

PATENT ASSIGNMENT

Electronic Version v1.1

Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	LIEN
CONVEYING PARTY DATA	
Name	Execution Date
Nico Worldwide, Inc	07/23/2007
RECEIVING PARTY DATA	
Name:	Mr. David L de Csepel
Street Address:	21 Reef Street
City:	Marina del Rey
State/Country:	CALIFORNIA
Postal Code:	90292
PROPERTY NUMBERS Total: 1	
Property Type	Number
Application Number:	10497375
CORRESPONDENCE DATA	
Fax Number:	(414)238-6530
<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>	
Phone:	414-287-1519
Email:	talberti@vonbriesen.com
Correspondent Name:	Thomas P Alberti
Address Line 1:	411 East Wisconsin Street
Address Line 2:	Suite 700
Address Line 4:	Milwaukee, WISCONSIN 53202
ATTORNEY DOCKET NUMBER:	20999-01
NAME OF SUBMITTER:	Thomas P Alberti
Total Attachments: 9 source=nico executed note#page1.tif source=nico executed note#page2.tif source=nico executed note#page3.tif source=nico executed note#page4.tif	

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THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR THE SECURITIES LAWS OF ANY STATE. THE TRANSFER OF SUCH SECURITIES IS SUBJECT TO THE CONDITIONS SET FORTH IN THIS NOTE, AND THE COMPANY RESERVES THE RIGHT TO REFUSE THE TRANSFER OF SUCH SECURITIES UNTIL SUCH CONDITIONS HAVE BEEN FULFILLED. THESE SECURITIES MAY NOT BE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT AND SUCH LAWS.

NICO WORLDWIDE, INC.

A CALIFORNIA COMPANY

9% CONVERTIBLE SECURED NOTE

\$200,000

July 23, 2007

FOR VALUE RECEIVED, the undersigned, **NICO WORLDWIDE, INC.**, a California company (the "Company"), promises to pay to the order of **David L. de Csepel**, or his registered assign (the "Holder"), the principal sum of TWO HUNDRED THOUSAND and no/100 DOLLARS (\$200,000.00), together with interest on the outstanding principal balance as set forth herein.

1. **Maturity Date.** The then outstanding principal balance, together with accrued and unpaid interest and other amounts due hereunder, shall become due and payable on the date which is one hundred eighty (180) days from the date of this Note (the "Maturity Date"). Notwithstanding, the Maturity Date shall be automatically extended to the date which is six months from the Maturity Date (the "Extended Maturity Date"), unless Company delivers written notice to Holder at least thirty (30) days prior to the Maturity Date of its election to redeem this Note upon the Maturity Date.

2. **Interest Rate; Payment; Origination Fee.**

(a) The outstanding principal balance of this Note shall bear interest at an annual rate equal to nine percent (9%) per annum, with interest accruing, from and including the date hereof, on a cumulative, non-compounding basis. Interest on the Note will accrue from the most recent date to which interest has been paid, or if no interest has been paid, from the date of issuance listed on the face of this Note. Interest shall be computed on the basis of a three hundred sixty (360)-day year of twelve (12), thirty (30)-day months.

(b) The Company will pay interest on the Note to the Holder at each of the Maturity Date and the Extended Maturity Date, as applicable. The Company will pay principal and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may pay principal and interest by its check payable in such money and may mail an interest payment to the Holder's address in the register maintained by the Company.

(c) The outstanding balance of any amount owed under this Note which is not paid when due shall bear interest at the rate of 6% per annum (the "Default Interest") above the rate that would otherwise be in effect under this Note with the Default Interest accruing, from and including such due date, on a cumulative, non-compounding basis.

(d) The Company shall also pay to the Holder, in addition to the principal and accrued and unpaid interest on the Note, a one-time origination fee in the amount equal to two percent (2%) of the original principal amount of the Note. Such origination fee shall be included in the principal amount of this Note and shall accrue interest in the same manner otherwise set forth herein from the date hereof.

(e) Upon issuance of this Note, the Company shall issue to Holder 50,000 non-assessable, fully paid Shares (as hereafter defined). In the event that the Company elects not to redeem this Note on the Maturity Date (and so long as Holder has not exercised its right of conversion hereunder), Company shall issue an additional 25,000 non-assessable, fully paid Shares to Holder upon the Maturity Date.

(f) Upon issuance of the Note, the Company and its Shareholders shall cause David L. de Csepel to be appointed to its Board of Directors in the manner set forth in the Company's Bylaws, such appointment to be properly authorized and ratified pursuant to said Bylaws and the laws of the State of California within thirty days from the date of this Note.

3. Mandatory Prepayment.

(a) Upon the occurrence of an Event of Default, the outstanding principal of and all accrued interest on this Note shall be accelerated and shall automatically become immediately due and payable, without presentment, demand, protest or notice of any kind, all of which are expressly waived by the Company, notwithstanding anything contained herein to the contrary.

(b) Notwithstanding the provisions of Section 8 herein, the Holder shall, at its sole option, have the right to require the Company to pay the outstanding principal of and all accrued interest on this Note if the Company, without the prior written consent of Holder, shall: (i) merge, combine or consolidate with, or agree to merge, combine or consolidate with, or purchase, or agree to purchase, all or substantially all of the stock or similar interest of, any person, firm or company or purchase, or agree to purchase, all or substantially all of the assets and properties of, or otherwise acquire, or agree to acquire, all or any portion of, any person, firm or company; (ii) sell all or substantially all of the assets and properties of Company; (iii) liquidate or dissolve the Company, effect any recapitalization or reorganization of the Company, or any stock split or reverse stock split, or, in each case, obligate itself to do so; (iv) amend or propose to amend the organizational documents of the Company; (v) issue any securities exercisable or exchangeable for, or convertible into, shares of the common stock of the Company ("Shares"), for consideration per Share (or an exercise, exchange or conversion price per Share) in an amount less than the Conversion Price; (vi) create, adopt or amend any equity incentive plan for directors, officers or employees, to permit the grant of, or otherwise grant, options or other rights to acquire Shares, (vii) make any loan or advance to any person, firm, company or other entity, (viii) enter into any material transaction in which any stockholder owning of record or beneficially more than ten percent (10%) of the Shares of the Company shall have, at the time, a beneficial interest, direct or indirect, or (ix) assume, guarantee, endorse or otherwise become liable in connection with the obligations, stock or dividends of any person, firm or company except in the ordinary course of business by endorsement of a negotiable instrument in the course of collection.

(c) At least thirty (30) days prior to the occurrence of any of the events set forth in subsection (b) above, the Company shall give written notice of such event to the Holder, including all material details of any such proposed event.

(d) Any mandatory prepayment under this Section 3 shall include payment of reasonable costs and expenses, if any, associated with such prepayment.

4. **No Prepayment.** Neither the principal nor any interest accrued thereon pursuant to this Note may be prepaid by Company, except as provided in Section 3 above.

5. **Representations and Warranties by the Company.** The Company hereby represents and warrants to Holder as follows:

(a) Company is a duly organized company existing in good standing under the laws of the State of California, and has the corporate power to own its own property and to carry on in the business as it is now being conducted.

(b) Company has on its corporate records the names of the individuals who own Shares, and which constitute all the issued and outstanding capital stock of the Company as of this date.

(c) The financial statements and other information concerning the Company previously provided to Holder are true and correct and have been prepared in accordance with generally accepted accounting principles consistently followed throughout the period indicated.

(d) There is no action or proceeding pending or threatened against the Company before any court or administrative agency, the determination of which might result in any material adverse change in the business of the Company.

(e) The Company has title to the respective properties and assets including the properties and assets reflected on the most recent financial statements and which assets and properties are subject to no liens, mortgages, encumbrances or charges except those incurred or given in the ordinary course of the Company's business.

(f) The Company is not a party to any contract or agreement or subject to any restriction which materially and adversely affects its business, property, assets, or financial condition, and neither the execution nor delivery of this Agreement, nor the confirmation of the transactions contemplated herein, nor the fulfillment of the terms hereof, nor the compliance with the terms and provisions hereof and of this Note, will conflict with or result in the breach of the terms, conditions or provisions or constitute a default, under the Articles of Incorporation or of any Agreement or instrument to which the Company is now a party.

(g) The Company has not declared, set aside, paid or made any dividend or other distributions with respect to its Shares and has not made or caused to be made directly or indirectly, any payment or other distribution of any nature whatsoever to any of the holders of its Shares except for regular salary payments for services rendered and the reimbursement of business expenses.

(h) The Company owns or possesses adequate licenses or other rights to use, all patents, trademarks, trade names, trade secrets, and copyrights used in its business. No one has asserted to the Company that its operations infringe on the patents, trademarks, trade secrets or other rights utilized in the operation of its business.

6. **Representations and Warranties by the Note Holders.** The Holder represents and warrants to the Company as follows:

(a) Holder is subscribing for the Note and Shares for investment purposes and not with the view to or for sale in connection with any distribution thereof and that he has no present intent to sell, give or otherwise transfer the Notes or Shares.

(b) Holder is a resident of the State of California.

(c) Holder understands that this is a highly speculative investment in a Company which is insolvent both from a legal and an equity standpoint.

7. Covenants of Company.

(a) The Company covenants that so long as the Note is in existence, it will deliver to the Holder (i) as soon as practical, and in any event within forty-five (45) days after the end of such quarterly period, in each fiscal year, consolidated income, cash flow, and financial statements of the Company; (ii) as soon as practical, and in any event within ninety (90) days after the end of each fiscal year, a consolidated income, cash flow and financial statement of the Company, and (iii) with reasonable promptness, such other financial data as the Holder may request in writing.

(b) The Company covenants that, so long as any of the Notes are outstanding, it will permit any Holder of the Note to visit and inspect, at the Holder's expense, any of the property of the Company, including its books and records, and to discuss affairs, finances and accounts with its officers.

8. Conversion; Anti-Dilution; Most Favored Price. The Holder will have the right, at the Holder's option at any time (and notwithstanding the receipt of a redemption notice from Company pursuant to Section 1 herein), to convert this Note into Shares of the Company in an amount which is equal to the quotient obtained by dividing the principal amount of this Note, plus interest accrued and unpaid thereon to the date of conversion, by the Conversion Price (defined below).

(a) No fractional Shares will be issued upon conversion, but, in lieu thereof, any remaining amount due hereunder not so converted will be paid in cash by the Company.

(b) The initial conversion price shall be \$1.50 per Share, subject to adjustment as set forth in subsection (c) below.

(c) In case the Company shall (i) pay a dividend or make a distribution on any of its Shares, (ii) subdivide or reclassify its outstanding Shares into a greater number of interests, or (iii) combine or reclassify its outstanding Shares into a smaller number of interests, the applicable Conversion Price in effect immediately prior to such event shall be adjusted so that the Holder shall be entitled to receive the number of Shares that it would have owned or have been entitled to receive after the happening of such event had this Note been converted immediately prior to the happening of such event. An adjustment made pursuant to this subsection shall become effective immediately after the record date in the case of a dividend or distribution and shall become effective on the effective date in the case of subdivision, combination or reclassification. If any dividend or distribution is not paid or made, the applicable Conversion Price then in effect shall be appropriately readjusted.

(d) Upon any permitted increase or decrease in the Conversion Price, the Company shall within a reasonable period (not to exceed ten (10) days) following any of the foregoing transactions deliver to the holder of the Note a certificate, signed by the President of the Company, or its duly authorized representative, setting forth in detail the event requiring the adjustment and the method by which such adjustment was calculated and specifying the increased or decreased Conversion Price then in effect following such adjustment.

(e) In any reclassification or change of outstanding shares of Shares available for issue upon conversion of the Notes (other than a change in stated value or from no par to par value) or in the case of

any consolidation or merger of the Company with any other corporation, or in the case of the sale and conveyance to another corporation or person of the property of the Company in its entirety or substantially in its entirety, the Company shall, as a condition precedent to such transaction, cause effective provisions to be made that each Holder of the Notes then outstanding shall have the right thereafter to convert the Notes into the kind and amount of shares of Stock and other securities and property receivable upon such reclassification, change, consolidation, merger, sale or conveyance by a Holder of the number of Shares in the Company into which such Notes might have been converted immediately prior to such reclassification, change, consolidation, merger, sale or conveyance.

(f) In the case the Company shall issue or sell any of its Shares (other than the Shares issued upon conversion of any of this Note) without consideration, or for consideration per share less than the Conversion Price in effect at such time of issuance or sale, then upon such issuance or sale, the Conversion Price shall be adjusted to reflect the same price paid for such Shares so issued or sold and applied as if this Note been converted immediately prior to the happening of such issuance or sale (it being understood that the most favored pricing shall also be subject to the anti-dilution provisions of this Section 8).

9. Events of Default. An "Event of Default" shall occur if:

(a) the Company shall default in the payment of the principal of or interest payable on this Note, when and as the same shall become due and payable, whether at Maturity or at a date fixed for prepayment or by acceleration or otherwise and such default with respect to the payment of interest shall continue unremedied for five days;

(b) the Company shall fail to observe or perform any covenant or agreement contained in this Note;

(c) an involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of Company or of a substantial part of Company's respective property or assets, under Title 11 of the United States Code, as now constituted or hereafter amended, or any other Federal or state bankruptcy, insolvency, receivership or similar law (any such law, a "Bankruptcy Law"), (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for a substantial part of the property or assets of any Company, (iii) the winding up or liquidation of any Company, and such proceeding or petition shall continue undismissed for 60 days, or an order or decree approving or ordering any of the foregoing shall be entered;

(d) the Company shall (i) voluntarily commence any proceeding or file any petition seeking relief under a Bankruptcy Law, (ii) consent to the institution of or the entry of an order for relief against it, or fail to contest in a timely and appropriate manner, any proceeding or the filing of any petition described in clause (iv), (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for a substantial part of the property or assets of the Company, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, (vi) become unable, admit in writing its inability or fail generally to pay its debts as they become due or (vii) take any action for the purpose of effecting any of the foregoing; or

(e) any material provisions of this Note shall terminate or become void or unenforceable or the Company shall so assert in writing.

10. Security Interest. To secure the payment and performance of the obligations of Company hereunder and for other good and valuable consideration, receipt of which is hereby

acknowledged, the Company hereby mortgages, pledges and assigns all of its rights and interest in and to all United States patents at any and all stages of development now existing or hereafter acquired or obtained (the "U.S. Patents"), to Holder, and grants to Holder a continuing security interest (the "Security Interest") in the U.S. Patents. The Security Interest shall at all times be a valid and perfected security interest enforceable against the Company and all third parties, securing, in accordance with the terms of this Note, the payment and performance of the obligations hereunder by Company, and the U.S. Patents shall not at any time be subject to any lien, charge or security interest that is prior to, on a parity with or junior to the Security Interest. The Company shall, at its sole cost and expense, take or cause to be taken all action which Holder may reasonably request and which may be necessary or desirable in order to assure that the Security Interest will at all times comply with the provisions of this Section 10 and to enable Holder to exercise or enforce rights hereunder, including, but not limited to: (i) delivering to Holder, endorsed or accompanied by such instruments of assignment as Holder may specify, and stamping and marking, in such manner as Holder may specify, such certificates and documents evidencing or forming a part of the U.S. Patents; and (ii) executing and delivering such pledges, designations, hypothecations, notices and assignments, and obtaining such control agreements in each case in form and substance satisfactory to Holder, relating to the creation, validity, perfection, maintenance or continuation of the Security Interest under the UCC or other laws as Holder may from time to time reasonably request. The Company authorizes Holder to file Uniform Commercial Code financing statements describing the U.S. Patents and amendments to such financing statements. In the event that any repledge or reassignment, or any other action, is, in Holder's reasonable belief, helpful or required at any time to protect, preserve or maintain the Security Interest, the Company authorizes Holder to take any such action, and at Holder's request, the Company shall, at its cost and expense, cause the same to be done or taken at such time and in such manner as may be reasonably requested by Holder.

11. Transfer; Exchange.

(a) The Shares are in certificated form. Upon surrender for registration of transfer of this Note or any Shares at the office or agency of the Company designated as registrar, the Company shall execute and make available for delivery, in the name of the designated transferee or transferees, one or more new securities of any authorized denomination or denominations, of a like aggregate principal amount.

(b) No transfer of this Note or any Shares shall be made unless such transfer is made pursuant to an effective registration statement or otherwise in accordance with the requirements under the Securities Act of 1933, as amended, and effective registration or qualification under applicable state securities laws or is made in a transaction which does not require such registration or qualification under state law.

12. Suits for Enforcement.

(a) Upon the occurrence of any one or more Events of Default, the Holder may proceed to protect and enforce its rights by suit in equity, action at law or by other appropriate proceeding, whether for the specific performance of any covenant or agreement contained herein or in aid of the exercise of any power granted in this Note, or may proceed to enforce the payment of this Note, or to enforce any other legal or equitable right it may have as a Holder of this Note.

(b) The Holder may direct the time, method and place of conducting any proceeding for any remedy available to itself.

(c) In case of any Event of Default, the Company will pay to the Holder of this Note such amounts as shall be sufficient to cover the reasonable costs and expenses of such Holder due to such

Event of Default, including without limitation, costs of collection and reasonable fees, disbursements and other charges of counsel incurred in connection with any action in which the Holder prevails.

13. **Successors and Assigns.** This Note shall inure to the benefit of and be binding upon the successors and permitted assigns of the parties hereto. The Company may not assign any of its rights under this Note without the prior written consent of Holder. The Holder may assign all or a portion of its rights or obligations under this Note without the prior written consent of the Company.

14. **Amendment and Waiver.**

(a) No failure or delay on the part of the Company or Holder in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies provided for herein are cumulative and are not exclusive of any remedies that may be available to the Company or Holder at law, in equity or otherwise.

(b) Any amendment, supplement or modification of or to any provision of this Note, any waiver of any provision of this Note and any consent to any departure by the Company from the terms of any provision of this Note, shall be effective (i) only if it is made or given in writing and signed by the Company and the Holder, and (ii) only in the specific instance and for the specific purpose for which made or given.

15. **Headings.** The headings in this Note are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

16. **Governing Law.** THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO THE CONFLICTS OF LAW PRINCIPLES THEREOF.

17. **Costs and Expenses.** The Company hereby agrees to pay on demand all reasonable out-of-pocket costs, fees, expenses, disbursements and other charges of the Holder arising in connection with any consent or waiver granted or requested hereunder or in connection herewith, and any renegotiation, amendment, work-out or settlement of this Note or the indebtedness arising hereunder.

18. **Waiver of Jury Trial and Setoff.** Each of the Holder and the Company hereby waives trial by jury in any litigation in any court with respect to, in connection with, or arising out of this Note or any instrument or document delivered pursuant to this Note, or the validity, protection, interpretation, collection or enforcement thereof, or any other claim or dispute howsoever arising, between any Company and the Holder; and the Company hereby waives the right to interpose any setoff or counterclaim or cross-claim in connection with any such litigation, irrespective of the nature of such setoff, counterclaim or cross-claim except to the extent that the failure so to assert any such setoff, counterclaim or cross-claim would permanently preclude the prosecution of the same.

19. **Consent to Jurisdiction.** The parties hereby irrevocably consent to the exclusive jurisdiction of the courts of the State of California and of any federal court located in such State in connection with any action or proceeding arising out of or relating to this Note or any document or instrument delivered pursuant to this Note.

20. **Severability.** If any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provisions hereof shall not be in any way impaired, unless

the provisions held invalid, illegal or unenforceable shall substantially impair the benefits of the remaining provisions hereof.

21. **Entire Agreement.** This Note is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter hereof. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein. This Note supersedes all prior agreements and understandings between the parties with respect to such subject matter.

22. **Further Assurances.** The Company shall execute such documents and perform such further acts (including, without limitation, obtaining any consents, exemptions, authorizations or other actions by, or giving any notices to, or making any filings with, any governmental authority or any other Person) as may be reasonably required or desirable to carry out or to perform the provisions of this Note.

[Signatures on following page]

IN WITNESS WHEREOF, the Company has caused this Note to be signed in its name as of the date first written above.

NICO WORLDWIDE, INC.,
a California corporation

By: 

Title: CEO

AGREED AND ACKNOWLEDGED:

HOLDER:

By: 

Name: David L. de Csepel