

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
NSI International, Inc.	10/16/2006

RECEIVING PARTY DATA

Name:	HSBC Business Credit (USA) Inc.
Street Address:	452 Fifth Avenue
Internal Address:	4th Floor
City:	New York
State/Country:	NEW YORK
Postal Code:	10018

PROPERTY NUMBERS Total: 15

Property Type	Number
Patent Number:	5844714
Patent Number:	5935503
Patent Number:	6322740
Patent Number:	6322741
Patent Number:	D431844
Patent Number:	D413343
Patent Number:	D501670
Patent Number:	6321475
Patent Number:	5782107
Patent Number:	D338965
Patent Number:	D381802
Patent Number:	D398503
Patent Number:	D468856
Patent Number:	5934969

PATENT

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REEL: 018505 FRAME: 0672

CH \$600.00 5844714

Patent Number:

5803014

CORRESPONDENCE DATA

Fax Number: (202)756-9299

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

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NAME OF SUBMITTER:

Matthew Mayer

Total Attachments: 10

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Patents

Patent Title	Application Number	Patent Number
Portable Microscope	08/791,842	5,844,714
Process and Kit For Creating Artificial Leaves and Flowers	08/958,013	5,935,503
Process and Apparatus For Creating Artificial Leaves and Flowers	09/666,903	6,322,740
Process and Apparatus For Creating Artificial Leaves and Flowers	09/666,904	6,322,741
Toy Orrery/Planetarium	29/101,412	D431,844
Portable Microscope	29/065,610	D413,343
Water Float	29/204,325	D501670
Shelf-Mounted Display Device	09/592,767	6,321,475
Novelty Jewelry Construction	08/633,290	5,782,107
Reaction Tray	682,216	D338,965
Spool Holder	40,527	D381,802
Tool Holder	70,752	D398,503
Floating Wick Holder For an Oil Lamp	29/141,331	D468,856
Method and Apparatus for Model Construction	08/946,203	5,934,969
Habitat for Ants and Other Invertabrates	08/880,003	5,803,014

PATENT SECURITY AGREEMENT

THIS PATENT SECURITY AGREEMENT (together with all amendments, if any, from time to time, this "Patent Security Agreement"), is made as of this 16th day of October, 2006 by NSI INTERNATIONAL, INC., a Delaware corporation (the "Grantor") in favor of HSBC BUSINESS CREDIT (USA), INC., a Delaware corporation (the "Lender").

WHEREAS, Lender and Borrower are about to enter into a certain Loan and Security Agreement of even date herewith (as the same may be modified or amended from time to time, the "Loan Agreement"), relating to financing by Lender to Borrower; and

WHEREAS, in order to induce the Lender to enter into the Loan Agreement and other Loan Documents, Grantor desires to grant a continuing Lien on the Intellectual Property Collateral to Lender to secure all of the Obligations;

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Defined Terms. All capitalized terms used but not otherwise defined herein have the meanings given to them in Section 1.1 of the Loan Agreement. The following terms as used in this Patent Security Agreement shall have the meanings hereinafter provided:

"Intellectual Property Collateral": As defined in Section 2(a) of this Patent Security Agreement.

"Patent License": Any and all rights now owned or hereafter acquired by Grantor under any written agreement granting any right to use any Patent.

"Patents": Collectively and individually, all--

(a) utility, design and plant patents, utility models, industrial designs, inventor's certificates and statutory invention registrations of the United States or any other country, or any political subdivisions thereof, as well as any applications for the same, all whether now or hereafter owned or licensable by the Grantor, including, but not limited to, those listed on Schedule A annexed hereto and made a part hereof; and

(b) reissues, continuations, continuations-in-part, divisionals or term restorations and all extensions thereof and all licenses thereof.

2. Grant of Security Interest.

(a) To secure the prompt and complete payment, performance and observance of all the Obligations, Grantor hereby grants, assigns, conveys, mortgages, pledges, hypothecates and transfers to Lender a continuing first priority security interest in and Lien upon all of its right, title and interest in, to and under the following, whether presently existing or hereafter created or acquired by or arising in favor of Grantor and whether owned or consigned by or to, or licensed from or to Grantor (collectively, the "Intellectual Property Collateral"):

(i) all of its Patents and Patent Licenses to which it is a party including those referred to on Schedule I hereto;

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

(iii) all products and proceeds of the foregoing, including, without limitation, any claim by Grantor against third parties for past, present or future (A) infringement or dilution of any Patent or Patent licensed under any Patent License, and (B) injury to any Patent or any Patent licensed under a Patent License.

(b) In addition, to secure the prompt and complete payment, performance and observance of the Obligations and in order to induce Lender as aforesaid, Grantor hereby grants to Lender a right of setoff, against the property of Grantor held by Lender consisting of property described above in Section 2(a) now or hereafter in the possession or custody of or in transit to Lender, for any purpose, including safekeeping, collection or pledge, for the account of Grantor, or as to which Grantor may have any right or power.

(c) The security interests granted pursuant to this Patent Security Agreement are granted in conjunction with the security interest granted to Lender pursuant to the Loan Agreement.

3. Representations and Warranties. Grantor represents and warrants that, as of the Closing Date, Grantor owns or has rights to use all Patents necessary to continue to conduct its business as now or heretofore conducted by it or proposed to be conducted by it. Each Patent registered with or that is the subject of an application with the United States Patent and Trademark Office or its foreign equivalents, as applicable, together with application or registration numbers, and each Patent License is listed in Schedule I hereto. Grantor represents and warrants that all Patents which are necessary or material to the operations of Grantor have been registered with the United States Patent and Trademark Office or its foreign equivalents, as applicable. To Grantor's knowledge, Grantor conducts its business and affairs without infringement of or interference with any Patents of any other Person in any material respect. Grantor is not aware of any infringement claim by any other Person with respect to any Patents. The filing of this Patent Security Agreement with the United States Patent and Trademark Office and the filing of appropriate financing statements, are the only requirements to perfect the security interests in favor of Lender in all of Grantor's Patents and such perfected security interests are enforceable, subject to applicable Federal and state bankruptcy and insolvency laws affecting generally the rights of creditors, as such as against any and all creditors of, and purchasers from, Grantor. Upon filing of this Patent Security Agreement with the United States Patent and Trademark Office and the filing of appropriate financing statements, all action necessary or otherwise requested by Lender to protect and perfect Lender's security interest in and Lien on Grantor's Patents shall have been duly taken.

4. Covenants.

(a) Grantor shall notify Lender promptly if it knows or has reason to know that any application or registration relating to any Patent (now or hereafter existing) may become abandoned or dedicated, or of any 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 or any court) regarding Grantor's ownership of any Patent, its right to register the same, or to keep and maintain the same.

(b) In no event shall Grantor, either itself or through any agent, employee, licensee or designee, file an application for the registration of any Patent with the United States Patent and Trademark Office or any similar office or agency without giving Lender prior written notice thereof, and, upon request of Lender, Grantor shall execute and deliver supplements hereto or a new security agreement as Lender may reasonably request to evidence Lender's Lien on such Patent, and the general intangibles of Grantor relating thereto or represented thereby.

(c) Grantor shall take all actions necessary or reasonably requested by Lender to maintain and pursue each application, to obtain the relevant registration and to maintain the registration of each of the Patents (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 Grantor believes that any of the Intellectual Property Collateral is being infringed upon, misappropriated or diluted by a third party, Grantor shall promptly give notice thereof to Lender and shall execute and deliver supplements hereto or a new security agreement as Lender may request to grant Lender a Lien on Grantor's claim against such third party as required under Section 6.23(d) of the Loan Agreement, and Grantor shall promptly sue for infringement, misappropriation or dilution, to recover any and all damages for such infringement, misappropriation or dilution, take such other actions to enforce its right and protect such Intellectual Property Collateral whether by action, suit, proceeding or otherwise and take any and all other actions as Lender reasonably shall deem necessary or appropriate under the circumstances to protect such Intellectual Property Collateral, in each case to the extent same is commercially reasonable.

5. Rights and Remedies.

(a) For the express purpose of enabling Lender to exercise rights and remedies under the Loan Agreement (including, without limiting the terms hereof or of the Loan Agreement, in order to take possession of, hold, preserve, process, assemble, prepare for sale, market for sale, sell or otherwise dispose of the Collateral described in the Loan Agreement), Grantor hereby grants to Lender an irrevocable, nonexclusive license, without payment of royalty or other compensation to Grantor, to use, license or sublicense any of the Intellectual Property Collateral now owned or hereafter acquired by Grantor, and wherever the same may be located, and including in such license access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof.

(b) Grantor hereby acknowledges and affirms that certain other rights and remedies of Lender with respect to the security interest in the Intellectual Property Collateral made and granted hereby are more fully set forth in the Loan Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

6. Reinstatement. This Patent 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. Execution of Special Power of Attorney. Concurrently with the execution and delivery of this Patent Security Agreement, the Grantor is executing and delivering to the Lender a certain Special Power of Attorney for the implementation of the sale, assignment, licensing or other disposition of the Intellectual Property Collateral pursuant to this Patent Security Agreement.

8. Notices. Whenever it is provided herein that any notice, demand, request, consent, approval, declaration or other communication shall or may be given to or served upon any of the parties by any other party, or whenever any of the parties desire to give or serve upon another any such communication with respect to this Patent Security Agreement, each such notice, demand, request, consent, approval, declaration or other communication shall be in writing and shall be addressed to the party to be notified at the address set forth in the Loan Agreement (or such other address as may be substituted by notice given in the manner required by Section 10.13 of the Loan Agreement), and given in the manner required by Section 10.13 of the Loan Agreement.

9. Binding Nature. This Patent Security Agreement shall be binding upon and inure to the benefit of the successors, assigns or other legal representatives of the Grantor, and shall, together with the rights and remedies of the Lender hereunder, be binding upon and inure to the benefit of the Lender, their successors, assigns or other legal representatives.

10. No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Patent Security Agreement. In the event an ambiguity or question of intent or interpretation arises, this Patent Security Agreement shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Patent Security Agreement. This Patent Security Agreement is to be read, construed and applied together with the Loan Agreement and the other Loan Documents which, taken together, set forth the complete understanding and agreement of Lender and Grantor with respect to the matters referred to herein and therein. Except as otherwise specifically provided, if any provision contained in this Patent Security Agreement or any other Loan Document, conflicts with any provision in the Loan Agreement, the provision in the Loan Agreement shall govern and control.

11. Counterparts. This Patent Security Agreement may be executed in any number of counterparts, each of which, when taken together, shall be deemed to be one and the same document. Delivery of an executed counterpart of a signature page of this document by facsimile shall be effective as delivery of a manually executed counterpart of this document.

12. Advice of Counsel. Each of the parties represents to each other party hereto that it has discussed this Patent Security Agreement with its counsel.

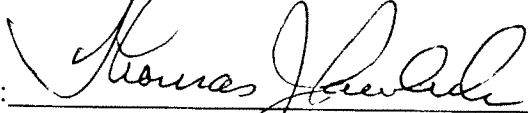
13. GOVERNING LAW. THIS PATENT SECURITY AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO THE CONFLICT OF LAW PRINCIPLES THEREOF.

14. WAIVER OF JURY TRIAL. GRANTOR WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT ON ANY MATTER WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS PATENT SECURITY AGREEMENT.

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

NSI INTERNATIONAL, INC.

By: 

Name: Thomas J. Pawluk

Title: Chief Executive Officer

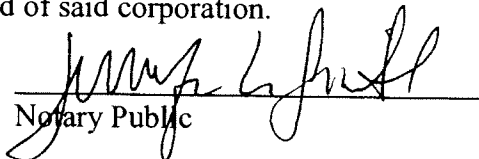
ACKNOWLEDGMENT OF GRANTOR

STATE OF NEW YORK)

COUNTY OF NY)

ss.

On this 16 day of October, 2006 before me personally appeared Thomas J. Pawluk proved to me on the basis of satisfactory evidence to be the person who executed the foregoing instrument on behalf of NSI International, Inc., who being by me duly sworn did depose and say that he is an authorized officer of said corporation, that the said instrument was signed on behalf of said corporation as authorized by its Board of Directors and that he acknowledged said instrument to be the free act and deed of said corporation.


Notary Public

{seal}

JENNIFER LETITIA SMITH
Notary Public - State of New York
No. 02SM6112126
Qualified in New York County
My Commission Expires June 28, 2008

Acknowledged and Agreed:

HSBC BUSINESS CREDIT (USA), INC.

By: 

Name: Jimmy Schwartz

Title: Vice President

SCHEDULE I
to
PATENT SECURITY AGREEMENT

SEE ATTACHED.

Patents

Patent Title	Application Number	Patent Number
Portable Microscope	08/791,842	5,844,714
Process and Kit For Creating Artificial Leaves and Flowers	08/958,013	5,935,503
Process and Apparatus For Creating Artificial Leaves and Flowers	09/666,903	6,322,740
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Water Float	29/204,325	D501670
Shelf-Mounted Display Device	09/592,767	6,321,475
Novelty Jewelry Construction	08/633,290	5,782,107
Reaction Tray	682,216	D338,965
Spool Holder	40,527	D381,802
Tool Holder	70,752	D398,503
Floating Wick Holder For an Oil Lamp	29/141,331	D468,856
Method and Apparatus for Model Construction	08/946,203	5,934,969
Habitat for Ants and Other Invertabrates	08/880,003	5,803,014

PATENT

RECORDED: 11/13/2006

REEL: 018505 FRAME: 0683