



04-06-2006

DEPARTMENT OF COMMERCE
Patent and Trademark Office



103212936

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

1. Name of conveying party(ies)

Stage III Technologies, LLC

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

3. Nature of conveyance/Execution Date(s):

Execution Date(s) March 16, 2006

- ☐ Assignment ☐ Merger
☒ Security Agreement ☐ Change of Name
☐ Joint Research Agreement
☐ Government Interest Assignment
☐ Executive Order 9424, Confirmatory License
☐ Other _____

2. Name and address of receiving party(ies)

Name: Eli S. Jacobs

Internal Address: _____

Street Address: 570 Lexington Avenue

3rd Floor

City: New York

State: New York

Country: U.S. Zip: 10022

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

4. Application or patent number(s):

A. Patent Application No.(s)

☐ This document is being filed together with a new application.

B. Patent No.(s)
6,311,928
6,233,920
5,884,472
5,761,900

Additional numbers attached? ☐ Yes ☒ No

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

Name: Thomas Rayski

Internal Address: Dechert LLP

Street Address: 30 Rockefeller Plaza

City: New York

State: New York Zip: 10112

Phone Number: 212-698-3859

Fax Number: 212-698-3599

Email Address: thomas.rayski@dechert.com

6. Total number of applications and patents involved: 4

7. Total fee (37 CFR 1.21(h) & 3.41) \$ 160.00

- ☐ 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:

Thomas A. Rayski
Signature

3/31/2006
Date

Name of Person Signing

Total number of pages including cover sheet, attachments, and documents: 10

Documents to be recorded (including cover sheet) should be faxed to (571) 273-0140, or mailed to:
Mail Stop Assignment Recordation Services, Director of the USPTO, P.O.Box 1450, Alexandria, V.A. 22313-1450

04/05/2006 DBYRNE 00000196 6311928

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160.00 DP

PATENT
REEL: 017730 FRAME: 0717

INTELLECTUAL PROPERTY SECURITY AGREEMENT

This INTELLECTUAL PROPERTY SECURITY AGREEMENT (as the same may from time to time be amended, restated or otherwise modified, this "Agreement") is made as of the 16th day of March, 2006, by Stage III Technologies, LLC, a Delaware limited liability company ("Pledgor"), in favor of Eli S. Jacobs, an individual ("Lender").

1. Recitals.

Pledgor is entering into that certain Secured Demand Promissory Note, dated as of March 16, 2006, with Lender (as the same may from time to time be amended, restated or otherwise modified, the "Note"), in connection with which Lender has agreed to extend a loan to Pledgor in accordance with the terms set forth therein (the "Loan").

Pledgor understands that Lender is willing to fund and grant the Loan to Pledgor only upon certain terms and conditions, one of which is that Pledgor grant to Lender a security interest in the Collateral (as defined below), and this Agreement is being executed and delivered in consideration of the Loan granted to Pledgor by Lender and for other valuable considerations.

2. Definitions. Except as specifically defined herein, terms that are defined in the U.C.C. are used herein as so defined. As used in this Agreement, the following terms shall have the following meanings:

"Collateral" shall mean, collectively, all of Pledgor's existing and future right, title and interest in, to and under (a) industrial designs, patents, patent registrations, patent applications, trademarks, trademark registrations, trademark applications, service marks, trade names, copyright registrations and other intellectual property or registrations, whether federal, state or foreign, including, but not limited to, those listed on Schedule 1 hereto (as such Schedule 1 may from time to time be amended, supplemented, restated or otherwise modified); (b) common law trademark rights, copyrights, improvements, confidential information and inventions; (c) renewals, continuations, extensions, reissues and divisions of any of the foregoing; (d) rights to sue for past, present and future infringements or any other commercial tort claims relating to any of the foregoing; (e) all licenses and all income, revenue and royalties with respect to any licenses, whether registered or unregistered and all other payments earned under contract rights relating to any of the foregoing; (f) all general intangibles and all intangible intellectual or similar property of Pledgor connected with and symbolized by any of the foregoing; (g) goodwill associated with any of the foregoing; (h) all payments under insurance, including the returned premium upon any cancellation of insurance (whether or not Lender is the loss payee thereof) or any indemnity, warranty or guaranty payable by reason of loss or damage to or otherwise with respect to any of the foregoing; and (i) Proceeds of any of the foregoing.

"Event of Default" shall have the meaning set forth in Section 8.1.

"Obligations" shall mean, collectively, (a) the Loan and other obligations incurred by Pledgor to Lender pursuant to the Note, and includes the principal of and interest on the Loan; and (b) each extension, renewal or refinancing of the foregoing, in whole or in part.

"Person" shall mean any individual, sole proprietorship, partnership, joint venture, unincorporated organization, corporation, limited liability company, institution, trust, estate, government or other agency or political subdivision thereof or any other entity.

"Proceeds" shall mean (a) any proceeds, and (b) whatever is received upon the sale, exchange, collection, or other disposition of Collateral or proceeds, whether cash or non-cash. Cash proceeds includes, without limitation, moneys, checks, and deposit accounts. Except as expressly authorized in this Agreement, the right of Lender to Proceeds specifically set forth herein or indicated in any financing statement shall never constitute an express or implied authorization on the part of Lender to Pledgor's sale, exchange, collection, or other disposition of any or all of the Collateral.

"U.C.C." shall mean the Uniform Commercial Code, as in effect from time to time in New York.

"USPTO" shall mean the United States Patent and Trademark Office in Washington D.C.

3. Grant of Security Interest. In consideration of and as security for the full and complete payment of all of the Obligations, Pledgor hereby agrees that Lender shall at all times have, and hereby grants to Lender, a continuing security interest in and general lien on all of the Collateral, including (without limitation) all of Pledgor's future Collateral, irrespective of any lack of knowledge by Lender of the creation or acquisition thereof. All rights of Lender hereunder, the grant of the security interest in the Collateral and all obligations of the Pledgor hereunder shall be absolute and unconditional pending satisfaction and indefeasible payment in full of the Obligations, irrespective of: (a) any claim as to the validity, regularity or enforceability of the Note or any of this Agreement; (b) any change in the time, manner or place of payment of, or in any other term of, all of or any of the Obligations, or any other amendment or waiver of or any consent to any departure from any agreement or instrument relating to any of the foregoing; (c) any change in the laws, rules or regulations of any jurisdiction; (d) the occurrence of any Event of Default; or any release or amendment or waiver of or consent to or departure from any guaranty, for all or any of the Obligations; or (e) any other circumstance that might otherwise constitute a defense available to, or a discharge of, Pledgor in respect of the Obligations or in respect of this Agreement. Pledgor expressly acknowledges that Lender shall record this Agreement with the USPTO.

4. Representations and Warranties. Pledgor hereby represents and warrants to Lender as follows:

4.1. Pledgor solely owns all of the Collateral and, as to all Collateral acquired by it from time to time after the date hereof, it will be owned solely by Pledgor, free and clear of any lien, except for the liens and the security interest created by this Agreement, and in each case whether the same are registered or unregistered, no such Collateral has been adjudged invalid or unenforceable; and

4.2. Pledgor has full power, authority and legal right to pledge the Collateral and enter into this Agreement and perform its terms.

5. Further Assignment Prohibited. Pledgor has not entered into and shall not enter into any agreement that is inconsistent with Pledgor's obligations under this Agreement and shall not otherwise sell or assign its interest in, or grant any license or sublicense with respect to, any of the Collateral without Lender's prior written consent. Absent such prior written consent, any attempted sale or license is null and void.

6. Right to Inspect. Pledgor hereby grants to Lender and its employees and agents the right, during regular business hours, to visit any location of Pledgor or, if applicable, any other location, and to inspect the products and quality control records relating thereto at Pledgor's expense.

7. Standard Patent and Trademark Use. Pledgor shall not use the Collateral in any manner that would jeopardize the validity or legal status thereof.

8. Event of Default.

8.1. Any of the following shall constitute an Event of Default under this Agreement: (a) if any amount due with respect to the Loan, including the principal and any interest thereon, shall not be paid in full when due and payable; (b) if the payment of any other fee or amount payable hereunder shall not be paid in full when due and payable or within five (5) days thereafter; (c) any representation, warranty or statement made by Pledgor in or pursuant to this Agreement or in any other writing received by Lender in connection with the Obligations shall be false or erroneous in any material respect; (d) Pledgor shall fail or omit to perform or observe any agreement made by Pledgor in or pursuant to this Agreement or in any other writing received by Lender pursuant hereto; or (e) an Event of Default, as defined in the Note, shall occur under the Note.

8.2. If an Event of Default shall occur, Pledgor irrevocably authorizes and empowers Lender to terminate Pledgor's use of the Collateral and to exercise such rights and remedies as allowed by law. Without limiting the generality of the foregoing, after any delivery or taking of possession of the Collateral, or any thereof, pursuant to this Agreement, then, with or without resort to Pledgor or any other Person or property, all of which Pledgor hereby waives, and upon such terms and in such manner as Lender may deem advisable, Lender, in its sole discretion, may sell, assign, transfer, license and deliver any of the Collateral, together with the associated goodwill, or any interest that Pledgor may have therein, at any time, or from time to time. No prior notice need be given to Pledgor or to any other Person in the case of any sale of Collateral that Lender determines to be declining speedily in value or that is customarily sold in any recognized market, but in any other case Lender shall give Pledgor no fewer than ten days prior notice of either the time and place of any public sale of the Collateral or of the time after which any private sale or other intended disposition thereof is to be made. Pledgor waives advertisement of any such sale and (except to the extent specifically required by the preceding sentence) waives notice of any kind in respect of any such sale. At any such public sale, Lender

may purchase the Collateral, or any part thereof, free from any right of redemption, all of which rights Pledgor hereby waives and releases. After deducting all related expenses, and after paying all claims, if any, secured by liens having precedence over this Agreement, Lender may apply the net proceeds of each such sale to or toward the payment of the Obligations, whether or not then due, in such order and by such division as Lender in its sole discretion may deem advisable. Any excess, to the extent permitted by law, shall be paid to Pledgor, and the obligors on the Obligations shall remain liable for any deficiency. In addition, Lender shall at all times have the right to obtain new appraisals of Pledgor or the Collateral, the cost of which shall be paid by Pledgor.

9. Maintaining Collateral: Attorneys' Fees, Costs and Expenses. Pledgor shall have the obligation and duty to perform all acts necessary to maintain or preserve the Collateral. Any and all reasonable fees, costs and expenses, of whatever kind or nature, including, without limitation, the attorneys' fees and legal expenses incurred by Lender in connection with the amendment and enforcement of this Agreement, all renewals, required affidavits 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 Collateral, or in defending or prosecuting any actions or proceedings arising out of or related to the Collateral, shall be borne and paid by Pledgor, upon demand by Lender, and, until so paid, shall be added to the principal amount of the Obligations.

10. Pledgor's Obligation to Prosecute. Except as otherwise agreed to by Lender in writing, Pledgor shall have the duty to prosecute diligently any patent, trademark, servicemark or copyright application pending as of the date of this Agreement or thereafter until the Obligations shall have been paid in full, to file and prosecute opposition and cancellation proceedings and to do any and all acts that are necessary or desirable to preserve and maintain all rights in the Collateral, including, but not limited to, payment of any maintenance fees. Any expenses incurred in connection with the Collateral shall be borne by Pledgor. Pledgor shall not abandon any Collateral without the prior written consent of Lender.

11. Lender's Right to Enforce. Pledgor shall have the right to bring any opposition proceeding, cancellation proceeding or lawsuit in its own name to enforce or protect the Collateral. Lender shall have the right, but shall have no obligation, to join in any such action. Pledgor shall promptly, upon demand, reimburse and indemnify Lender for all damages, reasonable costs and expenses, including attorneys' fees incurred by Lender in connection with the provisions of this Section 11, in the event Lender elects to join in any such action commenced by Pledgor.

12. Power of Attorney. Pledgor hereby authorizes and empowers Lender to make, constitute and appoint any officer or agent of Lender as Lender may select, in its exclusive discretion, as Pledgor's true and lawful attorney-in-fact, with the power to endorse, after the occurrence of an Event of Default, Pledgor's name on all applications, documents, papers and instruments necessary for Lender to use the Collateral, or to grant or issue any exclusive or nonexclusive license under the Collateral to any third party, or necessary for Lender to assign, pledge, convey or otherwise transfer title in or dispose of the Collateral, together with associated

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goodwill to a third party or parties. Pledgor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable for the life of this Agreement.

13. **Lender's Right to Perform Obligations.** If Pledgor fails to comply with any of its obligations under this Agreement Lender may, but is not obligated to, do so in Pledgor's name or in the name of Lender, but at Pledgor's expense, and Pledgor hereby agrees to reimburse Lender, upon request, in full for all expenses, including attorneys' fees, incurred by Lender in protecting, defending and maintaining the Collateral.

14. Additional Documents. Pledgor shall, upon written request of Lender, enter into such additional documents or instruments as may be required by Lender in order to effectuate, evidence or perfect Lender's interest in the Collateral, as evidenced by this Agreement.

15. New Collateral. If, before the Obligations shall have been irrevocably paid in full, Pledgor shall obtain rights to any new Collateral, the provisions of this Agreement hereby shall automatically apply thereto as if the same were identified on Schedule 1 as of the date hereof and Pledgor shall give Lender prompt written notice thereof.

16. Modifications for New Collateral. Pledgor hereby authorizes Lender to modify this Agreement by amending Schedule 1 to include any future Collateral as contemplated by Sections 1 and 15 hereof and, at Lender's request, Pledgor shall execute any documents or instruments required by Lender in order to modify this Agreement as provided by this Section 16, provided that any such modification to Schedule 1 shall be effective without the signature of Pledgor.

17. Termination. At such time as the Obligations have been irrevocably paid in full and the Note cancelled, Pledgor shall have the right to terminate this Agreement. Upon written request of Pledgor, Lender shall execute and deliver to Pledgor all deeds, assignments, and other instruments as may be necessary or proper to release Lender's security interest in and assignment of the Collateral and to re-vest in Pledgor full title to the Collateral, subject to any disposition thereof that may have been made by Lender pursuant hereto.

18. No Waiver. No course of dealing between Pledgor and Lender, nor any failure to exercise, nor any delay in exercising, on the part of Lender, 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 or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

19. **Remedies Cumulative.** All of the rights and remedies of Lender with respect to the Collateral, whether established hereby or by the Note, or by any other agreements or by law shall be cumulative and may be executed singularly or concurrently.

20. **Severability.** The provisions of this 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 Agreement in any jurisdiction.

21. Modifications. This Agreement may be amended or modified only by a writing signed by Pledgor and Lender. In the event that any provision of this Agreement is deemed to be inconsistent with any provision of any other document, the provisions of this Agreement shall control.

22. Assignment and Successors. This Agreement shall not be assigned by Pledgor without the prior written consent of Lender. This Agreement shall bind the successors and permitted assigns of Pledgor and shall benefit the successors and assigns of Lender. Any attempted assignment or transfer without the prior written consent of Lender shall be null and void.

23. Notice. All notices, requests, demands and other communications provided for hereunder shall be in writing and, if to Pledgor, mailed or delivered to it, addressed to it at the address of Pledgor specified on the signature page of this Agreement, if to Lender, mailed or delivered to it, addressed to the address of Lender specified on the signature page of this Agreement, or, as to each party, at such other address as shall be designated by such party in a written notice to the other party. All notices, statements, requests, demands and other communications provided for hereunder shall be deemed to be given or made when delivered or two Business Days after being deposited in the mails with postage prepaid by registered or certified mail, addressed as aforesaid, or sent by facsimile with telephonic confirmation of receipt, except that notices from Pledgor to Lender pursuant to any of the provisions hereof shall not be effective until received by Lender.


24. Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of New York applicable to agreements made and to be performed within such State. Pledgor (a) hereby irrevocably submits to the jurisdiction of the courts of the State of New York and the jurisdiction of the United States District Courts in the County of New York for the purpose of any suit, action or other proceeding arising out of or based upon this Agreement, or the subject matter hereof brought by Lender, (b) hereby waives and agrees not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or this Agreement or the subject matter hereof may not be enforced in any such court, and (c) hereby waives in any such action, suit, or proceeding any offsets or counterclaims. Pledgor hereby consents to service of process by certified mail at its address set forth herein and agrees that its submission to jurisdiction and its consent to service of process by mail is made for the express benefit of Lender. Final judgment against Pledgor in any such action, suit or proceeding shall be conclusive, and may be enforced in other jurisdictions (i) by suit, action, or proceeding on the conclusive evidence of the fact and of the amount of any indebtedness or liability of Pledgor therein described or (ii) in any other manner provided by or pursuant to the laws of such other jurisdiction; provided, however, that Lender may at its option bring suit, or institute other judicial proceedings, against Pledgor or any of its assets in any state

or Federal court of the United States or of any country or place where Pledgor or Pledgor's property and assets may be found.

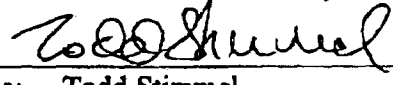
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IN WITNESS WHEREOF, the undersigned has executed and delivered this Intellectual Property Security Agreement as of the date first set forth above.

ELI S. JACOBS


Address: 570 Lexington Ave., 3d floor
New York, NY 10022

STAGE III TECHNOLOGIES, LLC

By: 
Name: Todd Stimmel
Title: President & CEO
Address: 6370 Nancy Ridge Drive, Suite 101
San Diego, CA 92121

Signature Page to
Intellectual Property Security Agreement

SCHEDULE 1

COLLATERAL

- | | |
|------------------|-------------------------------------------------------------------------------------|
| 1 U.S. 6,311,928 | Jet engine cascade thrust reverser for use with mixer/ejector noise suppressor |
| 2 U.S. 6,233,920 | Contoured thrust reverser and lobed nozzle noise suppressor for gas turbine engines |
| 3 U.S. 5,884,472 | Alternating lobed mixer/ejector concept suppressor |
| 4 U.S. 5,761,900 | Two-stage mixer ejector suppressor |
| 5 JP 350639/1998 | Alternating lobed mixer ejector concept suppressor design |