

05/02/2011

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Form PTO-1595 (Rev 03-11)
OMB No 0651-0027 (exp 03/31/2012)



U S DEPARTMENT OF COMMERCE
United States Patent and Trademark Office

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PATENTS ONLY

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

05/02/11

1. Name of conveying party(ies)

NATIONAL HYBRID, INC

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

2. Name and address of receiving party(ies)

Name RBC Bank (USA)

Internal Address Group Executive- Knowledge Based

Industries

Street Address 301 Fayetteville Street, Suite 1100

City Raleigh

State North Carolina

Country USA

Zip 27601

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

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

Execution Date(s) April 20, 2011

Assignment

Merger

Security Agreement

Change of Name

Joint Research Agreement

Government Interest Assignment

Executive Order 9424, Confirmatory License

Other

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)

09633631, 09737408, 10650265, 10989882, 10718169, 11400970

Additional numbers attached? Yes No

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

Name Poyner Spruill LLP

Internal Address Brian F. Corbett

Street Address 301 Fayetteville Street, Suite 1900

City Raleigh

State North Carolina

Zip 27601

Phone Number 919-783-6400

Fax Number 919-783-1075

Email Address bcorbett@poynerspruill.com

6. Total number of applications and patents involved: 6

7. Total fee (37 CFR 1.21(h) & 3.41) \$240.00

Authorized to be charged to deposit account

Enclosed

None required (government interest not affecting title)

8. Payment Information

Deposit Account Number

Authorized 05/02/2011 KIMUYENI 00000027 09633631

FC:0021

140.00

9. Signature:

Signature

April 27, 2011

Date

Brian F. Corbett

Name of Person Signing

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

8

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: 026305 FRAME: 0036

Customer No. _____

Loan No. _____

RBC Bank

Intellectual Property Security Agreement (SD-L&S)

THIS INTELLECTUAL PROPERTY SECURITY AGREEMENT ("Agreement") is entered into as of April 20, 2011, by **NATIONAL HYBRID, INC.**, a New York corporation (whether one or more, "Grantor"), with a mailing address of c/o API Technologies Corp., 4705 S. Apopka Vineland Road, Orlando, Florida 32819, to **RBC BANK (USA)**, a North Carolina banking corporation ("Bank"), with a mailing address of 301 Fayetteville Street, Suite 1100, Raleigh, North Carolina 27601, Attn: Group Executive – Knowledge Based Industries

RECITALS

A. Bank has agreed to extend certain financial accommodations (collectively, the "Credit Facilities") to **API TECHNOLOGIES CORP.**, a Delaware corporation ("Borrower"), as set forth in that certain Loan and Security Agreement entered into contemporaneously herewith by and between Bank and Borrower (as the same may be amended, modified, extended, renewed, replaced and supplemented from time to time, the "Loan Agreement")

B. Grantor has guaranteed Borrower's obligations under the Credit Facilities and the Loan Agreement pursuant to the terms of that certain Unconditional Guaranty Agreement entered into contemporaneously herewith by Grantors and the other guarantors party thereto in favor of Bank (the "Guaranty")

C Pursuant to the terms of that certain Security Agreement dated of even date herewith (the "Security Agreement") from Grantor and the other grantors party thereto (if any) in favor of Bank, Grantor has, in order to secure its obligations under the Guaranty and Borrower's obligations under the Credit Facilities and Loan Agreement, granted to Bank a security interest in presently existing and hereafter acquired Collateral, including the Intellectual Property, and Grantor is required to supplement the grant of the security interest therein with the grant of the security interest herein contained

NOW, THEREFORE, for good and valuable consideration paid by Bank, the receipt and sufficiency of which are hereby acknowledged, Grantor hereby represents, warrants, covenants and agrees with Bank as follows:

AGREEMENT

1 Grant of Security Interest To secure the prompt, full and complete payment and performance of Grantor's obligations under the Guaranty and the Obligations (as that term is defined in the Loan Agreement), both now existing and hereafter arising, and Grantor's other existing and future representations, warranties and covenants under the Loan Documents (as that term is defined in the Loan Agreement), Grantor grants and pledges to Bank a security interest in all of Grantor's right, title and interest in, to and under its present, existing and hereafter acquired Intellectual Property (including, without limitation, those Copyrights, Patents and Trademarks listed on Exhibits A, B and C attached hereto), together with all proceeds and products thereof (such as, by way of example, but not by way of limitation, license royalties and proceeds of infringement suits), the right to sue for past, present and future infringements, all rights corresponding thereto throughout the world and all re-issues, divisions, continuations, renewals, extensions and continuations-in-part thereof, BUT SPECIFICALLY EXCLUDING (i) any rights or interest in any contract, lease, permit, license, or license agreement covering real or personal property (including Intellectual Property) if under the terms of such contract, lease, permit, license, or license agreement, or applicable law with respect thereto, the grant of a security interest or lien therein is prohibited as a matter of law or under the terms of such contract, lease, permit, license, or license agreement and such prohibition or restriction has not been waived or the consent of the other party to such contract, lease, permit, license, or license agreement has not been obtained (provided, that, (A) the foregoing exclusions of this clause (i) shall in no way be construed (1) to apply to the extent that any described prohibition or restriction is unenforceable under Section 9-406, 9-407, 9-408, or 9-409

of the Code (as defined in the Loan Agreement) or other applicable law, or (2) to apply to the extent that any consent or waiver has been obtained that would permit Bank's security interest or lien notwithstanding the prohibition or restriction on the pledge of such contract, lease, permit, license, or license agreement and (B) the foregoing exclusions of clauses (i) and (ii) shall in no way be construed to limit, impair, or otherwise affect Bank's continuing security interest in and liens upon any rights or interests of Grantor in or to (1) monies due or to become due under or in connection with any described contract, lease, permit, license, license agreement, or Capital Stock (including any Accounts (as defined in the Loan Agreement), proceeds of inventory, or Capital Stock (as defined in the Loan Agreement)), or (2) any proceeds from the sale, license, lease, or other dispositions of any such contract, lease, permit, license, license agreement, or Capital Stock); or (iii) any trademark or service mark applications filed in the United States Patent and Trademark Office on the basis of Grantor's intent to use such trademark or service mark, unless and until evidence of use of the mark acceptable to the United States Patent and Trademark Office has been filed with the United States Patent and Trademark Office pursuant to Section 1(c) or 1(d) of the Lanham Act (15 U S C § 1051 et seq), to the extent that granting a security interest in such application prior to such filing would adversely affect the validity or enforceability of such trademark application

2 Rights and Remedies; Exercise This security interest is granted in conjunction with, and as a supplement to, the security interest granted to Bank under the Security Agreement. The rights and remedies of Bank with respect to the security interest granted hereby are in addition to those rights and remedies of Bank set forth in the Security Agreement, the other Loan Documents (as that term is defined in the Loan Agreement) and those which are now available and may hereafter become available to Bank as a matter of law and equity, including, without limitation, those set forth in the Code as being available to a "secured party" and "creditor" Bank may exercise the aforementioned rights and remedies as and when provided herein, in the Security Agreement and in the other Loan Documents Each right, power and remedy of Bank provided for herein, in the Security Agreement, in any of the other Loan Documents, together with those rights and remedies now and hereafter existing at law and in equity, shall be cumulative and concurrent and the exercise by Bank of any one or more of the aforementioned rights and remedies shall not preclude the simultaneous and later exercise by any person, including Bank, of any or all other rights, powers and remedies

3. Term. The Security Agreement and the terms and provisions thereof are incorporated herein in their entirety by this reference The term of this Agreement and the security interests granted herein shall be coterminous with the term of the security interests granted in the Security Agreement, and notwithstanding any limitation of, moratorium on and termination of Bank's obligation to make Credit Extensions under the Loan Agreement, Grantor's obligations under this Agreement shall remain in full force and effect for so long as any obligations of Grantor under the Guaranty or any other Obligations (as that term is defined in the Loan Agreement) are outstanding. It shall be an Event of Default under the Security Agreement and, subject to Section 8.3 of the Loan Agreement, the Loan Agreement if there is a breach or violation of any of the terms and provisions of this Agreement by Grantor, and Grantor has failed to cure such breach or violation within ten (10) calendar days after Grantor receives notice thereof or any officer of Grantor becomes aware thereof; provided, however, that if the breach or violation is non-monetary and cannot by its nature be cured within the ten (10) calendar day period or cannot after diligent attempts by Grantor be cured within such ten (10) calendar day period, and such breach or violation is likely to be cured within a reasonable time, then Grantor shall have an additional reasonable period (which shall not in any case exceed thirty (30) calendar days) to attempt to cure such non-monetary breach or violation, and within such reasonable time period the failure to have cured such breach or violation shall not be deemed an Event of Default

4 Registered Intellectual Property Grantor represents and warrants that Exhibits A, B, and C attached hereto set forth any and all intellectual property rights which Grantor has registered or filed an application to register with either the United States Patent and Trademark Office or the United States Copyright Office, as applicable ("Registered Intellectual Property")

5. New IP The rights, duties and obligations outlined in the provisions of this Agreement shall automatically apply to all intellectual property and intellectual property rights, including those set forth in any licenses related to any of the foregoing, which Grantor obtains subsequent to the date of this Agreement ("New IP"). Grantor shall give to Bank written notice of all New IP that is Registered Intellectual Property promptly after the acquisition of same, but in any event not less frequently than within forty-five (45) days after the last day of each fiscal quarter of Grantor Grantor hereby authorizes Bank to (i) modify this Agreement unilaterally by amending the

exhibits to this Agreement to include any New IP and (ii) file a duplicate original of this Agreement containing the amended exhibits reflecting the New IP in the manner described in Section 8 of this Agreement.

6. Bank's Use of Intellectual Property, No Liability. Grantor agrees that the Bank's use of the Intellectual Property as authorized hereunder and in any other Loan Documents (as that term is defined in the Loan Agreement) in connection with Bank's exercise of its rights and remedies shall be coextensive with Grantor's rights thereunder and Bank will have no liability for royalties and other related charges upon exercise of such rights and remedies with respect to such Intellectual Property owned by Grantor.

7 Power of Attorney; Appointment. Grantor irrevocably designates, constitutes and appoints Bank (and all persons designated by Bank) as Grantor's true and lawful attorney-in-fact, and authorizes Bank and any of Bank's designees, in Grantor's or Bank's name, to take any action and execute any instrument which Bank may deem necessary or advisable to accomplish the purpose of Section 8 of this Agreement.

8. Filing; Patent Office and Copyright Office. Grantor hereby consents to the filing of a duplicate original of this Agreement with the United States Patent and Trademark Office and United States Copyright Office, and the filing of a duplicate of this Agreement and financing statements in any other jurisdictions and locations deemed advisable or necessary in Bank's reasonable discretion to protect and perfect and put the public on notice of Bank's security interest and rights in the Intellectual Property Grantor further consents to and ratifies the filing of such duplicate originals and financing statements prior to the Closing Date (as that term is defined in the Loan Agreement). Grantor shall from time to time execute and deliver to Bank, at the reasonable request of Bank, such other documents, instruments and records that Bank may reasonably request in form and substance satisfactory to Bank and its counsel, to perfect and continue Bank's security interest in the Intellectual Property

9 Governing Law, etc. This Agreement shall be governed by and construed in accordance with the substantive laws of the State of North Carolina, excluding, however, the conflict of law provisions thereof In addition, (i) no amendment of and waiver of a right under this Agreement will be binding unless it is in writing and signed by the party to be charged, (ii) to the extent a provision of this Agreement is unenforceable, this Agreement will be construed as if the unenforceable provision were omitted, (iii) subject to Section 12.9 of the Loan Agreement, a successor to and permitted assignee of Bank's rights and obligations under the Loan Agreement or the Security Agreement will succeed to Bank's rights under this Agreement and (iv) all notices and other communications required or permitted herein shall be in writing and shall be deemed given when mailed by registered or certified mail, postage prepaid, return receipt requested, addressed to the addresses set forth above or when otherwise made in accordance with the Loan Agreement

10 Definitions Capitalized terms used herein and not defined in the specific section in which they are used shall have the meanings set forth in the Security Agreement.

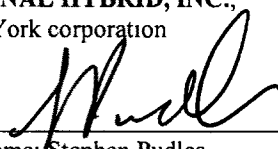
11 Counterparts This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which taken together shall constitute the same instrument.

[SIGNATURES ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, Grantor has caused this Intellectual Property Security Agreement to be executed with authority duly obtained, as of the date first written above.

GRANTOR:

NATIONAL HYBRID, INC.,
a New York corporation

By:  _____

Print Name: Stephen Pudles

Title: President

EXHIBIT A

COPYRIGHTS

<u>Description</u>	Registration <u>Number</u>	Registration <u>Date</u>
High current monolithic line driver/receiver	MW0000010859	April 3, 1995

EXHIBIT B

PATENTS

<u>Title</u>	<u>Application Number</u>	<u>Registration Number</u>	<u>Filing Date</u>
Optocoupler package being hermetically sealed	09633631	6388264	August 7, 2000
Interconnection method entailing protuberances formed by melting metal over contact areas	09737408	6613605	December 15, 2000
Interconnection method	10650265	7132356	August 28, 2003
High Density Electronic Interconnection	10989882	7271028	November 16, 2004
Digital Integration Method	10718169	7421353	November 20, 2003
High Density Electronic Interconnection	11400970	N/A	April 10, 2006

EXHIBIT C
TRADEMARKS

<u>Mark</u>	<u>Serial Number</u>	<u>Registration Number</u>	<u>Filing Date</u>
None			