

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
Ludlow Compositions Corporation	06/19/2006
RECEIVING PARTY DATA	
Name:	Fifth Third Bank
Street Address:	1900 Fifth Third Center
Internal Address:	38 Fountain Square Plaza
City:	Cincinnati
State/Country:	OHIO
Postal Code:	45263
PROPERTY NUMBERS Total: 3	
Property Type	Number
Patent Number:	6187865
Patent Number:	6150444
Patent Number:	5965650
CORRESPONDENCE DATA	
Fax Number:	(513)651-3836
<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>	
Email:	jrohr@graydon.com
Correspondent Name:	Jeffrey L. Rohr
Address Line 1:	1900 Fifth Third Center
Address Line 2:	511 Walnut Street
Address Line 4:	Cincinnati, OHIO 45202
ATTORNEY DOCKET NUMBER:	FI512/100177
NAME OF SUBMITTER:	Jeffrey L. Rohr
Total Attachments: 5	

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PATENT
REEL: 017823 FRAME: 0161

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COLLATERAL ASSIGNMENT OF PATENTS

(SECURITY AGREEMENT)

This COLLATERAL ASSIGNMENT OF PATENTS (SECURITY AGREEMENT) is dated as of June 19, 2006 by and between LUDLOW COMPOSITIONS CORPORATION, a Delaware corporation, (the "Assignor") (collectively and jointly and severally, the "Assignor") and FIFTH THIRD BANK, an Ohio banking corporation, for itself and as agent for any affiliate of Fifth Third Bancorp ("Assignee"). Assignor and Assignee hereby agree as follows:

WHEREAS, Assignor is indebted to Assignee in the aggregate principal amount of Six Million Dollars (\$6,000,000) pursuant to the Amended and Restated Credit Agreement, dated as of November 22, 2005, by and between Assignor and Assignee (the "Credit Agreement"), together with a Restated Revolving Note executed by Assignor and made payable to the order of Assignee in the principal amount of Six Million Dollars (\$6,000,000) (the "Note"), and all agreements, instruments and documents executed or delivered in connection with the foregoing or otherwise related thereto (collectively, together with any amendments, modifications, or restatements thereto, the "Loan Documents").

WHEREAS, Assignor owns all right, title, and interest in and to, among other things, all the United States, foreign country or international treaty patents, patent applications, registrations, inventions and designs, set forth on Schedule A hereto (the "Patents"), and

WHEREAS, in order to secure the Obligations (as defined in Section 1 below), Assignor wishes to grant to Assignee a security interest in, but not limited to, the Patents and the goodwill and certain other assets with respect to the Patents as further set forth herein.

NOW, THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, Assignor hereby agrees, promises and undertakes as follows:

1. Obligations. The Assignment shall secure all loans, advances, indebtedness and each and every other obligation or liability of Assignor owed to Assignee and/or any affiliate of Fifth Third Bancorp, however created, of every kind and description whether now existing or hereafter arising and whether direct or indirect, primary or as guarantor or surety, absolute or contingent, due or to become due, liquidated or unliquidated, matured or unmatured, participated in whole or part, created by trust agreement, lease, overdraft, agreement or otherwise, whether or not secured by additional collateral, whether originated with Assignee or owed to others and acquired by Assignee by purchase, assignment or otherwise, and including, without limitation, all loans, advances, indebtedness and each and every obligation or liability arising under the Loan Documents, letters of credit now or hereafter issued by Assignee or any affiliate of Fifth Third Bancorp for the benefit of or at the request of Assignor, all obligations to perform or forbear from performing acts, and all agreements, instruments and documents evidencing, guarantying, securing or otherwise executed in connection with any of the foregoing, together with any amendments, modifications, and restatements thereof, and all expenses and attorneys' fees incurred or other sums disbursed by Assignee or any affiliate of Fifth Third Bancorp under this Agreement or any other document, instrument or agreement related to any of the foregoing (collectively, the "Obligations").

2. Granting Clause. As security for the Obligations, Assignor hereby assigns, sells, transfers, quitclaims, conveys, and grants to Assignee all of Assignor's right, title, and interest in:

(a) the Patents;

(b) all patents, patent applications, registrations, inventions and designs hereafter acquired by, granted to, or filed by Assignor, whether in the United States, a foreign country or under international treaty, including without limitation those which are based upon, derived from, or are variations of any invention or design disclosed in the Patents (the "Future Patents");

(c) all extensions, renewals, continuations, re-issues, divisions, continuations-in-part, international treaty applications, and national stage entries of the Patents and Future Patents;

(d) all rights to sue for past, present, and future infringements of the Patents and Future Patents;

(e) all proceeds, including without limitation, license royalties and proceeds of infringement suits, based on the Patents and Future Patents;

(f) all licenses and other agreements relating to the Patents and Future Patents and the use thereof;

(g) all formulae, processes, compounds, methods, know-how, and trade secrets relating to Assignor's products or services under, utilizing, or in connection with the Patents and Future Patents;

(h) except for that intellectual property described in a certain Grant of Security Interest in Trademarks (Security Agreement) between Assignor and Assignee of even date herewith, all trademarks, service marks and trade dress, and all trademark, service mark and trade dress applications and registrations related to or associated with Assignor's products or services under, utilizing, or in connection with the Patents and Future Patents; and

(i) all goodwill of Assignor's business connected with, symbolized by or in any way related to the items set forth in clauses (a) through (h) above.

All of the foregoing items set forth in clauses (a) through (i) are hereinafter referred to collectively as the "Collateral".

3. Assignor's Duties. Assignor agrees that, notwithstanding this Assignment, it will perform and discharge and remain liable for all its covenants, duties, and obligations arising in connection with the Collateral and any licenses and agreements related thereto. Assignee shall have no obligation or liability in connection with the Collateral or licenses or agreements relating thereto by reason of this Assignment or any payment received by Assignee relating to the Collateral, nor shall Assignee be required to perform any covenant, duty, or obligation of Assignor arising in connection with the Collateral or any license or agreement related thereto or to take any other action regarding the Collateral or any such licenses or agreement.

4. Representations and Warranties as to Patents. Assignor represents and warrants to Assignee that: Assignor is the owner of and has good, indefeasible, and merchantable title to the Collateral; the Patents are subsisting and no part thereof has been adjudicated invalid or unenforceable, in whole or in part; each Patent is valid and enforceable; the Patents are the only patents, patent applications, registrations, inventions and designs in which Assignor has any or all right, title and interest; none of the Collateral is subject to any mortgage, pledge, lien, security interest, lease, charge, assignment, license or encumbrance; and, when the Assignee has taken the other actions contemplated by the Loan Documents with respect to the filing of Uniform Commercial Code financing statements, this Assignment will create a legal and valid perfected and continuing lien on and security interest in the Collateral, enforceable against Assignor and all third parties, subject to no other mortgage, lien, charge, encumbrance, or security or other interest.

5. Covenants. Assignor will maintain the Collateral, defend the Collateral against the claims of all persons, and will maintain and renew all items of Collateral. Without limiting the generality of the foregoing, Assignor shall not permit the abandonment of any application for any of the Patents and Future Patents or the expiration prior to the end of the maximum term provided by applicable law of any Patent or Future Patent without the written consent of Assignee. Assignor shall immediately notify Assignee if any aspect of the Collateral is threatened with or is subject to legal or administrative proceedings. If before the Obligations have been satisfied in full, Assignor obtains any rights under any patent, patent application, registration, invention or design, whether in the United States, a foreign country or under international treaty, whether or not considered

Future Patents the provisions of this Agreement shall automatically apply thereto and Assignor shall give Assignee prompt notice thereof in writing.

6. Default. Each of the following shall be an Event of Default hereunder (herein "Events of Default"):

(a) An event of default occurs under the Credit Agreement, the Note or any other agreement, instrument or document evidencing, guarantying, securing or otherwise executed or delivered in connection with any of the Obligations, as "Event of Default" shall be defined therein.

(b) Any representation or warranty of Assignor set forth in this Assignment or in any agreement, instrument, document, certificate or financial statement evidencing, guarantying, securing or otherwise related to, this Assignment or any other Obligation shall be materially inaccurate or misleading.

(c) Assignor shall fail to observe or perform any covenant or condition required in this Assignment or in any agreement, instrument, document, certificate or financial statement evidencing, guarantying, securing or otherwise related to, this Assignment or any other Obligation, or Assignor shall otherwise default in the observance or performance of any covenant or agreement set forth in any of the foregoing for a period of 30 days.

7. Use Prior to Default. Unless and until an Event of Default shall occur and be continuing, Assignee grants Assignor an exclusive license in and to the Collateral and shall have the right to use the Collateral and make, use, sell and offer for sale the inventions disclosed and claimed in the Patents and Future Patents in the ordinary course of its business, subject to the terms and covenants of the Loan Documents and this Assignment.

8. Remedies Upon Default. Whenever any Event of Default shall occur and be continuing, the license set forth in the previous section hereof shall terminate and be null and void, and Assignee shall have all the rights and remedies granted to it in such event by the Loan Documents, which rights and remedies are specifically incorporated herein by reference and made a part hereof. Assignee in such event may collect directly any payments due to Assignor in respect of the Collateral and may sell, license, lease, assign, or otherwise dispose of the Collateral in the manner set forth in the Loan Documents with respect to the disposition of Collateral as defined in the Loan Documents. Assignor agrees that, in the event of any disposition of the Collateral upon any such Event of Default, it will duly execute, acknowledge, and deliver all documents necessary or advisable to record title to the Collateral in any transferee or transferees thereof, including, without limitation, valid, recordable assignments of the Patents and Future Patents. In the event Assignor fails or refuses to execute and deliver such documents, Assignor hereby irrevocably appoints Assignee as its attorney-in-fact, with power of substitution, to execute, deliver, and record any such documents on Assignor's behalf.

9. Cumulative Remedies. The rights and remedies provided herein are cumulative and not exclusive of any other rights or remedies provided by law. The rights and remedies provided herein are intended to be in addition to and not in substitution of the rights and remedies provided by the Loan Documents or any other agreement or instrument delivered in connection therewith.

10. Amendments and Waivers. This Assignment may not be modified, supplemented, or amended, or any of its provisions waived at the request of Assignor, without the prior written consent of Assignee. Assignor hereby authorizes Assignee to modify this Assignment by amending the Schedules hereto to include any Future Patents.

11. Waiver of Rights. No course of dealing between or among any parties to this Assignment or any failure or delay on the part of any such party in exercising any rights or remedies hereunder shall operate as a waiver of any rights or remedies of such party or any other party and no single or partial exercise of any rights or remedies hereunder shall operate as a waiver or preclude the exercise of any other rights or

remedies of such party or any other party. No waiver by Assignee of any breach or default by Assignor shall be deemed a waiver of any other previous breach or default or of any breach or default occurring thereafter.

12. Assignment. The provisions of this Assignment shall be binding upon and inure to the benefit of the respective successors and assigns of the parties hereto; provided, however, that no interest herein or in or to the Collateral may be assigned by Assignor without the prior written consent of Assignee.

13. Further Acts. Assignor shall have the duty, through counsel acceptable to Assignee, to prosecute diligently any applications for the Patents and Future Patents pending as of the date of this Assignment or thereafter, until the Obligations shall have been paid in full, to make applications on unpatented or unregistered but patentable or registerable inventions beneficial for use in the ordinary course of Assignor's business, in any location where Assignor does business, and to preserve and maintain all rights in the Patents. Any expenses incurred in connection with such applications shall be borne by Assignor. The Assignor shall not abandon any right to file or miss any statutory bars for filing a patent application or registration, nor abandon any pending patent application or registration without the written consent of the Assignee.

14. Enforcement. Assignee shall have the right but shall in no way be obligated to bring suit in its own name to enforce the Patents and Future Patents and any license thereunder, in which event Assignor shall at the request of Assignee do any and all lawful acts and execute any and all proper documents required by Assignee in aid of such enforcement and Assignor shall promptly, upon demand, reimburse and indemnify Assignee or its agents for all costs and expenses incurred by Assignee in the exercise of its rights under this Section.

15. Severability. If any clause or provision of this Assignment shall be held invalid or unenforceable, in whole or in part in any jurisdiction, such invalidity or unenforceability shall attach only to such clause or provision, or part thereof, and shall not in any manner affect any other clause or provision in any jurisdiction.

16. Governing Law; Jurisdiction. All acts and transactions hereunder and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the domestic laws of the State of Assignee's principal place of business applicable to contracts executed and to be performed in such State. ASSIGNEE AND ASSIGNOR HEREBY WAIVE THE RIGHT TO TRIAL BY JURY OF ANY MATTERS ARISING OUT OF THIS ASSIGNMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

IN WITNESS WHEREOF, the undersigned has caused this Assignment to be executed as of the first above written.

ASSIGNOR:

LUDLOW COMPOSITES CORPORATION

By: 

Its: 

ASSIGNEE:

FIFTH THIRD BANK

By: 

Its: 

SCHEDULE A

Patents

A. All issued patents, including but not limited to:

<u>Country:</u>	<u>Patent No.:</u>	<u>Issue Date:</u>	<u>Title:</u>
US	6,187,865	February 13, 2001	Rubber Compositions and Laminate Thereof
US	6,150,444	November 21, 2000	Floor Coverings
US	5,965,650	October 12, 1999	Floor Coverings