

Form PTO-1595 (Rev. 03-09)  
OMB No. 0651-0027 (exp. 03/31/2009)

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

## RECORDATION FORM COVER SHEET PATENTS ONLY

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

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

Paragon Furniture, L.P., a Texas limited partnership

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

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

Execution Date(s) 1/15/10

- ☐ 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: Compass Bank

Internal Address: Attn: Deanna Norwood, Vice President

Street Address: P.O. Box 797808

City: Dallas

State: Texas

Country: USA Zip: 75379-7808

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)

D323,260  
5,267,713  
D551,467  
D553,400

Additional numbers attached? ☐ Yes ☒ No

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

Name: Justin Puckett

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

Street Address: SettlePou

3333 Lee Parkway, 8th Floor

City: Dallas

State: Texas Zip: 75219

Phone Number: (214) 520-3300

Fax Number: (214) 526-4145

Email Address: jpuckett@settlepou.com

### 6. Total number of applications and patents involved: 4

7. Total fee (37 CFR 1.21(h) & 3.41) \$160.00

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

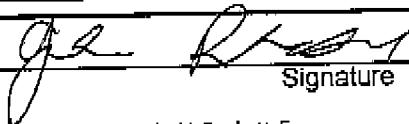
### 8. Payment Information

Credit Card Form Attached.

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

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

### 9. Signature:

  
Signature

1/21/10  
Date

Justin M. Puckett, Esq.  
Name of Person Signing

Total number of pages including cover sheet, attachments, and documents: 11

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

OP \$160.00 D323260

## PATENT SECURITY AGREEMENT

This Patent Security Agreement (this "Agreement") is made this 15<sup>th</sup> day of January, 2010, by Paragon Furniture, L.P., a Texas limited partnership, with a principal place of business at 2224 East Randol Mill Road, Arlington, Texas 76011 (the "Debtor") in favor of Compass Bank, whose address is P.O. Box 797808, Dallas, Texas 75379-7808.

**BACKGROUND.** Pursuant to the terms and provisions of a promissory note executed by Debtor, Paragon Furniture Management, Inc., Paragon Nevada Holding, Inc., Mark P. Hubbard, Gregory S. Kassanoff and Richard L. Kassanoff (collectively, "Borrowers") in favor of the Lender dated October 6, 2004 (the "Note") and documentation related thereto which evidences, secures and/or relates to the Loan (collectively, along with the Note, the "Financing Agreements"), a loan has previously been extended to Borrowers in the original principal amount of \$1,700,000.00 (the "Loan"). Part of the inducement for Lender to purchase the Loan from Citibank, N.A. and/or to extend a \$350,000.00 line of credit loan to Debtor, Paragon Furniture Management, Inc., and Paragon Nevada Holding, Inc. is the execution by Debtor of this Agreement. Payment of the Loan and the payment or performance of any other obligations of Debtor to the Lender pursuant to the Financing Agreements or any other obligations from Debtor to Lender whether now existing or hereafter arising (collectively, the "Obligations"), are to be secured by, among other things, the security interests created hereby.

NOW THEREFORE, in consideration of the premises, and as an inducement to the Lender to enter into the Financing Agreements and to extend the Loan contemplated hereby, Debtor hereby agrees with the Lender as follows:

1. Grant of Security Interest. In order to secure payment of the Loan and other Obligations, Debtor hereby pledges, assigns and grants to the Lender a continuing security interest in and lien on all of Debtor's: (i) patents, patent applications and patentable inventions, and the United States and foreign country registrations therefor (including, but not limited to, those listed in Schedule A attached hereto and made a part hereof) (individually, a "Patent" and collectively, the "Collateral"); (ii) common law rights to any of the Collateral; (iii) right to sue in Lender's own name or joined with Debtor, for past, present or future infringements thereof; (iv) any continuations, divisions, substitutes, reissues, renewals and/or extensions thereof; (v) rights corresponding to any of the foregoing throughout the world, all whether now existing or hereafter arising; (vi) all rights to income, royalties, profits, awards, damages, or other rights relating to the Collateral; and (vii) proceeds of any of the foregoing. Without limiting the generality of the foregoing, Debtor hereby further grants, assigns and conveys to Lender an exclusive license under and to the Collateral for the purpose of enforcing all of Lender's rights and remedies under this document and the Financing Agreements. Any right to sue shall be discretionary and not an obligation of Lender.

Neither this Agreement nor any of the other Financing Agreements creates or is intended to create a present assignment of the Collateral. Subject to the security interest and other

rights of Lender, Debtor shall continue to own the Collateral. Debtor agrees not to sell, assign, exclusively license, or grant a security interest in any of the Collateral without the prior written consent of Lender.

2. Covenants and Warranties of Debtor. Debtor covenants and warrants that to the best of Debtor's knowledge after making diligent inquiry and exercising due diligence:

- (a) The Collateral is subsisting and has not been adjudged invalid or unenforceable, in whole or in part;
- (b) Debtor is not a party to any exclusive license of any Patent as licensor or as a licensee under any license agreements relating to its business, except as disclosed to Lender in writing;
- (c) Each of the Patents is valid and enforceable;
- (d) No claim has been asserted by any third party that any of the Patents are invalid or unenforceable;
- (e) No claim has been made that the use of any of the Patents does or may violate the rights of any third person;
- (f) Except for the security interest and conditional assignment created by this Agreement, Debtor is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to the Collateral, free and clear of any liens, charges, security interests, infringements, or interests of any nature whatsoever, except for a permitted prior security interest in favor of Lender securing that certain Revolving Line of Credit Note of even date herewith in the original principal amount of \$350,000.00, and a permitted prior lien in favor Lender which secures a term loan in the amount of \$1,100,000.00 No effective assignment or financing statement or other instrument similar in effect covering all or any part of the Collateral is on file in any recording office, except such as may have been filed in favor of the Lender relating to this Agreement or for which duly executed termination statements have been recorded or delivered to the Lender;
- (g) Debtor has the unqualified right to enter into this Agreement and perform its terms; and
- (h) Debtor represents to Lender that it owns no interests in any patents, patent applications and/or patentable inventions other than those described in Schedule A hereto.

Debtor agrees that, until all of the Obligations shall have been satisfied in full, it will not enter into any agreement which is inconsistent with Debtor's obligations, duties and liabilities under this Agreement.

Debtor further agrees that it has the obligation, at its own cost, unless otherwise consented to in writing by the Lender:

- (h) To take all actions necessary to properly maintain and renew all Collateral which are or may become subject hereto for the full term or terms allowed by law including but not limited to the appropriate and timely payment of any required fees and the appropriate and timely filing of any documents or declarations necessary to maintain and renew said Collateral which may be necessary or appropriate, as determined by Lender, under applicable law;
- (i) To prosecute diligently any patent applications with respect to the Patents pending as of the date of this Agreement or thereafter; and
- (j) To protect such Collateral from infringement, unfair competition, dilution, opposition, cancellation, or damage by all appropriate actions including the commencement of legal action to prevent and recover damages for said infringement, to defend such Collateral from claims of infringement, unfair competition or damage, including the defense or any legal actions making such claims, and to do any and all acts which are necessary or desirable to preserve and maintain all rights in the Collateral. In any such action, Lender may, if necessary, be joined as a nominal party to such suit if Lender shall have first satisfied itself that it is not thereby incurring any risk of liability because of such joinder. All expenses incurred in connection with the Patents shall be borne by Debtor. Debtor shall promptly, upon demand, reimburse, and indemnify Lender for all damages, costs, and expenses, including attorney fees, incurred by Lender in the fulfillment of the provisions of this paragraph. Debtor shall not abandon any Patent without the consent of the Lender, which consent shall not be unreasonably withheld.

3. Additional Patents. If, before the Obligations shall have been satisfied in full, Debtor shall obtain rights to any new Patent or become entitled to the benefit of any patent application or any reissue, renewal and extension of any Patent, Debtor shall give to the Lender prompt notice thereof in writing and the provisions of Paragraph 1 shall apply thereto. In that event, Debtor shall execute such other security agreement(s) as may be required by Lender relating to any such new Collateral.

4. Modifications. Debtor authorizes Lender to modify this Agreement, without further written approval from Debtor, by amending Schedule A to include any renewals, extensions or additions to any Patent utilized by Debtor or applied for or obtained hereafter and any renewals,

extensions, or additions thereto and any improvements thereon. Otherwise, this Agreement may be modified only by a writing signed by the person against whom enforcement is sought.

5. No Other Liens. Debtor shall not permit or suffer to exist any lien or security interest upon any of the Collateral.

6. Events of Default. For the purpose of this Agreement, an Event of Default shall mean a "default" as set forth in the Financing Agreements, which definition is incorporated herein by reference.

7. Remedies. Upon any Event of Default which continues beyond any applicable cure period, Lender shall have, in addition to all other rights and remedies given to it by this Agreement, those rights and remedies allowed by law, and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in any jurisdiction in which the Collateral may be located. Without limiting the generality of the foregoing, the Lender may immediately, without demand or other notice (except as may be otherwise required by this Agreement or the Financing Agreements), and without advertisement, sell at public or private sale or otherwise realize upon, at Debtor's place of business or elsewhere, all or from time to time any of the Patents and other Collateral, or any interest which Debtor may have therein, and after deducting from the proceeds of sale or other disposition of the Collateral all expenses (including all reasonable attorney or broker's fees), shall apply the proceeds to payment of the Obligations in such order as Lender may determine. Any remainder of the proceeds after payment in full of the Obligations shall be paid over to Debtor, except that, in the event that a third party makes a competing claim to such proceeds, Lender may deposit same with an independent escrow agent or into the registry of a court of law. All of Lender's costs, fees, and expenses (including attorney's fees and escrow fees) associated therewith (including but not limited to attorney's fees, escrow fees, and filing fees) shall be paid by Debtor. Notice of any sale or other disposition of any of the Collateral disposed of pursuant to this Agreement shall be given to Debtor at least five (5) days before the time of any intended public or private sale or other disposition of the Patents is to be made, which Debtor hereby agrees shall be reasonable notice of such sale or other disposition. At any such sale or other disposition, Lender may, to the extent permissible under applicable law, purchase the whole or any part of the Collateral sold, free from any right of redemption on the part of Debtor, which right is hereby waived and released.

8. Additional Rights of Lender.

- (a) After the occurrence of an Event of Default which continues beyond any applicable cure period, Lender shall have the right, but shall in no way be obligated, to bring suit in its own name to enforce its rights in the Collateral and any license thereunder, in which event Debtor shall at the request of Lender do any and all lawful acts and execute any and all proper documents required by Lender in aid of such enforcement and Debtor shall promptly, upon demand, reimburse and

indemnify Lender for all costs and expenses incurred by Lender in the exercise of its rights under this Section.

- (b) Debtor hereby irrevocably authorizes and empowers Lender, after the occurrence of an Event of Default which continues beyond any applicable cure period, to make, constitute, and appoint any officer or agent of Lender as Lender may select, in its exclusive discretion, as Debtor's true and lawful attorney-in-fact, with the power to endorse Debtor's name on all applications, documents, papers and instruments necessary for Lender to use any or all of the Collateral, or to grant or issue any exclusive or nonexclusive license under any or all of the Collateral to anyone else, or necessary for Lender to assign, pledge, convey or otherwise transfer title in or dispose of the Collateral to anyone else. Debtor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof.

9. No Waiver. No failure on the part of Lender to exercise, and no delay in exercising any right, remedy or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by Lender of any right, remedy or power hereunder preclude any other or future exercise of any other right, remedy or power. Each and every right, remedy and power hereby granted to Lender or allowed it by law or other agreement, shall be cumulative and not exclusive of any other, and may be exercised by Lender from time-to-time.

10. Further Assurances; Filing. Debtor agrees to execute and deliver to Lender, Uniform Commercial Code financing statements and such other documents, instruments, supplemental security agreements and chattel mortgages as Lender may deem necessary, proper or desirable in obtaining the benefits of this document, and Debtor hereby authorizes Lender to effect any filing or recording of any such financing statement or statements relating to the Collateral or amendments thereto without the signature of Debtor where lawful, and hereby appoints Lender as its attorney-in-fact to execute any such financing or other statement or statements in the name of Debtor, and to perform all other acts which Lender deems appropriate to perfect and continue the security interests in, and to protect and preserve, the Collateral. Debtor further agrees to assign to Lender its rights in or under any financing statements relating to the Collateral and filed in favor of Debtor.

11. Expenses. Debtor agrees that all costs and expenses (including attorneys' fees and expenses for legal services of every kind) of, or incidental to, the filing or recording of any documents (including all taxes in connection therewith) in public offices, the payment or discharge of any taxes, custody, care, management, sale or collection of, or realization upon, any of the Collateral or in any way relating to the enforcement or protection of the rights of Lender, or in defending or prosecuting any actions or proceedings arising or related to the Collateral, shall all be borne and paid by Debtor on demand by Lender and until paid shall become part of the Obligations secured hereby. Lender may at any time apply to the payment of all such costs and expenses all moneys of Debtor or other proceeds arising from the possession or disposition of all or any portion of the Collateral or other property securing the Loan.

12. Notices. All notices, requests, approvals, demands and other communications given or made in connection with the terms and provisions of this Agreement shall be deemed to have been given or made when sent by certified mail, in accordance with the provisions of the Financing Agreements.

13. Successors. All the provisions of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of Debtor and Lender.

14. Termination. Upon the payment in full of all amounts due under the Loan and payment and performance of all other Obligations of Debtor to Lender, Lender shall execute and deliver to Debtor, at Debtor's sole cost and expense, any deeds, assignments or other instruments, in a form satisfactory to Lender, as may be reasonably necessary to revest in Debtor full title to the Collateral and release the lien(s) created hereby.

15. Remedies Cumulative. All of Lender's rights and remedies with respect to the Collateral, whether established hereby or by the Financing Agreements, or by any other agreements or by law shall be cumulative and may be exercised singularly or concurrently.

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

17. Waivers. DEBTOR HEREBY: (A) WAIVES TRIAL BY JURY IN ANY COURT AND IN ANY SUIT, ACTION OR PROCEEDING ON ANY MATTER ARISING IN CONNECTION WITH OR IN ANY WAY RELATED TO THE FINANCING TRANSACTIONS OF WHICH THIS AGREEMENT IS A PART AND/OR THE ENFORCEMENT OF ANY OF LENDER'S RIGHTS AND REMEDIES, INCLUDING WITHOUT LIMITATION, TORT CLAIMS; AND (B) ACKNOWLEDGES THAT THE LOAN SECURED HEREBY IS A COMMERCIAL TRANSACTION AND WAIVES ITS RIGHTS AS ALLOWED BY ANY STATE OR FEDERAL LAW TO (I) NOTICE AND PRIOR COURT HEARING OR COURT ORDER IN CONNECTION WITH ANY AND ALL PREJUDGMENT REMEDIES TO WHICH THE LENDER MAY BECOME ENTITLED BY VIRTUE OF ANY DEFAULT OR PROVISION OF THIS AGREEMENT, AND (II) REQUEST THAT THE LENDER POST A BOND, WITH OR WITHOUT SURETY, TO PROTECT SAID DEBTOR AGAINST DAMAGES THAT MAY BE CAUSED BY ANY PREJUDGMENT REMEDY SOUGHT OR OBTAINED BY THE LENDER BY VIRTUE OF ANY DEFAULT OR PROVISION OF THIS AGREEMENT, AND FURTHER WAIVES DILIGENCE, DEMAND, NOTICE OF NONPAYMENT, NOTICE OF INTENT TO ACCELERATE, NOTICE OF ACCELERATION, PROTEST AND NOTICE OF PROTEST, OR OTHER ACTION TAKEN IN RELIANCE HEREON AND ALL OTHER DEMANDS AND NOTICES OR ANY DESCRIPTION IN CONNECTION WITH THIS AGREEMENT, AND ALL RIGHTS UNDER ANY STATUTE OF

LIMITATIONS. DEBTOR ACKNOWLEDGES THAT IT MAKES THE FOREGOING WAIVERS KNOWINGLY, VOLUNTARILY AND ONLY AFTER CONSIDERATION OF THE RAMIFICATIONS OF THE FOREGOING WAIVERS WITH ITS ATTORNEYS. DEBTOR FURTHER ACKNOWLEDGES THAT NO PARTY TO THIS AGREEMENT HAS AGREED WITH OR REPRESENTED TO DEBTOR OR ANY OTHER PARTY HERETO THAT THE PROVISIONS OF THIS PARAGRAPH WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

18. Governing Law, Jurisdiction, Venue and Service. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, without regard to principles of conflicts of law. Debtor agrees that any state or federal court in the State of Texas shall have jurisdiction to hear and determine any claims or disputes pertaining to the financing transactions of which this Agreement is a part and/or the Financing Agreements, or to any matter arising or in any way related to this Agreement and/or any of the Financing Agreements, and expressly submits and consents in advance to such jurisdiction. Venue for any action hereunder shall be in Dallas County, Texas.

19. The Loan secured by this lien was made under a United States Small Business Administration ("SBA") nationwide program which uses tax dollars to assist small business owners. If the United States is seeking to enforce this document, then under SBA's regulations:

- (a) When SBA is the holder of the Note, this document and all documents evidencing or securing the Loan will be construed in accordance with federal law.
- (b) Lender or SBA may use local or state procedures for purposes such as filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using these procedures, SBA does not waive any federal immunity from local or state control, penalty, tax or liability. Neither Debtor nor any obligor of the Obligations may claim or assert against SBA any local or state law to deny any obligation of Debtor or any obligor of the Obligations, or defeat any claim of SBA with respect to the Loan.

20. Any clause in this Agreement requiring arbitration is not enforceable when SBA is the holder of the Note.

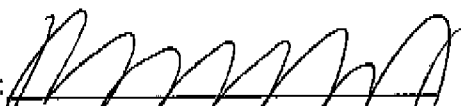


IN WITNESS WHEREOF, the Debtor has executed this Agreement as of the date set forth above.

DEBTOR:

Paragon Furniture, L.P., a Texas limited partnership

By: Paragon Furniture Management, Inc.,  
a Texas corporation, General Partner

By:   
Richard L. Kassanoff, President

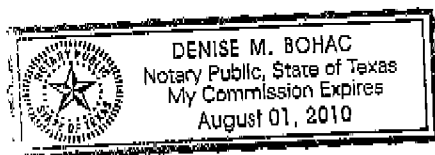
STATE OF TEXAS

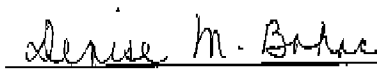
COUNTY OF DALLAS

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BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Richard L. Kassanoff, President of Paragon Furniture Management, Inc., a Texas corporation, General Partner of Paragon Furniture, L.P., a Texas limited partnership, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same in the capacity therein stated, as the act of the entity for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 15th day of January, 2010.



  
NOTARY PUBLIC, State of Texas

Schedule A

**"UNITED STATES PATENTS"**  
**"AND PATENT APPLICATIONS"**  
**of**  
**PARAGON FURNITURE, L.P.**

United States Patent No. D323,260 for "Computer Table" issued on January 21, 1992.

United States Patent No. 5,267,713 for "Device for adjusting the height of an article of furniture" issued on December 7, 1993.

United States Patent No. D551,467 S for "Video Storage Tray", issued September 25, 2007.

United States Patent No. D553,400 S for "Computer Desktop", issued October 23, 2007.