## 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
Communication Intelligence Corporation	07/28/1995

#### **RECEIVING PARTY DATA**

Name:	CIC Standby Ventures, LP
Street Address:	1300 Post Oak Boulevard, Ste 450
City:	Houston
State/Country:	TEXAS
Postal Code:	77056

#### PROPERTY NUMBERS Total: 1

Property Type	Number
Application Number:	09307042

#### **CORRESPONDENCE DATA**

Fax Number: (415)576-0300

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Address Line 4: San Francisco, CALIFORNIA 94111-3834

ATTORNEY DOCKET NUMBER:	009054-003330US
NAME OF SUBMITTER:	Kenneth R. Allen

**Total Attachments: 28** 

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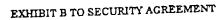
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# BETWEEN COMMUNICATION INTELLIGENCE CORPORATION AS BORROWER, AND CIC STANDBY VENTURES, L.P. AS SECURED PARTY

## PATENTS - U.S.

	APPLICATION / PATENT NUMBER	APPLICATION / GRANT DATE	INVENTOR
Description			
and System		°″ 85	Cranel Ostrem
2. Method For Dynamic Reconstruction of Handwritten Data	Application: 07/932453	08/20/92	Crane/ Ostrem/ Austin
3. Method & System For Using And Stylus Input With A Computer	Application: 07/787331	10/22/91	Brown/ Foyt/ Maliniak
4. Keyless Flat Panel, Computer Aided Notebook	5,049,862	09/29/92	Dao/ Foyt/ Dao/Allen
5. Method of Distinguishing Between Complex Character Sets	4,531,231	07/23/85	Crane/ Ostrem/ Edberg
6. Confusion Grouping of Strokes In Pattern Recognition Method And System	4,573,196	02/25/86	Crane/ Ostrem
7. Process & Apparatus Involving Pattern Recognition	4,718,102	01/05/88	Crane/ Ostrem

Page 1 of 2

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## SECURITY AGREEMENT

This SECURITY AGREEMENT ("Agreement") is entered into as of the 30th day of June, 1995 by COMMUNICATION INTELLIGENCE CORPORATION, a Delaware corporation (the "Borrower"), in favor of CIC STANDBY VENTURES, L.P., a Delaware limited partnership (the "Secured Party").

All terms used herein but not defined herein shall have the meaning ascribed to them in the Uniform Commercial Code as in effect in the State of California from time to time (the "UCC").

## Section 1. <u>Creation of Security Interest</u>

- 1.1 Grant of Security Interest. (a) Borrower, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby grants to Secured Party a continuing, first priority security interest in and lien on (the "Security Interest") the Collateral (as defined in Section 2 hereof) to secure performance and payment of (i) those certain Bridge Loans (the "Loans") to be made by the Secured Party in favor of Borrower in the maximum aggregate principal amount of \$2,500,000 pursuant to a Bridge Loan Agreement of even date herewith (the "Bridge Loan Agreement"); (ii) all renewals and extensions of the Loans; (iii) all other obligations of Borrower under this Agreement and the Bridge Loan Agreement; and (iv) all other obligations and indebtedness of Borrower to Secured Party of whatever kind and whenever or however created or incurred, whether absolute or contingent, matured or unmatured, direct or indirect (all of the foregoing described in this Section 1 being the "Secured Indebtedness").
- (b) The Security Interest granted herein shall continue in full force and effect until all of the Secured Indebtedness has been discharged.
- obligation of Borrower, secured by a first priority Security Interest in the Collateral; provided, however, that, notwithstanding anything contained herein to the contrary, the Security Interest of the Secured Party with respect to Accounts Receivable and Inventory (as such terms are defined in the UCC) of Borrower may be subordinated with respect to any security interest thereon hereafter granted by Borrower to an Institutional Lender (as hereinafter defined), Calcomp Inc. (collectively, a "Further Secured Party") or such other party as the Secured Party may consent to in writing, in connection with a borrowing by Borrower from a Further Secured Party. As used herein, the term "Institutional Lender" shall mean any bank as defined in Section 3(a)(2) of the Securities Act of 1933, as amended (the "Act"), any insurance company as defined in Section 2(13) of the Act, and any savings and loan association as referenced in Section 3(a)(5)(A) of the Act.

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#### Section 2. Collateral

As used herein, the term "Collateral" shall mean all of Borrower's right, title and interest in and to all tangible and intangible property, now owned or hereafter acquired by Borrower, wherever located, whether real, personal or mixed. The Collateral includes, without limitation, all goods (including all Equipment, Inventory, consumer goods and farm products), Fixtures, Accounts Receivable, other receivables, general intangibles, patents and patent applications, including those listed on Exhibit A annexed hereto, Trademarks, Trademark Licenses, Trade Secrets (each as hereinafter defined), service marks, all other intellectual property, contract rights, rights to receive payments of every kind, all goodwill (including all goodwill associated with the Trademarks, Trademark Licenses, Trade Secrets, service marks and all other intellectual property referred to above), documents, instruments and chattel paper, each as now owned or hereafter acquired by Borrower, together with all proceeds of the foregoing, including without limitation, all proceeds of the foregoing consisting of goods and intangible personal property. As used herein, the following terms shall have the meanings indicated:

- (a) "Trademarks" shall mean all of the following now or hereafter owned by Borrower: (i) all trademarks, service marks, trade names, corporate names, company names, indicia, business source identifiers, business names, fictitious business names, trade styles, trade dress, 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 all applications in connection therewith, including, without limitation, registrations, recordings and applications in the United States Patent and Trademark Office (the "USPTO") listed on Exhibit B annexed hereto, any State of the United States or any other country or any political subdivision thereof, (ii) all goodwill associated therewith arising in or relating to the ordinary course of business of Borrower, (iii) all extensions or renewals thereof, and (iv) the right to sue for past, present and future infringement of the foregoing.
- (b) "Trademark Licenses" shall mean any written agreement, now executed or to be executed hereafter by Borrower, granting to any third party any right to use any Trademark now or hereafter owned by Borrower, or granting to Borrower any right to use any Trademark now or hereafter owned by any third party.
- (c) "Trade Secrets" shall mean all trade secrets and other confidential or proprietary technical and business information, now or hereinafter owned by Borrower, as any of the foregoing may be amended or

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supplemented from time to time, and any improvements thereon or changes thereto

## Section 3. Payment of Obligations of Borrower

- 3.1 <u>Direct Obligations</u>. Borrower shall pay to Secured Party any sum or sums due or which may become due pursuant to the Loans, or any extensions or renewals thereof, or under this Agreement or the Bridge Loan Agreement.
- 3.2 <u>Expenses</u>. Borrower shall pay to Secured Party on demand all expenses and expenditures, including reasonable attorneys' fees and other legal expenses incurred or paid by Secured Party in exercising or protecting its interests, rights and remedies under the Bridge Loan Agreement or this Agreement plus interest thereon at the maximum non-usurious rate permitted by applicable law with respect to Borrower. Such expenses and expenditures shall be part of the Secured Indebtedness.
- 3.3 <u>Acceleration</u>. Borrower shall pay immediately, without notice, the entire unpaid Secured Indebtedness of Borrower to Secured Party, whether created or incurred pursuant to this Agreement, the Bridge Loan Agreement or otherwise, upon the occurrence of an Event of Default as described in Section 5 of this Agreement and acceleration of said Secured Indebtedness as provided for in the Bridge Loan Agreement.

Section 4. <u>Borrower's Representations, Warranties, Covenants and Agreements</u>

Borrower represents, warrants, covenants and agrees that:

4.1 Valid Accounts. As used herein, the term "Accounts Receivable" shall mean all accounts, contract rights, chattel paper, instruments, general intangibles and rights to payment of every kind from Borrower, now or at any time hereafter arising. Each Account Receivable will represent the valid and legally enforceable indebtedness of a bona fide customer ("Customer") arising from the sale or lease of goods or rendition by Borrower of services and will be subject to no setoffs, counterclaims or defenses; such goods or services will have been delivered to or performed for, and accepted by, the Customer, and the amount shown as to each account on Borrower's books will be the true and undisputed amount owing and unpaid thereon, payable in full at the time referred to in the invoice, or if no time is specified within at least ninety (90) days from the date of the particular invoice, and Borrower has no knowledge of any fact or circumstance that would impair the validity or enforceability of any Account Receivable.

-3-

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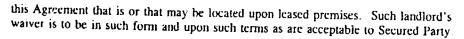
- 4.2 <u>Title</u>; Authority. (a) Except for the Security Interest granted hereby and except as set forth on <u>Exhibit C</u> attached hereto, Borrower is, and as to Collateral acquired after the date hereof Borrower shall be, the absolute owner and holder of, and has good and, with respect to real property, marketable, title to, the Collateral, free and clear of all liens, security interests, charges, mortgages or encumbrances of any kind or nature whatsoever (collectively, "Liens"). All instruments, documents and chattel paper pertaining to the Accounts are or, with respect to Accounts Receivable arising after the date hereof, will be, valid and genuine and free from all Liens, except for the security interests granted hereby or as otherwise disclosed on <u>Exhibit C</u>.
- (b) Borrower has full power and authority to grant to Secured Party the Security Interest herein granted, and the execution, delivery and performance of this Agreement are not in contravention of any charter or by-law provision of Borrower, or of any indenture, contract or other agreement to which Borrower is a party or by which its properties or assets are bound.
- 4.3 <u>Performance of Obligations</u>. Borrower will duly perform and will cause to be performed all obligations with respect to the goods, the sale or lease of which gave rise to each Account.
- 4.4 <u>Information</u>. All information supplied and statements made by Borrower or any guarantor in any financial, credit or accounting statement or application for credit prior to, contemporaneously with or subsequent to the execution of this Agreement are and shall be true, correct, complete, valid and genuine.
- 4.5 <u>Place of Business; Records.</u> (a) The chief place of business of Borrower is the address shown for Borrower in this Agreement. Borrower will immediately notify Secured Party in writing of any change in Borrower's chief place of business.
- (b) Borrower will (i) keep such books and records pertaining to the Collateral at such chief place of business, and at such office or offices of Borrower as shall be approved in writing by Secured Party; (ii) mark its books and records in such fashion as to indicate the Security Interest granted hereby; (iii) permit officers, employees, or other representatives of Secured Party at all reasonable times to inspect the Collateral and inspect and make abstracts from the books and records of Borrower pertaining to the Collateral; and (iv) furnish to Secured Party such reasonable information and reports regarding the Collateral as Secured Party may from time to time require.
- (c) The Secured Party's right to take possession of any of Borrower's books and records after the occurrence of and during an Event of Default shall be enforceable at law, by action of replevin or by any other appropriate remedy at law or in equity and, to the extent permitted by law, the Borrower consents to the

120112.6 -4

entry of judicial orders or injunctions enforcing such rights without any notice to Borrower or opportunity to be heard.

- 4.6 <u>Taxes</u>. Borrower will promptly pay any and all taxes, assessments and governmental charges upon the Collateral prior to the date penalties are attached thereto, except to the extent otherwise permitted by Secured Party.
- will give such notice in writing as Secured Party may require at any time to any or all Customers indebted on all or any of the Accounts and, if Secured Party shall so request, deliver to Secured Party copies of any and all such notices and, in addition Secured Party, or its agents or representatives may (1) transmit to any or all Customers at any time or times such notice of Secured Party's interest in any such Accounts as Secured Party may determine (but Secured Party shall not be required to give any such notice and any failure to give such notice by Secured Party shall in no way affect Secured Party's rights and interest hereunder or under any Accounts); (2) request from Customers at any time or times information concerning the amount owing under any or all Accounts. (3) request from Customers that Accounts be paid directly to Secured Party or to a post office box address over which Secured Party has control; or (4) enforce payment of and collect, by legal proceedings or otherwise, all
- 4.8 Information to Secured Party Regarding Collateral. Borrower will transmit to Secured Party all information that it may have or receive with respect to the Collateral or with respect to Customers indebted on the Accounts Receivable which might in any way affect the value of the Collateral or Secured Party's rights or remedies with respect therei, including, but not limited to (i) rejection of goods or services by a Customer, (ii) assertion of claims, counterclaims or set-offs by a Customer, and (iii) information of financial difficulties of a Customer of which Borrower has or obtains knowledge.
- 4.9 No Additional Security Interests or Liens. Borrower will not pledge, mortgage or otherwise encumber, or create or suffer a security interest or Lien to exist in any of the Collateral to or in favor of any person other than Secured Party, except as otherwise authorized pursuant to this Agreement. Borrower will defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein senior to that of Secured Party.
- 4.10 Additional Documentation. Borrower will execute, alone or with Secured Party, any financing statement or other document or procure any document, and pay all connected costs, necessary or desirable to protect the Security Interest, rights and remedies created by, provided in or emanating from this Agreement. Borrower shall use its best efforts to furnish to Secured Party, if requested, a landlord's waiver of all liens with respect to any Collateral covered by

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- 4.11 Protective Action. Borrower will, at its own expense, do, make, procure, execute and deliver all acts, things, writing and assurances as Secured Party may at any time request to protect, assure or enforce its interests, rights and remedies created by, provided in or emanating from this Agreement.
- 4.12 No Leases, Licenses or Encumbrances. Borrower will not lend, rent, lease, license or otherwise dispose of the Collateral or any interest therein except as authorized in this Agreement or in writing by Secured Party, and Borrower shall keep the Collateral, including the proceeds from any disposition thereof, free from unpaid charges, including taxes, and from all Liens.
- 4.13 Collateral Locations. The Collateral shall remain in Borrower's possession or control at its address shown in this Agreement or at such other locations as Secured Party may approve in writing, and shall not be removed except for temporary removal in the ordinary course of Borrower's business from those locations
- 4.14 Insurance. Borrower will have and maintain or cause to be maintained insurance at all times with respect to all Collateral against risks of fire, theft and such other risks as Secured Party may require. Such insurance policies shall contain such terms and be written by companies satisfactory to Secured Party. Such insurance policies shall also contain a standard mortgagee's endorsement providing for payment of any loss to Secured Party. All policies of insurance shall provide for a minimum of thirty (30) days written cancellation notice to Secured Party. Borrower shall furnish Secured Party with certificates or other evidence satisfactory to Secured Party of compliance with the foregoing insurance provisions. Borrower hereby irrevocably appoints Secured Party as attorney for Borrower in obtaining, adjusting, settling and canceling such insurance and endorsing any drafts drawn by insurers of the Collateral, which power is coupled with an interest; provided, however, that Secured Party shall not be required to obtain, adjust, settle or cancel such insurance or endorse such drafts and any failure to do so by Secured Party shall in no way affect Secured Party's rights and interest hereunder or in any of the Collateral. In the event of loss and the payment of insurance proceeds, all monies shall be payable to Secured Party for the accounts of Secured Party and Borrower, as their interests may appear. At the option of Secured Party, all monies so received, from less than an actual or constructive total loss shall be applied (i) to the Loans secured thereby, (ii) to repair of the damage in respect of which the insurance loss was paid, or (iii) in reimbursements for monies theretofore so applied by the Borrower with the consent of the Secured Party. In the event of actual or constructive total loss of the Collateral, the insurance proceeds for such loss shall, unless otherwise agreed by Secured Party, be applied as follows: (i) to the payment of the costs of collecting such insurance, if any, (ii) to the payment of all indebtedness, principal, interest and other sums owed

120112-6

by the Borrower to Secured Party secured hereby, and (iii) the balance, if any to the Borrower.

- 4.15 <u>Segregation of Returned Goods</u>. Returned or repossessed goods arising from or relating to any accounts included within the Collateral shall, if requested by Secured Party, be held separate and apart from any other property of Borrower.
- 4.16 Accounts as Proceeds. All accounts that are proceeds of the inventory included within the Collateral shall be subject to the security interest granted hereby and all of the other terms and provisions hereof.
- 4.17 <u>Certificates of Title</u>. If certificates of title or similar documents are issued or outstanding or become issued and outstanding with respect to any of the Collateral, Borrower will promptly advise Secured Party thereof and will immediately cause the interest of Secured Party to be properly noted thereon and said certificates to be delivered to Secured Party.
- 4.18 <u>Business Use</u>. The Collateral is and will be used for the sole purpose of conducting Borrower's business, unless otherwise agreed to in writing by Secured Party.
- 4.19 No Misuse: Duty to Maintain. The Collateral will not be misused or abused, wasted or allowed to deteriorate, except for the ordinary wear and tear of its intended primary use, and will not be used in violation of any statute, regulation or ordinance. Borrower agrees to maintain and use the Collateral in a careful and proper manner and in conformity with all applicable statutes, laws, ordinances and regulations and with all permits and licenses. Borrower will not use the Collateral in any manner which exposes the Collateral to unusual risk or to penalty, forfeiture or capture. Borrower shall maintain, service and repair the Collateral so as to keep the Collateral in good operating condition.
- 4.20 Collateral Affixed to Real Estate. If the Collateral is or is to be wholly or partly affixed to real estate or other goods, a description of the real estate or other goods shall be delivered to Secured Party and become a part of this Agreement, and shall specify the location and record owner of such real estate or other goods. If requested by Secured Party, Borrower shall use its best efforts to furnish disclaimers or waivers of all parties having an interest in the real estate or other goods to which the Collateral is or is to be attached to any interest in the Collateral.
- 4.21 No Financing Statements. Except as otherwise set forth on Exhibit D attached hereto, there is no financing statement or similar filing now on file in any public office covering any part of the Collateral which has not been discharged nor is there any filing with the USPTO for the purpose of perfecting, confirming,

120112.6

continuing, enforcing or protecting any security interest granted by Borrower in the Collateral, and Borrower will not execute and there will not be on file in any public office any financing statement or similar filing, except the financing statements filed or to be filed in favor of Secured Party and the filing of this Agreement with the USPTO, or as otherwise specifically permitted by this Agreement.

- 4.22 <u>Trademarks</u>. (a) Borrower (either itself or through licensees) will, for each Trademark material to the conduct of Borrower's business, (i) to the extent consistent with past practice, continue to use such Trademark on each and every trademark class of goods applicable to its current line of business in order to maintain such Trademark in full force free from any claim of abandonment for nonuse, (ii) maintain as in the past the quality of products and services offered under such Trademark, (iii) employ such Trademark with the notice of Federal registration, and (iv) not (and not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby such Trademark may become abandoned or invalidated.
- (b) In no event shall Borrower, either itself or through any agent, employee, licensee or designee, file an application for any Trademark with the United States Patent and Trademark Office, or any similar office or agency in any other country or any political subdivision thereof or enter into a Trademark License, unless it promptly informs Secured Party, and, upon request of Secured Party, executes and delivers any and all agreements, instruments, documents and papers as Secured Party may request to evidence Secured Party's security interest in such Trademark or Trademark License, and the goodwill and general intangibles of Borrower relating thereto or represented thereby.
- (c) Borrower will take all necessary steps that are consistent with the practice in any proceeding before the USPTO, or any similar office or agency in any other country or any political subdivision thereof, to maintain and pursue each material application relating to the Trademarks (and to obtain the relevant grant or registration) and to maintain each material registration of the Trademarks which is material to the conduct of such Borrower's business, including, without limitation, filing of application for renewal, affidavits of use, affidavits of incontestability and maintenance fees, and, where appropriate, to initiate opposition, interference and cancellation proceedings against third parties.
- 4.23 In the event that any Collateral consisting of a Trademark material to the conduct of Borrower's business is believed infringed, misappropriated or diluted by a third party, Borrower shall notify Secured Party within fifteen (15) days after it learns thereof and shall, if consistent with good business practice, promptly sue for infringement, misappropriation or dilution and to recover any and all damages for such infringement, misappropriation or dilution, and take such other actions as are appropriate under the circumstances to protect such Collateral.

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-8-

## Section 5. Events of Default

Borrower shall be in default under this Agreement upon the happening of an Event of Default under the terms and conditions of the Bridge Loan Agreement (herein called an "Event of Default").

Section 6. Secured Party's Rights and Remedies

## 6.1 Secured Party's Rights.

- (a) This Agreement, Secured Party's rights hereunder or the Secured Indebtedness may be assigned by Secured Party, at any time and from time to time, and in any such case the assignee shall be entitled to all of the rights, privileges and remedies granted in this Agreement to Secured Party; provided, however, that prior to the time an Event of Default has occurred, Secured Party shall not make any such assignment to any party in the same or similar business of that of the Borrower.
- lawful attorney, with full power of substitution, for the purpose of carrying out the provisions of this Agreement and taking any action and executing any instrument which Secured Party may deem necessary or advisable to accomplish the purposes hereof. The power of attorney granted herein shall be deemed to be coupled with an interest, shall be irrevocable, shall survive the death, disability, dissolution, liquidation or other termination of Borrower, shall be binding upon all heirs, legal representatives, successors and assigns of Borrower, and shall inure to the benefit of Secured Party and its successors and assigns. Without limiting the generality of the foregoing, Secured Party shall have the right to receive, collect and endorse all checks made payable to Borrower or its order representing any proceeds in respect of the Collateral or any part thereof and to give full discharge therefor. Secured Party may, but is not obligated to, exercise at any time and from time to time all or any of Borrower's rights including, but not limited to, the following powers, with respect to all or any of the Collateral:
  - (i) to demand, sue for, collect, receive and give acquittance for any and all monies due or to become due upon or by virtue thereof;
  - (ii) to receive, take, endorse, assign and deliver any and all checks, notes, drafts, documents and other negotiable and non-negotiable instruments and chattel paper taken or received by Secured Party in connection therewith;
  - (iii) to settle, compromise, compound, prosecute or defend any action or proceeding with respect thereto;

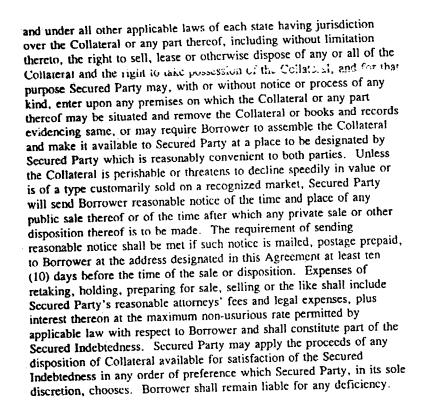
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- (iv) to sell, transfer, assign or otherwise deal in or with the same or the proceeds or avails thereof or the relative goods, as fully and effectually as if Secured Party were the absolute owner thereof; and
- thereof and to make any allowance and other adjustments with reference thereto, including without limitation, arrangement for payment in installments, other modifications of the payment terms thereof, or release thereof;

provided, however, that the exercise by Secured Party of or failure to so exercise any such authority shall in no manner affect or discharge Borrower's liability to Secured Party hereunder under the Bridge Loan Agreement or under any other instrument evidencing or securing any of the Secured Indebtedness; provided, further, Secured Party shall be under no obligation, responsibility or duty to exercise any of the powers hereby conferred upon it and it shall be without liability for any act or failure to act in connection with any of the Collateral. Secured Party shall not be required to take any steps necessary to preserve the rights of the Collateral, except as required by law. Secured Party shall at all times have the right to apply the proceeds of any of the Accounts or other property in which Secured Party has been granted a Security Interest herein towards payment of the Loans and other Secured Indebtedness immediately upon receipt or collection of such proceeds.

- (c) Secured Party or any of its employees, agents or representatives may enter upon Borrower's premises at any reasonable time to inspect Borrower's records pertaining to the Collateral and Borrower shall assist such parties in making such inspections.
- (d) Secured Party may execute, sign, endorse, transfer or deliver in the name of Borrower notes, checks, drafts or other instruments for the payment of money and receipts, certificates of origin, applications for certificates of title or any other documents necessary to evidence, perfect or realize upon the security interest and obligations created by this Agreement.
- 6.2 Rights in Event of Default. (a) Upon the occurrence and during the continuance of an Event of Default, in addition to the rights granted pursuant to Section 6.1, the Secured Party may, without notice to the Borrower (except as otherwise specified herein), do any or all of the following, all of which rights and remedies are cumulative, and the exercise of any one or more of the remedies provided for herein shall not be construed as a waiver of any of the other remedies of Secured Party:
  - (i) Secured Party may declare the Secured Indebtedness immediately due and payable and may exercise any of the rights and remedies available to a secured party under the UCC or otherwise available to Secured Party by agreement, at law or in equity,

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(ii) Secured Party may retain all books and records of

Borrower.

(iii) Secured Party may complete any uncompleted Inventory in the process of construction or completion.

(iv) Secured Party may notify any of Borrower's lessees, consignees, renters and/or debtors to make all payments directly to the Secured Party and to surrender, at the termination of any such lease, rental agreement or consignment, the item or items leased, rented or consigned, directly to the Secured Party.

(v) Secured Party may cure any default in any reasonable manner and add the cost of such cure to the Secured Indebtedness.

-11-

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- (b) Secured Party may remedy any default and may waive any default without waiving the default remedied or without waiving any other prior or subsequent default.
- (c) Secured Party may enforce its rights under this Agreement without resort to prior judicial process or judicial hearing, and Borrower expressly waives, renounces and knowingly relinquishes any legal right which might otherwise require Secured Party to enforce its rights by judicial process. In so providing for a non-judicial remedy, Borrower recognizes and concedes that such a remedy is consistent with the usage of the trade, is responsive to commercial necessity and is the result of bargaining at arms length. Nothing in this Agreement is intended to prevent Borrower or Secured Party from resorting to judicial process at either party's option.
- (d) Borrower agrees that in performing any act under this Agreement that time shall be of the essence and that Secured Party's acceptance of a partial or delinquent payment or payments, or the failure of Secured Party to exercise any right or remedy shall not be a waiver of any obligation of Borrower or any right of Secured Party or constitute a waiver of any other similar default subsequently occurring.
- (e) Secured Party may at any time demand, sue for, collect or make any compromise or settlement with reference to the Collateral as Secured Party, in its sole discretion, chooses. Secured Party may delay exercising or omit to exercise any right or remedy under this Agreement without waiving that or any other past, present or future right or remedy, except in writing signed by Secured Party.

## Section 7. Additional Agreements

- 7.1 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties, their successors, endorsers, representatives, receivers, trustees and assigns; provided, however, that nothing contained herein shall be construed to permit the Borrower to assign this Agreement or any of its rights or obligations hereunder, without obtaining the prior written approval of the Secured Party.
- 7.2 <u>Waiver and Indemnity</u>. Borrower hereby waives and releases all relief from any and all appraisement, stay or exemption laws of any state now in force or hereinafter enacted. Borrower hereby waives presentment, notice of dishonor and protest of all instruments included in or evidencing the Collateral and any and all notices and demand whatsoever, whether or not relating to such instruments.

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-12-

PATENT REEL 7526 FRAME: 0828

- 7.3 <u>Section Headings</u>. The section headings appearing in this instrument have been inserted for convenience only and shall be given no substantive meaning or significance whatever in construing the terms and provisions of this instrument.
- 7.4 Applicable Law; Place of Payment. The law governing this secured transaction shall be that of the State of California in force at the date of this instrument, and all payments and obligations hereunder shall be made and performed in California, unless otherwise agreed.
- 7.5 Notices. All notices, requests, demands and other communications required or permitted hereunder shall be in writing and may be personally served or sent by telex, telecopier, mail or the express mail service of the United States Postal Service, Federal Express or other equivalent overnight or expedited delivery service and (i) if given by personal service, telex (confirmed by telephone) or telecopier (confirmed by telephone), it shall be deemed to have been given upon receipt, (ii) if sent by telex or telecopier without telephone confirmation, it shall be deemed to have been given twenty-four (24) hours after being given, (iii) if sent by mail, it shall be deemed to have been given upon receipt and (iv) if sent by Federal Express, the Express Mail Service of the United States Postal Service or other equivalent overnight or expedited delivery service, it shall be deemed given twenty-four (24) hours after delivery to such overnight or expedited delivery service, delivery charges prepaid and properly addressed to Borrower or Secured Party as the case may be. For purposes hereof, the addresses of Borrower and Secured Party shall be as follows:

#### Borrower:

Communication Intelligence Corporation 275 Shoreline Drive Redwood Shores, CA 94065-1413 Attention: President

#### Secured Party:

CIC Standby Ventures, L.P.
1300 Post Oak Boulevard
Suite 450
Houston, Texas 77056
Attention: Mr. Philip S. Sassower, General Partner

by party may, by propar written and in harmy large the standard of

Any party may, by proper written notice hereunder to the other party, change the address to which notices shall thereafter be sent to it.

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7.6 Severability. If any provision of this Agreement is held to be illegal, invalid, or unenforceable, such provision shall be fully severable, and the remaining provisions of this Agreement shall be in full force and effect.

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Any such excess of the maximum permitted by applicable for the payment thereof, shall be obligated to pay the amount of such interest to the extent that is in excess of the maximum non-usurious interest rate permitted by applicable law, (iii) any such excess interest that may have been collected shall be, at the option of the holder of the instrument evidencing the Secured Indebtedness either applied as a credit against the then unpaid principal amount thereof or refunded to the maximum non-usurious interest rate permitted by applicable law, (iv) the effective rate of interest shall be automatically reduced to the maximum non-usurious interest rate permitted under the applicable usury laws as now or hereafter construed by courts having jurisdiction.

7.8 Pronouns. The pronouns used in this instrument are in the masculine gender but shall be construed as feminine or neuter as occasions may require.

EXECUTED as of the date set forth above.

BORROWER:

COMMUNICATIONS INTELLIGENCE CORPORATION

By:		 	
Na	me;	 	 
Tit	le:		

SECURED PARTY:

CIC STANDBY VENTURES, 1...P

y: <u>|-</u> | Name:

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# EXHIBIT A TRADEMARKS AND APPLICATIONS

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## EXHIBIT A TO SECURITY AGREEMENT

# BETWEEN COMMUNICATION INTELLIGENCE CORPORATION AS BORROWER, AND CIC STANDBY VENTURES, L.P. AS SECURED PARTY

## TRADEMARKS AND APPLICATIONS - U. S.

Description	Country	Application/ Registration#	Application/ Reg Date
1. CIC DESIGN (LOGO)	United States	Reg: 1306886	11/27/84
2 CREATIVITY TOOL	United States	App: 440887	9/27/93
3. FONOS	United States	App: 507964	4/1/94
4. HANDWRITER	United States	Reg: 1308756	12/11/84
5. HANDWRITER PLUS	United States	App # Not Yet Assigned	6/13/95
6. HANDWRITER +	United States	App # Not Yet Assigned	6/13/95
7. INKSHRINK	United States	App: 607828	12/7/94
8. MACHANDWRITER	United States	Reg: 1721067	9/29/92
9. MATHBOOK	United States	App. 440881	9/27/93
10. MULTINOTE	United States	Арр: 609909	12/12/94
11. PENMAC	United States	App: 606623	12/5/94
12. PENDOS	United States	Reg: 1794486	9/21/93
13. PENTALK	United States	App: 392681	5/20/93
14. PHONOS	United States	App. 507968	4/1/94
15. TASKSCRIPTING	United States	App: 522966	5/5/94
6. YPAD	United States	App # Not Yet Assigned	6/15/95
7. DYNAMIC SIGNATURE VERIFICATION	No Registrations	<b>0</b> 0	- 10199
8. PROFICIENT	United States	Reg: 1486811	5/3/88

Page 1 of 2

## EXHIBIT A TO SECURITY AGREEMENT

## BETWEEN COMMUNICATION INTELLIGENCE CORPORATION AS BORROWER, AND CIC STANDBY VENTURES, L.P. AS SECURED PARTY

## TRADEMARKS AND APPLICATIONS - FOREIGN

Description	Country	Application/ Registration #	Application/ Reg Date
1. HANDWRITER	Germany	Post 9055050	3.600
	Spain	Reg: 2057970 Reg: 1682610	1/29/92
	France	<b>5</b>	2/7/92
	United Kingdom	Reg. 92421079	6/2/92
	Italy	Reg: B1488780	1/24/92
	Japan	App: MI92C000573	1/28/92
	vapan	App: 98614/83	10/17/83
2. HANDWRITER WITH			
KATAKANA & CIC LOGO	Japan	App: 117127/87	10/19/87
3. INKSHRINK	Germany	Reg: 2071642	9/30/93
	Spain	App: 1783365	10/7/93
	France	Reg: 93/489492	10/26/93
	United Kingdom	Reg. 1549138	9/30/93
	Italy	App: MI93C006790	10/6/93
	Japan	App: 99680/1993	9/30/93
. MACHANDWRITER	Germany	<b>n</b>	
	Spain	Reg: 2027414	1/29/92
	France	Reg: 1682611	2/7/92
		Reg: 92418221	5/7 <i>/</i> 92
	United Kingdom	Reg: B1488781	1/24/92
	Italy	App: M192C000574	1/28/92
	Japan	<b>Λ</b> թը։ 114044/91	11/1/91
PENDOS	Germany	Reg: 2027413	1/29/92
	Spain	Reg: 1682613	2/7/92
	France	Reg: 92/407612	2/27/92
	United Kingdom	Reg: 1488811	1/24/92
	Italy	App: MI92C000575	1/28/92
	Japan	Reg: 2666994	
	* **	ACE. 2000534	5/31/94
PROFICIENT	Canada	Reg. 368517	5/11/90
	Japan	Reg. 2315209	6/28/91
CIC DESIGN (LOGO)	Japan	Reg; 1979471	8/19/87

Page 2 of 2

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EXHIBIT B
PATENTS AND APPLICATIONS

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## EXHIBIT B TO SECURITY AGREEMENT

# BETWEEN COMMUNICATION INTELLIGENCE CORPORATION AS BORROWER AND CIC STANDBY VENTURES, L.P. AS SECURED PARTY

## PATENTS - U.S.

Description	APPLICATION / PATENT NUMBER	APPLICATION GRANT DATE	/ Inventor
Complex Pattern Recognition Method     and System	4 5 5 4 4 4 4		
2. Method For Dynamic Reconstruction	4,561,105	12/24/85	Crane/ Ostrem
of Handwritten Data	Application: 07/932453	08/20/92	Crane/ Ostrem/ Austin
<ol> <li>Method &amp; System For Using And Stylus Input With A Computer</li> </ol>	Application: 07/787331	10/22/91	Brown/ Foyt/ Maliniak
4. Keyless Flat Panel, Computer Aided Notebook	F 0.40 ppg	_	
5. Method of Distinguishing Between	5,049,862	09/29/92	Dao/ Foyt/ Dao/Allen
Complex Character Sets	4,531,231	07/23/85	Crane/ Ostrem/ Edberg
6. Confusion Grouping of Strokes In Pattern Recognition Method And System			_
	4,573,196	02/25/86	Crane/ Ostrem
7. Process & Apparatus Involving Pattern Recognition	4,718,102	01/05/88	Crane/ Ostrem

Page 1 of 2

P. 04

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#### EXHIBIT B TO SECURITY AGREEMENT

## BETWEEN COMMUNICATION INTELLIGENCE CORPORATION AS BORROWER, AND CIC STANDBY VENTURES, L.P. AS SECURED PARTY

## PATENTS - FOREIGN

Description	Country	APPLICATION/ PATENT NUMBER	APPLICATION/ GRANT DATE	INVENTOR
Process & Apparatus Involving     Pattern Recognition	Korea Taiwan	30,915 22,432	9/30/89 3/1/85	Crane/ Ostrem
2. Keyless Flat Panel, Computer Aided Notebook	Taiwan	69,208	2/29/92	Dao/ Foyt/ Dao/ Allen
3. Confusion Grouping of Strokes In Pattern Recognition Method and				
System	France	FR 11425	11/28/83	Crane/Ostrom
	Germany	3,382,507	11/28/83	
	Great Britian	GB 114250	11/28/83	
	Italy	IT 114250	11/28/83	
	Netherlands	NL 114250	11/28/83	
	Switzerland	CH 114250	11/28/83	
	Japan	Application: 584584	8/10/84	
4. Method of Distinguishing Between				
Complex Character Sets	Korea	20.024	0.00.00	
outplant of the control of the	Taiwan	30,916	9/30/89	Crane/ Ostrem/ Edberg
	laiwan	23,933	9/16/85	
5. Complex Pattern Recognition Method				
and System	France	FR 114248	11/28/83	Crane/ Ostrom
	Germany	3,382,506	11/28/83	
	Great Britian	GB 114248	11/28/83	
	Italy	IT 114248	11/28/83	
	Netherlands	NL 114248	11/28/83	
	Switzerland	CH 114248	11/28/83	
	Japan	6-52538	7/6/94	
	Japan div. 1 A	oplication: 110699/93	5/11/93	
	Japan div. 2 A	ipplication: 110698/93	5/11/93	
	Korea	80,914	9/30/89	
	Tajwan	23,589	10/1/85	

Page 2 of 2

## EXHIBIT C TO SECURITY AGREEMENT

BETWEEN COMMUNICATION INTELLIGENCE CORPORATION AS BORROWER, AND CIC STANDBY VENTURES, L.P. AS SECURED PARTY

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1. Existing Lien of Calcomp Inc.

P. 02

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BETWEEN COMMUNICATION INTELLIGENCE CORPORATION AS BORROWER, AND CIC STANDBY VENTURES, L.P. AS SECURED PARTY

## EXISTING FINANCING STATEMENTS

- 1. UCC-1 Financing Statement of Calcomp Inc. filed in California.
- 2. UCC-1 Financing Statement of Bankers Leasing filed in California.
- 3. UCC-1 Financing Statement of Siemens Credit Corporation filed in California,

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RECORDED: 10/08/2008