

PATENT ASSIGNMENT

Electronic Version v1.1

Stylesheet Version v1.1

SUBMISSION TYPE:

NEW ASSIGNMENT

NATURE OF CONVEYANCE:

SECURITY AGREEMENT

CONVEYING PARTY DATA

Name	Execution Date
Blue Water Automotive Systems, Inc.	05/17/2006

RECEIVING PARTY DATA

Name:	The CIT Group/Business Credit, Inc., as Agent
Street Address:	11 West 42nd St.
City:	New York
State/Country:	NEW YORK
Postal Code:	10036

PROPERTY NUMBERS Total: 2

Property Type	Number
Patent Number:	6210266
Patent Number:	6026852

CORRESPONDENCE DATA

Fax Number: (214)981-3400

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

Phone: 214-981-3483

Email: dclark@sidley.com

Correspondent Name: Dusan Clark, Esq.

Address Line 1: Sidley Austin LLP

Address Line 2: 717 N. Harwood St., Suite 3400

Address Line 4: Dallas, TEXAS 75201

ATTORNEY DOCKET NUMBER:

18965-10500

NAME OF SUBMITTER:

Dusan Clark

Total Attachments: 11

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PATENT

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INTELLECTUAL PROPERTY SECURITY AGREEMENT

INTELLECTUAL PROPERTY SECURITY AGREEMENT (the “**Intellectual Property Security Agreement**”), dated as of May 17, 2006, is by and among BLUE WATER AUTOMOTIVE SYSTEMS, INC., a Michigan corporation (the “**Grantor**”), and THE CIT GROUP/BUSINESS CREDIT, INC., as agent (in such capacity, the “**Agent**”) under the Loan and Security Agreement (as defined below).

WHEREAS, Grantor has entered into a Loan and Security Agreement dated as of the date hereof (as such Loan and Security Agreement may be amended, supplemented and otherwise modified from time to time, the “**Loan and Security Agreement**”) with the Lenders that from time to time are parties thereto (such lenders, the “**Lenders**”) and the Agent (unless otherwise defined herein, terms defined in the Loan and Security Agreement are used herein as therein defined); and

WHEREAS, it is a condition precedent to the making of the loans under the Loan and Security Agreement that the Grantor shall have executed and delivered this Intellectual Property Security Agreement to the Agent;

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor hereby agrees with the Agent as follows:

1. **GRANT OF SECURITY INTEREST IN INTELLECTUAL PROPERTY COLLATERAL.**

To secure the complete and timely payment of all the Obligations of Grantor now or hereafter existing from time to time, Grantor hereby pledges and grants to Lender a continuing first priority security interest in all of Grantor’s right, title and interest in, to and under the following, whether presently existing or hereafter created or acquired (collectively, the “**Intellectual Property Collateral**”):

(a) all of its patents including those referred to on Schedule I hereto (the “**Patents**”);

(b) all of its trademarks including those referred to on Schedule II hereto, but excluding in all cases all intent-to-use United States trademark applications for which an amendment to allege use or statement of use has not been filed under 15 U.S.C. § 1051(c) or 15 U.S.C. § 1051(d), respectively, or if filed, has not been deemed in conformance with 15 U.S.C. § 1051(a) or examined and accepted, respectively, by the United States Patent and Trademark Office provided

that upon such filing and acceptance, such intent to use applications shall be included in the definition of Trademarks (the "Trademarks");

(c) all of its copyrights including those referred to on Schedule III hereto (the "Copyrights");

(d) all reissues, continuations or extensions of the foregoing;

(e) all goodwill of the business connected with the use of, and symbolized by each Trademark; and

(f) all products and proceeds of the foregoing, including, without limitation, any claim by Grantor against third parties for past, present or future (i) infringement of any Patent, (ii) infringement or dilution of any Trademark, (iii) injury to the goodwill associated with any Trademark, and (v) infringement of any Copyright.

2. REPRESENTATIONS AND WARRANTIES. Grantor represents and warrants that Grantor does not have any ownership interest in, or title to, any registered or applied-for Patent, Trademark or Copyright except as set forth in Schedule I, Schedule II and Schedule III, respectively, hereto. This Intellectual Property Security Agreement is effective to create a valid and continuing Lien on and, upon the filing hereof with the United States Patent and Trademark Office and the United States Copyright Office, perfected security interests in favor of Lender in all of Grantor's registered or applied for U.S. filed Patents, Trademarks and Copyrights, to the extent perfection can be accomplished by such filing in such office, and, to such extent, such perfected security interests are enforceable as such as against any and all creditors of, and purchasers from, Grantor. Upon filing of this Intellectual Property Security Agreement with the United States Patent and Trademark Office and the United States Copyright Office within the applicable statutory periods and the filing of appropriate financing statements, all action necessary or desirable to protect and perfect Agent's Lien on Grantor's U.S. Patents, Trademarks and Copyrights shall have been duly taken.

3. COVENANTS. Grantor covenants and agrees with Agent that from and after the date of this Intellectual Property Security Agreement and until the Commitment Termination Date:

(a) Grantor shall notify Agent promptly if it knows or has reason to know that any application or registration relating to any material Patent, Trademark or Copyright (now or hereafter existing) may become abandoned or dedicated to the public domain (other than due to expiration of its term), or of any material adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, the United States Copyright Office or any court, but excluding

ordinary course office actions) regarding Grantor's ownership of any material Patent, Trademark or Copyright, its right to register the same (to the extent registration or application has been made), or to keep and maintain the same.

(b) In no event shall Grantor, either directly or through any agent, employee, licensee or designee, file an application for the registration of any Patent, Trademark or Copyright with the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency without giving Agent written notice thereof reasonably promptly, and, upon reasonable request of Agent, Grantor shall execute and deliver a supplement hereto (in form and substance reasonably satisfactory to Agent) to evidence Agent's Lien on such Patent, Trademark or Copyright, and the General Intangibles of Grantor relating thereto or represented thereby.

(c) Grantor shall take all actions necessary or reasonably requested by Agent to maintain and reasonably pursue each material application, to obtain the relevant registration (to the extent an application has been made) and to maintain the registration of each of the material Patents or Trademarks (now or hereafter existing), including the filing of applications for renewal, affidavits of use, affidavits of noncontestability and opposition and interference and cancellation proceedings.

(d) In the event that any of the Intellectual Property Collateral is infringed upon, or misappropriated or diluted by a third party, Grantor shall notify Agent promptly after Grantor learns thereof. Grantor shall, unless it shall reasonably determine that such Intellectual Property Collateral or the particular infringement is not material to the conduct of its business or operations, promptly take such action as it deems reasonably appropriate (including suing for such claim and to recover damages for such infringement, misappropriation or dilution, and shall take such other reasonable actions as Agent shall deem appropriate under the circumstances to protect such Intellectual Property Collateral.

5. SECURITY AGREEMENT. The security interests granted pursuant to this Intellectual Property Security Agreement are granted in conjunction with the security interests granted to Agent pursuant to the Loan and Security Agreement. Grantor hereby acknowledges and affirms that the rights and remedies of Agent with respect to the security interest in the Intellectual Property Collateral made and granted hereby are more fully set forth in the Loan and Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

6. REINSTATEMENT. This Intellectual Property Security Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against Grantor for liquidation or reorganization, should Grantor become insolvent or make an assignment for the benefit of any creditor or creditors or should a receiver or trustee be appointed for all or any significant part of Grantor's assets, and shall continue to be effective or be reinstated, as the case

may be, if at any time payment and performance of the Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Obligations, whether as a "voidable preference," "fraudulent conveyance," or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

7. NOTICES. All notices and other communications provided for hereunder shall be in writing and shall be given in accordance with the applicable provisions of the Loan and Security Agreement.

8. SUCCESSORS AND ASSIGNS. This Intellectual Property Security Agreement is for the benefit of Agent, and for the benefit of the Lenders and their respective successors and permitted assigns. This Intellectual Property Security Agreement shall be binding on Grantor and its successors and assigns; provided that Grantor may not delegate its obligations under this Intellectual Property Security Agreement without prior written consent of Agent, on behalf of the Lenders.

9. CHANGES IN WRITING. No amendment, modification, termination or waiver of any provision of this Intellectual Property Security Agreement shall be effective unless the same shall be in writing signed by Agent, on behalf of the Lenders or as otherwise permitted by the Loan and Security Agreement.

10. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ANY CONFLICT OF LAW PRINCIPLES.

11. FORUM. GRANTOR HEREBY CONSENTS TO THE NON-EXCLUSIVE JURISDICTION OF ANY FEDERAL OR STATE COURT SITTING IN OR WITH JURISDICTION OVER NEW YORK CITY, NEW YORK, IN ANY PROCEEDING OR DISPUTE RELATING IN ANY WAY TO ANY LOAN DOCUMENTS, AND AGREES THAT ANY SUCH PROCEEDING SHALL BE BROUGHT BY IT SOLELY IN ANY SUCH COURT. GRANTOR IRREVOCABLY WAIVES ALL CLAIMS, OBJECTIONS AND DEFENSES THAT IT MAY HAVE REGARDING SUCH COURT'S PERSONAL OR SUBJECT MATTER JURISDICTION, VENUE OR INCONVENIENT FORUM. Nothing herein shall limit the right of Agent or any Lender to bring proceedings against any Obligor in any other court. Nothing in this Agreement shall be deemed to preclude enforcement by Agent of any judgment or order obtained in any forum or jurisdiction.

12. WAIVERS BY GRANTOR. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, GRANTOR WAIVES (A) THE RIGHT TO TRIAL BY JURY (WHICH

AGENT AND EACH LENDER HEREBY ALSO WAIVES) IN ANY PROCEEDING, CLAIM OR COUNTERCLAIM OF ANY KIND RELATING IN ANY WAY TO ANY LOAN DOCUMENTS, OBLIGATIONS OR INTELLECTUAL PROPERTY COLLATERAL; (B) PRESENTMENT, DEMAND, PROTEST, NOTICE OF PRESENTMENT, DEFAULT, NON-PAYMENT, MATURITY, RELEASE, COMPROMISE, SETTLEMENT, EXTENSION OR RENEWAL OF ANY COMMERCIAL PAPER, ACCOUNTS, CONTRACT RIGHTS, DOCUMENTS, INSTRUMENTS, CHATTEL PAPER AND GUARANTIES AT ANY TIME HELD BY AGENT ON WHICH GRANTOR MAY IN ANY WAY BE LIABLE, AND HEREBY RATIFIES ANYTHING AGENT MAY DO IN THIS REGARD; (C) NOTICE PRIOR TO TAKING POSSESSION OR CONTROL OF ANY INTELLECTUAL PROPERTY COLLATERAL; (D) ANY BOND OR SECURITY THAT MIGHT BE REQUIRED BY A COURT PRIOR TO ALLOWING AGENT TO EXERCISE ANY RIGHTS OR REMEDIES; (E) THE BENEFIT OF ALL VALUATION, APPRAISEMENT AND EXEMPTION LAWS; (F) ANY CLAIM AGAINST AGENT OR ANY LENDER, ON ANY THEORY OF LIABILITY, FOR SPECIAL, INDIRECT, CONSEQUENTIAL, EXEMPLARY OR PUNITIVE DAMAGES (AS OPPOSED TO DIRECT OR ACTUAL DAMAGES) IN ANY WAY RELATING TO ANY ENFORCEMENT ACTION, OBLIGATIONS, LOAN DOCUMENTS OR TRANSACTIONS RELATING THERETO; AND (G) NOTICE OF ACCEPTANCE HEREOF. GRANTOR ACKNOWLEDGES THAT THE FOREGOING WAIVERS ARE A MATERIAL INDUCEMENT TO AGENT AND LENDERS ENTERING INTO THIS AGREEMENT AND THAT AGENT AND LENDERS ARE RELYING UPON THE FOREGOING IN THEIR DEALINGS WITH GRANTOR. GRANTOR HAS REVIEWED THE FOREGOING WAIVERS WITH ITS LEGAL COUNSEL AND HAS KNOWINGLY AND VOLUNTARILY WAIVED ITS JURY TRIAL AND OTHER RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

13. HEADINGS. Section and subsection headings in this Intellectual Property Security Agreement are included herein for convenience of reference only and shall not constitute a part of this Intellectual Property Security Agreement for any other purpose.

14. COUNTERPARTS. This Intellectual Property Security Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Intellectual Property Security Agreement by signing any such counterpart.

15. SURVIVAL. All representations and warranties of Grantor contained in this Intellectual Property Security Agreement shall survive the execution and delivery of this Intellectual Property Security Agreement.

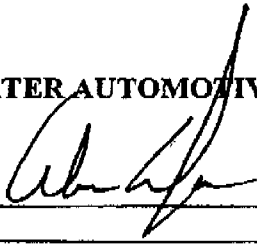
16. SEVERABILITY. Wherever possible, each provision of this Intellectual Property Security Agreement shall be interpreted in such manner as to be valid under Applicable Law. If any provision is found to be invalid under Applicable Law, it shall be ineffective only to the extent of such invalidity and the remaining provisions of this Intellectual Property Security Agreement shall remain in full force and effect.

17. CONTINUING SECURITY INTEREST. This Intellectual Property Security Agreement shall create a continuing security interest in the Intellectual Property Collateral and shall (i) remain in full force and effect until the Full Payment of the Obligations, (ii) be binding upon the Grantor, its successors and assigns and (iii) inure, together with the rights and remedies of the Agent hereunder, to the benefit of the Lenders and their respective permitted successors, transferees and assigns. Upon Full Payment of the Obligations, the security interest granted hereby shall terminate automatically and all rights to the Intellectual Property Collateral shall automatically revert to the Grantor subject to any other existing liens, security interests or encumbrances on such Intellectual Property Collateral.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Grantor has caused this Intellectual Property Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

BLUE WATER AUTOMOTIVE SYSTEMS, INC.

By: 
Name: _____
Title: _____

THE CIT GROUP/BUSINESS CREDIT, INC.

By: _____
Name: _____
Title: _____

[Intellectual Property Security Agreement]

IN WITNESS WHEREOF, Grantor has caused this Intellectual Property Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

BLUE WATER AUTOMOTIVE SYSTEMS, INC.

By: _____
Name: _____
Title: _____

THE CIT GROUP/BUSINESS CREDIT, INC.

By: Charles F. Sauter
Name: _____
Title: _____

[Intellectual Property Security Agreement]

SCHEDULE I
to
INTELLECTUAL PROPERTY SECURITY AGREEMENT

I. PATENT REGISTRATIONS

<u>Patent</u>	<u>Reg. No.</u>	<u>Date</u>
Pressure Relief Valve and method of manufacturing the same – 2 shot exhauster with a stiffener molded in	6,210,266 B1	April 3, 2001
Pressure Relief Valve and method of manufacturing the same – A process of producing a 2 shot exhauster completely in the mold	6,026,852	February 22, 2000

II. PATENT APPLICATIONS

<u>Patent</u>	<u>Application No.</u>	<u>Date</u>
None		

SCHEDULE II
to
INTELLECTUAL PROPERTY SECURITY AGREEMENT

I. TRADEMARK REGISTRATIONS

<u>Mark</u>	<u>Reg. No.</u>	<u>Date</u>
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None

II. TRADEMARK APPLICATIONS

<u>Mark</u>	<u>Application No.</u>	<u>Date</u>
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None

SCHEDULE III
to
INTELLECTUAL PROPERTY SECURITY AGREEMENT

I. COPYRIGHT REGISTRATIONS

<u>Copyright</u>	<u>Reg. No.</u>	<u>Date</u>
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None

II. COPYRIGHT APPLICATIONS

<u>Copyright</u>	<u>Application No.</u>	<u>Date</u>
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None

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