

06-13-2005

RE



103019527

To the Director of the U.S. Patent and Trademark Office: Please record the attached documents or the new address(es) below.

10-2-04

1. Name of conveying party(ies)/Execution Date(s):

Durand-Wayland, Inc.

Execution Date(s) 11/22/04

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

3. Nature of conveyance:

- Assignment  Merger
- Security Agreement  Change of Name
- Government Interest Assignment
- Executive Order 9424, Confirmatory License
- Other

2. Name and address of receiving party(ies)

Name: SunTrust Bank

Internal Address: Mr. Joe Ragland

Street Address: 301 Church Street

City: LaGrange

State: Georgia

Country: U.S.A. Zip: 30240

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

4. Application or patent number(s):

This document is being filed together with a new application.

A. Patent Application No.(s)  
10/822,934

B. Patent No.(s)  
5,897,797  
5,660,747

Additional numbers attached?  Yes  No

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

Name: SunTrust Bank

Internal Address: Mr. Joe Ragland

Street Address: 301 Church Street

City: LaGrange

State: Georgia Zip: 30240

Phone Number: (706) 883-3422

Fax Number:

Email Address:

6. Total number of applications and patents involved:

3

7. Total fee (37 CFR 1.21(h) & 3.41) \$ 120.00

- Authorized to be charged by credit card
- Authorized to be charged to deposit account
- Enclosed
- None required (government interest not affecting title)

8. Payment Information

a. Credit Card Last 4 Numbers \_\_\_\_\_  
Expiration Date \_\_\_\_\_

b. Deposit Account Number \_\_\_\_\_

Authorized User Name \_\_\_\_\_

9. Signature:

Signature

12-1-04  
Date

Joe Ragland  
Name of Person Signing

Total number of pages including cover sheet, attachments, and documents: 1

OFFICE OF PATENT RECORDS  
FINANCE SECTION  
NOV 22 2004  
AM 10:10

12/06/2004 NETAICHE 0000053 10822934

120.00 DP

01 FC:0021

Documents to be recorded (including cover sheet) should be faxed to (703) 306-5995, or mailed to:  
Mail Stop Assignment Recordation Services, Director of the USPTO, P.O.Box 1450, Alexandria, V.A. 22313-1450

## PATENT SECURITY AGREEMENT

THIS PATENT SECURITY AGREEMENT (this "Security Agreement") is made and dated, and is effective, this twenty-second day of November, 2004, by and between SunTrust Bank (the "Lender") and Durand Wayland, Inc., a Georgia corporation (the "Borrower").

WHEREAS, Lender has agreed to extend credit to Borrower now and in the future from time to time on the terms and subject to the conditions set forth in (i) that certain Commercial Note of even date herewith from Borrower to Lender in the principal amount of \$1,800,000, (ii) that certain Commercial Note of even date herewith from Borrower to Lender in the principal amount of \$550,000, and (iii) that certain Agreement to Commercial Note of even date herewith from Borrower to Lender, and (iv) all of the documents, instruments, and agreements ancillary thereto (as any of the foregoing documents may be amended, extended or replaced from time to time, the "Loan Documents");

WHEREAS, as a condition precedent to any such extension of credit, and in order to induce Lender to extend such credit, Borrower has agreed to pledge and to grant to Lender a security interest in and lien upon certain property of Borrower described more particularly herein;

NOW, THEREFORE, in consideration of the above recited premises and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Borrower hereby agrees as follows:

1. To secure the complete and timely satisfaction of all of Borrower's obligations under the Loan Documents, including any obligations to repay any loans thereunder, and any and all other liabilities, obligations, undertakings, and agreements whatsoever of Borrower to Lender (including, without limitation, all of Borrower's obligations to Lender under that certain Commercial Fixed Rate Promissory Note dated as of January 20, 2004, from Borrower to Lender in the principal amount of \$1,600,000), now or hereafter existing, and whether or not individually or jointly with others or absolute or contingent (collectively the "Liabilities"), Borrower hereby mortgages, assigns, grants and conveys to Lender a security interest, pledge, conditional assignment and mortgage in all of the patents and patent applications, and any patents issued with respect to or as a result of such applications, listed in Schedule 1 attached hereto, as the same may be amended pursuant hereto from time to time, including, without limitation, all renewals thereof, all proceeds of the foregoing, including proceeds of infringement suits, the right to sue for past, present, and future infringements and all rights corresponding thereto (all of the foregoing are collectively called herein the "Patents").

2. Borrower hereby covenants, agrees, and warrants that:

- a. The Patents are subsisting and have not been adjudged invalid or unenforceable;
- b. Each of the Patents is valid and enforceable;
- c. No claim has been made that the use of any of the Patents does or may violate the rights of any Person;
- d. Borrower is, and will defend its rights as, the sole and exclusive owner of the entire and unencumbered right, title, and interest in and to each of the Patents, free and clear of any liens, charges, and encumbrances, including, without limitation, pledges, assignments, licenses, registered user agreements, and covenants by Borrower not to sue third persons;
- e. Borrower has the unqualified right to enter into this Security Agreement and perform its terms; and
- f. Borrower intends to use proper statutory notice in connection with its use of the Patents.

Provided, however, that (i) Lender acknowledges that Borrower is granting a security interest in the Patents which is subordinate to Lender's security interest hereunder to Audubon Capital SBIC, LP, as collateral agent for the ratable benefit of the Purchasers under a Debenture Purchase Agreement which is more particularly described in that certain Subordination and Intercreditor Agreement dated as of November 22, 2004, among Lender, Borrower, Durand Wayland Acquisition Company, Inc., DW Laser Coding, LLC, Durand-Wayland Machinery, Inc., and Audubon Capital SBIC, L.P., acting as such collateral agent, and (ii) Lender agrees that the grant of such subordinate security interest shall not be a default of the Borrower under this Security Agreement.

3. Borrower hereby grants to Lender and Lender's employees and agents the right to visit Borrower's plants and facilities which manufacture, inspect or store products sold under any of the Patents, and to inspect the products and quality control records relating thereto at reasonable times during regular business hours. Borrower shall do any and all acts required by Lender to ensure Borrower's compliance with this Security Agreement.

4. Borrower shall not enter into any agreement which is inconsistent with Borrower's obligations under this Security Agreement, without Lender's prior written consent.

5. Borrower shall give Lender prompt written notice should it obtain the rights to any new patents or patent applications which relate to or are in any way necessary or desirable for the continued use of the Patents; regardless of such

notice, the terms and conditions of this Security Agreement shall automatically apply to any and all new patents and patent applications.

6. Borrower authorizes Lender to modify this Security Agreement by amending Schedule 1 to include any such future patents and patent applications which are described in Section 5 immediately preceding, and shall cooperate in all requests of Lender for the assignment to Lender of such future patents.

7. Neither this Security Agreement nor any of the other Loan Documents creates, or is intended to create, a present assignment of the Patents. Subject to the rights of the Lender, it is the intention of the parties hereto that Borrower continue to own the Patents, and this Security Agreement and the other Loan Documents creates a security interest only. Borrower agrees not to sell, assign or license any interest in the Patents without the prior written consent of Lender.

8. Upon any default hereunder or under any one or more of the Loan Documents, or upon any default under any note, document, instrument or agreement evidencing or securing any of the other Liabilities, and provided that any applicable cure period has expired (a "Default"), Lender shall have, in addition to and cumulative with all other rights and remedies given to it by this Security Agreement or any other security agreement securing the Liabilities, those rights allowed by law and the rights and remedies of a Lender under the Uniform Commercial Code as enacted in any jurisdiction in which the Patents may be located. And, without limiting the generality of the foregoing, the Lender may immediately, without demand of performance and without other notice (except as set forth next below) or demand whatsoever to Borrower, all of which Borrower hereby expressly waives, and without advertisement, sell at public or private sale or otherwise realize upon, at Borrower's place(s) of business or elsewhere, all or from time to time any of the Patents and other collateral, or any interest which the Borrower may have therein, and after deducting from the proceeds of sale or other disposition of the Borrower all expenses (including all reasonable attorney or broker's fees), shall apply the proceeds to payment of the Liabilities in such order as Lender may determine. Any remainder of the proceeds after payment in full of the Liabilities shall be paid over to the Borrower. Notice of any sale or other disposition of the Patents and collateral disposed of in connection therewith shall be given to Borrower at least five (5) days before the time of any intended public or private sale or other disposition of the Patents is to be made, which Borrower hereby agrees shall be reasonable notice of such sale or other disposition. At any such sale or other disposition, Lender may, to the extent permissible under applicable law, purchase the whole or any part of the Patents sold, free from any right of redemption on the part of Borrower, which right is hereby waived and released. Lender may also exercise at any time and from time to time following any Default any rights or privileges under any power of attorney which Borrower has now or may hereafter grant to Lender with respect to the Patents.

9. Any and all fees, costs, and expenses, of whatever kind or nature, including the reasonable attorney fees (both outside counsel and allocated costs of in-house counsel) and legal expenses incurred by Lender in connection with the preparation of this Security Agreement and all other documents relating hereto and the consummation of this transaction, 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, encumbrances or otherwise protecting, maintaining or preserving the Patents, or in defending or prosecuting any actions or proceedings arising out of or related to the Patent, shall be borne and paid by Borrower on demand by Lender and until so paid shall be added to the principal amount of the Liabilities and shall bear interest at the rate prescribed in the Loan Documents.

10. Borrower shall have the duty, through counsel acceptable to Lender, to prosecute diligently any patent applications with respect to the Patents pending as of the date of this Security Agreement or thereafter, to make federal application on registrable but unregistered Patents, to file and prosecute opposition and cancellation proceedings and to do any and all acts which are necessary or desirable to preserve and maintain all rights in the Patents. Any expenses incurred in connection with the Patents shall be borne by Borrower. Borrower shall not abandon any Patent without the consent of the Lender, which consent shall not be unreasonably withheld.

11. Borrower shall have the right, with the prior written consent of Lender, which will not be unreasonably withheld, to bring any opposition proceedings, cancellation proceedings or lawsuit in its own name to enforce or protect the Patents, in which event Lender may, if necessary, be joined as a nominal party to such suit if Lender shall have been satisfied that it is not thereby incurring any risk of liability because of such joinder. Borrower shall promptly, upon demand, reimburse, and indemnify Lender for all damages, costs, and expenses, including attorney fees, incurred by Lender in the fulfillment of the provisions of this paragraph.

12. Cumulative with, and not in limitation of, any other power of attorney which Borrower has now or may hereafter grant to Lender with respect to the Patents Borrower hereby irrevocably authorizes and empowers Lender to make, constitute, and appoint any officer or agent of Lender as Lender may select, in its exclusive discretion, as Borrower's true and lawful attorney-in-fact, with the power to endorse Borrower's name on all applications, documents, papers and instruments necessary for Lender to use the Patents, or to grant or issue any exclusive or nonexclusive license under the Patents to anyone else, or necessary for Lender to assign, pledge, convey or otherwise transfer title in or dispose of the Patents to anyone else. Borrower hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof.

13. If Borrower fails to comply with any of its obligations hereunder, Lender may do so in Borrower's name or in Lender's name, but at Borrower's expense, and Borrower hereby agrees to reimburse Lender in full for all expenses, including reasonable attorney fees, incurred by Lender in protecting, defending, and maintaining the Patents.

14. This Security Agreement is irrevocable and shall not terminate unless and until: (i) the Liabilities shall have been fully paid, and (b) no person who shall have made payment on the Liabilities, directly or indirectly, shall commence or have commenced against it as Borrower any bankruptcy or insolvency proceeding for a period of 140 days following such payment, or, if longer, any preference period under any applicable state insolvency law plus ten days.

15. 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, under the Loan Documents, under any other agreement, document, or instrument between Lender and Borrower, or applicable law, 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.

16. All of Lender's rights and remedies with respect to the Patents, whether established hereby or by the Loan Documents, or by any other agreements or by law, shall be cumulative and may be exercised singularly or concurrently.

17. 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.

18. This Security Agreement is subject to alteration, modification or amendment only by a writing signed by the parties, except as provided in Section 6.

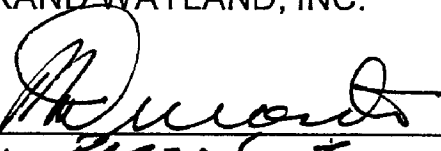
19. All rights of Lender under this Security Agreement shall inure to the benefit of its successors and assigns, and all obligations of Borrower shall bind its successors or assigns.

20. The validity and interpretation of this Security Agreement and the rights and obligations of the parties shall be governed by the laws of Georgia.

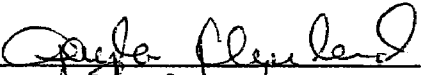
21. Capitalized terms not otherwise defined herein are used with the same meanings as in the Loan Documents.

WITNESS the execution hereof under seal of the twenty-second day of November, 2004.

DURAND WAYLAND, INC.

By:  (SEAL)  
Title: President

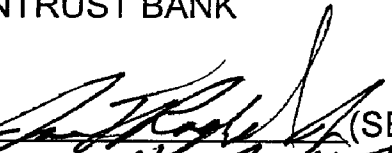
ATTEST:

BY:   
Title: Secretary

[CORPORATE SEAL]

Address of Borrower:  
101 Durand Road  
LaGrange, Georgia 30241-2501

SUNTRUST BANK

BY:  (SEAL)  
Title: City President

Schedule 1  
to  
Patent Security Agreement

THE PATENTS

1. Patent Number 5,897,797
2. Patent Number 5,660,747
3. Patent Application Number 10/822,934