

01-12-2009

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



103543235

2 SHEET  
Y

To the Director of the U.S. Patent and Trademark Office

attached documents or the new address(es) below.

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

Pedigo Products, Inc.

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

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

Execution Date(s) 11/13/08

- ☐ Assignment ☐ Merger  
☒ Security Agreement ☐ Change of Name  
☐ Joint Research Agreement  
☐ Government Interest Assignment  
☐ Executive Order 9424, Confirmatory License  
☐ Other \_\_\_\_\_

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

Name: Dan L. Becker

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

Street Address: 6314 Kingspointe Parkway, Unit 6

City: Orlando

State: FL

Country: U.S. Zip: 32819

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

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

A. Patent Application No.(s)

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

B. Patent No.(s)

6019102 and 6823805

Additional numbers attached? ☐ Yes ☒ No

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

Name: Scott E. Johnson

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

Street Address: 111 N. Orange Ave., Ste. 1200

City: Orlando

State: FL Zip: 32801

Phone Number: 407-841-4141

Fax Number: 407-841-4148

Email Address: sjohnson@morankidd.com

**6. Total number of applications and patents involved: 2**

**7. Total fee (37 CFR 1.21(h) & 3.41) \$ 80.00**

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

**8. Payment Information**

Deposit Account Number \_\_\_\_\_

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

**9. Signature:**

Scott E. Johnson  
Signature

1-6-09  
Date

Scott E. Johnson  
Name of Person Signing

Total number of pages including cover sheet, attachments, and documents: 13

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: 022092 FRAME: 0553**

12-19-2008



SET

To the Director of the U.S. Patent ar.

103540479

documents or the new address(es) below.

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

Pedigo Products, Inc.

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

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

Execution Date(s) 11/13/08

☐ Assignment

☐ Merger

☒ Security Agreement

☐ Change of Name

☐ Joint Research Agreement

☐ Government Interest Assignment

☐ Executive Order 9424, Confirmatory License

☐ Other \_\_\_\_\_

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

Name: Dan L. Becker

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

Street Address: 6314 Kingspointe Parkway, Unit 6

City: Orlando

State: FL

Country: U.S. Zip: 32819

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)

B. Patent No.(s)

6019102 and 68223805

Additional numbers attached? ☐ Yes ☐ No

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

Name: Scott E. Johnson

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

Street Address: 111 N. Orange Ave., Ste. 1200

City: Orlando

State: FL Zip: 32801

Phone Number: 407-841-4141

Fax Number: 407-841-4148

Email Address: sjohnson@morankidd.com

**6. Total number of applications and patents involved: 2**

**7. Total fee (37 CFR 1.21(h) & 3.41) \$ 80.00**

☐ Authorized to be charged to deposit account

☒ Enclosed

☐ None required (government interest not affecting title)

**8. Payment Information**

Deposit Account Number 12/18/2008 DRYNE 00000075 6019102

01 FC:8021

80.00 00

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

**9. Signature:**

Signature

12-12-08  
Date

Scott E. Johnson

Name of Person Signing

Total number of pages including cover sheet, attachments, and documents: 13

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

# SECURITY AGREEMENT

This SECURITY AGREEMENT ("Agreement"), is made this 13<sup>th</sup> day of November, 2008 (the "Effective Date"), by and between Pedigo Products, Inc., a California corporation ("Pedigo"), and Dan L. Becker, an individual ("Secured Party").

This Agreement is being executed and delivered in accordance with Section 2.4(b)(iii) of the Stock Purchase Agreement dated November 13, 2008 (the "Stock Purchase Agreement") between Pedigo and Secured Party. Capitalized terms used in this Agreement without definition have the respective meanings given to them in the Stock Purchase Agreement.

Secured Party and Pedigo agree as follows:

## A. Definitions.

1. **"Collateral"**. The Collateral shall consist of (i) 100 shares of the capital stock of OR Specific, Inc., being all of the issued and outstanding shares of OR Specific, Inc., all of which are registered in the name of Pedigo (the "Shares"), plus any stock dividend, stock split, distribution of capital or other distribution or payment declared upon the Shares; and (ii) the patents listed on Schedule I to this Agreement (the "Patents" and, together with the Shares, the "Collateral").
2. **"Obligations"**. This Agreement secures the following (collectively, the "Obligations"):
  - (i) Pedigo's obligations under the promissory note of Pedigo in favor of Secured Party dated as of the Effective Date, in the original principal amount of \$2,300,000 (the "Note");
  - (ii) the payment to the Secured Party of the Default Costs pursuant to Section G of this Agreement; and
  - (iii) any of the foregoing that arises after the filing of a petition by or against Pedigo under the United States Bankruptcy Code (the "Bankruptcy Code"), even if the obligations do not accrue because of the automatic stay under Bankruptcy Code § 362 or otherwise.
3. **"UCC"**. Refers to the Uniform Commercial Code ("UCC"). Any term used in the UCC and not defined in this Agreement has the meaning given to the term in the UCC.

## B. Grant of Security Interest.

Pedigo grants a security interest in the Collateral to Secured Party to secure the payment or performance of the Obligations.

**C. Perfection of Security Interests.**

**1. Filing of Financing Statement.**

Pedigo authorizes Secured Party to file a financing statement describing the Collateral.

**2. Assignment Separate from Certificate.** Pedigo will execute an assignment separate from certificate in blank in the form attached hereto as Exhibit A.

**3. Filing of this Agreement.** Pedigo authorizes Secured Party to file a copy of this Agreement with the United States Patent and Trademark Office.

**D. Post-Closing Covenants and Rights Concerning the Collateral.**

**1. Limitations on Obligations Concerning Maintenance of Collateral.**

- (i) **Risk of Loss.** Pedigo has the risk of loss of the Collateral.
- (ii) **No Collection Obligation.** Secured Party has no duty to collect any income accruing on the Collateral or to preserve any rights relating to the Collateral.
- (iii) **In Absence of Default.** So long as no Event of Default (as defined below and in the Note) exists under this Agreement, (a) all distributions paid on account of any Shares which are a part of the Collateral shall belong to Pedigo, and (b) Pedigo shall have the full right to vote all of the Shares comprising any part of the Collateral, as if Pedigo had not granted a security interest in the Shares, and exercise all other rights as a shareholder of OR Specific, Inc.
- (iv) **Following Event of Default.** Upon and during the continuation of an Event of Default under this Agreement or the Note, and so long as it continues, Secured Party shall be entitled to (a) receive and retain all distributions at any time paid upon any Shares which are a part of the Collateral, (b) exercise all voting power with respect to any Shares which constitute a part of the Collateral, and (c) if the Event of Default has not been cured by Pedigo within 45 days following Pedigo's receipt of a default notice from Secured Party (specifying the Event of Default in sufficient detail to permit a cure), take action with respect to the Patents. Notwithstanding any other provision of this Agreement, Secured Party shall take no action with respect to the Patents, including without limitation foreclosing on its security interest therein or making any filing with the United States Patent and Trademark Office with respect thereto (except as permitted by Section C.3 above), unless an Event of Default under this Agreement or the Note has occurred and is continuing and has not been cured by Pedigo within 45 days following Pedigo's receipt of a default notice from Secured Party (specifying the Event of Default in sufficient detail to permit a cure).

(v) **Dissolution of Issuer.** Upon the dissolution or liquidation (in whole or in part) of the issuer of any securities which are a part of the Collateral, any sums distributed on account of the Collateral shall be paid to and held by Secured Party as part of the Collateral.

2. **No Disposition of Collateral.** Secured Party does not authorize, and Pedigo agrees not to:

- (i) offer to sell, sell, or otherwise dispose any of the Collateral, provided that neither Pedigo nor OR Specific, Inc. shall be prohibited from licensing or sublicensing the Patents; or
- (ii) grant any other security interest in the Collateral.

**E. Pedigo's Representations.**

Pedigo represents to Secured Party that:

- 1. **Due Incorporation and Good Standing.** Pedigo is a corporation duly organized, validly existing, and in good standing under the laws of the State of California.
- 2. **Due Authorization.** This Agreement has been duly executed and delivered by Pedigo and constitutes the legal, valid, and binding obligation of Pedigo, enforceable against Pedigo in accordance with its terms. Pedigo has the absolute and unrestricted right, power, and authority to execute and deliver this Agreement and to perform its obligations under this Agreement.
- 3. **Title to and transfer of Collateral.** Provided that the representations and warranties of Secured Party in the Stock Purchase Agreement are true and complete, Pedigo has rights in or the power to transfer the Collateral and its title to the Collateral is free of all adverse claims, liens, security interests and restrictions on transfer or pledge except as created by this Agreement.

**F. Events of Default.**

The occurrence of any of the following shall, at the option of Secured Party, be an Event of Default:

- 1. Any Event of Default (as defined in the Note) under the Note, or any default by Pedigo of the other Obligations;
- 2. Transfer or disposition of any of the Collateral, except as expressly permitted by this Agreement; or
- 3. Attachment, execution, or levy on any of the Collateral.

**G. Default Costs.**

Should an Event of Default occur, Pedigo will pay to Secured Party all costs reasonably incurred by the Secured Party for the purpose of enforcing its rights hereunder (the "Default Costs"), including:

1. Costs of foreclosure;
2. Costs of obtaining money damages; and
3. A reasonable fee for the services of attorneys employed by Secured Party for any purpose related to this Agreement or the Obligations, including consultation, drafting documents, sending notices or instituting, prosecuting or defending litigation or arbitration.

**H. Remedies Upon Default.**

1. **General.** Upon any Event of Default, Secured Party may pursue any remedy available at law (including those available under the provisions of the UCC), or in equity to collect, enforce, or satisfy any Obligations then owing, whether by acceleration or otherwise.
2. **Concurrent Remedies.** Upon an Event of Default, the Secured Party shall have the right to pursue any of the following remedies separately, successively, or simultaneously:
  - (i) File suit and obtain judgment, and, in conjunction with any action, Secured Party may seek any ancillary remedies provided by law, including levy of attachment and garnishment.
  - (ii) Take possession of any Collateral (subject to Section D.1.(iv) of this Agreement) if not already in its possession without demand and without legal process.
  - (iii) Sell or otherwise dispose of the Collateral at public or private sale in accordance with the UCC and applicable federal and state securities laws.

**I. Foreclosure Procedures.**

1. **No Waiver.** No delay or omission by the Secured Party to exercise any right or remedy accruing upon any Event of Default shall (a) impair any right or remedy, (b) waive any default or operate as an acquiescence to the Event of Default, or (c) affect any subsequent default of the same or of a different nature.
2. **Notices.** Secured Party shall give Pedigo such notice of any private or public sale as may be required by the UCC.

3. **No Obligation to Pursue Others.** Secured Party has no obligation to attempt to satisfy the Obligations by collecting them from any other person liable for them and Secured Party may release, modify or waive any collateral provided by any other person to secure any of the Obligations, all without affecting Secured Party's rights against Pedigo. Pedigo waives any right it may have to require Secured Party to pursue any third person for any of the Obligations.
4. **Compliance with Securities Laws.** Pedigo recognizes that Secured Party may be unable to effect a public sale of all or a part of the Collateral by reason of certain prohibitions contained in the Securities Act of 1933 (the "Securities Act"), or other relevant securities laws in any jurisdiction, but may be compelled to resort to one or more private sales to a single purchaser or a restricted group of purchasers who will be obliged to agree, among other things, to acquire such securities for their own account, for investment and not with a view to the distribution or resale thereof. Pedigo agrees that private sales may be at prices and other terms less favorable to Pedigo than if such securities were sold at public sale and that Secured Party has no obligation to delay the sale of any portion of the Collateral for the period of time necessary to permit the issuer of such securities to register the securities, even if the issuer would, or should, agree to register such securities for public sale under the Securities Act or other relevant securities laws in any jurisdictions. Pedigo agrees that private sales made under the foregoing circumstances shall be deemed to have been made in a "commercially reasonable" manner.
5. **Warranties.** Secured Party may sell the Collateral without giving any warranties as to the Collateral. Secured Party may specifically disclaim any warranties of title or the like. This procedure will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral.
6. **Sales on Credit.** If the Secured Party sells any of the Collateral upon credit, Pedigo will be credited only with payments actually made by the purchaser, received by Secured Party and applied to the indebtedness of the purchaser. In the event the purchaser fails to pay for the Collateral, Secured Party may resell the Collateral and Pedigo shall be credited with the proceeds of the sale.
7. **Purchases by Secured Party.** In the event Secured Party purchases any of the Collateral being sold, Secured Party may pay for the Collateral by crediting some or all of the Obligations of Pedigo.
8. **No Marshaling.** Secured Party has no obligation to marshal any assets in favor of Pedigo, or against or in payment of:
  - (i) the Note,
  - (ii) any of the other Obligations, or
  - (iii) any other obligation owed to Secured Party by Pedigo or any other person.

J. **Miscellaneous.**

1. **Assignment.** Neither party may assign its rights or obligations under this Agreement without the consent of the other party. Subject to the foregoing, this Agreement shall bind and shall inure to the benefit of the heirs, legatees, executors, administrators, successors, and permitted assigns of the parties.
2. **Severability.** If any provision in this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.
3. **Notices.** Any notice required or permitted to be given hereunder shall be given in accordance with Section 13.3 of the Stock Purchase Agreement.
4. **Headings; Construction.** The headings of Sections in this Agreement are provided for convenience only and will not affect its construction or interpretation. All words used in this Agreement will be construed to be of such gender or number as the circumstances require. Unless otherwise expressly provided, the words "hereof" and "hereunder" and similar references refer to this Agreement in its entirety and not to any specific section or subsection hereof. Unless expressly provided otherwise, "including" means "including without limitation"; "or" is used in the inclusive sense of "and/or"; and "any" means "any and all". This Agreement was negotiated by Pedigo and Secured Party with the benefit of legal representation, and any rule of construction or interpretation otherwise requiring this Agreement to be construed or interpreted against any Person will not apply to any construction or interpretation of this Agreement.
5. **Termination of Agreement.** This Agreement and the security interest hereunder shall terminate upon the full and indefeasible payment in cash and performance of all the Obligations. Notwithstanding anything to the contrary herein, this Agreement (including all representations, warranties and covenants contained herein) shall continue to be effective or be reinstated, as the case may be, if at any time any amount received by Secured Party in respect of the Obligations is rescinded or must otherwise be restored or returned by Secured Party upon or in connection with the insolvency or bankruptcy, dissolution, liquidation or reorganization of Pedigo, all as though such payment had not been made. Secured Party agrees to file UCC termination statements with the appropriate governmental authorities and take all such other actions as shall be necessary to fully extinguish the security interests created by this Agreement upon the termination of this Agreement.
6. **Governing Law.** All matters relating to or arising out of this Agreement and the rights of the parties hereunder will be governed by and construed and interpreted under the laws of the State of Delaware without regard to conflicts of laws principles



principles that would require the application of any other law.

7. **Jurisdiction; Service of Process.** Any Proceeding (as defined in the Stock Purchase Agreement) arising out of or relating to this Agreement shall be brought in the courts of the State of Delaware, County of New Castle, or, if it has or can acquire jurisdiction, in the United States District Court for the District of Delaware, and each of Pedigo and Secured Party hereby irrevocably submits to the exclusive jurisdiction of each such court in any such Proceeding, waives any objection it may now or hereafter have to venue or to convenience of forum, agrees that all claims in respect of such Proceeding shall be heard and determined only in any such court, and agrees not to bring any Proceeding arising out of or relating to this Agreement in any other court. Pedigo and Secured Party each acknowledges and agrees that this paragraph 7 constitutes a voluntary and bargained for agreement between Pedigo and Secured Party. Process in any Proceeding referred to in the first sentence of this paragraph 7 may be served on Pedigo or Secured Party anywhere in the world. Each of Pedigo and Secured Party may make service on the other by sending or delivering a copy of the process to the party to be served at the address and in the manner provided for the giving of notices in Section 13.3 of the Stock Purchase Agreement. Nothing in this paragraph 7 will affect the right of Pedigo or Secured Party to serve legal process in any other manner permitted by law or at equity.
8. **Integration and Modifications.** This Agreement is the entire agreement of Pedigo and Secured Party concerning its subject matter. Any modification to this Agreement must be made in writing and signed by Pedigo and Secured Party.
9. **Waiver.** Any party to this Agreement may waive the enforcement of any provision to the extent the provision is for its benefit.
10. **Further Assurances.** Each party to this Agreement agrees to execute any further documents, and to take any further actions, reasonably requested by the other party to this Agreement to carry out the purpose and intent of this Agreement.
11. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy and all of which, when taken together, will be deemed to constitute one and the same Agreement. The delivery of copies of this Agreement, including executed signature pages where required, by electronic transmission will constitute effective execution and delivery of this Agreement for all purposes. Signatures transmitted electronically will constitute original signatures for all purposes.

12. **WAIVER OF JURY TRIAL.** THE PARTIES WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE. THE PARTIES AGREE THAT ANY OF THEM MAY FILE A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE KNOWING, VOLUNTARY, AND BARGAINED-FOR AGREEMENT AMONG THE PARTIES IRREVOCABLY TO WAIVE TRIAL BY JURY AND THAT ANY PROCEEDING BETWEEN THEM RELATING TO THIS AGREEMENT SHALL INSTEAD BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE SITTING WITHOUT A JURY.

**[SIGNATURE PAGE FOLLOWS]**

IN WITNESS WHEREOF, the parties have signed this Agreement as of the day and year first above written.

"Secured Party"

DAN L. BECKER

---

"Pedigo"

PEDIGO PRODUCTS, INC.

By:

*in Velup*  
Name:

Title:

*Rick R. Pedigo*  
*chief operating officer*

IN WITNESS WHEREOF, the parties have signed this Agreement as of the day and year first above written.

“Secured Party”

DAN L. BECKER



“Pedigo”

PEDIGO PRODUCTS, INC.

By: \_\_\_\_\_

Name:

Title:

**SCHEDULE I**

**Patents**

611062v6

**SCHEDULE I**  
**OR SPECIFIC PATENTS**

<b><u>COUNTRY</u></b>	<b><u>PATENT NUMBER</u></b>
United States	6,019,102
Germany	DE 699 33 481.0-08
Japan	3640640
Australia	767487
Netherlands	1237494
Canada	2,382,946
Denmark	DK/EP 1237494
France	1 237 494
Spain	EP 1237494
Italy	EP 1 237 494
UK	EP 1237494
United States	6,823,805