

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
Mount Vernon Mills, Inc.	07/21/2008
Mount Vernon Chemicals LLC	07/21/2008
Smith and Waters, Inc.	07/21/2008

RECEIVING PARTY DATA

Name:	Bank of America, N.A., as Agent
Street Address:	300 Galleria Parkway
Internal Address:	Suite 800
City:	Atlanta
State/Country:	GEORGIA
Postal Code:	30339

PROPERTY NUMBERS Total: 5

Property Type	Number
Patent Number:	5980581
Patent Number:	5976196
Patent Number:	5951719
Patent Number:	5372611
Patent Number:	5466601

CORRESPONDENCE DATA

Fax Number: (404)522-8409

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

Phone: 404-420-5574

Email: ovs@phrd.com

Correspondent Name: Oksana V. Sepich

Address Line 1: 285 Peachtree Center Avenue

Address Line 2: Suite 1500

Address Line 4: Atlanta, GEORGIA 30303

PATENT

500600539

REEL: 021281 FRAME: 0251

CH \$200.00 5980581

ATTORNEY DOCKET NUMBER:

2689.55

NAME OF SUBMITTER:

Kathleen O. Currey

Total Attachments: 11

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PATENT SECURITY AGREEMENT

This PATENT SECURITY AGREEMENT (this "Agreement") is made this 21st day of July, 2008, by and among **MOUNT VERNON MILLS, INC.**, a Maryland corporation ("Mount Vernon"); **MOUNT VERNON CHEMICALS LLC**, a South Carolina limited liability company ("Chemicals"); and **SMITH AND WATERS, INC.**, a South Carolina corporation ("Smith & Waters"; together with Mount Vernon and Chemicals, collectively referred to as "Companies" and each individually as a "Company"); and **BANK OF AMERICA, N.A.**, a national banking association having an office at 300 Galleria Parkway, Suite 800, Atlanta, Georgia 30339, in its capacity as agent (together with its successors in such capacity, "Agent") for itself and the other Secured Parties (as defined in the Loan Agreement (as hereinafter defined)).

Recitals:

Companies desire to obtain loans and other financial accommodations from certain financial institutions (collectively, "Lenders") party from time to time to that certain Loan and Security Agreement dated July 21, 2008 (as at any time amended, restated, supplemented or otherwise modified, the "Loan Agreement") by and among Companies, Agent, and Lenders.

A condition to Agent's and Lenders' willingness to make loans or extend other financial accommodations under the Loan Agreement is each Company's execution and delivery of this Agreement. To induce Agent and Lenders to make loans and otherwise extend credit pursuant to the Loan Agreement, each Company has agreed to grant a continuing security interest in and to all of its right, title and interest in and to the Patent Collateral (as hereinafter defined) to Agent, for the benefit of itself and the other Secured Parties, as security for the timely payment and performance of the Obligations (as hereinafter defined).

It is in the interests of each Company that Agent and Lenders extend credit pursuant to the Loan Agreement, and therefore, each Company is prepared to ensure that in all circumstances the Obligations are secured by the Patent Collateral as hereinafter set forth.

Each Company acknowledges that it will receive substantial direct and indirect benefits by reason of the making of loans and other financial accommodations as provided in the Loan Agreement and by virtue of Companies' inter-relationships.

NOW, THEREFORE, for Ten Dollars (\$10.00) in hand paid and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Companies hereby agree with Agent as follows:

1. Each capitalized term used herein (including those used in the Recitals hereto), unless otherwise defined, shall have the meaning ascribed to such term in the Loan Agreement.
2. To secure the prompt payment and performance of all of the Obligations, each Company hereby grants, assigns and pledges to Agent, for the benefit of Secured Parties, a continuing security interest in and Lien upon all of the following property of such Company,

whether now owned or existing or hereafter created or acquired (collectively, the "Patent Collateral"):

(a) the entire right, title and interest of such Company in and to the patent applications and patents listed on Exhibit A attached hereto and made a part hereof (as the same may be amended from time to time), and all re-issues, divisions, continuations, renewals, extensions and continuations-in-part thereof, including, without limitation, the right to sue for past, present and future infringements and rights corresponding thereto throughout the world (all of the foregoing being herein collectively referred to as the "Patents" and each individually, a "Patent"); and

(b) all proceeds of the foregoing (such as, by way of example, license royalties and proceeds of infringement suits).

3. Each Company covenants with and warrants to Secured Parties that:

(a) Each Patent is subsisting and has not been adjudged invalid or unenforceable, in whole or in part;

(b) Such Company is now and shall continue to be the sole and exclusive owner of the entire and unencumbered right, title and interest in and to all of its Patent Collateral, free and clear of any Liens, charges and encumbrances (except licenses permitted pursuant to paragraph 4 below and Permitted Liens), including, without limitation, pledges, assignments, licenses, registered user agreements and covenants by such Company not to sue third Persons;

(c) Such Company has the unqualified right to enter into this Agreement and perform its terms; and

(d) Such Company has used, and will continue to use for the duration of this Agreement, proper statutory notice in connection with its use of the Patents and has made, and, except as expressly permitted under Section 11 of this Agreement, will continue to make, all appropriate filings with the United States Patent and Trademark Office and any applicable foreign filing offices to maintain the Patents in existence, including, without limitation, filing all necessary documents with the United States Patent and Trademark Office and any applicable foreign filing office for each Patent to maintain it without loss of protection therefor.

4. Until Full Payment of the Obligations, no Company shall enter into any license agreement relating to any of the Patents with any Person except to customers, vendors, suppliers, agents or other service providers of Companies in the Ordinary Course of Business.

5. If, before Full Payment of all of the Obligations, any Company shall obtain rights to any new patentable inventions, or become entitled to the benefit of any patent application or patent for any reissue, division, continuation, renewal, extension or continuation-in-part of any Patent or any improvement on any Patent, the provisions of paragraph 2 hereof shall automatically apply thereto, and such Company shall give to Agent prompt notice thereof in writing.

6. Each Company irrevocably authorizes and empowers Agent to modify this Agreement by amending Exhibit A to include any future patents and patent applications.

7. Each Company hereby grants to Agent, and its employees and agents (and any Lender or Lenders and their respective employees and agents), the visitation, audit, and inspection rights with respect to such Company and the Collateral as set forth in the Loan Agreement.

8. At any time that an Event of Default exists, Agent shall have, in addition to all other rights and remedies given it by this Agreement and the other Loan Documents, all rights and remedies of a secured party under the UCC and all other rights and remedies under any other Applicable Law. Without limiting the generality of the foregoing, Agent may immediately, for the benefit of Secured Parties, without demand of performance and without other notice (except as described in the next sentence, if required by Applicable Law) or demand whatsoever to any Company, each of which each Company hereby expressly waives, and without advertisement (except as otherwise required by Applicable Law), collect directly any payments due to any Company in respect of any Patent Collateral or any interest which any Company may have therein, or sell at public or private sale or otherwise realize upon all or from time to time any of the Patent Collateral, or any interest which any Company may have therein. Each Company hereby agrees that ten (10) days written notice to such Company of any public or private sale or other disposition of any of the Patent Collateral shall be reasonable notice; provided, however, that no notice shall be required hereunder if not otherwise required by Applicable Law. At any such sale or disposition, Agent may, to the extent permitted by Applicable Law, purchase the whole or any part of the Patent Collateral sold, free from any right of redemption on the part of any Company, which right each Company hereby waives and releases. After deducting from the proceeds of such sale or other disposition of the Patent Collateral all reasonable costs and expenses incurred by Agent in enforcing its rights hereunder (including, without limitation, all reasonable attorneys' fees), Agent shall apply the remainder of such proceeds to the payment of the Obligations, in such order or manner as may be authorized or required by the Loan Agreement. Any remainder of the proceeds after Full Payment of all of the Obligations shall be paid over to Companies. If any deficiency shall arise, Companies shall remain jointly and severally liable therefor.

9. Each Company hereby makes, constitutes and appoints Agent, and any officer or agent of Agent as Agent may select, as such Company's true and lawful attorney-in-fact, with full power to do any or all of the following if an Event of Default shall exist: to endorse such Company's name on all applications, documents, papers and instruments necessary for Agent to continue the maintenance of or to use the Patents, or to grant or issue any exclusive or nonexclusive license under the Patents to any other Person, or to assign, pledge, convey or otherwise transfer title in or dispose of any Patent Collateral to any other Person. Each Company hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney, being coupled with an interest, shall be irrevocable until Full Payment of all of the Obligations.

10. Any and all reasonable fees, costs and expenses, of whatever kind or nature, (including, without limitation, reasonable attorneys' fees and legal expenses) incurred by Agent in connection with the preparation of this Agreement and any other documents relating hereto

and the consummation of this transaction, the filing or recording of any documents (including, without limitation, all taxes in connection therewith) with the United States Patent and Trademark Office or in any other public offices, the payment or discharge of any taxes, counsel fees, maintenance fees or Liens, or otherwise, in protecting, maintaining and preserving any Patent Collateral or in defending or prosecuting any actions or proceedings arising out of or related to any Patent Collateral, shall be borne and paid by Companies, jointly and severally (it being the intent of Companies and Agent that Companies shall be responsible for the payment of all sums, fees, costs and expenses, including, without limitation, all maintenance fees payable with respect to the Patents) or, if paid by Agent in its sole discretion, shall be reimbursed by Companies, jointly and severally **on demand** by Agent and until so paid shall be added to the principal amount of the Obligations and shall bear interest at the per annum rate of interest then applicable to Revolver Loans.

11. Each Company shall use its commercially reasonable efforts to detect any infringers of the Patents and shall notify Agent in writing of material infringements detected. Except as expressly permitted in the last sentence of this Section 11, Company shall have the duty, through counsel reasonably acceptable to Agent, to prosecute diligently any patent application for a Patent pending as of the date of this Agreement or thereafter until Full Payment of the Obligations to make application on unpatented but patentable inventions (subject to Companies' reasonable discretion in the ordinary course of business, or, if an Event of Default exists, promptly upon Agent's request), to file and prosecute opposition and cancellation proceedings, to file and prosecute lawsuits to protect each Patent and to do any and all acts which are reasonably deemed necessary or desirable by Agent to preserve and maintain all rights in patent applications for each Patent. Any expenses incurred in connection with such an application or proceedings shall be borne by Companies, jointly and severally. No Company shall abandon any pending patent application or Patent, without the prior written consent of Agent, unless such Company has determined that such Patent is no longer necessary or material to the conduct of its business.

12. Notwithstanding anything to the contrary contained in paragraph 2 hereof, at any time that an Event of Default exists, Agent shall have the right, but shall in no way be obligated, to bring suit in its own name to enforce the Patents and any license hereunder, or to defend any suit or counterclaim in its own name to protect the Patents or any license hereunder, in either of which events Companies shall at the request of Agent do any and all lawful acts (including bringing suit) and execute any and all proper documents required by Agent to aid such enforcement or defense, and Companies shall promptly, **upon demand**, reimburse and indemnify Agent for all reasonable costs and expenses incurred by Agent in the exercise of its rights under this paragraph 12.

13. If any Company fails to comply with any of its obligations hereunder and at the time of such failure or as a result thereof an Event of Default exists, then to the extent permitted by Applicable Law, Agent may discharge such obligations in such Company's name or in Agent's name, in Agent's sole discretion, but at Companies' expense, and Companies agree, jointly and severally, to reimburse Agent in full for all expenses, including, without limitation, reasonable attorneys' fees, incurred by Agent in prosecuting, defending or maintaining the Patents or Agent's interest therein pursuant to this Agreement.

14. No course of dealing between Companies and Agent or any Lender, nor any failure to exercise, nor any delay in exercising, on the part of Agent or any Lender, any right, power or privilege hereunder or under any of the other Loan Documents shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

15. All of Agent's rights and remedies with respect to the Patent Collateral, whether established by this Agreement or any of the other Loan Documents, or by any other agreements or by Applicable Law, shall be cumulative and may be exercised singularly or concurrently.

16. The provisions of this Agreement are severable, and if any clause or provision shall be held invalid and unenforceable, in whole or in part, in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Agreement in any jurisdiction.

17. This Agreement, together with the other Loan Documents, constitutes and expresses the entire understanding of the parties hereto with respect to the subject matter hereof, and supersedes all prior agreements and understandings, inducements or conditions, whether express or implied, oral or written. This Agreement is subject to modification only by a writing signed by the parties, except as provided in paragraph 6 hereof.

18. The benefits and burdens of this Agreement shall inure to the benefit of and be binding upon the successors and assigns of each Secured Party and upon the successors and permitted assigns of each Company. No Company shall assign its rights or delegate its rights or assign its duties hereunder without the prior written consent of Agent.

19. Each Company hereby waives notice of Agent's acceptance hereof.

20. This Agreement may be executed in counterparts, each of which shall be an original and all of which taken together shall constitute one agreement. Delivery of a signature page hereof by telecopy or electronic mail shall be as effective as delivery of a manually executed counterpart of this Agent.

21. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Georgia.

22. To the fullest extent permitted by Applicable Law, each Company and Agent each waives the right to trial by jury in any action, suit, proceeding or counterclaim of any kind arising out of or related to this Agreement or the Patent Collateral.

[Remainder of page intentionally left blank; signatures begin on following page]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement on the day and year first written above.

COMPANIES:

MOUNT VERNON MILLS, INC.

By: W David Hastings
Name: W David Hastings
Title: President

By: W E Duncan
Name: W E Duncan
Title: VP & CAO

MOUNT VERNON CHEMICALS LLC

By: Ed Rube
Name: Ed Rube
Title: Manager

SMITH AND WATERS, INC.

By: Ed Colman
Name: Ed Colman
Title: Director of Sales

Accepted by:

BANK OF AMERICA, N.A., as Agent
("Agent")

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement on the day and year first written above.

COMPANIES:

MOUNT VERNON MILLS, INC.

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

MOUNT VERNON CHEMICALS LLC

By: _____
Name: _____
Title: Manager

SMITH AND WATERS, INC.

By: _____
Name: _____
Title: _____

Accepted by:

BANK OF AMERICA, N.A., as Agent
("Agent")

By: Robert B. H. Moore
Name: ROBERT B. H. MOORE
Title: SVP

STATE OF South Carolina

COUNTY OF Greenville

BEFORE ME, the undersigned authority, on this day personally appeared Mr. David Hestings, the President of MOUNT VERNON MILLS, INC., to me known to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this 21st day of July, 2008.

Doris C. Barber

Notary Public

My Commission Expires:

My Commission Expires September 17, 2011

[NOTARIAL SEAL]

STATE OF South Carolina

COUNTY OF Greenville

BEFORE ME, the undersigned authority, on this day personally appeared William E. Duran, the VP and CFO of MOUNT VERNON MILLS, INC., to me known to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this 21st day of July, 2008.

Doris C. Barber

Notary Public

My Commission Expires:

My Commission Expires September 17, 2011

[NOTARIAL SEAL]

STATE OF South Carolina

COUNTY OF Greenville

BEFORE ME, the undersigned authority, on this day personally appeared Edward G Cochran, the Manager of **MOUNT VERNON CHEMICALS LLC**, to me known to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this 21st day of July, 2008.

Doris C. Barber
Notary Public

My Commission Expires:

My Commission Expires September 17, 2011

[NOTARIAL SEAL]

STATE OF South Carolina

COUNTY OF Greenville

BEFORE ME, the undersigned authority, on this day personally appeared Edward G Cochran, the Director & Secretary of **SMITH AND WATERS, INC.**, to me known to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this 21st day of July, 2008.

Doris C. Barber
Notary Public

My Commission Expires:

My Commission Expires September 17, 2011

[NOTARIAL SEAL]

STATE OF

Georgia

COUNTY OF

Cobb

BEFORE ME, the undersigned authority, on this day personally appeared Robert B. Moore,
the Senior Vice President of **BANK OF AMERICA, N.A.**, as Agent, known to
me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to
me that he executed the same for the purposes and consideration therein expressed, in the
capacity therein stated, and as the act and deed of said bank.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this 18th day of July, 2008.


Notary Public

My Commission Expires:

Notary Public, Paulding County, Georgia
My Commission Expires June 6, 2009

[NOTARIAL SEAL]

EXHIBIT A

Parents and Patent Applications

Patents

Patent Title	Patent Number	Application Number	Issue Date	Jurisdiction	Owner
Process for desizing and cleaning woven fabric and garments	5980581	09148950	11/09/1999	United States	Mount Vernon Chemicals LLC
Method of fixing color of dyed textiles	5976196	09094927	11/02/1999	United States	Mount Vernon Chemicals LLC
Process of after-treating dyed cellulose fabrics with a gloxylated acrylamide polymer	5951719	09094929	09/14/99	United States	Mount Vernon Chemicals LLC
Liquid alkali for reactive dyeing of textiles	5372611	07954589	12/13/1994	United States	Mount Vernon Chemicals LLC
Selectively removing embedded lint precursors with cellulase	5466601	08188051	11/14/1995	United States	Mount Vernon Chemicals LLC

Applications

None

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