

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
Ventech, LLC	12/08/2006
RECEIVING PARTY DATA	
Name:	Webasto AG
Street Address:	Kraillinger Strasse 5
City:	Stockdorf
State/Country:	GERMANY
Postal Code:	82131
PROPERTY NUMBERS Total: 4	
Property Type	Number
Patent Number:	5683031
Application Number:	11068285
Application Number:	60843083
Application Number:	11620682
CORRESPONDENCE DATA	
Fax Number:	(248)364-4285
<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>	
Phone:	248-364-4300
Email:	wronkowicz@warnhoffmann.com
Correspondent Name:	Philip R. Warn
Address Line 1:	Warn, Hoffmann, Miller & Lalone, P.C.
Address Line 2:	P.O. Box 70098
Address Line 4:	Rochester Hills, MICHIGAN 48307
ATTORNEY DOCKET NUMBER:	WEB-50003
NAME OF SUBMITTER:	Philip R. Warn

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PATENT
REEL: 018911 FRAME: 0601

Total Attachments: 9

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SECURITY AGREEMENT

This Security Agreement ("**Security Agreement**") is made and entered into effective as of the 8th day of December, 2006 by and between **WEBASTO AG**, a German corporation (the "**Secured Party**") whose address is Kraillinger StraBe 5, 82131 Stockdorf, Germany, and **VENTECH, LLC**, a Michigan limited liability company (the "**Debtor**"), whose address is 29769 Anthony Drive, Wixom, MI 48393. Secured Party and Debtor are hereinafter also referred to individually as a "**Party**" and collectively as the "**Parties**".

RECITALS

- A. The Secured Party wishes to assure itself of the performance of certain obligations of the Debtor under a certain Technology License Agreement between the Parties of even date herewith ("**License Agreement**"); and
- B. The grant of the security interests herein is given as an inducement to Secured Party to enter into the License Agreement and the payment of sums as provided for therein.

NOW, THEREFORE, in consideration of good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Parties hereby agree as follows:

1. Collateral

For purposes of this Security Agreement, "**Collateral**" shall mean and refer to any and all of Debtor's present and future right, title and interest in and to the following items:

- a. All Debtor's interest and/or ownership in the Licensed Patents including, but not limited to, the patent and patent applications listed on the attached **Exhibit A**; all patents that may issue based upon any of the patent applications listed on the attached **Exhibit A**; all patents that may issue upon any continuations, continuations-in-part, or divisional applications related to any of the foregoing that have been or may be filed; any divisions, reissues and reexaminations based on any of the foregoing (the "**Patents**").
- b. All Debtor's general intangibles that are Intellectual Property Rights licensed to Secured Party including trade secrets, know how, information and technology in existence now or hereafter developed, which is a part of the LHG Technology, including but not limited to all samples, prototypes, drawings, test results, correspondence and any kind of document, electronic media or copyright, trademark right or other intellectual property right (the "**Intellectual Property**").
- c. All Debtor's interest and/or ownership in the Jointly-Owned LHG Technology (the "**Jointly Owned Property**").

d. All foreign rights corresponding to the above described rights, including, without limitation, those available by treaty and reciprocity.

2. Grant of Security Interest

For valuable consideration, the Debtor hereby grants to the Secured Party a security interest in the Collateral. Upon the Secured Party's request, the Debtor shall take such steps as are necessary to cooperate with the Secured Party to perfect its security interest granted hereunder. Debtor hereby authorizes the Secured Party to file and record such financing statements and documents and to take any action as may be necessary to perfect the security interest granted herein, and Debtor agrees to sign such documents as may be necessary to perfect the secured interest granted herein upon request.

3. Obligations Secured

The security interest created by this Security Agreement secures the obligation of Debtor under Section 10.3(d) of the License Agreement to repay the Initial License Fees previously paid to Debtor out of any proceeds Debtor may obtain from licensing (x) any of the LHG Technology within the Webasto Market, and (y) any of the Jointly-Owned Technology outside the Webasto Market, by paying to Secured Party fifty percent (50%) of any royalty payments from the applicable third party licensees received by Debtor after Secured Party's election under such Section 10.3(d) and until such Initial License Fees are repaid (the "**Obligation**").

4. Rights to Collateral

So long as there is no Event of Default (as defined in Section 6 below), the Debtor shall retain possession and have full legal and beneficial ownership of the Collateral and shall have the benefit of any increase and bear the risk of any decrease in the value of the Collateral. Debtor shall pay all maintenance fees with respect to such Collateral in accordance with the License Agreement.

5. Representations, Warranties and Agreements

The Debtor represents, warrants and agrees that the Debtor is a Michigan limited liability company validly existing and in good standing under the laws of the State of Michigan. The delivery and performance of this Security Agreement by the Debtor have been authorized by all necessary action as may be required by the Operating Agreement of the Debtor and does not and will not violate its Articles of Organization, Operating Agreement, or any other agreement binding upon the Debtor. This Security Agreement has been duly executed and delivered by Debtor and constitutes the Debtor's lawful, legal and binding obligation. Except for any financing statement to be filed under the applicable Uniform Commercial Code (the "**UCC**") the filing or recording of this Agreement in the U.S. Patent and Trademark Office, the authorization, execution, delivery and performance of this Security Agreement do not require notification to, registration with or approval by any federal, state or local regulatory body or administrative agency.

6. Default and Remedies

a. If the Debtor fails to pay the Obligation after thirty (30) days written notice given by Secured party to Debtor and opportunity to cure, and provided that Debtor has not responded to such notice with a good faith, written notice that it disputes that the Obligation has not been paid as required ("Event of Default"), the Secured Party shall be entitled to the following:

- (1) An assignment and transfer by Debtor of all its rights and title in and to the Collateral;
- (2) Without taking possession, sell or otherwise dispose of the Collateral in accordance with applicable law;
- (3) File an assignment of the Patents with the United States Patent and Trademark Office transferring ownership of the Patents to Secured Party;
- (4) All rights and remedies as are provided by the UCC, other applicable laws and/or a court of competent jurisdiction.

b. Any dispute between Debtor and Secured Party regarding the existence of an Event of Default shall be subject to arbitration in accordance with Section 13.16(b) of the License Agreement. Debtor shall have ninety (90) days to pay any amount awarded by an arbitrator before Secured party may exercise its rights under this Agreement. Provided, however, no such dispute shall be subject to arbitration in the event that Ventech is involved in a judicial or administrative proceeding which results in supervision by a court or administrative body with regard to such dispute.

c. All rights and remedies of the Secured Party provided for in this Paragraph 6 shall be cumulative and shall not be to the exclusion of any additional rights that the Secured Party may enjoy under applicable law. All costs and expenses incurred by the Secured Party in enforcing its rights under this Security Agreement, including legal expenses and reasonable attorneys' fees, shall be borne by the Debtor.

d. The failure of the Secured Party to exercise any right to seek any remedy provided for in this Section 6, and the acceptance by the Secured Party of any partial or delinquent performance by the Debtor of the Obligation, shall not constitute a waiver by the Secured Party of any of its rights or remedies hereunder or of its right thereafter to enforce this Security Agreement strictly in accordance with its terms. No waiver of any rights of the Secured Party, or modification of any term of this Security Agreement, shall be enforceable unless in writing and signed by the authorized representative of each of the Parties hereto.

e. Without limiting any right of the Debtor under applicable law, if the Secured Party forecloses upon and/or liquidates the Collateral, the proceeds of the Collateral in excess of the Obligation and costs of collection as provided by applicable law, the Secured Party must pay all such excess to the Debtor. If the Collateral remains in the possession of the Secured Party upon satisfaction of the Obligation and payment of costs of collection, the Secured Party shall return the Collateral to the Debtor promptly upon such satisfaction subject to any licenses which may have been granted by the Secured Party.

f. In the event that Secured Party exercises its rights under this Agreement after arbitration as provided in Sec. 6 (b) and if the Debtor, prior to the time of disposition of the Collateral, has provided proof to the Secured Party that it has, after the Secured Party has exercised its rights under this Agreement, bona fide third party sublicensees or has been and continues to operate a manufacturing and distribution business outside of the Webasto Market, the disposition shall be contingent upon the owner of the Collateral granting to the Debtor a license to use the Collateral in connection with such presently existing or future sublicensees or its operation of its business outside of the Webasto Market (hereinafter "License"); provided, that the Debtor shall pay to the Secured Party a licensee fee equal to onehundred (100%) percent of the Royalties of such Sublicensees and 5.5% of the net sales revenue (as defined in Section 7.3(b) of the License Agreement) of the Ventech business (hereinafter "License Fee"). The Debtor shall provide License Fee reports to the Secured Party within seven (7) days after the end of each month and shall pay the License Fee resulting herefrom to Secured Party within the same period of time. Concerning the License Fee reports the Secured Party shall have the same audit rights as granted to the Debtor in Sec. 7.14 of the License Agreement. Failure to pay such License Fee shall result in the immediate termination of the License.

7. Termination

This Security Agreement shall automatically terminate upon the payment of the Obligation by the Debtor to the Secured Party or upon the occurrence of Mass Production and upon either such event the Debtor is authorized to execute and file on behalf of the Secured Party all appropriate termination documents.

8. Terms

All capitalized terms herein not specifically defined herein shall have the meaning set forth in the License Agreement.

9. Miscellaneous

a. Any notice or other communications hereunder to any party shall be in writing and may be personally served or sent by United States mail, registered or certified, postage prepaid and properly addressed as follows:

To Secured Party:

Webasto AG
Kraillinger StraBe 5
82131 Stockdorf, Germany
Facsimile: 011 49 89 85794700

with a copy to:

John A. Nitz, Esq.
O'Reilly Rancilio P.C.
12900 Hall Road, Suite 350
Sterling Heights, MI 48313
Facsimile: 586-726-1560

and to:

Noel-Fabian Schreiber, Esq.
Webasto AG
Head of Legal Services
Kraillinger StraBe 5
82131 Stockdorf
Germany
Facsimile: 011 49 89 85794700

To Debtor:

Jeremy Sanger, Manager
Ventech, LLC
29769 Anthony Drive
Wixom, MI 48393
Facsimile: 248-668-1115

With copy to:

Mark G. Malven, Esq.
Dykema Gossett PLLC
39577 Woodward Avenue, Suite 300
Bloomfield Hills, MI 48304
Facsimile: 248-203-0763

b. This Security Agreement shall be construed and enforced in accordance with the laws of the State of Michigan, without the application of any principle that leads to the application of the laws of any other jurisdiction.

c. This Security Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.

Signature Page

to

SECURITY AGREEMENT

The Parties have executed this Security Agreement on the date first above written.

SECURED PARTY:

WEBASTO AG, a German corporation

By: _____
Phillip A. Thompson, Member of
the Board of Management
Its: Chief Marketing Officer

DEBTOR:

VENTECH, LLC, a Michigan limited
liability company

By: _____
Jeremy Hanger
Its: Manager

Signature Page

to

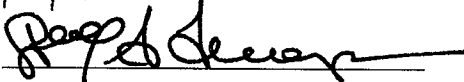
SECURITY AGREEMENT

The Parties have executed this Security Agreement on the date first above written.

SECURED PARTY:

WEBASTO AG, a German corporation

12/07/06

By: 

Its: Member of the Management Board

DEBTOR:

VENTECH, LLC, a Michigan limited liability company

By: _____

Jeremy Sanger

Its: Manager

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ID\MGM

Exhibit A
Licensed Patents and Prosecution Jurisdictions

Patent:

U.S. Patent No. 5,683,031
Titled: Liquid Heat Generator
Date Issued: November 4, 1997
Request for reexamination filed October 16, 2006

Patent Applications:

U.S. Patent Application for Vehicle Supplemental Heating System
Serial No.: 11/068,285
Filing date: February 28, 2005

U.S. Provisional Patent Application for Vehicle Supplemental Heating System
Serial No.: 60/843,083
Filed: September 8, 2006

South African Patent Application for Vehicle Supplemental Heating System
Serial No.: 2006/07137
Filed: August 25, 2006

Mexican Patent Application for Vehicle Supplemental Heating System
Serial No.: PA/a/2006/009758
Filed: August 25, 2006

South Korean Patent Application for Vehicle Supplemental Heating System
Serial No.: 10-2006-7019877
Filed: September 26, 2006

European* Patent Application for Vehicle Supplemental Heating System
Serial No.: Not yet assigned.
Filed: August 25, 2006

Japanese Patent Application for Vehicle Supplemental Heating System
Serial No.: Not yet assigned.
Filed: August 28, 2006

Russian Patent Application for Vehicle Supplemental Heating System
Serial No.: Not yet assigned.
Filed: September 26, 2006

Brazilian Patent Application for Vehicle Supplemental Heating System
Serial No.: Not yet assigned.
Filed: August 28, 2006

Chinese Patent Application for Vehicle Supplemental Heating System

Serial No.: Not yet assigned.

Filed: October 12, 2006.

Indian Patent Application for Vehicle Supplemental Heating System

Serial No.: Not yet assigned.

Filed: August 24, 2006

Canadian Patent Application for Vehicle Supplemental Heating System

Serial No.: Not yet assigned

Filed: August 24, 2006

*Europe includes:

Austria

Belgium

Bulgaria

Switzerland

Cyprus

Czech Republic

Germany

Denmark

Estonia

Spain

Finland

France

United Kingdom

Hellenic Republic

Hungary

Ireland