

08-30-2006

U.S. DEPARTMENT OF COMMERCE
United States Patent and Trademark Office



103299427

8/28/06

To the Director of the U.S. Patent and

uments or the new address(es) below.

1. Name of conveying party(ies)

ELESYS, INC.

2. Name and address of receiving party(ies)

Name: Lexmark International, Inc.

Internal Address: Intellectual Property Law Dept.

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

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

Execution Date(s) August 15, 2005

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

Street Address: 740 West New Circle Rd.

City: Lexington

State: KY

Country: USA Zip: 40550

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

4. Application or patent number(s):

A. Patent Application No.(s)

10/127,948

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

B. Patent No.(s)

Additional numbers attached? ☐ Yes ☒ No

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

Name: Lexmark International, Inc.

Internal Address: Intellectual Property Law Dept.

Street Address: 740 West New Circle Rd.

City: Lexington

State: Kentucky Zip: 40550

Phone Number: 859-232-7892

Fax Number: 859-232-7850

Email Address: nrkahle@lexmark.com

6. Total number of applications and patents involved: 1

7. Total fee (37 CFR 1.21(h) & 3.41) \$40.00

- ☐ 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 12-1213

Authorized User Name Neill R. Kahle, Jr.

9. Signature:

Neill R. Kahle, Jr.
Signature

Neill R. Kahle, Jr.

Name of Person Signing

8/28/06
Date

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

12

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

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SECURITY AGREEMENT

This Security Agreement ("Security Agreement"), effective August 15, 2005, is between ELESYS, INC., a California corporation having its principal place of business in Sunnyvale, California ("Borrower") and Lexmark International, Inc., a Delaware corporation having its principal place of business in Lexington, Kentucky ("Lender").

Recitals

- A. Borrower has issued to Lender a promissory note (the "Note") in the principal amount of \$1,000,000.00 in consideration of a loan from Lender to Borrower in that principal amount.
- B. Lender wishes to make said loan only on the condition that Borrower enter the Note and, in addition, grant the security interest in the Collateral described in this Security Agreement.

Agreement

NOW, THEREFORE, in consideration of the above recitals and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Borrower and Lender hereby agree as follows:

1. Definitions and Interpretation.

When used in this Security Agreement, the following terms have the following respective meanings as described below. All capitalized terms not otherwise defined herein shall have the respective meanings given in the Note. Unless otherwise defined herein, all terms defined in the Code have the respective meanings given to those terms in the Code.

- a. "Code" means the Uniform Commercial Code as the same may, from time to time, be in effect in the Commonwealth of Kentucky; provided, that if, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of, or remedies with respect to, Lender's Lien on any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the Commonwealth of Kentucky, the term "Code" shall mean the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions of this Security Agreement relating to such attachment, perfection, priority or remedies and for purposes of definitions related to such provisions; provided, further, that to the extent that the Code is used to define any term herein or in any Transaction Document and such term is defined differently in different Articles or Divisions of the Code, the definition of such term contained in Article or Division 9 shall govern.
- b. "Collateral" is defined in Section 2.
- c. "Copyright License" means rights under any written agreement now owned or hereafter acquired by Borrower granting the right to use any Copyright or Copyright registration.



solely for the purpose of allowing Lender to realize on the Collateral so that Borrower's obligations to Lender can be paid, with any remainder after any sale of the Collateral to be paid to Borrower as required by law), and/or preserve the Collateral; (e) pay any indebtedness of Borrower relating to the Collateral (using Lexmark's funds); and (f) execute financing statements pursuant to the Code and other documents, instruments and agreements required hereunder; provided, however, that Lender shall not exercise any such powers granted pursuant to subsections (a) through (d) prior to the occurrence of an Event of Default and shall only exercise such powers during the continuance of an Event of Default after prior notice to Borrower of its intent to exercise the same. It is further agreed and understood between the parties hereto that such care as Lender gives to the safekeeping of its own property of like kind shall constitute reasonable care of the Collateral when in Lender's possession

(b) Signing of Power of Attorney. Borrower agrees, not later than 30 days after execution of this Agreement, to execute and deliver to Lender three originals of a Power of Attorney acceptable to Lender for the implementation of the recording, giving of notice of security interest, assignment, sale or other disposal of the certain Collateral pursuant to this Security Agreement.

(c) Litigation and Other Proceedings.

- (i) Rights of Borrower.* Borrower shall have the right and obligation to commence and diligently prosecute such suits, proceedings or other actions for infringement or other damage, or reexamination or reissue proceedings, or opposition or cancellation proceedings as are reasonable to protect any material portion of the Patents, Trademarks, Copyrights, and Trade Secrets.
- (ii) Rights of Lender.* Upon the occurrence and during the continuation of an Event of Default, Lender shall have the right but not the obligation to bring suit or institute proceedings in the name of Borrower or Lender to enforce any rights in the Collateral, including any license thereunder, in which event Borrower shall at the request of Lender do any and all lawful acts and execute any and all documents reasonably required by Lender in aid of such enforcement. If Lender elects not to bring suit to enforce any right under the Collateral, including any license thereunder, Borrower agrees to use all reasonable measures, whether by suit, proceeding or other action, to prevent the material infringement of any right under the Collateral by Borrower and for that purpose agrees to diligently maintain any action, suit or proceeding against Borrower so infringing reasonably necessary to prevent such infringement.

8. *Default and Remedies.*

- (a) Default.* Borrower shall be deemed in default under this Security Agreement upon the occurrence and during the continuance of an Event of Default (as used in this Security Agreement, "Event of Default" shall have the same meaning as that term is defined in Section 5 of the Note described in Recital A above).

instruments or agreements issued or executed in replacement thereof, and (c) means such document, instrument or agreement, or replacement or predecessor thereto, as amended, modified and supplemented from time to time and in effect at any given time. The words "hereof," "herein" and "hereunder" and words of similar import when used in this Security Agreement or any other Transaction Document refer to this Security Agreement or such other Transaction Document, as the case may be, as a whole and not to any particular provision of this Security Agreement or such other Transaction Document, as the case may be. References in this Security Agreement to "Sections," "Attachments" or "Schedules" are to sections, attachments or schedules herein or hereto unless otherwise indicated. The words "include" and "including" and words of similar import when used in this Security Agreement or any other Transaction Document shall not be construed to be limiting or exclusive. The word "or" when used in this Security Agreement shall mean either as well as both. Headings in this Security Agreement are for convenience of reference only and are not part of the substance hereof. All terms defined in this Security Agreement in the singular form shall have comparable meanings when used in the plural form and vice versa.

(m) *Governing Law; Jurisdiction.* This Security Agreement and all actions arising out of or in connection with this Security Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky.

IN WITNESS WHEREOF, Borrower and Lender have caused this Security Agreement to be executed as of the day and year first above written.

ELESYS, INC.

By: Michael W. Corvett

Its: President & CEO

LEXMARK INTERNATIONAL, INC.

By: [Signature]

Its: VP & TREASURER

SCHEDULE A

List of Patents

Patent No.	Patent Title	Priority To	Priority Date	Status
ELESP001.US	Radial Printing System & Methods	4/17/98	09/062,300	Issued
ELESP001C1.US	Radial Printing System & Methods	6/1/01	09/073,010	Abandoned
ELESP001AU	Radial Printing System & Methods	4/14/99	4/17/98	749967
ELESP001CA	Radial Printing System & Methods	4/14/99	4/17/98	3563099
ELESP001EP	Radial Printing System & Methods	4/14/99	4/17/98	2,329,174
ELESP001JP	Radial Printing System & Methods	4/14/99	4/17/98	99817533.4
ELESP001KR	Radial Printing System & Methods	4/14/99	4/17/98	2000-844507
ELESP001WO	Radial Printing System & Methods	4/14/98	4/17/98	2000-7011518
ELESP002.US	Method for Providing Angular Position Information for a Radial Printing System	3/21/01	3/21/00	PCT/US98/08254
ELESP002X1.US	Enhancing Angular Position Information for A Radial Printing System	5/17/04	4/17/98	09/015,064
ELESP003.US	Low Profile Cam-actuated Tracking Ink Head Cartridge with Integrated Service Station	6/1/01	6/2/00	09/072,345
ELESP003X1.US	Low Profile Ink Head Cartridge with Integrated Movement Mechanism and Service Station	5/30/02	6/2/00	10/159,729
ELESP003X1.EP	Low Profile Head Cartridge with Integrated Movement Mechanism and Service Station	5/30/02	6/2/00	02744207.8
ELESP003X1.JP	Low Profile Head Cartridge with Integrated Movement Mechanism and Service Station	5/30/02	6/2/00	2003-501688
ELESP003X1.WO	Low Profile Head Cartridge with Integrated Movement Mechanism and Service Station	5/30/02	6/2/00	PCT/US02/17350
ELESP004.US	Point-of-Incidence Ink Curing Mechanisms for Radial Printing	4/17/02	4/17/01	10,125,777
ELESP004C1.US	Point-of-Incidence Ink Curing Mechanisms for Radial Printing	2/15/05	4/17/01	11/058,941
ELESP005.US	Interleaving Apparatus and Methods for Radial Printing	4/18/02	4/18/01	10/125,661
ELESP005X1.US	Interleaving Apparatus and Methods for Radial Printing	9/7/04	4/18/01	10/935,805
ELESP006.US	Position Information Methods for Radial Printing	4/22/02	4/22/01	10/127,948
				Claims allowed, Will issue 8/05


SCHEDULE A (continued)

List of Patents (continued)

Patent No.	Type	Title	Filed Date	Pub. No.	Pub. Date	Status
ELESP007 US	U.S. Regular	Polar Halftone Methods for Radial Printing	7/28/02	6/3/01	10/20/99	Pending
ELESP008 US	U.S. Utility	Radial Sled Printer and Methods	4/28/05	4/28/04	11/11/93	Pending
ELESP008 WO	European	Radial Sled Printer and Methods	4/28/05	4/28/04	Docket No.: 74806-200801W0	Pending
ELESP009 US	U.S. Provisional	Off-Radial-Axis Circular Printer Device and Methods	2/18/05		80/654,1838	Pending
ELESP008 WO	PCT Provisional	Off-Radial-Axis Circular Printer Device and Methods	2/18/05		Docket No.: 74806-010900W0	Pending

List of Copyrights/Registrations

Copyright/Registration No.	Description
None	

Copyright/Registration No.	Description
ELESYS	Company name
DUET	Product family name
 ELESYS	Logo and company name

Handwritten signature

PROMISSORY NOTE

FOR VALUE RECEIVED, Elesys, Inc. ("BORROWER") hereby promises to pay to Lexmark International, Inc., ("NOTEHCLDER"), the sum of ONE MILLION DOLLARS (\$1,000,000.00), together with interest thereon at the rate of 8% per annum on the unpaid balance. Said sum shall be payable as set forth below.

1. Beginning the 1st day of September, 2005, and continuing on the first business day of each month thereafter, BORROWER shall make fixed monthly interest payments in the amount of \$6,666.67, with final payment of all unpaid interest and principal due August 15, 2006. As used herein, the term "Business Day" means any day, other than a Saturday or Sunday, on which banks in The City of New York are not required or authorized by law or executive order to be closed. Interest on the Notes will be computed on the basis of a 360-day year of twelve 30-day months.
2. BORROWER shall make each payment under this Note not later than 12:00 p.m. (Noon), Lexington, Kentucky, Eastern time, on the date when due, in lawful money of the United States of America, to NOTEHOLDER at 740 West New Circle, Lexington, Kentucky, 40550, ATTENTION: Treasury Department, or such other address or wire instructions as instructed by NOTEHOLDER in writing. Whenever any payment to be made under this Note shall be stated to be due on a day that is not a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall be in such case included in the computation of the payment of interest.
3. All fixed payments shall be applied to interest only. This note may be prepaid at any time, in whole or part, without penalty.
4. In any Event of Default, BORROWER agrees to pay all costs and expenses actually incurred by the NOTEHOLDER, including all reasonable attorney fees (including both hourly and contingent attorney fees as permitted by law) for the collection of this Note upon default, and including reasonable collection charges (including, where consistent