

08-08-2008

U.S. DEPARTMENT OF COMMERCE  
United States Patent and Trademark Office

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To the Director of the U.S. Patent and Trademark Office: Please record the attached documents or the new address(es) below.

**1. Name of conveying party(ies)**

Silicon Pipe, Inc.

Additional name(s) of conveying party(ies) attached? ☐ Yes ☒ No

**3. Nature of conveyance/Execution Date(s):**

Execution Date(s) January 7, 2008

- ☐ Assignment ☐ Merger  
☒ Security Agreement ☐ Change of Name  
☐ Joint Research Agreement  
☐ Government Interest Assignment  
☐ Executive Order 9424, Confirmatory License  
☒ Other Foreclosure by Secure Note Holders

**2. Name and address of receiving party(ies)**

Name: Secure Note Holders: Dan Anderson, Joseph Fjelstad

Internal Address: XXXXXXXXXXXX Kevin Grundy, Laurance Grundy,

Matt Stepovich

Street Address: 992 South De Anza Blvd., Suite 201

City: San Jose

State: CA

Country: USA Zip: 95129

Additional name(s) & address(es) attached? ☐ Yes ☒ No

**4. Application or patent number(s):**

☐ This document is being filed together with a new application.

**A. Patent Application No.(s)**

11/933,445 11/939,554 11/965,705  
12/127,195 12/128,620 61/018,495

**B. Patent No.(s)**

7,404,746 7,192,320 7,227,759 7,278,855  
7,310,239 7,347,697 7,404,746

Additional numbers attached? ☐ Yes ☒ No

**5. Name and address to whom correspondence concerning document should be mailed:**

Name: Ronald R. Shea, Esq.

Internal Address: \_\_\_\_\_

Street Address: 2540 Country Hills Rd., Apt. 192

City: Brea

State: CA Zip: 92821

Phone Number: (714) 650-0342

Fax Number: \_\_\_\_\_

Email Address: rshea@rshealaw.com

**6. Total number of applications and patents involved:** 13

**7. Total fee (37 CFR 1.21(h) & 3.41) \$** 520.00

- ☐ Authorized to be charged by credit card  
☐ Authorized to be charged to deposit account  
☒ Enclosed  
☐ None required (government interest not affecting title)

**8. Payment Information**

a. Credit Card Last 4 Numbers \_\_\_\_\_  
Expiration Date \_\_\_\_\_

b. Deposit Account Number \_\_\_\_\_

Authorized User Name \_\_\_\_\_

4 Aug. 2008

Date

**9. Signature:**

Signature

Ronald R. Shea, Esq., Reg. No. 45,098

Name of Person Signing

Total number of pages including cover sheet, attachments, and documents: 20

Documents to be recorded (including cover sheet) should be faxed to (571) 273-0140, or mailed to:  
Mail Stop Assignment Recordation Services, Director of the USPTO, P.O. Box 1450, Alexandria, V.A. 22313-1450

PATENT  
REEL: 021380 FRAME: 0249

## SILICONPIPE, INC.

### SECURITY AGREEMENT

This Security Agreement (this "Security Agreement") dated as of November 23<sup>rd</sup>, 2004 (the "Effective Date"), is made by and among SiliconPipe, Inc., a Delaware corporation ("Grantor"), the secured parties listed on the signature pages hereto (each, a "Secured Party" and, collectively, the "Secured Parties") and Dan Andersen in his capacity as Collateral Agent (as defined below) on behalf of the Secured Parties.

### RECITALS

A. Each Secured Party has made and may in the future make certain advances of money and extend certain financial accommodation to Grantor (collectively, the "Loans") as evidenced by those certain Secured Convertible Promissory Notes executed by Grantor in favor of each Secured Party (each, a "Note" and, collectively, the "Notes") issued pursuant to that certain Note Purchase Agreement dated November 23, 2004 by and between Grantor and the Secured Parties (the "Purchase Agreement").

B. The Secured Parties are willing to make the Loans to Grantor, but only upon the condition, among others, that Grantor shall have executed and delivered to the Secured Parties this Security Agreement.

### AGREEMENT

NOW, THEREFORE, in order to induce the Secured Parties to make the Loans and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and intending to be legally bound, Grantor hereby represents, warrants, covenants and agrees as follows:

1. Defined Terms. When used in this Security Agreement the following terms shall have the following meanings (such meanings being equally applicable to both the singular and plural forms of the terms defined):

1.1 "Bankruptcy Code" means Title XI of the United States Code.

1.2 "Collateral" shall have the meaning assigned to such term in Section 2 of this Security Agreement.

1.3 "Collateral Agent" shall mean the person or entity that is more fully described in Section 6.1 below.

1.4 "Copyrights" means all of the following now owned or hereafter acquired or created (as a work for hire for the benefit of Grantor) by Grantor or in which Grantor now holds or hereafter acquires or receives any right or interest, in whole or in part: (a) all copyrights, whether registered or unregistered, held pursuant to the laws of the United States, any State thereof or any other country; (b) registrations, applications, recordings and proceedings in the United States Copyright Office or in any similar office or agency of the United States, any State

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thereof or any other country; (c) any continuations, renewals or extensions thereof; (d) any registrations to be issued in any pending applications, and shall include any right or interest in and to work protectable by any of the foregoing which are presently or in the future owned, created or authorized (as a work for hire for the benefit of Grantor) or acquired by Grantor, in whole or in part; (e) prior versions of works covered by copyright and all works based upon, derived from or incorporating such works; (f) income, royalties, damages, claims and payments now and hereafter due and/or payable with respect to copyrights, including, without limitation, damages, claims and recoveries for past, present or future infringement; (g) rights to sue for past, present and future infringements of any copyright; and (h) any other rights corresponding to any of the foregoing rights throughout the world.

**1.5 "Event of Default"** means (i) any failure by Grantor forthwith to pay or perform any of the Secured Obligations, or (ii) any material breach by Grantor of any warranty, representation, or covenant set forth herein, provided that Grantor has been given notice of such breach and has not cured such breach, if curable, within thirty days of such notice.

**1.6 "Intellectual Property"** means any intellectual property, in any medium, of any kind or nature whatsoever, now or hereafter owned or acquired or received by Grantor or in which Grantor now holds or hereafter acquires or receives any right or interest, and shall include, in any event, any Copyright, Trademark, Patent, trade secret, customer list, internet domain name (including any right related to the registration thereof), proprietary or confidential information, mask work, source, object or other programming code, invention (whether or not patented or patentable), technical information, procedure, design, knowledge, know-how, software, data base, data, skill, expertise, recipe, experience, process, model, drawing, material or record.

**1.7 "License"** means any means any agreement, whether in written or electronic form, in which Grantor now holds or hereafter acquires any interest, granting any right in or to: (i) any Copyright or Copyright registration (whether Grantor is the licensee or the licensor thereunder), (ii) any invention on which a Patent is in existence, (iii) any right in and to any Trademark or Trademark registration, or (iii) other license of rights or interests, whether Grantor is the licensee or the licensor thereunder, now or hereafter owned or acquired or received by Grantor or in which Grantor now holds or hereafter acquires or receives any right or interest, and shall include any renewals or extensions of any of the foregoing thereof.

**1.8 "Lien"** means any mortgage, lien, deed of trust, charge, pledge, security interest or other encumbrance.

**1.9 "Loan Documents"** shall have the meaning set forth in Section 6.1 below.

**1.10 "Majority Lenders"** shall have the meaning set forth in the Purchase Agreement.

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**1.11 "Patents"** means all of the following in which Grantor now holds or hereafter acquires any interest: (a) all letters patent of the United States or any other country, all registrations and recordings thereof and all applications for letters patent of the United States or any other country, including, without limitation, registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country; (b) all patents to issue from any such applications; (c) all reissues, divisions, continuations, renewals, continuations-in-part or extensions thereof; (d) all petty patents, divisionals and patents of addition; (e) income, royalties, damages, claims and payments now and hereafter due and/or payable with respect to patents, including, without limitation, damages, claims and recoveries for past, present or future infringement; and (f) rights to sue for past, present and future infringements of any patent.

**1.12 "Permitted Lien"** means: (a) any Liens existing on the date of this Security Agreement and set forth on Schedule A attached hereto; (b) Liens for taxes, fees, assessments or other governmental charges or levies, either not delinquent or being contested in good faith by appropriate proceedings, provided the same have no priority over any of Secured Party's security interests; (c) Liens (i) upon or in any equipment acquired or held by Grantor to secure the purchase price of such equipment or indebtedness incurred solely for the purpose of financing the acquisition of such equipment or (ii) existing on such equipment at the time of its acquisition, provided that the Lien is confined solely to the equipment so acquired, improvements thereon and the Proceeds of such equipment; (d) leases or subleases and licenses or sublicenses granted to others in the ordinary course of Grantor's business if such are otherwise permitted under this Security Agreement and do not interfere in any material respect with the business of Grantor; (e) any right, title or interest of a third party licensor under a license provided that such license or sublicense does not prohibit the grant of the security interest granted hereunder; (f) Liens arising from judgments, decrees or attachments to the extent and only so long as such judgment, decree or attachment has not caused or resulted in an Event of Default under the Loan Agreement; (g) easements, reservations, rights-of-way, restrictions, minor defects or irregularities in title and other similar Liens affecting real property not interfering in any material respect with the ordinary conduct of the business of Grantor; (h) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods; (i) Liens arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of setoff or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution; and (j) Liens securing capital lease obligations on assets subject to such capital leases, including sale and lease-back transactions otherwise permitted under this Security Agreement, and Liens on equipment leased by Grantor pursuant to an operating lease in the ordinary course of Grantor's business (including proceeds thereof and accessions thereto), all incurred solely for the purpose of financing the lease of such equipment (including Liens arising from UCC financing statements regarding such leases). If the Grantor receives notice of any Permitted Liens after the date of this Security Agreement, it shall so notify the Collateral Agent within ten (10) calendar days of receipt by the Grantor of such notice.

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**1.13 "Proceeds"** means and includes any "proceeds," as such term is defined in Article 9 of the UCC, now or hereafter owned or acquired or received by Grantor or in which Grantor now holds or hereafter acquires or receives any right or interest, and shall include, in any event, any and all (a) accounts, chattel paper, instruments, investment property, cash or other forms of money, currency or funds or other property of any nature, type or land whatsoever payable to or renewable by Grantor from time to time in respect of the Collateral, including upon the sale, lease, license, exchange or other disposition of any Collateral, (b) proceeds of any insurance, indemnity, warranty or guaranty payable to Grantor from time to time with respect to any of the Collateral, including by reason of the loss, nonconformity or interference with the use of, defects or infringement of rights in, or damage to, any of the Collateral, (c) payments (in any form whatsoever) made or due and payable to Grantor from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any governmental authority (or any person acting under color of governmental authority), (d) claims of Grantor against third parties arising out of the loss, nonconformity, interference with the use of, defects or infringements of rights in, or damage to, any of the Collateral, including any claim for past, present or future infringement of any Patent, Copyright, or Trademark or License rights, (e) rights arising out of any of the Collateral, and (f) other property of any nature, type or kind whatsoever from time to time paid or payable under or in connection with, collected on, or distributed on account of, any of the Collateral.

**1.14 "Pro Rata"** means, as to any Secured Party at any time, the percentage equivalent at such time of such Secured Party's aggregate unpaid principal amount of Notes held by such Secured Party, divided by the combined aggregate unpaid principal amount of all Notes held by all Secured Parties.

**1.15 "Secured Obligations"** means (a) the obligation of Grantor to repay each Secured Party all of the unpaid principal amount of, and accrued interest on (including any interest that accrues after the commencement of bankruptcy), Notes held by such Secured Party, and (b) the obligation of Grantor to pay any fees, costs or expenses of the Secured Parties or the Collateral Agent under the Notes, the Purchase Agreement or this Security Agreement.

**1.16 "Trademarks"** means any of the following in which Grantor now holds or hereafter acquires any interest: (a) any trademarks, tradenames, corporate names, company names, business names, trade styles, service marks, logos, other source or business identifiers, prints and labels on which any of the foregoing have appeared or appear, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations and recordings thereof and any applications in connection therewith, including, without limitation, registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country (collectively, the "Marks"); (b) any reissues, extensions or renewals thereof; (c) the goodwill of the business symbolized by or associated with the Marks; (d) income, royalties, damages, claims and payments now and hereafter due and/or payable with respect to the Marks, including, without limitation, damages, claims and recoveries for past, present or future infringement; and (e) rights to sue for past, present and future infringements of the Marks.

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**1.17 "UCC"** means the Uniform Commercial Code as the same may from time to time be in effect in the State of California (and each reference in this Security Agreement to an Article thereof (denoted as a Division of the UCC as adopted and in effect in the State of California) shall refer to that Article (or Division, as applicable) as from time to time in effect, which in the case of Article 9 shall include and refer to Revised Article 9 from and after the date Revised Article 9 shall become effective in the State of California; *provided, however*, in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of the Secured Parties' security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of California, the term "**UCC**" shall mean the Uniform Commercial Code (including the Articles thereof) as in effect at such time in such other jurisdiction for purposes of the provisions hereof relating to such attachment, perfection or priority and for purposes of definitions related to such provisions.

**2. Grant of Security Interest.** As collateral security for the full, prompt, complete and final payment and performance when due (whether at stated maturity, by acceleration or otherwise) of all the Secured Obligations and in order to induce the Secured Parties to cause the Loans to be made, Grantor hereby assigns, conveys, mortgages, pledges, hypothecates and transfers to the Secured Parties, a continued, first priority security interest in all of Grantor's right, title and interest in, to and under the following, whether now owned or hereafter acquired, (all of which being collectively referred to herein as the "**Collateral**");

All of the following property of Grantor whether presently existing or hereafter created or acquired, and wherever located, including, but not limited to:

(a) all accounts (including health-care-insurance receivables), chattel paper (including tangible and electronic chattel paper), deposit accounts, documents (including negotiable documents), general intangibles (including payment intangibles and software), goods (including fixtures), instruments (including promissory notes), investment property (including securities and securities entitlements), letter of credit rights, money, and all of Grantor's books and records with respect to any of the foregoing, and the computers and equipment containing said books and records;

(b) all Intellectual Property and Licenses and any parts thereof or any underlying or component elements of any of the foregoing;

(c) all inventory including, without limitation: (i) all raw materials, work in process, parts, components, assemblies, supplies and materials used or consumed in Grantor's business; and (ii) all goods, wares and merchandise, finished or unfinished, held for sale or lease or leased or furnished or to be furnished under contracts of service; (iii) all goods returned to or repossessed by Grantor;

(d) all of Grantor's machinery, equipment, office equipment and supplies, furniture, furnishings, tools, tooling, jigs, dies, fixtures, manufacturing implements, motor vehicles and trailers; and

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(c) any and all cash proceeds and/or noncash proceeds of any of the foregoing, including, without limitation, insurance proceeds, and all supporting obligations and the security therefor or for any right to payment. All terms above have the meanings given to them in the UCC.

Notwithstanding the foregoing provisions of this Section 2, the grant, assignment and transfer of a security interest as provided herein shall not extend to, and the term "Collateral" shall not include: (a) "intent-to-use" trademarks at all times prior to the first use thereof, whether by the actual use thereof in commerce, the recording of a statement of use with the United States Patent and Trademark Office or otherwise or (b) any License in which Grantor has any right, title or interest if and to the extent such License includes a provision containing a restriction on assignment such that the creation of a security interest in the right, title or interest of Grantor therein would be prohibited and would, in and of itself, cause or result in a default thereunder enabling another person party to such License to enforce any remedy with respect thereto; *provided* that the foregoing exclusion shall not apply if (i) such prohibition has been waived or such other person has otherwise consented to the creation hereunder of a security interest in such License or (ii) such prohibition would be rendered ineffective pursuant to Sections 9-407(a) or 9-408(a) of the UCC, as applicable and as then in effect in any relevant jurisdiction, or any other applicable law (including the Bankruptcy Code) or principles of equity); *provided further* that immediately upon the ineffectiveness, lapse or termination of any such provision, the Collateral shall include, and Grantor shall be deemed to have granted a security interest in, all its rights, title and interests in and to such License as if such provision had never been in effect; and *provided further* that the foregoing exclusion shall in no way be construed so as to limit, impair or otherwise affect the Secured Parties' unconditional continuing security interest in and to all rights, title and interests of Grantor in or to any payment obligations or other rights to receive monies due or to become due under any such License and in any such monies and other proceeds of such License. The Grantor is not party to any Licenses that are excluded from the Collateral pursuant to the immediately preceding sentence, except for standard, off-the-shelf and shrink-wrap licenses entered in the ordinary course of business.

### 3. Rights of Secured Parties: Collection of Accounts.

**3.1 Liability under Licenses.** Notwithstanding anything contained in this Security Agreement to the contrary, Grantor expressly agrees that it shall remain liable under each of its Licenses to observe and perform all the conditions and obligations to be observed and performed by it thereunder and that it shall perform all of its duties and obligations thereunder, all in accordance with and pursuant to the terms and provisions of each such License. The Secured Parties and the Collateral Agent shall not have any obligation or liability under any License by reason of or arising out of this Security Agreement or the granting to the Secured Parties or the Collateral Agent of a lien therein or the receipt by any Secured Party of any payment relating to any License pursuant hereto, nor shall any Secured Party or the Collateral Agent be required or obligated in any manner to perform or fulfill any of the obligations of

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Grantor under or pursuant to any License, or to make any payment, or to make any inquiry as to the nature or the sufficiency of any payment received by it or the sufficiency of any performance by any party under any License, or to present or file any claim, or to take any action to collect or enforce any performance or the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

**3.2 Notify Licensees.** The Collateral Agent, with the written consent of the Majority Lenders, may at any time, upon the occurrence and during the continuance of any Event of Default, notify parties to the Licenses of Grantor that the right, title and interest of Grantor in and under such Licenses have been assigned to the Secured Parties and that payments shall be made directly to the Collateral Agent for distribution to the Secured Parties. Upon the request of the Collateral Agent, Grantor shall so notify such parties to such Licenses. Upon the occurrence and during the continuance of any Event of Default, the Collateral Agent may, in its name or in the name of the Secured Parties, communicate with such parties to such Licenses to verify with such parties, to the Collateral Agent's satisfaction, the existence of, amounts payable under and terms of any such License.

**4. Representations and Warranties.** Grantor hereby represents and warrants to the Secured Parties that:

**4.1 Owner of Collateral.** Except for the security interest granted to the Secured Parties under this Security Agreement and Permitted Liens, Grantor is the sole legal and equitable owner of each item of the Collateral.

**4.2 Security Agreements.** No effective security agreement, financing statement, equivalent security or lien instrument or continuation statement covering all or any part of the Collateral exists, except such as may have been filed by Grantor in favor of the Secured Parties and the Collateral Agent pursuant to this Security Agreement and except for Permitted Liens.

**5. Covenants.** Unless the Majority Lenders otherwise consent, Grantor covenants and agrees with the Secured Parties that from and after the date of this Security Agreement and until the Secured Obligations have been performed and paid in full:

**5.1 Disposition of Collateral.** Grantor shall not sell, lease, transfer or otherwise dispose of any of the Collateral, or attempt or contract to do so, other than the granting of non-exclusive Licenses in the ordinary course of Grantor's business.

**5.2 Limitation on Liens on Collateral.** Grantor shall not, directly or indirectly, create, permit or suffer to exist, and shall defend the Collateral against and take such other action as is necessary to remove, any Lien on the Collateral, except (a) Permitted Liens and (b) the Lien granted to the Secured Parties and the Collateral Agent under this Security Agreement.

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**5.3 Defense of Intellectual Property.** Grantor shall use commercially reasonable efforts to (i) protect, defend and maintain the validity and enforceability of the Copyrights, Patents and Trademarks, (ii) detect infringements of the Copyrights, Patents and Trademarks and promptly advise the Collateral Agent in writing of material infringements detected and (iii) not allow any Copyrights, Patents or Trademarks to be abandoned, forfeited or dedicated to the public without the written consent of the Collateral Agent or the Majority Lenders unless reasonable business practice would determine that any such abandonment is appropriate.

**5.4 Further Assurances; Pledge of Instruments.** At any time and from time to time, upon the written request of the Collateral Agent, and at the sole expense of Grantor, Grantor shall promptly and duly execute and deliver any and all such further instruments and documents and take such further action as the Collateral Agent may reasonably deem necessary or desirable to obtain the full benefits of this Security Agreement, including, without limitation, (a) executing, delivering and causing to be filed any financing or continuation statements (including "in lieu" continuation statements) under the UCC and, at the Collateral Agent's request, applicable foreign laws with respect to the security interests granted hereby, (b) at the Collateral Agent's reasonable request, filing or cooperating with the Collateral Agent in filing any forms or other documents required to be recorded with the United States Patent and Trademark Office, United States Copyright Office and applicable foreign agencies, (c) at the Collateral Agent's reasonable request, executing and delivering or causing to be delivered written notice to insurers of the Secured Parties' and the Collateral Agent's security interest in, or claim in or under, any policy of insurance (including unearned premiums) and (e) at the Collateral Agent's reasonable request, using commercially reasonable efforts to obtain acknowledgments from bailees having possession of any Collateral and waivers of liens from landlords and mortgagees of any location where any of the Collateral may from time to time be stored or located.

**6. Rights and Remedies Upon Default.** Beginning on the date which is ten (10) calendar days after any Event of Default shall have occurred and while such Event of Default is continuing:

**6.1 Collateral Agent Exercises All Rights.** The Collateral Agent, on behalf of the Secured Parties, may exercise all rights and remedies granted to the Secured Parties under this Security Agreement, the Notes or the Purchase Agreement and under any other instrument or agreement securing, evidencing or relating to the Secured Obligations, (collectively, the "Loan Documents"), and all other rights and remedies of a secured party under the UCC. Without limiting the generality of the foregoing, Grantor expressly agrees that in any such event the Collateral Agent, on behalf of the Secured Parties, without demand of performance or other demand, advertisement or notice of any kind (except the notice specified below of time and place of public or private sale) to or upon Grantor or any other person (all and each of which demands, advertisements and notices are hereby expressly waived to the maximum extent permitted by the UCC and other applicable law), may (i) reclaim, take possession, recover, store, maintain, finish,

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repair, prepare for sale or lease, shop, advertise for sale or lease and sell or lease (in the manner provided herein) the Collateral, and in connection with the liquidation of the Collateral, use any Intellectual Property used or owned by Grantor and (ii) forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and may forthwith sell, lease, assign, give an option or options to purchase or sell or otherwise dispose of and deliver said Collateral (or contract to do so), or any part thereof, in one or more parcels at public or private sale or sales, at any exchange or broker's board or at any Secured Party's offices or elsewhere at such prices as it may deem commercially reasonable, for cash or on credit or for future delivery without assumption of any credit risk. The Collateral Agent shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of said Collateral so sold, free of any right or equity of redemption, which equity of redemption Grantor hereby releases. Grantor further agrees, at the Collateral Agent's request, to assemble its Collateral and make it available to the Collateral Agent at places which the Collateral Agent shall reasonably select, whether at Grantor's premises or elsewhere. The Collateral Agent shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale as provided in Section 6.4, below and only after so paying over such net proceeds and after the payment by the Collateral Agent of any other amount required by any provision of law, need the Collateral Agent or any Secured Party account for the surplus, if any, to Grantor. Grantor agrees that the Collateral Agent need not give more than twenty (20) calendar days' notice of the time and place of any public sale or of the time after which a private sale may take place and that such notice is reasonable notification of such matters. Grantor shall remain liable for any deficiency if the proceeds of any sale or disposition of its Collateral are insufficient to pay all amounts to which the Collateral Agent and the Secured Parties are entitled from Grantor, Grantor also being liable for the attorney costs of any attorneys employed by the Collateral Agent or the Secured Parties to collect such deficiency.

**6.2 Costs.** Grantor also agrees to pay all fees, costs and expenses of the Collateral Agent and the Secured Parties, including, without limitation, reasonable attorneys' fees, incurred in connection with the enforcement of any of its rights and remedies hereunder.

**6.3 Waiver.** Grantor hereby waives presentment, demand, protest or any notice (to the maximum extent permitted by applicable law) of any kind in connection with this Security Agreement or any Collateral.

**6.4 Order of Proceeds.** The Proceeds of any sale, disposition or other realization upon all or any part of the Collateral shall be distributed by the Collateral Agent in the following order of priorities:

**First,** to the Collateral Agent and any Secured Party in an amount sufficient to pay in full the reasonable costs of the Collateral Agent or such Secured Party in connection with such sale, disposition or other realization, including all fees, costs, expenses, liabilities and advances incurred or made by the Collateral Agent or any Secured Party in connection therewith, including, without limitation, reasonable attorneys' fees;

IEF3309 DOC:1

**Second**, to the Secured Parties in amounts proportional to the Pro Rata share of the then unpaid Secured Obligations of each Secured Party; and

**Finally**, upon payment in full of the Secured Obligations, to Grantor or its representatives, in accordance with the UCC or as a court of competent jurisdiction may direct.

**7. Actions by the Secured Parties and Amendments.** All actions and decisions of the Secured Parties hereunder or any amendment of this Security Agreement, the Notes and/or the Purchase Agreement (each called herein an "**Act of the Secured Parties**") shall be determined by and require the written consent of the Majority Lenders. Each Secured Party shall take such actions and execute such documents as may be necessary to confirm or accomplish any Act of the Secured Parties.

**8. Collateral Agent.**

**8.1 Appointment.** The Secured Parties hereby appoint Dan Andersen as the "**Collateral Agent**" for the Secured Parties under this Security Agreement to serve from the date hereof until the termination of this Security Agreement. Notwithstanding anything to the contrary in this Security Agreement, the Collateral Agent may be removed or replaced with the written consent of the Majority Lenders.

**8.2 Powers and Duties of Collateral Agent, Indemnity by Secured Parties.**

**8.2.1** Each Secured Party hereby irrevocably authorizes the Collateral Agent to take all actions, to make all decisions and to exercise all powers and remedies on its behalf under the provisions of this Security Agreement, including without limitation all such actions, decisions and powers as are reasonably incidental thereto. The Collateral Agent may execute any of its duties hereunder by or through agents, designees or employees.

**8.2.2** Neither the Collateral Agent nor any of its partners, directors, members, officers, agents, designees employees or affiliates (collectively, "**Indemnified Persons**") shall be liable or responsible to any Secured Party for any action taken or omitted to be taken by Collateral Agent or any other such Indemnified Persons hereunder or under any related agreement, instrument or document, nor shall any Indemnified Person be liable or responsible to the Secured Parties for (i) the validity, effectiveness, sufficiency, enforceability or enforcement of the Notes, this Security Agreement or any instrument or document delivered hereunder or relating hereto or thereto; (ii) the title of Grantor to any of the Collateral or the freedom of any of the Collateral from any prior or other liens or security interests; (iii) the determination, verification or enforcement of Grantor's compliance with any of the terms and conditions of this Security Agreement; (iv) the failure by Grantor to deliver any instrument, agreement, financing statement or other document required to be delivered pursuant to the terms hereof; or (v) the receipt, disbursement, waiver, extension or other handling of payments or proceeds made or received with respect to the Collateral, the servicing of the Collateral or the enforcement or the collection of any amounts owing with respect to the Collateral.

JEF3309 DOC:1

Notwithstanding anything to the contrary, herein, Collateral Agent shall not be obligated to perform any act that is contrary to the terms of this Agreement or applicable law.

**8.2.3** Each of the Secured Parties severally agrees to pay to the Collateral Agent, promptly on demand, its Pro Rata share of all fees, taxes and expenses incurred arising out of or in connection with the Loan Documents, including, but not limited to, all acts of enforcement thereunder. Each of the Secured Parties hereby agrees to hold the Collateral Agent harmless, and to indemnify the Indemnified Persons from and against any and all loss, damage, taxes, expense or liability which may be incurred by such Indemnified Persons under the Loan Documents and the transactions contemplated hereby and any related agreement or other instrument or document, as the case may be, unless such liability shall be caused by the willful misconduct or gross negligence of such Indemnified Persons. Neither Agent nor any of its employees or agents shall be liable to the Secured Parties for any action taken or omitted by Collateral Agent under or in connection with any of the Loan Documents except to the extent caused by Collateral Agent's gross negligence or willful misconduct. Collateral Agent shall be entitled to refrain from the taking of any action in connection with this Agreement or any of the other Loan Documents or from the exercise of any power, discretion or authority vested in it hereunder or thereunder unless and until Collateral Agent shall have received instructions in respect thereof from the Majority Lenders and, upon receipt of such instructions from the Majority Lenders, Collateral Agent shall be entitled to act or refrain from acting, or to exercise such power, discretion or authority, in accordance with such instructions. Without prejudice to the generality of the foregoing, (i) Collateral Agent shall be entitled to rely, and shall be fully protected in relying, upon any communication (whether oral or written), instrument or document believed by it to be genuine and correct and to have been communicated, signed or sent by the proper person or persons, and shall be entitled to rely and shall be protected in relying on opinions and judgments of attorneys, accountants, experts and other professional advisors selected by it; and (ii) no Secured Party shall have any right of action whatsoever against Collateral Agent as a result of Collateral Agent acting or refraining from acting under this Agreement or any of the other Loan Documents in either case in accordance with the instructions of the Majority Lenders. If any indemnity furnished to Collateral Agent for any purpose shall, in the opinion of Collateral Agent, be insufficient or become impaired, Collateral Agent may call for additional indemnity and cease, or not commence, to do the acts indemnified against until such additional indemnity is furnished.

**8.3 No Reliance.** Each Secured Party represents to the Collateral Agent that it has made its own appraisal of and investigation into the business, prospects, operations, property, financial and other condition and credit worthiness of the Grantor, and made its own decision to enter into this Security Agreement and to extend credit to the Grantor independently based on such documents and information as it has deemed appropriate and without reliance upon the Collateral Agent or any of its partners, directors, members, officers, agents, designees or employees. Each Secured Party agrees that the Collateral Agent shall not have any duty or responsibility to provide any Secured Party with any credit or other information concerning the business, prospects, operations, property, financial and other condition or credit worthiness of the Grantor.

JEP3309 DOC:1

**8.4 Successor Collateral Agent.** Collateral Agent may resign at any time by giving thirty (30) calendar days' prior written notice thereof to Secured Parties and the Grantor. Upon any such notice of resignation, the Majority Lenders shall have the right, upon seven (7) days' notice to the Grantor, to appoint a successor Collateral Agent. If the Majority Lenders have not appointed a successor Collateral Agent by the date set for Collateral Agent's resignation, Collateral Agent shall appoint such successor Collateral Agent. Upon the acceptance of any appointment as Collateral Agent hereunder by a successor Collateral Agent, that successor Collateral Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Collateral Agent and the retiring Collateral Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Collateral Agent's resignation hereunder as Collateral Agent, the provisions of this Section 8 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Collateral Agent under this Agreement.

**9. Reinstatement.** This Security Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against Grantor for liquidation or reorganization, should Grantor become insolvent or make an assignment for the benefit of creditors or should a receiver or trustee be appointed for all or any significant part of Grantor's property and assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Secured Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Secured Obligations, whether as a "voidable preference," "fraudulent conveyance," or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Secured Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

**10. Miscellaneous.**

**10.1 Waivers; Amendments.** None of the terms or provisions of this Security Agreement may be waived, altered, modified or amended except by an instrument in writing, duly executed by Grantor, the Collateral Agent and the Majority Lenders. Each Secured Party acknowledges that because this Security Agreement may be amended, or any provision or rights herein waived, with the consent of the Majority Lenders, each Secured Party's rights hereunder may be amended or waived without such Secured Party's consent.

**10.2 Termination of this Security Agreement.** Subject to Section 9 hereof, this Security Agreement shall terminate upon the payment and performance in full of the Secured Obligations.

**10.3 Successor and Assigns.** This Security Agreement and all obligations of Grantor hereunder shall be binding upon the successors and assigns of Grantor, and shall, together with the rights and remedies of the Secured Parties hereunder, inure to the benefit of the Secured Parties, any future holder of any of the indebtedness and their respective successors and assigns. No sales of participations, other sales, assignments, transfers or other dispositions of

JEF3309.DOC:1

any agreement governing or instrument evidencing the Secured Obligations or any portion thereof or interest therein shall in any manner affect the lien granted to the Secured Parties hereunder.

**10.4 Governing Law.** In all respects, including all matters of construction, validity and performance, this Security Agreement and the Secured Obligations arising hereunder shall be governed by, and construed and enforced in accordance with, the laws of the State of California applicable to contracts made and performed in such state, without regard to the principles thereof regarding conflict of laws, except to the extent that the UCC provides for the application of the law of Grantor's State.

**IN WITNESS WHEREOF**, each of the parties hereto has caused this Security Agreement to be executed and delivered by its duly authorized officer on the date first set forth above.

[Signature Page Follows]

JEF3309 DOC:1

GRANTOR:

SILICONPIPE, INC.

By: Walt Stepan

Print Name: Walt Stepan

Title: CFO

Address:

COLLATERAL AGENT:

DAN ANDERSEN

By: [Signature]

Name: Dan Andersen

SECURED PARTY:

By: [Signature]

Name: Dan E. Andersen

Signature Page to Security Agreement

SEP309.DOC:1

GRANTOR:

SILICONPIPE, INC.

By: 

Print Name: Matt Steponich

Title: CFO

Address:

COLLATERAL AGENT:

DAN ANDERSEN

By: 

Name: Dan Andersen

SECURED PARTY:

By: 

Name: JOSEPH EITELSTAD

Signature Page to Security Agreement

JEF3309.DOC:1



**GRANTOR:**

**SILICONPIPE, INC.**

By: 

Print Name: Matt STEPANICH

Title: CFO

Address:

**COLLATERAL AGENT:**

**DAN ANDERSEN**

By: 

Name:

Dan Andersen

**SECURED PARTY:**

By: 

Name:

KEVIN GRUNBY

Signature Page to Security Agreement

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GRANTOR:

SILICONPIPE, INC.

By: Mark Stephen

Print Name: MARK STEPHEN

Title: CFO

Address:

COLLATERAL AGENT:

DAN ANDERSEN

By: Dan Andersen

Name: Dan Andersen

SECURED PARTY:

By: Laurence Grundy

Name: LAURENCE GRUNDY

Signature Page to Security Agreement

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**GRANTOR:**

**SILICONPIPE, INC.**

By: 

Print Name: Matt STEPOVICH

Title: CFO

Address:

**COLLATERAL AGENT:**

**DAN ANDERSEN**

By: 

Name:

Dan Andersen

**SECURED PARTY:**

By: 

Name:

MATT STEPOVICH

June 2, 2008

Dear To Whom It May Concern:

Re: SiliconPipe

On January 7, 2008 at 10:00 AM, our law firm hosted an auction for SiliconPipe assets as part of a non-judicial foreclosure proceeding. The secured creditors of SiliconPipe assets were: 1) Kevin Grundy; 2) Lawrence Grundy; 3) Joseph Fjelstad; 4) Dan Andersen and 5) Matt Stepovich. The SiliconPipe secured creditors were represented by Kevin Grundy and Dan Andersen at the foreclosure. Also in attendance was another bidder, Tessera Incorporated. The SiliconPipe secured creditors placed an opening bid of \$300,000. The representative from Tessera declined to bid against the initial bid. Consequently, the SiliconPipe creditors prevailed in the auction and all assets of SiliconPipe, including all of its intellectual property (patents, trade secrets, etc.) were purchased by the five secured creditors.

Sincerely,



William Zisko

SV 346,290,892v1

Greenberg Traurig, LLP | Attorneys at Law | Silicon Valley Office | 1900 University Avenue | 5th Floor | East Palo Alto, CA 94303  
Tel 650.328.8500 | Fax 650.328.8508 | [www.gtlaw.com](http://www.gtlaw.com)