

08-26-2005

Docket No. 4813

FORM PTO 1595 (Rev. 6-93) OMB No. 0651-0011 (exp. 4/94)		EET	U.S. DEPARTMENT OF COMMERCE Patent and Trademark Office
102990236			

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

<p>1. Name(s) of conveying party(ies): <b>Delphax Technologies Inc.</b> <i>3-4-04</i> 12500 Whitewater Drive Minnetonka, Minnesota 55343</p> <p>Additional name(s) of conveying party(ies) attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>3. Nature of conveyance: <input type="checkbox"/> Assignment <input type="checkbox"/> Merger <input type="checkbox"/> Change of Name <input checked="" type="checkbox"/> Patent Security Agreement <input type="checkbox"/> Other _____</p> <p>Execution Date: <u>February 4, 2004</u></p>	<p>2. Name and address of receiving party(ies) Name: <u>LaSalle Business Credit, LLC</u> Internal Address: _____ Street Address: <u>135 South LaSalle Street</u> City: <u>Chicago</u> State: <u>Illinois</u> ZIP: <u>60603-4105</u> Country: <u>United States of America</u></p> <p>Additional name(s) &amp; address(es) attached <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
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4. Application number(s) or patent number(s): Please see Attachment 1

If this document is being filed together with a new application, the execution date of the application is:

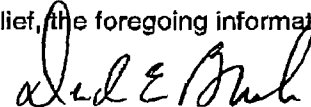
A. Patent Application No.(s)	B. Patent No.(s) Please see Attachment 1
Additional numbers attached? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

<p>5. Name and address of party to whom correspondence concerning document should be mailed: Name: <u>David E. Bruhn</u> Internal Address: <u>Customer Number 25763</u> <u>Dorsey &amp; Whitney LLP</u> <u>Intellectual Property Department</u> Street Address: <u>Suite 1500, 50 South Sixth Street</u> City: <u>Minneapolis</u> State: <u>MN</u> ZIP <u>55402-1498</u></p>	<p>6. Total Number of applications and patents involved: <u>29</u></p> <p>7. Total fee (37 CFR 3.41) . . . 29 x \$40 . . . . . <u>\$1,160.00</u></p> <p><input checked="" type="checkbox"/> Enclosed <input type="checkbox"/> Authorized to be charged to deposit account</p> <p>8. Deposit Account number: <u>04-1420</u> (Attach duplicate copy of this page if paying by deposit account)</p>
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**DO NOT USE THIS SPACE**

9. Statement and signature.

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

<u>David E. Bruhn</u> Name of Person Signing Reg. No. 36,762	 Signature	<u>March 1, 2004</u> Date
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Total number of pages including cover sheet, attachments, and document: 10

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

Mail Stop Assignment Recordation Services  
Director of the US Patent and Trademark Office  
P.O. Box 1450  
Alexandria, VA 22313-1450

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**Attachment 1 to Recordal Cover Sheet**  
**Continuation of Item 4B**

**U.S. Patents - Issued**

PATENT TITLE	PATENT NUMBER	ISSUE DATE
PRINTER CABINET OR SIMILAR ARTICLE	\ D311,752	10/30/1990
IONIC PRINT CARTRIDGE AND PRINTER	\ 4,679,060	7/7/1987
IONIC PRINT CARTRIDGE AND PRINTER	\ 4,745,421	5/17/1988
ION GENERATION COMPENSATION	\ 4,819,013	4/4/1989
POWER SUPPLY SEQUENCING CIRCUIT FOR FLASH FUSER	\ 4,862,225	8/29/1989
PRINT CARTRIDGE WITH NON- DIVERGENT ELECTROSTATIC FIELD	\ 4,891,656	1/2/1990
CHARGE TRANSFER IMAGING CARTRIDGE MOUNTING AND PRINTER	\ 4,951,070	8/21/1990
CHARGE TRANSFER IMAGING CARTRIDGE	\ 4,958,172	9/18/1990
PRINTER RF LINE CONTROL	\ 4,990,942	2/5/1991
GRAY SCALE PRINthead SYSTEM	\ 4,992,807	2/12/1991

PATENT TITLE	PATENT NUMBER	ISSUE DATE
VENETIAN BLINDING	4,999,653	3/12/1991
PRINTER AUTOCONTRAST CONTROL	5,003,327	3/26/1991
CHARGED PARTICLE PRINTER	5,006,869	4/9/1991
PRINTER WITH HIGH FREQUENCY CHARGE CARRIER GENERATION	5,014,076	5/7/1991
CHARGE TRANSFER IMAGING CARTRIDGE	5,030,975	7/9/1991
DIVIDED SCREEN PRINTER	5,159,358	10/27/1992
ELECTRON DC PRINTER	5,166,709	11/24/1992
PRINT SYSTEM AND DIELECTRIC IMAGING MEMBER	5,177,503	1/5/1993
AUTOTAPER	5,237,898	8/24/1993
FINGER DRIVER AND PRINTER	5,239,318	8/24/1993
ELECTROGRAPHIC PRINTING DEVICE	5,278,588	1/11/1994
CHARGE IMAGING SYSTEM WITH BACK ELECTRODE DOT ENHANCEMENT	5,450,103	9/12/1995

PATENT TITLE	PATENT NUMBER	ISSUE DATE
PRINTING SYSTEM	\ 5,644,494	7/1/1997
SHEET STACKING APPARATUS	\ 5,696,690	12/9/1997
PRINTING SYSTEM	\ 5,748,483	5/5/1998
ERROR RECOVERY IN A PRINTING SYSTEM	\ 5,790,408	8/4/1998
PRINTING SYSTEM	\ 5,867,393	2/2/1999
SHEET REGISTRATION SYSTEM	\ 5,917,727	6/29/1999
PRINTING SYSTEM	\ 6,604,017	8/5/2003

## PATENT SECURITY AGREEMENT

THIS PATENT SECURITY AGREEMENT (the "Security Agreement") made as of this 4th day of February, 2004, by Delphax Technologies Inc., a Minnesota corporation ("**Borrower**") in favor of LaSalle Business Credit, LLC with an office at 135 South LaSalle Street, Chicago, Illinois 60603-4105 ("**Lender**"):

### W I T N E S S E T H

WHEREAS, Borrower and Lender are parties to a certain Loan and Security Agreement of even date herewith (as amended, amended and restated or otherwise modified from time to time, the "**Loan Agreement**") and other related loan documents of even date herewith (collectively, with the Loan Agreement, and as each may be amended or otherwise modified from time to time, the "**Financing Agreements**"), which Financing Agreements provide (i) for Lender to, from time to time, extend credit to or for the account of Borrower and (ii) for the grant by Borrower to Lender of a security interest in certain of Borrower's assets, including, without limitation, its patents and patent applications;

NOW, THEREFORE, in consideration of the premises set forth herein and for other good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, Borrower agrees as follows:

1. Incorporation of Financing Agreements. The Financing Agreements and the terms and provisions thereof are hereby incorporated herein in their entirety by this reference thereto. All terms capitalized but not otherwise defined herein shall have the same meanings herein as in the Loan Agreement.

2. Grant and Reaffirmation of Grant of Security Interests. To secure the complete and timely payment and satisfaction of the Liabilities, Borrower hereby grants to Lender, and hereby reaffirms its prior grant pursuant to the Financing Agreements of, a continuing security interest in Borrower's entire right, title and interest in and to all of its now owned or existing and hereafter acquired or arising patents and patent applications, including, without limitation, the inventions and improvements described and claimed therein, all patentable inventions and those patents and patent applications listed on Schedule A attached hereto and made a part hereof and all patents and the reissues, divisions, continuations, renewals, extensions and continuations-in-part of any of the foregoing, and all income, royalties, damages and payments now or hereafter due and/or payable under or with respect to any of the foregoing, including, without limitation, damages and payments for past, present and future infringements of any of the foregoing and the right to sue for past, present and future infringements of any of the foregoing (all of the foregoing are sometimes hereinafter individually and/or collectively referred to as the "Patents").

3. Warranties and Representations. Borrower warrants and represents to Lender that:

(i) no Patent has been adjudged invalid or unenforceable by a court of competent jurisdiction nor has any such Patent been cancelled, in whole or in part and each such Patent is presently subsisting;

(ii) Borrower is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each Patent, free and clear of any liens, charges and encumbrances, including without limitation, shop rights and covenants by Borrower not to sue third persons;

(iii) Borrower has no notice of any suits or actions commenced or threatened with reference to any Patent; and

(iv) Borrower has the unqualified right to execute and deliver this Security Agreement and perform its terms.

4. Restrictions on Future Agreements. Borrower agrees that until Borrower's Liabilities shall have been satisfied in full and the Financing Agreements shall have been terminated, Borrower shall not, without the prior written consent of Lender, sell or assign its interest in any Patent or enter into any other agreement with respect to any Patent which would affect the validity or enforcement of the rights transferred to Lender under this Security Agreement.

5. New Patents. Borrower represents and warrants that, based on a diligent investigation by Borrower, the Patents listed on Schedule A constitute all of the federally registered Patents and Patent applications now owned by Borrower. If, before Borrower's Liabilities shall have been satisfied in full or before the Financing Agreements have been terminated, Borrower shall (i) become aware of any existing Patents of which Borrower has not previously informed Lender, (ii) obtain rights to any new patentable inventions or Patents, or (iii) become entitled to the benefit of any Patents, which benefit is not in existence on the date hereof, the provisions of this Security Agreement above shall automatically apply thereto and Borrower shall give to Lender prompt written notice thereof. Borrower hereby authorizes Lender to modify this Security Agreement by amending Schedule A to include any such Patents.

6. Royalties; Terms. The term of this Security Agreement shall extend until the earlier of (i) the expiration of each of the Patents, and (ii) the payment in full of Borrower's Liabilities and the termination of the Financing Agreements. Borrower agrees that upon the occurrence of an Event of Default, the use by Lender of all Patents shall be without any liability for royalties or other related charges from Lender to Borrower.

7. Release of Security Interest. This Security Agreement is made for collateral purposes only. Upon payment in full of Borrower's Liabilities and termination of the

Financing Agreements, Lender shall take such actions as may be necessary or proper to terminate the security interests created hereby and pursuant to the Financing Agreements

8. Expenses. All expenses incurred in connection with the performance of any of the agreements set forth herein shall be borne by Borrower. All fees, costs and expenses, of whatever kind or nature, including reasonable attorneys' fees and legal expenses, incurred by Lender in connection with the filing or recording of any documents (including all taxes in connection therewith) in public offices, the payment or discharge of any taxes, reasonable counsel fees, maintenance fees, encumbrances or otherwise in protecting, maintaining or preserving the Patents or in defending or prosecuting any actions or proceedings arising out of or related to the Patents shall be borne by and paid by Borrower and until paid shall constitute Liabilities.

9. Duties of Borrower. Borrower shall have the duty (and Lender shall not have the duty) (i) to file and prosecute diligently any patent applications pending as of the date hereof or hereafter until Borrower's Liabilities shall have been paid in full and the Financing Agreements have been terminated, (ii) to make application on unpatented but patentable inventions, as commercially reasonable, (iii) to preserve and maintain all rights in the Patents, as commercially reasonable and (iv) to ensure that the Patents are and remain enforceable, as commercially reasonable. Any expenses incurred in connection with Borrower's obligations under this Section 9 shall be borne by Borrower.

10. Lender's Right to Sue. After an Event of Default, Lender shall have the right, but shall in no way be obligated, to bring suit in its own name to enforce the Patents and, if Lender shall commence any such suit, Borrower shall, at the request of Lender, do any and all lawful acts and execute any and all proper documents required by Lender in aid of such enforcement and Borrower shall promptly, upon demand, reimburse and indemnify Lender for all costs and expenses incurred by Lender in the exercise of its rights under this Section 10.

11. Waivers. No course of dealing between Borrower and Lender, nor any failure to exercise, nor any delay in exercising, on the part of Lender, any right, power or privilege hereunder or under the Financing Agreements shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

12. Severability. The provisions of this Security Agreement are severable, and if any clause or provision shall be held invalid and unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Security Agreement in any jurisdiction.

13. Modification. This Security Agreement cannot be altered, amended or modified in any way, except as specifically provided in Section 5 hereof or by a writing signed by the parties hereto.

14. Cumulative Remedies; Power of Attorney; Effect on Financing Agreements. All of Lender's rights and remedies with respect to the Patents, whether established hereby or by the Financing Agreements, or by any other agreements or by law shall be cumulative and may be exercised singularly or concurrently. Borrower hereby authorizes Lender upon the occurrence of an Event of Default, to make, constitute and appoint any officer or agent of Lender as Lender may select, in its sole discretion, as Borrower's true and lawful attorney-in-fact, with power to (i) endorse Borrower's name on all applications, documents, papers and instruments necessary or desirable for Lender in the use of the Patents or (ii) take any other actions with respect to the Patents as Lender deems to be in the best interest of Lender, or (iii) grant or issue any exclusive or non-exclusive license under the Patents to anyone, or (iv) assign, pledge, convey or otherwise transfer title in or dispose of the Patents to anyone. Borrower hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable until Borrower's Liabilities shall have been paid in full and the Financing Agreements have been terminated. Borrower acknowledges and agrees that this Security Agreement is not intended to limit or restrict in any way the rights and remedies of Lender under the Financing Agreements but rather is intended to facilitate the exercise of such rights and remedies. Lender shall have, in addition to all other rights and remedies given it by the terms of this Security Agreement and the Financing Agreements, all rights and remedies allowed by law and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in Illinois.

15. Binding Effect; Benefits. This Security Agreement shall be binding upon Borrower and its respective successors and assigns, and shall inure to the benefit of Lender, its successors, nominees and assigns.

16. Governing Law. This Security Agreement shall be governed by and construed in accordance with the laws of the State of Illinois and applicable federal law.

17. Headings. Paragraph headings used herein are for convenience only and shall not modify the provisions which they precede.

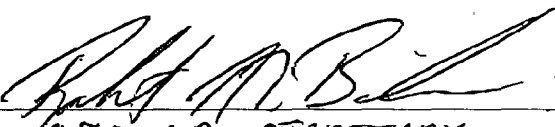
18. Further Assurances. Borrower agrees to execute and deliver such further agreements, instruments and documents, and to perform such further acts, as Lender shall reasonably request from time to time in order to carry out the purpose of this Security Agreement and agreements set forth herein.

19. Survival of Representations. All representations and warranties of Borrower contained in this Security Agreement shall survive the execution and delivery of this Security Agreement and shall be remade on the date of each borrowing under the Financing Agreements.



IN WITNESS WHEREOF, Borrower has duly executed this Patent Security Agreement as of the date first written above.

DELPHAX TECHNOLOGIES INC.

By   
Its CEO, V.P., SECRETARY

Agreed and Accepted  
As of the Date First Written Above

By LASALLE BUSINESS CREDIT,  
LLC By: Bradley E. Handrick

Its AVP

[Signature Page to Patent Security Agreement]