

PATENT ASSIGNMENT

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SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	Asset Purchase Agreement
CONVEYING PARTY DATA	
Name	Execution Date
Metorex International OY	10/01/1998
RECEIVING PARTY DATA	
Name:	Epilotum Oy Ab
Street Address:	Keskuskatu 7A
City:	Helsinki
State/Country:	FINLAND
Postal Code:	00100
PROPERTY NUMBERS Total: 1	
Property Type	Number
Patent Number:	5490196
CORRESPONDENCE DATA	
Fax Number:	(949)709-3193
<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>	
Phone:	9497093193
Email:	sona@patentmetrix.com
Correspondent Name:	Sona Dalal
Address Line 1:	14252 Culver Drive
Address Line 2:	Box 914
Address Line 4:	Irvine, CALIFORNIA 92604
ATTORNEY DOCKET NUMBER:	5490196_PART1
NAME OF SUBMITTER:	Sona Dalal
Total Attachments: 17 source=5490196_APA_Redact#page1.tif source=5490196_APA_Redact#page2.tif source=5490196_APA_Redact#page3.tif source=5490196_APA_Redact#page4.tif	

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (the "Agreement"), entered into on this 1 day of October 1998, by and between Epinotum Oy Ab of Keakuskatu 7 A, 00100 Helsinki (seventh floor), (the "Buyer") and Metorex International Oy, of Nihtisil-lankuja 5, 02630 Espoo, Finland (the "Seller").

WITNESSETH

WHEREAS, the Seller is engaged in, inter alia, the manufacturing, sales, marketing and distribution of security products used in the "Metorex Security Products Line";

WHEREAS, the Buyer is interested in acquiring all the assets and business of the Metorex Security Products Line and to assume certain liabilities of the Seller;

WHEREAS, the Seller is interested in selling and transferring such assets, business and liabilities to the Buyer;

NOW THEREFORE, in consideration of the mutual premises hereinafter set forth the parties hereto have agreed as follows:

1. OBJECT OF PURCHASE

Upon the terms and subject to the conditions set forth herein, and in reliance upon the representations, warranties, assurances and undertakings made herein by each Party to the other Party, the Seller hereby sells and transfers

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and the Buyer hereby purchases all the business ("the Business") and assets ("the Assets") of the Metorex Security Products Line and assumes the liabilities identified in Section 3 as of the Closing Date ("the Liabilities").

2. THE ASSETS

The Assets transferred by the Seller hereunder comprise the following:

2.1 Fixed Assets

The fixed assets comprise all machinery, equipment, tools, fixtures and furniture and other fixed assets of the Seller used in the Business.

The main items of the fixed assets are listed in Schedule 2.1. The list is not exhaustive and the Assets comprise also all other fixed assets relating to the Business, in particular and without limitation all assets located within the premises of the Seller at Nihtisillankuja 5, 02360 Espoo, and at Metorex Inc. at 250 Phillips Boulevard, Princeton, New Jersey, U.S.A., unless expressly excluded hereunder.

2.2 Intangible Fixed Assets

The intangible fixed assets comprise all of the Seller's intellectual property rights, including but not limited to the name "Metorex Security Product", and patents used in the Business, (the "Intellectual Property Rights") including those listed in Schedule 2.2, and the Seller's information, data and know-how relating to the Business, including, inter alia, know-how relating to research and development, manufacturing, planning (such as but not limited to all technology, plans, proposals, drafts, etc. for large scanning machines owned by or in the possession of the seller), administration, marketing and sales, reduced in the form of drawings, layouts, drafts, calculations, test results, definitions, records, samples and prototypes, agreements, offers, correspondence, statistics, computer software, price calculations, customer and supplier lists, explana-

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tions, users and service manuals and other similar documents (the "Documentation").

2.3 Inventory

The inventory comprises all of the Seller's inventory (the "Inventory"), together with the complete stock of non-finished goods, of the Business in the Seller's possession as at the Closing Date, including without prejudice to the generality of the foregoing, commodities, raw-material, semi-finished products and products in progress.

All Inventory are to the best of the Sellers knowledge listed in Schedule 2.3 which is to be finalised within 15 days from the Closing Date.

2.4 Financial Assets

The Financial Assets include advance payments received by the Seller in so far as such advance payments relate to work to be performed after the Closing Date by the Buyer.

The Seller undertakes to remit to the Buyer any such advance payments received within five (5) banking days from the date of receipt.

The Seller represents and warrants that no advance payments are presently held by the Seller and that no such payments will be received prior to the Closing Date.

2.5 Commercial Contracts and Purchase Commitments

The Commercial Contracts comprise all Purchase Commitments and all distribution, representation and agency agreements, sales agreements, purchase agreements, lease agreements, license agreements, co-operation agreements and any and all other contracts and agreements relating to the Assets, the Liabilities or otherwise to the Business.

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All the Commercial Contracts are to the best of the Seller's knowledge listed in Schedule 2.5.a and the Purchase Commitments in Schedule 2.5.b.

2.6 Other Assets

No other Assets than those explicitly referred to in this Agreement are included in the transfer contemplated hereby.

3. LIABILITIES

Save as provided elsewhere in this Agreement, the Buyer does not assume any liabilities of the Seller, whether existing or contingent, relating to the period prior to the Closing Date, and the Seller agrees to indemnify and hold the Buyer harmless in full against any obligations, claims or liabilities of the Seller arising out of periods, events or any circumstances prior to the Closing Date. This applies to everything except to all items listed in Schedule 3.

4. TRANSFER OF TITLE, POSSESSION AND RISK OF LOSS

4.1 Time of Transfer

Title to, possession and risk of loss of the Assets shall pass and transfer from the Seller to the Buyer at the Closing when the Closing Memorandum has been signed by both Parties. Correspondingly, the Buyer will assume the Liabilities as from the said moment.

4.2 Action by the Seller

The Seller shall forthwith and as a condition for Closing and as an obligation continuing thereafter sign all necessary transfer notices and execute all necessary documents and do all other acts and things necessary or advisable in order to validly and effectively transfer and assign the Assets and the Liabilities to the Buyer.

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9.3 New Contracts

All new agreements and contracts relating to the Business shall be entered into in the name of the Seller until the Closing Date, whereafter they shall be entered into in the name of the Buyer. The Seller undertakes not to conclude any material agreement or contract relating to the Business after the date hereof without the express consent of the Buyer.

10. TRANSFER OF INTELLECTUAL PROPERTY RIGHTS

The Seller undertakes promptly to sign all transfer documents and to do all necessary acts and things, including securing the co-operation of all of the Seller's employees that may be necessary in order to validly transfer to the Buyer the Intellectual Property Rights and to reveal to the Buyer all necessary information and advice in order to accomplish complete and satisfactory transfer to the Buyer of all Intellectual Property Rights. The Seller will bear all costs, including official fees, attorneys' fees, taxes, and other expenses related to the transfer of the Intellectual Property Rights. The Buyer shall bear all costs relating to the registration of Intellectual Property Rights in the name of the Buyer.

In case any Intellectual Property Rights cannot be transferred to the Buyer, the Buyer shall nevertheless have the exclusive right to use such Intellectual Property rights.

11. REPRESENTATIONS, WARRANTIES AND ASSURANCES OF THE SELLER

The Seller acknowledges that the Buyer is entering into this Agreement in reliance on the representations, warranties and assurances (the "Warranties") hereby given by the Seller to the Buyer being true and correct both on the date hereof and on the Closing Date and consequently the Seller hereby represents, warrants and assures that the statements set out in this Section 12. are true

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and correct both on the date hereof and at the Closing.

The liability of the Seller under and the rights and remedies of the Buyer in respect of the Warranties shall not be affected by any knowledge of the Buyer as a result of the Due Diligence Review or otherwise.

A fact, matter, occurrence or event is deemed to form part of the knowledge of the Seller where it is known by any person employed by Seller or member of the Seller's Board of Directors.

11.1 Closing Statement

The Closing Statement in due course will be, complete and correct in all respects and truly and accurately reflect the information provided for in Section 5.5 in conformity with the good Finnish accounting practice and generally accepted Finnish accounting principles as consistently applied by the Seller.

11.2 Authority of the Seller

The execution and delivery of this Agreement by the Seller and the due consummation of the transactions contemplated hereby has been duly and validly authorised by all necessary corporate action on the part of the Seller and neither the execution and delivery of this Agreement nor the consummation by the Seller of the transactions hereby contemplated constitutes a violation or breach of or a default under any agreement to which the Seller is a party.

No consent, approval or action of any authority or any person having legal rights against the Seller or the Assets is, subject to the provisions of Section 15.2 required for the performance by the Seller of its obligations under this Agreement.

11.3 Title

The Seller has good, valid and marketable title to all the Assets and the Business, which subject to the provisions of Section 15.2 will, with the exception

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mentioned in Section 11.5, be, free and clear of any pledges, liens, charges, restrictions, encumbrances, covenants, tax claims and security interests.

11.4 Business premises

The present use of the premises used in the Business to be leased by the Buyer is not restricted by any material restriction or condition and conforms to planning, fire, safety, health and other regulations and to the requirements of the relevant local authorities and to all statutes governing the property or use thereof. All requisite permissions, consents and approvals have been obtained and are valid and subsisting for all developments, alterations or additions to or other works on or in relation to any of these premises and all conditions or restrictions imposed in or by any such permission, consent or approval have been complied with and nothing further remains to be done thereunder.

There is no material physical defect in any part of the premises to be leased or any structure thereon and all structures are in good and substantial repair and condition and fit for the purpose for which they are currently used having regard to their age and normal wear and tear.

The Seller is entitled to sublease the premises in Finland and in Princeton used in the Business to the Buyer.

11.5 Intellectual Property

The Intellectual Property Rights comprise all such rights necessary to operate the Business as now operated. Apart from a pending litigation in France between the Seller as plaintiff and CEIA as defendant regarding infringement of the French patent No. 8218566 of the Seller there are no pending or threatened proceedings, litigation or other adverse claims or patent infringements affecting any part of the Intellectual Property Rights, and, to the Seller's knowledge, no person or entity is infringing the Intellectual Property Rights.

The utilisation or sale of any and all of the Assets and the production, marketing and sale of any of the products presently sold by the Seller in the Busi-

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ness does not and will not infringe any patent, trademark, copyright or any other similar right of any third party with the exception of the rights mentioned in a Patent Sharing and Product Supply Agreement dated 1 March 1994 regarding the patent for multi energy system for X-ray imaging applications.

The Intellectual Property Rights are owned by the Seller and may, with the exception of the above restrictions, without limitation and free of any charge or cost whatsoever lawfully be used by the Buyer as from the Closing Date.

11.6 Inventory

All of the non-obsolete Inventory consists of items and material of good and merchantable quality and quantity usable in the ordinary course of business.

11.7 Fixed Assets

All fixed Assets are in good working order and condition, are fully usable and suitable for their purpose, have been properly served and are not damaged or broken more than due to normal wear and tear.

11.8 Commercial Contracts

All the Commercial Contracts are valid, binding and enforceable in accordance with their respective terms as such have been informed to the Buyer. Neither the Seller nor any other party to any Commercial Contract is in default in any material respect in the performance of any of its obligations under any commercial contract and no event has occurred which (whether with or without notice, lapse of time, or both) would constitute a default thereunder. The Seller is not a party to any contract or arrangement, which has not been entered into at arm's length.

To the best of the Seller's knowledge no contracts, agreements, understandings or other arrangements regarding the provision of goods and/or services exist between the Seller and any other company in the same group of companies.

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The Business is not bound by any non-competition undertakings and is not party to any agreement or arrangement, which would violate any competition laws applicable to it. There are no pending or threatened proceedings or investigations regarding unfair or unlawful competition practices of the Seller and all agreements, practices and alike are in accordance with all applicable competition laws and regulations and have been notified to the relevant competition authorities when so required.

11.9 Employees

The information relating to the Employees disclosed in Section 7. is true and correct in all respects and, except as provided in Schedule 7.1 hereto, none of the Employees enjoy any salary, fringe, pension or other benefits in excess of those provided by mandatory law or under the relevant collective bargaining agreement.

11.10 Tax Warranties

The Buyer will not become liable for any Taxes for which the Seller is liable.

11.11 Data Processing

The computer equipment and the computer software programs used by the Seller in the Business are its unencumbered property or are properly used under a license and are fit and sufficient for the purpose for which they are being used and provide sufficient processing and storage capacity for the Business and the Buyer will following the Closing be able to continue the use of said computer equipment and software as used before free from any restrictions and without incurring any additional costs except as provided in the Service Agreement.

11.12 Insurance

Attached hereto as Schedule 11.12 are true and complete copies of all the insurance policies, currently in effect in respect of the Business and the Assets

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(the "Insurance Policies"). The Insurance Policies provide the types and amounts of insurance coverage normal and customary for similar companies in Finland and are in full force and effect and will remain in force for the benefit of the Buyer at least 14 days after Closing irrespective of such transfer.

11.13 Litigation and Claims

There is no litigation, proceeding, investigation or claim pending or threatened against the Seller in respect of the Business or the Assets, nor are there any grounds for anticipation of any of the foregoing.

The Seller is not party to any litigation concerning the Business or the Assets except for the proceedings mentioned in Section 11.5.

11.14 Compliance with Laws

The Seller has not been in violation of any statute, law (including but not limited to those of the European Union and the U.S.A.), order, decree, regulation, license or authorisation affecting or applicable to the Business and all permits, licenses, authorisations and approvals necessary for the due conduct of the Business have been duly obtained and, as applicable, are in full force and effect, and the entry into or the consummation of this Agreement will not cause any termination, revocation, suspension or modification thereof, but such permits, licenses, authorisations and approvals will continue to be in full force and effect in the name of the Buyer following the Closing, nor has there been any violation of any such authorisation or approval or any term thereof.

11.15 Environmental Protection; Health Regulations

The Seller is in full compliance with all environmental and health and safety laws, regulations and ordinances ("Environmental Laws") and all environmental permits and other permits or licenses issued by any governmental authority charged with the administration of Environmental Laws ("Environmental Permits") and the Seller is in possession of all Environmental

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Permits required for the conduct or operation of the Business and all such Environmental Permits are in full force and effect.

The Seller has not made or committed any act, nor has it failed to take any act when legally required to do so, which, with or without notice or passage of time, or both, would constitute a violation of any Environmental Law or any Environmental Permit and no aspect of the Business or its facilities has been or is in violation of or carries liability under any Environmental Law or Environmental Permit.

All toxic and hazardous substances, products of waste ("Hazardous Substances") generated by the Seller have been disposed of in compliance with applicable Environmental Laws in effect now or at the time of such disposal, and, where applicable, pursuant to and in accordance with all applicable Environmental Permits and the Seller has no liability, whether asserted or unasserted, fixed or contingent, relating to its business, operations and facilities resulting from any environmental matters, including discharge, disposal, emissions, storage, accumulation, transport, leakage, spillage or other actions by the Seller with respect to Hazardous Substances and the Buyer will not be liable for any clean-up or other remediation acts, with aspect to any activities that have taken place before the Closing Date.

11.16 Ordinary Course of Business

During the period from signature hereof and until the Closing the Seller will not take any action or measure which is outside the ordinary course of business, unless such action or measure is directly related to the transactions contemplated herein or has been approved in writing by the Buyer.

There has not since the Annual Accounts Date been

- (i) any adverse deviation by the Seller from the ordinary course of business;

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- (ii) any adverse change in the financial condition, assets, liabilities or prospects of the Business;
- (iii) any adverse change in the relationship with the customers, suppliers or employees of the Seller;
- (iv) any destruction or loss of or damage to any significant property of the Seller whether or not covered by insurance;
- (v) any agreement or transaction for the sale or acquisition of any significant assets by the Seller except in the ordinary course of business;
- (vi) any adverse change in the accounting, management, purchasing, pricing, sales, collection or payment systems, policies, principles or practices of the Seller;
- (vii) any other action, contract or transaction by the Seller that could have a material adverse effect on the assets or financial conditions of the Seller.

11.17 True and Correct Information

Neither this Agreement nor any documents furnished by or on behalf of the Seller hereunder or in contemplation of this transaction contains any untrue statement of a material fact or omits to state any material fact or is otherwise misleading. There is no fact known to the Seller, which may now or in the future adversely affect the Assets or the prospects of the Business.

11.18 Valid at Closing

The Warranties shall survive Closing and remain in full force unaffected by the Due Diligence Review or any other inspection carried out by the Buyer, whether before or after the execution of this Agreement or the Closing or the preparation and verification of the Closing Statement or any acts other than express waivers in writing by the Buyer.

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All mortgages, pledges, charges and other encumbrances attaching to the Business and the Assets are listed in Schedule 15.2.

Should the Seller not be able to produce evidence of such release within the prescribed 21 days, or any additional period of time granted by the Buyer, the Buyer is entitled to cancel this Agreement and the transaction contemplated hereby.

Should the Buyer choose to cancel this Agreement due to the Seller's breach of its obligations of this Section 15.2, the Seller undertakes to compensate the Buyer for all costs, expenses, including but not limited to any tax consequences, which the Buyer may suffer.

15.3 Co-operation Undertaking

The Seller agrees to cooperate with the Buyer with a view to ensuring a smooth and successful transfer of the Business and the Assets to the Buyer and shall towards this end give any reasonable assistance and promote the interest of the Buyer towards the employees, customers, suppliers, authorities and other third parties.

15.4 Related Agreements

The Seller and the Buyer agree to cause the following agreements (the "Related Agreements") to be entered into before and as a condition for Closing by the respective parties thereto:

- (a) Agreement(s) for the transfer of the Intellectual Property Rights in the form attached as Schedule 15.4(a);
- (b) Agreement(s) for the lease of office space by the Buyer from the Seller attached as Schedule 15.4(b);

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- (c) A service agreement ("the Service Agreement") attached as Schedule 15.4(c).

15.5 Registration of company name of the Buyer

The Seller undertakes to provide any assistance to the Buyer required to register "Metorex Security Products" or "Metor Security Products" as the new company name of the Buyer in Finland, the USA or elsewhere.

The Buyer undertakes not to register "Metorex" as a brand name in Finland or elsewhere.

15.6 Reasonable efforts to achieve net sales targets

The Buyer undertakes to use its reasonable efforts to achieve the future net sales targets defined in Section 5.3.

The Seller shall have the rights to nominate Mr. Leif Ekström or Mr. Mikko J. Aro as a member of the Board of Directors of the Buyer. Said board member's office shall end at the end of the calendar year of 2000.

15.7. Lease of premises in Princeton

The Buyer undertakes to cause a Buyer related company and the Seller undertakes to cause Metorex Inc. to enter into a lease agreement whereby a Buyer related company shall lease from Metorex Inc. approximately 4000 square feet of space until the end of the year of 1999 commencing as of the Closing Date. The lease agreement shall provide that the base rent shall be the same per square foot base rent paid by Metorex Inc. to its landlord during said period. In addition, a Buyer related company shall be responsible for the cost of utility usage.

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16.2 Schedules Incorporated

Each Schedule to which reference is made herein and which is attached hereto shall be deemed to be incorporated in this Agreement by such reference.

16.3 Headings

The headings of this Agreement are for convenience of reference only and shall not in any way limit or affect the meaning or interpretation of the provisions of this Agreement.

16.4 Assignment

This Agreement and the rights and obligations specified herein shall be binding upon and inure to the benefit of the Parties hereto and shall not be assignable by either Party hereto.

This provision shall not restrict the Buyer's right to dispose of the Assets, in whole or in part, as it deems fit.

16.5 Integration

This Agreement represents the entire understanding and agreement between the Parties with respect to the subject matter hereof and supersedes all prior negotiations, understandings and agreements relating to the subject matter hereof.

16.6 No Waiver

Failure by any Party at any time or times to require performance of any provisions of this Agreement shall in no manner affect its right to enforce the same, and the waiver by any Party of any breach of any provision of this Agreement shall not be construed to be a waiver by such Party of any succeeding breach of

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such provision or waiver by such Party of any breach of any other provision hereof

16.7 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of Finland.

16.8 Arbitration

Any dispute, controversy or claim arising out of or relating to this Agreement or the breach, termination or invalidity of hereof shall be finally settled by arbitration in accordance with the Arbitration Rules of the Finnish Central Chamber of Commerce. The arbitration shall be held in Helsinki and the arbitration proceedings shall be conducted in the English language.

16.9 Amendments

Any amendment to this Agreement shall be in writing and shall have no effect before signed by the duly authorised representatives of both Parties.

16.10 Provisions Severable

If any part of this Agreement is held to be invalid or unenforceable, such determination shall not invalidate any other provision of this Agreement, however, the Parties hereto shall attempt, through negotiations in good faith, to replace any part of this Agreement so held to be invalid or unenforceable. The failure of the Parties to reach an agreement on a replacement provision shall not affect the validity of the remaining part of this Agreement.

16.11 Publicity

Save as required by law, governmental decree, applicable stock exchange rules, any other applicable regulations or any official action, the contents of this Agreement shall remain secret indefinitely.

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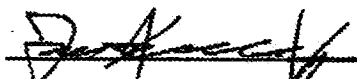
Communications to the employees of the Parties and any distribution of a press release regarding the transaction shall be made in accordance with the rules and regulations of the NASDAQ and the U.S.A. Securities and Exchange Commission.

16.12 Counterparts of the Agreement

This Agreement has been executed in two (2) identical counterparts, one (1) for the Seller and one (1) for the Buyer.

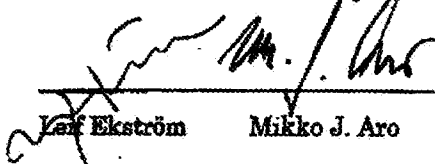
IN WITNESS WHEREOF, the Parties hereto have duly executed this Agreement in Helsinki as of the day and year first above written.

Epinotum Oy Ab



Jan Aminoff, authorized by
by power of attorney

Matorex International Oy



Leif Ekström

Mikko J. Aro

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