

PATENT ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

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| SUBMISSION TYPE: | NEW ASSIGNMENT |
| NATURE OF CONVEYANCE: | SECURITY AGREEMENT |
| CONVEYING PARTY DATA | |
| Name | Execution Date |
| Liquid Engines, Inc. | 11/16/2007 |
| RECEIVING PARTY DATA | |
| Name: | Incyte Capital Partners, LLC |
| Street Address: | 275 Madison Avenue |
| Internal Address: | 4th Floor |
| City: | New York |
| State/Country: | NEW YORK |
| Postal Code: | 10016 |
| PROPERTY NUMBERS Total: 5 | |
| Property Type | Number |
| Application Number: | 11551690 |
| Application Number: | 11421746 |
| Application Number: | 11728125 |
| Application Number: | 11588067 |
| Application Number: | 10319182 |
| CORRESPONDENCE DATA | |
| Fax Number: | (612)766-1600 |
| <i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i> | |
| Phone: | 612-766-6911 |
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| Correspondent Name: | Susan Carlson |
| Address Line 1: | 90 South Seventh Street |
| Address Line 2: | Suite 2200 |
| Address Line 4: | Minneapolis, MINNESOTA 55402 |
| NAME OF SUBMITTER: | Susan Carlson |

OP \$200.00 11551690

Total Attachments: 9

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PATENT AND TRADEMARK SECURITY AGREEMENT

This Agreement (“Agreement”), dated as of November 16, 2007, is made by and between LIQUID ENGINES, INC., a Delaware corporation (the “Borrower”), and INCYTE CAPITAL PARTNERS, LLC, a Delaware limited liability company (the “Secured Party”).

Recitals

The Borrower and the Secured Party, as successor to Bridge Bank, National Association, are parties to that certain Business Financing Agreement dated as of December 14, 2005, as amended by the First Amendment to the Business Financing Agreement dated as of November 16, 2007 (“Finance Agreement”).

Certain Events of Default (as defined in the Finance Agreement) have occurred and are continuing under the Finance Agreement.

The Secured Party has agreed to forbear from exercising its remedies under the Finance Agreement pursuant to the terms of a Forbearance Agreement dated as of November 16, 2007, between the Borrower and the Secured Party (“Forbearance Agreement”).

As a condition to forbearing from exercising its remedies, the Secured Party has required the execution and delivery of this Agreement by the Borrower.

ACCORDINGLY, in consideration of the mutual covenants contained in the Loan Documents and herein, the parties hereby agree as follows:

1. Definitions. All terms defined in the Recitals hereto or in the Finance Agreement that are not otherwise defined herein shall have the meanings given to them therein. In addition, the following terms have the meanings set forth below:

“Patents” means all of the Borrower’s right, title and interest in and to patents or applications for patents, fees or royalties with respect to each, and including without limitation the right to sue for past infringement and damages therefor, and licenses thereunder, all as presently existing or hereafter arising or acquired, including without limitation the patents listed on Exhibit A.

“Security Interest” has the meaning given in Section 2.

“Trademarks” means all of the Borrower’s right, title and interest in and to: (i) trademarks, service marks, collective membership marks, registrations and applications for registration for each, and the respective goodwill associated with each, (ii) licenses, fees or royalties with respect to each, (iii) the right to sue for past, present and future infringement, dilution and damages therefor, (iv) and licenses thereunder, all as presently existing or hereafter arising or acquired, including, without limitation, the marks listed on Exhibit B.

2. Security Interest. The Borrower hereby irrevocably pledges and assigns to, and grants the Secured Party a security interest (the "Security Interest"), with power of sale to the extent permitted by law, in the Patents and in the Trademarks to secure payment of the Obligations. As set forth in the Finance Agreement, the Security Interest is coupled with a security interest in substantially all of the property of the Borrower.

3. Representations, Warranties and Agreements. The Borrower represents, warrants and agrees as follows:

(a) ***Existence; Authority.*** The Borrower is a corporation duly organized, validly existing and in good standing under the laws of its state of incorporation, and this Agreement has been duly and validly authorized by all necessary corporate action on the part of the Borrower.

(b) ***Patents.*** Exhibit A accurately lists all Patents owned or controlled by the Borrower as of the date hereof, or to which the Borrower has a right as of the date hereof to have assigned to it, and accurately reflects the existence and status of applications and letters patent pertaining to the Patents as of the date hereof. If after the date hereof, the Borrower owns, controls or has a right to have assigned to it any Patents not listed on Exhibit A, or if Exhibit A ceases to accurately reflect the existence and status of applications and letters patent pertaining to the Patents, then the Borrower shall within 60 days provide written notice to the Secured Party with a replacement Exhibit A, which upon acceptance by the Secured Party shall become part of this Agreement.

(c) ***Trademarks.*** Exhibit B accurately lists all Trademarks owned or controlled by the Borrower as of the date hereof and accurately reflects the existence and status of Trademarks and all applications and registrations pertaining thereto as of the date hereof; provided, however, that Exhibit B need not list common law marks (i.e., Trademarks for which there are no applications or registrations) which are not material to the Borrower's business(es). If after the date hereof, the Borrower owns or controls any Trademarks not listed on Exhibit B (other than common law marks which are not material to the Borrower's business(es)), or if Exhibit B ceases to accurately reflect the existence and status of applications and registrations pertaining to the Trademarks, then the Borrower shall promptly provide written notice to the Secured Party with a replacement Exhibit B, which upon acceptance by the Secured Party shall become part of this Agreement.

(d) ***Title.*** The Borrower has good title to each Patent and each Trademark listed on Exhibits A and B, free and clear of all liens. The Borrower (i) will have, at the time the Borrower acquires any rights in Patents or Trademarks hereafter arising, good title to each such Patent or Trademark free and clear of all liens, and (ii) will keep all Patents and Trademarks free and clear of all liens.

(e) ***No Sale.*** Except as permitted in the Finance Agreement, the Borrower will not assign, transfer, encumber or otherwise dispose of the Patents or Trademarks, or any interest therein, without the Secured Party's prior written consent.

(f) **Defense.** The Borrower will, at its own expense and using commercially reasonable efforts, protect and defend the Patents and Trademarks to the extent reasonably advisable in its business against all claims or demands of all Persons.

(g) **Maintenance.** The Borrower will at its own expense maintain the Patents and the Trademarks to the extent reasonably advisable in its business including, but not limited to, filing all applications to obtain letters patent or trademark registrations and all affidavits, maintenance fees, annuities, and renewals possible with respect to letters patent, trademark registrations and applications therefor. The Borrower covenants that, unless otherwise reasonably advisable in its business, it will not abandon nor fail to pay any maintenance fee or annuity due and payable on any Patent or Trademark, nor fail to file any required affidavit or renewal in support thereof, without first providing the Secured Party: (i) sufficient written notice, of at least 30 days, to allow the Secured Party to timely pay any such maintenance fees or annuities which may become due on any Patents or Trademarks, or to file any affidavit or renewal with respect thereto, and (ii) a separate written power of attorney or other authorization to pay such maintenance fees or annuities, or to file such affidavit or renewal, should such be necessary or desirable.

(h) **Secured Party's Right to Take Action.** If the Borrower fails to perform or observe any of its covenants or agreements set forth in this Section 3, and if such failure continues for a period of ten (10) calendar days after the Secured Party gives the Borrower written notice thereof (or, in the case of the agreements contained in subsection (g), immediately upon the occurrence of such failure, without notice or lapse of time), or if the Borrower notifies the Secured Party that it intends to abandon a Patent or Trademark, the Secured Party may (but need not) perform or observe such covenant or agreement or take steps to prevent such intended abandonment on behalf and in the name, place and stead of the Borrower (or, at the Secured Party's option, in the Secured Party's own name) and may (but need not) take any and all other actions which the Secured Party may reasonably deem necessary to cure or correct such failure or prevent such intended abandonment.

(i) **Costs and Expenses.** Except to the extent that the effect of such payment would be to render any loan or forbearance of money usurious or otherwise illegal under any applicable law, the Borrower shall pay the Secured Party on demand the amount of all moneys expended and all costs and expenses (including reasonable attorneys' fees and disbursements) incurred by the Secured Party in connection with or as a result of the Secured Party's taking action under subsection (h) or exercising its rights under Section 6, together with interest thereon from the date expended or incurred by the Secured Party at the Revolving Interest Rate.

(j) **Power of Attorney.** To facilitate the Secured Party's taking action under subsection (h) and exercising its rights under Section 6, the Borrower hereby irrevocably appoints (which appointment is coupled with an interest) the Secured Party, or its delegate, as the attorney-in-fact of the Borrower with the right (but not the duty) from time to time to create, prepare, complete, execute, deliver, endorse or file, in the name and on behalf of the Borrower, any and all instruments, documents, applications, financing statements, and other agreements and writings required to be obtained,

executed, delivered or endorsed by the Borrower under this Section 3, or, necessary for the Secured Party, after an Event of Default, to enforce or use the Patents or Trademarks or to grant or issue any exclusive or non-exclusive license under the Patents or Trademarks to any third party, or to sell, assign, transfer, pledge, encumber or otherwise transfer title in or dispose of the Patents or Trademarks to any third party. The Borrower hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. The power of attorney granted herein shall terminate upon the termination of the Finance Agreement as provided therein and the payment and performance of all Obligations.

4. Borrower's Use of the Patents and Trademarks. The Borrower shall be permitted to control and manage the Patents and Trademarks, including the right to exclude others from making, using or selling items covered by the Patents and Trademarks and any licenses thereunder, in the same manner and with the same effect as if this Agreement had not been entered into, so long as no Event of Default occurs and remains uncured.

5. Events of Default. Each of the following occurrences shall constitute an event of default under this Agreement (herein called "Event of Default"): (a) an Event of Default, as defined in the Finance Agreement, shall occur (not including Identified Events of Default, as defined in the Forbearance Agreement); or (b) the Borrower shall fail promptly to observe or perform any covenant or agreement herein binding on it; or (c) any of the representations or warranties contained in Section 3 shall prove to have been incorrect in any material respect when made.

6. Remedies. Upon the occurrence of an Event of Default and at any time thereafter, the Secured Party may, at its option, take any or all of the following actions:

(a) The Secured Party may exercise any or all remedies available under the Finance Agreement.

(b) The Secured Party may sell, assign, transfer, pledge, encumber or otherwise dispose of the Patents and Trademarks.

(c) The Secured Party may enforce the Patents and Trademarks and any licenses thereunder, and if Secured Party shall commence any suit for such enforcement, the Borrower shall, at the request of Secured Party, do any and all lawful acts and execute any and all proper documents required by Secured Party in aid of such enforcement.

7. Miscellaneous. This Agreement can be waived, modified, amended, terminated or discharged, and the Security Interest can be released, only explicitly in a writing signed by the Secured Party. A waiver signed by the Secured Party shall be effective only in the specific instance and for the specific purpose given. Mere delay or failure to act shall not preclude the exercise or enforcement of any of the Secured Party's rights or remedies. All rights and remedies of the Secured Party shall be cumulative and may be exercised singularly or concurrently, at the Secured Party's option, and the exercise or enforcement of any one such right or remedy shall neither be a condition to nor bar the exercise or enforcement of any other. All notices to be given to Borrower under this Agreement shall be given in the manner and with

the effect provided in the Finance Agreement. The Secured Party shall not be obligated to preserve any rights the Borrower may have against prior parties, to realize on the Patents and Trademarks at all or in any particular manner or order, or to apply any cash proceeds of Patents and Trademarks in any particular order of application. This Agreement shall be binding upon and inure to the benefit of the Borrower and the Secured Party and their respective participants, successors and assigns and shall take effect when signed by the Borrower and delivered to the Secured Party, and the Borrower waives notice of the Secured Party's acceptance hereof. The Secured Party may execute this Agreement if appropriate for the purpose of filing, but the failure of the Secured Party to execute this Agreement shall not affect or impair the validity or effectiveness of this Agreement. A carbon, photographic or other reproduction of this Agreement or of any financing statement signed by the Borrower shall have the same force and effect as the original for all purposes of a financing statement. This Agreement shall be governed by the internal law of the State of Delaware without regard to conflicts of law provisions. If any provision or application of this Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications which can be given effect and this Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby. All representations and warranties contained in this Agreement shall survive the execution, delivery and performance of this Agreement and the creation and payment of the Obligations.

THE PARTIES WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED ON OR PERTAINING TO THIS AGREEMENT.

IN WITNESS WHEREOF, the parties have executed this Patent and Trademark Security Agreement as of the date written above.

Liquid Engines, Inc.
385 Moffett Park Drive, Suite 105
Sunnyvale, CA 94089
Telecopier: (408) 585-9001
Attention: James B. Levison

LIQUID ENGINES, INC.

By *James B. Levison*
Name: James B. Levison
Its: Vice President, Finance

STATE OF California,
COUNTY OF Santa Clara


The foregoing instrument was acknowledged before me this 14 day of December, 2007, by James B. Levison, Vice President, Finance of Liquid Engines, Inc., a Delaware corporation, on behalf of the corporation.

Jennifer Ligon
Notary Public



Incyte Capital Partners, LLC
275 Madison Avenue, 4th Floor
New York, NY 10016
Telecopier: (212) 208-4546
Attention: Marc A. Gineris

INCYTE CAPITAL PARTNERS, LLC

By 
Name: Marc A. Gineris
Its: Managing Partner

STATE OF California)
COUNTY OF San Francisco)

The foregoing instrument was acknowledged before me this 14th day of December, 2007,
by Marc A. Gineris, Managing Partner of Incyte Capital Partners, LLC, a Delaware limited
liability company, on behalf of the company.


Notary Public

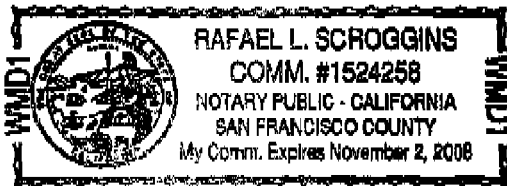


EXHIBIT A

UNITED STATES ISSUED PATENTS

| <u>Title</u> | <u>Patent Number</u> | <u>Issue Date</u> |
|--------------|----------------------|-------------------|
| NONE | | |

APPLICATIONS PENDING

| <u>Patent</u> | <u>Registration Number</u> | <u>Registration Date</u> |
|---|----------------------------|--------------------------|
| System and Method for Multi-State Tax Analysis | 11551690 | October 20, 2006 |
| System and Method to Calculate Tax Liability of a Foreign Entity | 11421746 | June 1, 2006 |
| System and Method for Analyzing Distributions of Taxation Analysis | 11728125 | March 23, 2007 |
| System and Method to Determine State Income Tax Liability | 11588067 | October 24, 2006 |
| Computer-Based Optimization System for Financial Performance Management | 10319182 | December 13, 2002 |

FOREIGN ISSUED PATENTS

| <u>Title</u> | <u>Country</u> | <u>Patent Number</u> | <u>Issue Date</u> |
|--------------|----------------|----------------------|-------------------|
| NONE | | | |

EXHIBIT B

UNITED STATES ISSUED TRADEMARKS, SERVICE MARKS
AND COLLECTIVE MEMBERSHIP MARKS

REGISTRATIONS

| | <u>Mark</u> | <u>Registration Number</u> | <u>Registration Date</u> |
|------|-------------|----------------------------|--------------------------|
| NONE | | | |

COLLECTIVE MEMBERSHIP MARKS

NONE

UNREGISTERED MARKS

NONE