

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
Jason A. Sullivan	09/14/2007

RECEIVING PARTY DATA

Name:	Computive Corporation
Street Address:	1220 North Main Street #4
City:	Springville
State/Country:	UTAH
Postal Code:	84663

Name:	KAM Systems, LLC
Street Address:	1220 North Main Street #4
City:	Springville
State/Country:	UTAH
Postal Code:	84663

PROPERTY NUMBERS Total: 1

Property Type	Number
Patent Number:	7075784

CORRESPONDENCE DATA

Fax Number: (801)578-6999  
*Correspondence will be sent via US Mail when the fax attempt is unsuccessful.*  
Phone: 8015786942  
Email: sfyoung@stoel.com  
Correspondent Name: Scott F. Young  
Address Line 1: 201 So. Main Street, Suite 1100  
Address Line 2: One Utah Center  
Address Line 4: Salt Lake City, UTAH 84111

ATTORNEY DOCKET NUMBER:

37049/4

PATENT

500376898

REEL: 019965 FRAME: 0473

OP \$40.00 7075784

NAME OF SUBMITTER:

Scott F. Young

Total Attachments: 10

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## SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "Agreement"), is made and entered into effective as of September 14, 2007 (the "Effective Date"), by and among Jason A. Sullivan, an individual with offices at 299 South Main Street, Suite 1300, Salt Lake City, Utah 84111 ("Obligor"), on the one hand, and Computive Corporation, a Utah corporation with offices at 1220 North Main St. #4, Springville, Utah 84663 ("Computive") and KAM Systems, LLC, a Utah limited liability company with offices at 1220 North Main St. #4, Springville, Utah 84663 ("KAM" and, together with Computive, the "Secured Parties"), on the other hand.

Obligor and the Secured Parties hereby agree as follows:

1. **Definitions; Interpretation.**

1.1 **Defined Terms.** Any capitalized terms used in this Agreement that are not defined in the context in which they are used or in this Section 1.1 shall have the meaning given such terms in the License Agreement.

"Collateral" has the meaning set forth in Section 2.

"Event of Default" has the meaning set forth in Section 3.

"License Agreement" means that certain License Agreement, dated as of August 22, 2006, between ISYS Technologies, Inc. ("ISYS") and Computive.

"Obligations" means (i) ISYS' obligation under Section 5.2 of the License Agreement to refund the Up-Front Payment to Computive; (ii) all of ISYS' and Obligor's obligations under the Prepaid Licensure Agreement including, without limitation, ISYS' obligation to refund to KAM the Prepayment Amount (as defined in the Prepaid Licensure Agreement) plus interest thereon pursuant to Section 3 of the Prepaid Licensure Agreement; (iii) the repayment of (a) any amounts that the Secured Parties may advance or spend for the maintenance or preservation of the Collateral and (b) any other expenditures that the Secured Parties may make under the provisions of this Agreement or for the benefit of ISYS or Obligor; (iv) all amounts owed under any modifications, renewals or extensions of any of the foregoing obligations; and (v) any of the foregoing that arises after the filing of a petition by or against ISYS under the Bankruptcy Code, even if the obligations do not accrue because of the automatic stay under Bankruptcy Code § 362 or otherwise.

"Prepaid Licensure Agreement" means the Prepaid Licensure Agreement, dated as of the date hereof, by and among ISYS, Obligor and the Secured Parties.

"PTO" means the United States Patent and Trademark Office.

"UCC" means the Uniform Commercial Code as in effect in the State of Utah.

1.2 **Terms Defined in UCC.** Where applicable in the context of this Agreement and except as otherwise defined herein, terms used in this Agreement shall have the meanings assigned to them in the UCC.

1.3 **Construction.** In this Agreement, the following rules of construction and interpretation shall be applicable: (i) no reference to "proceeds" in this Agreement authorizes any sale, transfer, or other

disposition of any Collateral by Obligor; (ii) "includes" and "including" are not limiting; (iii) "or" is not exclusive; and (iv) "all" includes "any" and "any" includes "all."

2. **Security Interest.**

2.1 **Background.** Obligor acknowledges that as a condition to each of the Secured Parties' agreement to enter into the Prepaid Licensure Agreement, each of the Secured Parties requires Obligor's pledge of the Collateral in accordance with the terms of this Agreement. ISYS also desires that Obligor enter into this Agreement and make the covenants contemplated hereby. Obligor acknowledges that he receives a substantial benefit from the consummation of the Prepaid Licensure Agreement, and is therefore willing to enter into this Agreement with the Secured Parties.

2.2 **Grant of Security Interest.** As security for the payment and performance of the Obligations, Obligor hereby assigns, transfers and conveys to the Secured Parties, and grants to the Secured Parties a security interest in and mortgage to, all of Obligor's right, title and interest in, to and under the following property, in each case whether now or hereafter existing or arising or in which Obligor now has or hereafter owns, acquires or develops an interest and wherever located (collectively, the "Collateral"):

(a) all United States patents and patent applications of Obligor (including such patents and patent applications as described in Exhibit A), all licenses relating to any of the foregoing, including, without limitation, that certain license agreement dated November 22, 2002 between Obligor and ISYS, and all income and royalties with respect to any such licenses, all rights to sue for past, present or future infringement thereof, all rights arising therefrom and pertaining thereto and all reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof (the "Patent Rights");

(b) all general intangibles and all intangible intellectual or other similar property of Obligor of any kind or nature, associated with or arising out of any of the aforementioned properties and assets and not otherwise described above; and

(c) all proceeds from the Patent Rights (including license royalties, rights to payment, accounts and proceeds of infringement suits) and, to the extent not otherwise included, all payments under insurance (whether or not either one of the Secured Parties is the loss payee thereof) or any indemnity, warranty or guaranty payable by reason of loss or damage to or otherwise with respect to the Patent Rights.

2.3 **Continuing Security Interest.** Obligor agrees that this Agreement shall create a continuing security interest in the Collateral which shall remain in effect until terminated in accordance with Section 12.

2.4 **Perfection of Security Interest.** On a continuing basis, Obligor shall make, execute, acknowledge and deliver, and file and record in the proper filing and recording places, all such instruments and documents, and take all such action as may be necessary or advisable or may be requested by the Secured Parties to carry out the intent and purposes of this Agreement, or for assuring, confirming or protecting the grant or perfection of the security interest granted or purported to be granted hereby, to ensure Obligor's compliance with this Agreement or to enable the Secured Parties to exercise and enforce their rights and remedies hereunder with respect to the Collateral, including any documents for filing with the PTO or any applicable state office. The Secured Parties may record this Agreement, an abstract thereof, or any other document describing the Secured Parties' interest in the Collateral with the PTO, at the expense of Obligor. In addition, Obligor authorizes the Secured Parties to file financing statements, in form satisfactory to the Secured Parties, describing the Collateral in any UCC filing office

deemed appropriate by the Secured Parties. If the Obligor shall at any time hold or acquire a commercial tort claim arising with respect to the Collateral, the Obligor shall immediately notify the Secured Parties in a writing signed by the Obligor of the brief details thereof and grant to the Secured Parties in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance satisfactory to the Secured Parties.

## **2.5 Obligations of Obligor.**

(a) **Payment and Performance.** Obligor shall ensure that ISYS pays to the Secured Parties promptly when due all amounts payable under Section 5.2 of the License Agreement and promptly refunds any unused portion of the Prepayment Amount, plus interest thereon, in accordance with Section 3 of the Prepaid Licensure Agreement, and that ISYS strictly performs all of the other Obligations.

(b) **Transactions Involving Collateral.** Without the prior written consent of the Secured Parties, Obligor shall not sell, offer to sell or otherwise transfer the Collateral, except for licenses or transfers of inventory in the ordinary course of business. Obligor shall not pledge, mortgage, encumber or otherwise permit the Collateral to be subject to any lien, security interest or charge, other than the security interest in favor of the Secured Parties without the prior written consent of the Secured Parties.

(c) **Title.** Obligor shall defend the Secured Parties' rights hereunder against the claims and demands of all persons. Obligor shall at all times keep the Collateral free from any liens or encumbrances (other than the lien under this Agreement). Obligor shall give the Secured Parties prompt written notice of any action by a third party attempting to obtain possession of, or an interest in, the Collateral. Obligor further agrees to cooperate with the Secured Parties to ensure that the Secured Parties are in a first lien position prior to all other liens, claims, and encumbrances including, without limitation, the Permitted Liens, with respect to the Collateral.

(d) **Maintenance of Records; Inspection.** Obligor shall maintain, or cause to be maintained, complete and accurate records relating to the Collateral. The Secured Parties shall have the right to request and receive from Obligor assurance that such records are being maintained and the Collateral is secure.

(e) **Maintenance of Patents Included in Collateral.** Obligor agrees to maintain all of the patents, patent applications and other patent rights included in the Collateral and to take all necessary steps in any proceeding before the PTO, or any similar office or agency in any other country or any political subdivision thereof or in any court, to maintain the patents, patent applications and other patent rights included in the Collateral and all registrations therefor. All expenses incurred in connection with such activities shall be borne by Obligor. Without the prior written consent of Secured Parties, Obligor shall not abandon or cease to maintain any of the patents, patent applications or other patent rights included in the Collateral.

## **3. Events of Default; Remedies.**

3.1 **Events of Default.** The occurrence of any of the following shall constitute an Event of Default:

(a) Failure of ISYS to make any payment to Computive when due under Section 5.2 of the License Agreement.

- (b) Failure of ISYS to refund to KAM any unused portion of the Prepayment Amount, plus interest thereon, in accordance with the terms of Section 3 of the Prepaid Licensure Agreement.
- (c) Failure of ISYS to perform any of the other Obligations.
- (d) Any representation or warranty made by ISYS or Obligor in this Agreement, or by ISYS in the License Agreement or the Security Agreement, or in any certificate, financial statement, or other statement furnished by ISYS or Obligor to the Secured Parties, is untrue in any material respect at the time it was made.
- (e) The Collateral becomes endangered or the value thereof becomes substantially impaired.
- (f) The filing of a petition or action for relief by or against ISYS or Obligor under the Bankruptcy Reform Act, Title 11 of the U.S. Code in effect from time to time, or under any other law relating to bankruptcy, insolvency, reorganization, moratorium, creditor composition, arrangement or other relief for ISYS or Obligor; the appointment of a receiver, trustee, custodian or liquidator of or for any part of the assets or property of ISYS or Obligor; a general assignment from ISYS or Obligor for the benefit of creditors; failure by ISYS or Obligor to pay its debts generally as they become due; or the death, incapacity, insolvency, dissolution or termination of the business of ISYS or Obligor.
- (g) Any sale, transfer or other disposition of all or a substantial or material part of the assets of ISYS, including without limitation to any trust or similar entity.
- (h) The entering of any judgment(s) against ISYS or Obligor, or the attachment of any involuntary lien(s) of any kind or character to any assets or property of ISYS or Obligor, any of which, in the reasonable judgment of the Secured Parties, will have a material adverse effect on the financial condition or business of ISYS or Obligor.
- (i) Failure by ISYS or Obligor to perform any of its duties or obligations under this Agreement not specifically referenced in this Section 3.

**3.2 Secured Parties' Remedies.** If an Event of Default occurs, the Secured Parties may, without further notice or demand and without limitation of any other remedies: (i) declare all amounts secured by the Collateral immediately due and payable, (ii) require Obligor to assign the Collateral to the Secured Parties, (iii) require Obligor to assemble the Collateral and make it available to the Secured Parties at a place to be designated by the Secured Parties, (iv) sell, lease or otherwise dispose of any or all of the Collateral, at public or private sale, and after deducting the expenses incurred by the Secured Parties, including, without limitation, reasonable attorneys' fees and all expenses incurred in taking, storing, operating and repairing the Collateral, apply the balance of the proceeds to the satisfaction of the Obligations (in the event of a deficiency, Obligor shall pay such deficiency to the Secured Parties upon demand), and (v) exercise any of the rights and remedies of a secured party granted by law. Upon the request of the Secured Parties, Obligor hereby agrees to execute an assignment of its rights in the Collateral in form acceptable to the Secured Parties and to promptly deliver such assignment to the Secured Parties.

**3.3 Attorney in Fact.** Obligor hereby irrevocably appoints the Secured Parties as Obligor's attorney-in-fact, with full authority to take any action in the name of Obligor that Obligor is required to take under this Agreement, including, without limitation, the right to convey and assign any item of

Collateral upon the occurrence of an Event of Default and the right to execute other documents necessary to accomplish the purposes of this Agreement.

4. ***Representations and Warranties.***

4.1 ***Patent Rights.*** Obligor represents and warrants to the Secured Parties that a true and correct list of all of the Patent Rights owned by Obligor, in whole or in part, is set forth in Exhibit A.

4.2 ***Ownership of Collateral.*** Obligor is the owner of the Collateral free from any right or claim of any person or any adverse lien, security interest or other encumbrance, except for (a) the security interest created by this Agreement and (b) any Permitted Liens. "Permitted Liens" shall mean (i) those exceptions to title to the properties and assets of Obligor described on Exhibit B and approved by the Secured Parties; (ii) statutory liens for current taxes or assessments not yet due or delinquent or the validity of which is being contested in good faith by appropriate proceedings; and (iii) mechanics', carriers', workers', repairers' and other similar liens arising or incurred in the ordinary course of business relating to obligations as to which there is no default on the part of Obligor.

4.3 ***Validity and Perfection of Security Interest.*** The security interest of the Secured Parties in and to the Collateral is valid, perfected, in full force and effect, and constitutes a first lien position prior to all other liens, claims, and encumbrances except for Permitted Liens. Without limiting the foregoing, Obligor agrees to cooperate with the Secured Parties to ensure that the Secured Parties are in a first lien position prior to all other liens, claims, and encumbrances including, without limitation, the Permitted Liens, with respect to the Collateral.

5. ***Indemnification.*** Obligor shall hold harmless, reimburse, indemnify, and defend the Secured Parties from and against any and all losses, injury, obligations, claims, damages, judgments, and injuries of any nature resulting from, arising out of, or related in any respect to the falsity or inaccuracy of any representation or warranty made by Obligor above, including, without limitation, all attorneys' fees, costs, and expenses of any nature incurred by the Secured Parties as a result of or related to such false or inaccurate representations and/or warranties of Obligor above.

6. ***Authorization to Supplement.*** If Obligor shall obtain rights to any new patentable inventions or become entitled to the benefit of any United States patent application or patent for any reissue, division, or continuation, of any patent, the provisions of this Agreement shall automatically apply thereto. Obligor shall give prompt notice in writing to the Secured Parties with respect to any such new patent rights. Without limiting Obligor's obligations under this Section 6, Obligor authorizes the Secured Parties unilaterally to modify this Agreement by amending Exhibit A to include any such new patent rights. Notwithstanding the foregoing, no failure to so modify this Agreement or amend Exhibit A shall in any way affect, invalidate or detract from the Secured Parties' continuing security interest in all Collateral, whether or not listed on Exhibit A.

7. ***Further Assurances.***

7.1 ***Notice.*** Obligor shall continue to use reasonable and proper statutory notice in connection with its use of any of the patent rights included in the Collateral.

7.2 ***Further Acts.*** Obligor agrees that from time to time, at Obligor's expense, Obligor shall promptly execute and deliver all further instruments and documents, and take all further action that the Secured Parties may request in order to exercise and enforce its rights and remedies hereunder with respect to the Collateral.

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8. **Binding Effect.** This Agreement shall be binding upon, inure to the benefit of and be enforceable by Obligor, the Secured Parties and their respective successors and assigns.
9. **Governing Law.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of Utah, except as required by mandatory provisions of law or to the extent the perfection or priority of the security interests hereunder, or the remedies hereunder, in respect of any Collateral are governed by the law of a jurisdiction other than Utah.
10. **Entire Agreement; Amendment.** This Agreement, the License Agreement and the Prepaid Licensure Agreement, and the Stock Purchase Agreement (as defined in the Prepaid Licensure Agreement), together with the Exhibits hereto and thereto, contain the entire agreement of the parties with respect to the subject matter hereof and supersede all prior drafts and communications relating to such subject matter. Neither this Agreement nor any provision hereof may be modified, amended or waived except by the written agreement of the parties. Notwithstanding the foregoing, the Secured Parties unilaterally may re-execute this Agreement or modify, amend or supplement the Exhibit A hereto as provided in Section 6 hereof. To the extent that any provision of this Agreement conflicts with any provision of the License Agreement or the Prepaid Licensure Agreement, the provision giving the Secured Parties greater rights or remedies shall govern, it being understood that the purpose of this Agreement is to add to, and not detract from, the rights granted to the Secured Parties under the License Agreement and the Prepaid Licensure Agreement.
11. **Counterparts.** This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Delivery of an executed counterpart of this Agreement by facsimile shall be equally as effective as delivery of a manually executed counterpart. Any party hereto delivering a counterpart of this Agreement by facsimile shall also deliver a manually executed counterpart, but the failure to so deliver a manually executed counterpart shall not affect the validity, enforceability, or binding effect hereof.
12. **Termination.** Upon payment and performance in full of all Obligations, the security interests created by this Agreement shall terminate and the Secured Parties (at Obligor's expense) shall promptly execute and deliver to Obligor such documents and instruments reasonably requested by Obligor as shall be necessary to evidence termination of all such security interests given by Obligor to the Secured Parties hereunder, including cancellation of this Agreement by written notice from the Secured Parties to the PTO.
13. **No Inconsistent Requirements.** Obligor acknowledges that this Agreement and the other documents, agreements and instruments entered into or executed in connection herewith may contain covenants and other terms and provisions variously stated regarding the same or similar matters, and Obligor agrees that all such covenants, terms and provisions are cumulative and all shall be performed and satisfied in accordance with their respective terms.
14. **Severability.** If one or more provisions contained in this Agreement shall be invalid, illegal or unenforceable in any respect in any jurisdiction or with respect to any party, such invalidity, illegality or unenforceability in such jurisdiction or with respect to such party shall, to the fullest extent permitted by applicable law, not invalidate or render illegal or unenforceable any such provision in any other jurisdiction or with respect to any other party, or any other provisions of this Agreement.
15. **Notices.** All notices and other communications hereunder shall be in writing and shall be mailed, sent or delivered in accordance with the License Agreement.



16. **No Responsibility for Collateral.** Under no circumstances whatsoever shall the Secured Parties be deemed to assume any responsibility for or obligation or duty with respect to any part or all of the Collateral, of any nature or kind whatsoever, or any matter or proceedings arising out of or relating thereto.

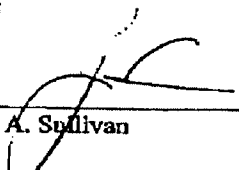
17. **Waiver.** Nothing herein (or any of the other agreements to be signed by the parties in connection herewith) shall be deemed to be a waiver of any of the Secured Parties' rights with respect to any breach of any provision of the License Agreement or the Security Agreement by ISYS and all legal remedies remain available to the Secured Parties with respect to any such breach.

18. **Remedies.** The rights or remedies of the Parties shall be cumulative and concurrent, and may be pursued singly, successively, or together. The failure to exercise any such right or remedy shall in no event be construed as a waiver or release of said rights or remedies or a waiver of the right to exercise them at any later time. No waiver shall be binding unless executed in writing by the party making the waiver.

*[Signature Page Follows]*

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement, as of the date first above written.

**OBLIGOR:**

  
\_\_\_\_\_  
Jason A. Sullivan

Date: September 14, 2007

**SECURED PARTIES:**

**COMPUTIVE**

Computive Corporation

By: 

Print Name: KEN MURDOCK

Title: PRESIDENT

Date: September 14, 2007

**KAM**

KAM Systems, LLC

By: 

Print Name: KEN MURDOCK

Title: MANAGER

Date: September 14, 2007

**EXHIBIT A**

**Patents And Patent Applications Of Obligor**

1. **"Non-peripherals processing control module having improved heat dissipating properties"**  
Published by the U.S. Patent and Trademark Office on August 5, 2004 as  
Publication No. US-2004-0150959-A1.
2. **"Robust customizable computer processing system"**  
Published by the U.S. Patent and Trademark Office on July 15, 2004 as  
Publication No. US-2004-0136167-A1, now issued as United States Patent No.  
7,242,574.
3. **"Systems and methods for providing a dynamically modular processing unit"**  
Published by the U.S. Patent and Trademark Office on July 15, 2004 as  
Publication No. US-2004-0136166-A1, now issued as United States Patent No.  
7,075,784.

**License Agreements of Obligor**

License Agreement dated November 22, 2002 between Obligor and JSYS.

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**EXHIBIT B  
PERMITTED LIENS**

Lien of Walter Owen Peterson, III with respect to United States Patent No. 7,075,784 entitled "Systems and methods for providing a dynamically modular processing unit"

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