof.

5

FURTHER ASSURANCES

5.1 NOTICES OF ADVERSE DEVELOPMENTS. Upon obtaining knowledge thereof, the Debtor will promptly notify Secured Party in writing of any event which does or reasonably could materially adversely affect the value of any material portion of the Patent Collateral, the ability of the Debtor or Secured Party to dispose of any material portion of the Patent Collateral, or the rights and remedies of Secured Party in relation to any material portion of the Patent Collateral, including but not limited to the institution or levy of any legal process against any material portion of the Patents or Patent Rights.

5.2 CONSENTS OF THIRD PARTIES. Upon the request of Secured Party, the Debtor will use its commercially reasonable efforts to obtain any necessary consents of third parties to the grant and perfection of the security interest in the Patent Collateral, and/or to the grant or effectiveness of the Section 2.2 Assignment of the Patent Collateral, provided for herein.

5.3 FURTHER INSTRUMENTS AND ACTS. In general, the Debtor shall, at any time and from time to time, and at its expense, make, execute, acknowledge and deliver, and file and record as necessary or appropriate with governmental or regulatory authorities, agencies or offices, such agreements, assignments, documents and instruments, and do such other and further acts and things, as Secured Party may request or as may be necessary or appropriate in order to implement and effect fully the intentions, purposes and provisions of this Agreement, or to assure and confirm to Secured Party the grant and perfection of a security interest in the Patent Collateral and the right to the complete enjoyment and exercise of Secured Party's rights hereunder.

5.4 SECURED PARTY'S RIGHT TO PERFORM DEBTOR'S OBLIGATIONS. If the Debtor shall fail to do any act which it has covenanted to do hereunder, or if any representation or warranty of the Debtor shall be breached, Secured Party, in its own name or that of the Debtor (in the sole discretion of Secured Party), may (but shall not be obligated to) do such act or remedy such breach (or cause such act to be done or such breach to be remedied), and any cost or expense incurred by Secured Party in so doing shall be added to the principal amount of the Obligations and shall bear interest at the rate applicable to overdue principal under the Loan Documents. The Debtor shall cooperate with Secured Party in any such act or remedy.

6

LIABILITIES, INDEMNITY AND COSTS

6.1 LIABILITY FOR USES OF PATENT COLLATERAL. The Debtor shall be liable for any and all uses or misuses of and the practice, manufacture, sales (or other transfers or dispositions) of any of the Patent Collateral by the Debtor and its affiliates and for any failure to take reasonable measures to avoid and prevent the improper use, practice or sale (or other transfer or disposition) of the Patent Collateral by any other party (including but not limited to any licensee of the Patents), any failure to use or practice the Patents in accordance with this Agreement, or any other claim, suit, loss, damage, expense or liability of any kind or nature (except those resulting from any gross negligence or willful misconduct of Secured Party) arising out of or in connection with the Patent Collateral or the production, marketing, delivery, sale, license or other transfer or disposition of the goods and services provided under or in connection with or which use, practice or incorporate any of the Patents or the Patent Collateral prior to the termination of the Debtor's license pursuant hereto. The Debtor shall be liable also for any claim, suit, loss, damage, expense or liability arising out of or in connection with the acts or omissions of the Debtor (regardless of whether such fault, negligence, acts or omissions occurred or occur prior to or after such license termination). This Section is for the purpose of establishing and allocating, as between the Debtor and Secured Party, certain liabilities; it is not intended to create any affirmative obligations of the Debtor to Secured Party other than those set forth elsewhere in this Patent Security Agreement, and the other Loan Documents.

6.2 LICENSE AGREEMENT OBLIGATIONS. Nothing in this Patent Security Agreement shall relieve the Debtor from any performance of any covenant, agreement or obligation of the Debtor under any license agreement now or hereafter in effect licensing any part of the Patent Collateral, or from any liability to any licensee or licensor under any such license agreement or to any other party, or shall impose any liability on Secured Party for any act or omission of the Debtor in connection with any such license agreement.

6.3 INDEMNIFICATION. The Debtor shall indemnify and hold harmless Secured Party from and against, and shall pay to Secured Party on demand, any and all claims, actions, suits, judgments, penalties, losses, damages, costs, disbursements, expenses, obligations or liabilities of any kind or nature (except those resulting from Secured Party's gross negligence or willful misconduct) arising in any way out of or in connection with this Agreement, the Patent Collateral, custody, preservation, use, practice, operation, sale, license (or other transfer or disposition) of the Patent Collateral, any alleged infringement of the intellectual property rights of any third party, the production, marketing, provisions, delivery and sale of the goods and services provided under or in connection with or using or practicing any of the Patents or the Patent Collateral, the sale of, collection from or other realization upon any of the Patent collateral, the failure of the Debtor to perform or observe any of the provisions hereof, or matters relating to any of the foregoing, prior to the termination of the Debtor's license pursuant hereto. The Debtor shall also indemnify and hold harmless Secured Party from and against any and all claims, actions, suits, judgments, penalties, losses, damages, costs, disbursements, expenses, obligations or liabilities arising out of or in connection with any fault, negligence, act or omission of the Debtor (regardless of whether such fault, negligence, act or omission occurred or occurs prior to or after such license termination). The Debtor shall make no claim against Secured Party for or in connection with the exercise or enforcement by Secured Party of any right or remedy granted to it hereunder, or any action taken or omitted to be taken by Secured Party hereunder (except for the gross negligence or willful misconduct of Secured Party).

6.4 EXPENSES. Any and all fees, costs and expenses, of whatever kind or nature, including but not limited to reasonable fees and disbursements of counsel and of any experts and agents, incurred by Secured Party in connection with the preparation of this Agreement and all other documents relating hereto and the consummation of the transactions contemplated hereby, the filing or recording of any documents (including all taxes in connection therewith) in public offices, the payment or discharge of any taxes, counsel fees, maintenance fees or encumbrances, or otherwise protecting, maintaining or preserving the Patent Collateral, or in defending or prosecuting any actions or proceedings arising out of or related to the Patent Collateral, or in exercising or enforcing any right or remedy granted to Secured Party hereunder, shall be borne and paid by the Debtor on demand by Secured Party, and until so paid shall be added to the principal amount of the obligations and shall bear interest at the rate applicable to overdue principal pursuant to the Loan Documents.

POWER OF ATTORNEY

7.1 GRANT. The Debtor hereby grants to Secured Party, and any officer or agent of Secured Party as Secured Party may designate in its sole discretion, a power of attorney, thereby constituting and appointing Secured Party (and Secured Party's designee) its true and lawful attorney-in-law and attorney-in-fact, (a) upon any failure by the Debtor to meet its obligations hereunder or any exercise by Secured Party of its rights hereunder, to execute and deliver any and all agreements, documents, instruments of assignment, licenses or transfers of the Patent Collateral, and do all other acts which the Debtor is obligated to execute or do under any provision of this Agreement, and to execute any and all documents, statements, certificates or other documents necessary or advisable to effect any of the purposes set forth herein as Secured Party (or Secured Party's designee) may in its sole discretion determine and (b) effective upon the occurrence and during the continuation of an Event of Default, for the purpose of assigning, selling, licensing or otherwise transferring or disposing of all right, title and interest of the Debtor in and to any of the Patent Collateral. The Debtor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof.

7.2 IRREVOCABLE. The foregoing power of attorney is coupled with an interest and is irrevocable until this Patent Security Agreement shall terminate.

7.3 RELEASE. The Debtor hereby releases Secured Party from any claims, causes of action and demands at any time arising out of or in connection with any actions taken or omitted to be taken by Secured Party under the power of attorney granted herein (except for the gross negligence or willful misconduct of Secured Party).

SPECIFIC ENFORCEMENT

Due to the unique nature of the Patent Collateral, and in order to preserve its value, the Borrower agrees that the Borrower's agreements, duties and obligations under this Patent Security Agreement shall be subject to specific enforcement and other appropriate equitable orders and remedies.

TERMINATION

This Patent Security Agreement shall create a continuing security interest in and collateral assignment of the Patent Collateral. Upon payment in cash and satisfaction in full of the Obligations, this Agreement shall automatically terminate and shall be of no further force and effect, and the security interest granted hereby shall terminate. Upon any such termination, Secured Party shall execute and deliver to the Borrower such deeds, assignments and other documents, and shall take such other actions, all at the expense of the Borrower, as may reasonably be requested by the Borrower to evidence or record such termination, and to reassign and reconvey to and re-vest in the Borrower the entire right, title and interest in and to the Patent Collateral previously granted, assigned, transferred and conveyed to Secured Party by the Borrower pursuant to this Patent Security Agreement, as fully as if this Patent Security Agreement had not been made, subject to any disposition of all or any part thereof which may have been made by Secured Party pursuant hereto or the other Loan Documents.

PROVISIONS OF GENERAL APPLICATION

10.1 SEVERABILITY. In the event any term or provision of this Patent Security Agreement shall for any reason be held to be invalid, illegal or unenforceable to any extent or in any respect, or otherwise determined to be of no effect, in any jurisdiction, such invalidity, illegality, unenforceability or determination shall affect only such term or provision, or part thereof, in only such jurisdiction. The parties agree they will negotiate in good faith to replace any provision so held invalid, illegal or unenforceable, or so determined, with a valid, enforceable and effective provision which is as similar as possible in substance and effect to the provision which is invalid, illegal, unenforceable or of no effect.

10.2 AMENDMENTS, ETC. Except as provided herein, neither this Patent Security Agreement nor any term hereof may be amended, changed, waived, discharged or terminated except by a written instrument expressly referring to this Patent Security Agreement and to the provisions so amended, modified, waived or terminated, and executed by the party to be charged.

10.3 NO WAIVERS. No course of dealing between the Borrower and Secured Party, nor any failure to exercise, nor any delay in exercising, on the part of Secured Party, any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

10.4 ASSIGNMENTS. The Borrower shall not assign this Patent Security Agreement or any rights, duties or obligations hereunder without the prior written consent of Secured Party. This Patent Security Agreement and all obligations of the Borrower shall be binding upon the successors and permitted assigns of the Borrower and shall, together with the rights and remedies of Secured

Party hereunder, inure to the benefit of Secured Party and their respective successors and assigns.

10.5 COUNTERPARTS. This Patent Security Agreement, and any amendments, waivers, consents, or supplements hereto or hereunder, may be executed in any number of counterparts and by each party on a separate counterpart, each of which when so executed and delivered shall be an original but all or which together shall constitute one instrument. In proving this Patent Security Agreement, or any such amendment, waiver, consent or supplement, it shall not be necessary to produce or account for more than one such counterpart executed by the party against which enforcement is sought.

10.6 EXECUTION BY SECURED PARTY. Debtor hereby grants Secured Party the authority to execute and file at any time and from time to time one or more financing statements or copies of thereof with respect to the Patent Collateral signed only by the Secured Party.

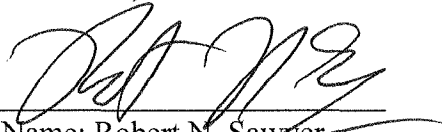
10.7 HEADINGS. The captions in this Patent Security Agreement are for convenience of reference only and shall not define, limit or affect the provisions hereof.

10.8 GOVERNING LAW. EXCEPT AS OTHERWISE REQUIRED BY THE LAWS OF ANY JURISDICTION IN WHICH ANY OF THE PATENT COLLATERAL IS LOCATED, THIS AGREEMENT AND ALL RIGHTS AND OBLIGATIONS HEREUNDER, INCLUDING MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK (WITHOUT REFERENCE TO ITS CHOICE OR CONFLICTS OF LAWS OR RULES OR PRINCIPLES).

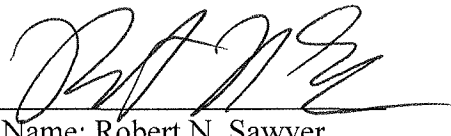
10.9 WAIVER OF JURY TRIAL. THE PARTIES HERETO HEREBY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING OF ANY KIND WITH RESPECT TO, IN CONNECTION WITH, OR ARISING OUT OF THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS, OR AS TO THE VALIDITY, PROTECTION, INTERPRETATION, ADMINISTRATION, COLLECTION OR ENFORCEMENT HEREOF OR THEREOF OR PURSUANT TO THE OTHER LOAN DOCUMENTS, OR ANY OTHER CLAIM OR DISPUTE HOWSOEVER ARISING BETWEEN BORROWER AND SECURED PARTY.

IN WITNESS WHEREOF, the Debtor and Secured Party, each by its duly authorized officer, have duly executed this Patent Security Agreement, as an instrument under seal, as of the date first set forth above.

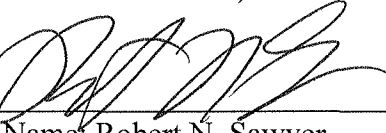
CV HOLDINGS, L.L.C.

By: 
Name: Robert N. Sawyer
Title: Senior Vice President

CAPITOL PLASTIC PRODUCTS, L.L.C.

By: 
Name: Robert N. Sawyer
Title: Senior Vice President

CSP TECHNOLOGIES, INC.

By: 
Name: Robert N. Sawyer
Title: Senior Vice President

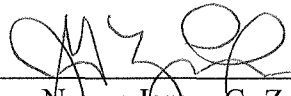
CAPITOL INSULATED PRODUCTS, INC.

By: 
Name: Robert N. Sawyer
Title: Senior Vice President

CAPITOL CUPS, INC.

By: 
Name: Robert N. Sawyer
Title: Senior Vice President

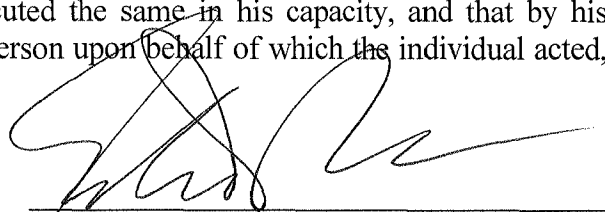
CHARTER ONE BANK, N.A.

By: 
Name: James G. Zamborsky
Title: Vice President

STATE OF NEW YORK

COUNTY OF ALBANY ss:

On the 27th day of April in the year 2005 before me, the undersigned, a notary public in and for said state, personally appeared Robert N. Sawyer, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed this instrument.

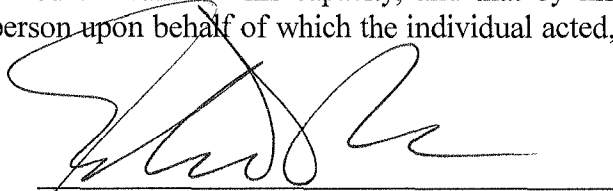

NOTARY PUBLIC

EDWARD J. TROMBLY
Notary Public, State of New York
Qualified in Albany County
Commission Expires 10/31/06

~~STATE OF OHIO~~ NEW YORK

~~COUNTY OF CUYAHOGA~~ ALBANY ss:

On the 27th day of April in the year 2005 before me, the undersigned, a notary public in and for said state, personally appeared James G. Zamborsky, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed this instrument.


NOTARY PUBLIC

EDWARD J. TROMBLY
Notary Public, State of New York
Qualified in Albany County
Commission Expires 10/31/06

**CSP TECHNOLOGIES, INC.
PATENT PORTFOLIO
SCHEDULE A**

Title	<u>Country</u>	<u>Patent # or Serial #</u>	<u>Patent Phase</u>	<u>Application Date</u>	<u>Issued</u>
A Learning Material Delivery System and Corresponding Method of Incorporating Learning Material Into a Dual Wall Cup	US	11/022,207	Application	23-Dec-04	N/A
A Barrier Pack Having an Absorbing Agent Applied to the Interior of the Pack	US	6,279,736	Issued	15-Jun-99	28-Aug-01
A Flexible Lip Seal for an Integral Container and Cap Assembly	US	60/540,978	Application	30-Jan-04	N/A
A Leakproof Resealable Container Cap and Assembly	US	10/779,507	Application	13-Feb-04	N/A
A Leakproof, Resealable Container and Cap Assembly	US	6,769,558	Issued	31-Aug-99	3-Aug-04
A Method and Composition Having Interconnecting Channel Morphology for Aldehyde Absorption	US	6,460,271	Issued	13-Dec-00	8-Oct-02
A System, Method for Maintaining, Tracking and Identifying the Integrity of a Disposable Specimen Container with a Reusable Transponder !	US	10/140,698	Application	7-May-02	N/A
Co-Continuous Interconnecting Channel Morphology Polymer Having Controlled Gas Transmission Rate Through The Polymer	US	6,465,532	Issued	28-Jul-00	15-Oct-02
Co-Continuous Interconnecting Channel Morphology Polymer Having Controlled Gas Transmission Rate Through The Polymer	US	10/061,037	Application	30-Jan-02	N/A
Co-Continuous Interconnecting Channel Morphology Polymer Having Modified Surface Properties	US	6,696,002	Issued	28-Jul-00	24-Feb-04
Co-Continuous Interconnecting Channel MorphologyComposition	US	6,486,231	Issued	14-Feb-00	26-Nov-02
Co-Continuous Interconnecting Channel MorphologyComposition	US	US-2004-0122175	Application	26-Nov-03	N/A
Desiccant Entrained Polymer	US	6,214,255	Issued	27-Jul-98	10-Apr-01
Desiccant Entrained Polymer	US	6,130,263	Issued	5-Mar-97	10-Oct-00
Desiccant Entrained Polymer	US	6,080,350	Issued	29-May-98	27-Jun-00
Desiccant Entrained Polymer	US	5,911,937	Issued	5-Mar-96	15-Jun-99
Desiccant Vial Assembly for Effervescent Tablets	US	10/219,570	Application	15-Aug-02	N/A
Dispenser for Solid Objects	US	6,726,058	Issued	20-Jun-02	27-Apr-04

**CSP TECHNOLOGIES, INC.
PATENT PORTFOLIO
SCHEDULE A**

Title	<u>Country</u>	<u>Patent # or Serial #</u>	<u>Patent Phase</u>	<u>Application Date</u>	<u>Issued</u>
Dispenser for Solid Objects	US	10/799,487	Application	12-Mar-04	N/A
Egg Shaped Vial	US	D421,216	Issued	25-Nov-98	29-Feb-00
Flexible Lip Seal for an Integral Container and Cap Assembly	US	60/540,978	Application	30-Jan-04	N/A
Flip Top Golf Ball Container Assembly Provided with Moisture Barrier Properties	US	6,705,463	Issued	7-Jun-01	16-Mar-04
High Internal Phase Polymeric Emulsion Composition	US	10/219,908	Application	14-Aug-02	N/A
High Internal Phase Polymeric Emulsion Composition Containing Particles	US	60/554,974	Application	19-Mar-04	N/A
High Speed Container Orientation in Feed for Stacked Tablet Filling	US	60/555,254	Application	22-Mar-04	N/A
Interconnecting Channel Morphology Composition for Releasing CO2	US	6,852,783	Issued	19-Dec-01	8-Feb-05
Lancets, Test Strip Cassettes for Holding Same, Related to Drawing and Sampling a Bodily Material	US	10/683,692	Application	9-Oct-03	N/A
Meter Strip Dispenser Assembly (Diagnostic Strip Dispenser)	US	09/751,191	Application	29-Dec-00	N/A
Method and Composition for an Active Drop-In Liner	US	10/804,508	Application	19-Mar-04	N/A
Method and Composition for an In-mold Liner	US	10/213,516	Application	6-Aug-02	N/A
Modified Polymers Having Controlled Transmission Rates	US	6,221,446	Issued	29-May-98	24-Apr-01
Modified Polymers Having Controlled Transmission Rates	US	6,124,006	Issued	29-May-98	26-Sep-00
Moisture Capacity Indicating Desiccant Composition and Method Thereof	US	60/560,444	Application	8-Apr-04	N/A
Moisture Tight Edible Film Dispenser and Methods Thereof	US	60/524,495	Application	24-Nov-03	N/A
Monolithic Composition Having the Capability of Maintaining Constant Relative Humidity in a Package	US	6,613,405	Issued	30-Mar-01	2-Sep-03
Monolithic Polymer Composition Having a Releasing Material	US	6,316,520	Issued	18-Sep-98	13-Nov-01
Monolithic Polymer Composition Having a Releasing Material	US	10/714,474	Application	13-Nov-03	N/A
Monolithic Polymer Composition Having a Water Absorption Material	US	6,174,952	Issued	18-Sep-98	16-Jan-01

**CSP TECHNOLOGIES, INC.
PATENT PORTFOLIO
SCHEDULE A**

Title	<u>Country</u>	<u>Patent # or Serial #</u>	<u>Patent Phase</u>	<u>Application Date</u>	<u>Issued</u>
Monolithic Polymer Composition Having an Absorbing Material	US	6,194,079	Issued	18-Sep-98	27-Feb-01
Monolithic Polymer Composition Having an Activation Material	US	6,177,183	Issued	18-Sep-98	28-Jan-01
Resealable Moisture Tight Containers for Strips and the Like	US	10/683,311	Application	10-Oct-03	N/A
Resealable Moisture Tight Containers for Strips and the Like	PCT	PCT/US03/32052	Application	10-Oct.-03	N/A
Re-Sealable Moisture Tight Containers for Strips and the Like Having Alternative Sealing Mechanisms	US	60/620,513	Application	20-Oct-04	N/A
Solid Objects Dispensers	US	10/683,176	Application	10-Oct.-03	N/A
Solid Objects Dispensers Having a Dual Lever Mechanism	US	60/514,774	Application	27-Oct-04	N/A
Tablet Dispensing Insert for Vial Holding Stacked Tablets	US	60/573,124	Application	21-May-04	N/A
Thermoplastic Composition Comprising a CO2 Releasing Material	US	10/794,306	Application	5-Mar-04	N/A
Thermoplastic Composition Comprising an Ethylene Response Inhibitor Releasing Material	US	PCT/US2004/014611	Application	10-May-04	N/A
Unitary Container and Cap Assembly Having Mating Profiles	US	10/148,849	Application	3-Oct-00	N/A

PATENT

RECORDED: 07/11/2005

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