

**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)/Execution Date(s):

Morbarn Inc.

Execution Date(s) October 19, 2011

Additional names of conveying parties attached?  Yes

No

2. Name and address of receiving party(ies)

Name: Wells Fargo Capital Finance Corporation Canada

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

Street Address: 40 King Street West, Suite 2500

City: Toronto

State: Ontario

Country: Canada

Zip: M5H 3Y2

Additional names, addresses, or citizenship attached?  Yes  No

3. Nature of conveyance:

Assignment

Merger

Security Agreement

Change of Name

Government Interest

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)  
N/A

B. Patent No.(s)  
6,495,205

Additional numbers attached?  Yes  No

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

Name: Susan O'Brien

Internal Address: CT Lien Solutions

Street Address: 187 Wolf Road, Suite 101

City: Albany

State: New York

Zip: 12205

Phone Number: 800-342-3676

Fax Number: 800-962-7049

Email Address: cls-udsalbanv@wolterskluwer.com

6. Total number of applications and registrations involved: 1

7. Total fee (37 CFR 1.21(h) & 3.41) \$40.00

Authorized to be charged by credit card

Authorized to be charged to deposit account

Enclosed

None required (government interest not affecting title)

8. Payment Information:

a. Credit Card Last 4 Numbers \_\_\_\_\_

Expiration Date \_\_\_\_\_

b. Deposit Account Number \_\_\_\_\_

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

9. Signature: \_\_\_\_\_

  
 Signature

10/22/11  
 Date

Khwan A. Rafeek  
 Name of Person Signing

Total number of pages including cover sheet, attachments, and document. 12

Documents to be recorded (including cover sheet) should be faxed to (703) 306-6995, or mailed to:  
 Mail Stop Assignment Recordation Services, Director of the USPTO, P.O. Box 1450, Alexandria, VA 22313-1450

OP \$40.00 649520

**PATENT COLLATERAL ASSIGNMENT  
AND SECURITY AGREEMENT**

THIS PATENT COLLATERAL ASSIGNMENT AND SECURITY AGREEMENT (as amended, modified, supplemented, extended, renewed, restated or replaced from time to time, this "Agreement") is made this 19<sup>th</sup> day of October, 2011 between MORBERN INC. ("Grantor"), having its chief executive office at 401 Fraley Road, High Point, North Carolina 27263 and WELLS FARGO CAPITAL FINANCE CORPORATION CANADA ("Secured Party"), having an office at 40 King Street West, Suite 2500, Toronto, Ontario M5H 3Y2.

**WITNESSETH:**

WHEREAS, Secured Party has entered or is about to enter into certain financing arrangements with Grantor pursuant to that certain Credit and Security Agreement dated as of the date hereof (as the same now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, the "Credit Agreement"), pursuant to which Secured Party may make loans and advances and provide other financial accommodations to Grantor, and other agreements, notes, documents and instruments referred to therein or at any time executed and/or delivered in connection therewith or related thereto, including, but not limited to, this Agreement (all of the foregoing, together with this Agreement and the Credit Agreement, as the same now exist or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, being collectively referred to herein as the "Financing Agreements"); and

WHEREAS, in order to induce Secured Party to enter into the Credit Agreement and the other Financing Agreements and to make loans and advances and provide other financial accommodations to Grantor pursuant thereto, Grantor has agreed to grant to Secured Party certain collateral security as set forth herein;

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor hereby agrees as follows:

1. **DEFINED TERMS**

All initially capitalized terms used but not otherwise defined herein have the meanings given to them in the Credit Agreement.

2. **GRANT OF SECURITY INTEREST**

As collateral security for the prompt performance, observance and indefeasible payment in full of all of the Obligations (as hereinafter defined), Grantor hereby grants to Secured Party, for itself and its affiliates, a collateral security interest in and a general lien upon, and a conditional assignment of, all of Grantor's right, title and interest in and to the following, whether now owned or hereafter acquired or arising and wherever located (collectively, the "Collateral"): (a) any and all patents and patent applications, including (i) the patents and patent applications listed on Exhibit A, (ii) all continuations, divisionals, continuations-in-part, re-examinations, reissues, and renewals thereof and improvements thereon, (iii) all income, royalties, damages and payments now and hereafter due or payable under and with respect thereto, including payments under all licenses entered into in connection therewith and damages and payments for past, present, or future infringements thereof, (iv) the right to sue for past, present, and future infringements thereof, and (v) all of Grantor's rights corresponding thereto throughout the world (collectively, the "Patents"); (b) all Patent Licenses (as hereinafter defined); (c) all divisionals,

continuations, continuations-in-part, reissues, reexaminations, or extensions of the foregoing; and (d) all products and proceeds (as that term is defined in the UCC) of the foregoing, including any claim by Grantor against third parties for past, present or future infringement of any Patent or any Patent exclusively licensed under any Patent License, including the right to receive damages, or right to receive license fees, royalties, and other compensation under any Patent License. For the purposes of this Agreement, "Patent License" means (a) any licenses or other similar rights provided to Grantor in or with respect to any Patent owned or controlled by any other Person, and (b) any licenses or other similar rights provided to any other Person in or with respect to any Patent owned or controlled by Grantor, in each case, including (i) the license agreements listed on Exhibit B, and (ii) the right to use any of the licenses or other similar rights described in this definition in connection with the enforcement of the Secured Party's rights under the Financing Agreements, subject to their respective terms including without limitation their assignability to Secured Party.

### **3. OBLIGATIONS SECURED**

The security interest, lien and other interests granted to Secured Party pursuant to this Agreement shall secure the prompt performance, observance and payment in full of all amounts of any nature whatsoever, direct or indirect, absolute or contingent, due or to become due, arising or incurred heretofore or hereafter, arising under this Agreement or any other agreement or by operation of law, now or hereafter owing by Grantor to Secured Party or to any affiliate of Secured Party. Said amounts include, but are not limited to loans, debts and liabilities heretofore or hereafter acquired by purchase or assignment from other present or future clients of Secured Party, or through participation. Without limiting the foregoing, such amounts shall include all advances, loans, interest, commissions, customer late payment charges, cost, fees, expenses, taxes and all receivables charged or chargeable to Grantor's account under the Credit Agreement, whether arising under this Agreement, the other Financing Agreements or by operation of law and whether incurred by Grantor as principal, surety, endorser, guarantor or otherwise (all hereinafter referred to as "Obligations").

### **4. REPRESENTATIONS, WARRANTIES AND COVENANTS**

Grantor hereby represents, warrants and covenants with and to Secured Party the following (all of such representations, warranties and covenants being continuing so long as any of the Obligations are outstanding) the truth and accuracy of which, or compliance therewith, being a continuing condition of the making of loans and advances and other financial accommodations by Secured Party to Grantor under the Financing Agreements:

(a) Grantor shall pay and perform all of the Obligations according to their terms.

(b) Grantor shall, at Grantor's sole expense, perform all acts and execute all documents necessary or, in Secured Party's sole and absolute discretion, advisable to maintain the existence of the Collateral consisting of registered Patents as registered patents and to maintain all of the Collateral as valid and subsisting, including the filing of any renewal affidavits and applications.

(c) Grantor shall not assign, sell, mortgage, lease, transfer, pledge, hypothecate, grant a security interest in or lien upon, encumber, grant an exclusive or non-exclusive license relating to the Collateral, or otherwise dispose of any of the Collateral, in each case without the prior written consent of Secured Party, which shall not be unreasonably withheld, except as otherwise permitted herein. Nothing in this Agreement shall be deemed a consent by Secured Party to any such action, except as such action is expressly permitted hereunder.

(d) Grantor shall, at Grantor's sole expense, promptly perform all acts and execute all documents reasonably requested at any time by Secured Party to evidence, perfect, maintain, record or enforce the security interest in and conditional assignment of the Collateral granted hereunder or to otherwise further the provisions of this Agreement. Grantor hereby authorizes Secured Party to execute and file one or more financing statements (or similar documents) with respect to the Collateral, signed only by Secured Party or as otherwise determined by Secured Party. Grantor further authorizes Secured Party to have this Agreement or any other similar security agreement filed with the United States Patent and Trademark Office (the "USPTO") or any other appropriate federal, state or local government office.

(e) As of the date hereof, Grantor does not have any Patents registered, or the subject of pending applications, in the USPTO or any similar office or agency in the United States, any State thereof, any political subdivision thereof or in any other country, other than those described in Exhibit A hereto and has not granted any licenses with respect thereto other than as set forth in Exhibit B hereto.

(f) Grantor shall, concurrently with the execution and delivery of this Agreement, execute and deliver to Secured Party five (5) originals of a Special Power of Attorney in the form of Exhibit C annexed hereto for the implementation of the assignment, sale or other disposition of the Collateral pursuant to Secured Party's exercise of the rights and remedies granted to Secured Party hereunder.

(g) Secured Party may, in its sole and absolute discretion, pay any amount or do any act which Grantor fails to pay or do as required hereunder or as requested by Secured Party to preserve, defend, protect, maintain, record or enforce the Obligations, the Collateral or the security interest and conditional assignment granted hereunder, including, but not limited to, all filing or recording fees, court costs, collection charges, reasonable attorneys' fees and legal expenses. Grantor shall be liable to Secured Party for any such payment, which payment shall be deemed an advance by Secured Party to Grantor, shall be payable on demand together with interest at the highest rate then applicable to the indebtedness of Grantor to Secured Party set forth in the Credit Agreement and shall be part of the Obligations secured hereby.

(h) Grantor shall not file any application for the registration of a Patent with the USPTO or any similar office or agency in the United States, any State thereof, any political subdivision thereof or in any other country, unless Grantor has given Secured Party thirty (30) days prior written notice of such action. If, after the date hereof, Grantor shall (i) obtain any patent, including any reissue, division, continuation, continuation-in-part, or extension of any patent, file any patent application, including any application for reissue or extension of any patent, or any divisional, continuation, or continuation-in-part application in the USPTO or in any similar office or agency in the United States, any State thereof, any political subdivision thereof or in any other country or (ii) become an owner of any patent or new patentable invention used in the United States, any State thereof, any political subdivision thereof or in any other country, the provisions of Section 1 hereof shall automatically apply thereto. Upon the request of Secured Party, Grantor shall promptly execute and deliver to Secured Party copies of any and all assignments, agreements, instruments, documents and such other papers as may be requested by Secured Party to evidence the security interests in and conditional assignment of such Patent in favor of Secured Party.

(i) Grantor has not abandoned any of the Patents and Grantor shall not do any act, nor omit to do any act, whereby the Patents may become invalidated, unenforceable, avoided or avoidable, without the prior written consent of Secured Party, which shall not be unreasonably withheld. Grantor shall notify Secured Party immediately if it knows or has reason to know of any reason why any application, registration or recording with respect to the Patents may become canceled, invalidated, avoided or avoidable, or why any application may not be granted.

(j) Grantor shall render any assistance, as Secured Party shall reasonably determine is necessary or advisable, to Secured Party in any proceeding before the USPTO, any federal or state court, or any similar office or agency in the United States, any State thereof, any political subdivision thereof or in any other country, to maintain such application and registration of the Patents as Grantor's exclusive property and to protect Secured Party's interest therein, including the filing of opposition, interference, and cancellation proceedings.

(k) Grantor is not aware of any infringement or unauthorized use presently being made of any of the Patents that would adversely affect in any material respect the fair market value of the Collateral or the benefits of this Agreement granted to Secured Party, including the validity, priority or perfection of the security interest granted herein or the remedies of Secured Party hereunder. There has been no judgment holding any Patent invalid or unenforceable, in whole or part, nor is the validity or enforceability of any Patent being questioned in any litigation or proceeding. Grantor shall promptly notify Secured Party if Grantor (or any affiliate thereof) learns of any act by any Person which infringes, or which may be reasonably likely to infringe, upon any Patent. If requested by Secured Party, Grantor, at Grantor's sole expense, shall join with Secured Party in such action as Secured Party, in Secured Party's sole and absolute discretion, may deem advisable for the protection of Secured Party's interest in and to any or all of the Patents.

(l) Grantor assumes all responsibility and liability arising from the use of the Patents and Grantor hereby indemnifies and holds Secured Party harmless from and against any claim, suit, loss, damage, or expense (including reasonable attorneys' fees and legal expenses) arising out of any alleged defect in any service or product manufactured, promoted, or sold by Grantor (or any affiliate thereof) in connection with any Patent or out of the manufacture, promotion, labeling, sale, distribution or advertisement of any such product or service by Grantor (or any affiliate thereof). The foregoing indemnity shall survive the payment of the Obligations, the termination of this Agreement and the termination or non-renewal of the Credit Agreement.

(m) Grantor shall promptly pay Secured Party for any and all reasonable expenditures made by Secured Party pursuant to the provisions of this Agreement or for the defense, protection, or enforcement of the Obligations, the Collateral, or the security interests and conditional assignment granted hereunder, including, but not limited to, all filing or recording fees, court costs, collection charges, travel expenses, and attorneys' fees and legal expenses. Such expenditures shall be payable on demand, together with interest at the highest rate then applicable to the indebtedness of Grantor to Secured Party set forth in the Credit Agreement and shall be part of the Obligations secured hereby.

## **5. RIGHTS AND REMEDIES**

Upon the occurrence and during the continuance of an Event of Default, in addition to all other rights and remedies of Secured Party, whether provided under this Agreement, the Credit Agreement, the other Financing Agreements, applicable law or otherwise, Secured Party shall have the following rights and remedies which may be exercised without notice to, or consent by, Grantor except as such notice or consent is expressly provided for hereunder:

(a) Secured Party may require that neither Grantor nor any affiliate of Grantor make any use of the Patents for any purpose whatsoever. Secured Party may make use of any Patents for the sale of goods, completion of work-in-process or rendering of services in connection with enforcing any other security interest granted to Secured Party by Grantor or any affiliate of Grantor or for such other reason as Secured Party may determine.

(b) Secured Party may grant such license or licenses relating to the Collateral for such term or terms, on such conditions, and in such manner, as Secured Party shall in its sole and absolute discretion deem appropriate. Such license or licenses may be general, special or otherwise, and may be granted on an exclusive or non-exclusive basis throughout all or any part of the United States of America, its territories and possessions, and all foreign countries.

(c) Secured Party may assign, sell or otherwise dispose of the Collateral or any part thereof, either with or without special conditions or stipulations except that if notice to Grantor of intended disposition of Collateral is required by law, the giving of five business (5) days prior written notice to Grantor of any proposed disposition shall be deemed reasonable notice thereof and Grantor waives any other notice with respect thereto. Secured Party shall have the power to buy the Collateral or any part thereof, and Secured Party shall also have the power to execute assurances and perform all other acts which Secured Party may, in its sole and absolute discretion, deem appropriate or proper to complete such assignment, sale or disposition.

(d) In addition to the foregoing, in order to implement the assignment, sale or other disposition of any of the Collateral pursuant to the terms hereof, Secured Party may at any time execute and deliver on behalf of Grantor, pursuant to the authority granted in the Powers of Attorney described in Section 3(f) hereof, one or more instruments of assignment of the Patents (or any application, registration, or recording relating thereto), in form suitable for filing, recording, or registration. Grantor agrees to pay Secured Party on demand all costs incurred in any such transfer of the Collateral, including, but not limited to, any taxes, fees, and attorneys' fees and legal expenses. Grantor agrees that Secured Party has no obligation to preserve rights to the Patents against any other parties.

(e) Secured Party may first apply the proceeds actually received from any such license, assignment, sale or other disposition of any of the Collateral to the costs and expenses thereof, including reasonable attorneys' fees and all legal, travel and other expenses which may be incurred by Secured Party. Thereafter, Secured Party may apply any remaining proceeds to such of the Obligations as Secured Party may in its sole and absolute discretion determine. In the event the proceeds of Collateral are insufficient to satisfy all of the Obligations in full, Grantor shall remain liable for any such deficiency and shall pay Secured Party on demand any such unpaid amount, together with interest at the highest rate then applicable to the indebtedness of Grantor to Secured Party set forth in the Credit Agreement.

(f) Grantor shall supply to Secured Party or to Secured Party's designee, Grantor's knowledge and expertise relating to the manufacture, sale and distribution of the products and rendition of services to which the Patents relate.

(g) Nothing contained herein shall be construed as requiring Secured Party to take any such action at any time. All of Secured Party's rights and remedies, whether provided under this Agreement, the Credit Agreement, the other Financing Agreements, applicable law or otherwise, shall be cumulative and none is exclusive. Such rights and remedies may be enforced alternatively, successively, or concurrently.

## **6. JURY TRIAL WAIVER; OTHER WAIVERS AND CONSENTS; GOVERNING LAW**

(a) This Agreement is made and is to be performed under the laws of the State of New York and shall be governed by and construed and enforced in accordance with said law, excluding any principles of any conflicts of laws or other rule of law that would result in the application of the law of any jurisdiction other than the laws of the State of New York. Grantor and Secured Party expressly submit and consent to the jurisdiction of the state and federal courts located in the County of New York, State of New York with respect to any controversy arising out of or relating to this Agreement or any

alteration, amendment, change, extension, modification, renewal, replacement, substitution, joinder or supplement hereto or to any transactions in connection herewith. Grantor and Secured Party irrevocably waive all claims, obligations and defenses that Grantor or Secured Party, as applicable, may have regarding such court's personal or subject matter jurisdiction, venue or inconvenient forum. Nothing herein shall limit the right of Secured Party to bring proceedings against Grantor in any other court. Each of the parties to this Agreement hereby waives personal service of any summons or complaint or other process or papers to be issued in any action or proceeding involving any such controversy and hereby agrees that service of such summons or complaint or process may be made by registered or certified mail to the other party at the address appearing on the signature page hereto.

(b) SECURED PARTY AND CLIENT DO HEREBY WAIVE ANY AND ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING OF ANY KIND ARISING ON, OUT OF, BY REASON OF, OR RELATING IN WAY TO, THIS AGREEMENT OR THE INTERPRETATION OR ENFORCEMENT THEREOF OR TO ANY TRANSACTIONS HEREUNDER.

(c) Grantor waives presentment and protest of any instruments and all notices thereof, notice of default and all other notices to which it might otherwise be entitled.

(d) Secured Party shall not have any liability to Grantor (whether in tort, contract, equity or otherwise) for losses suffered by Grantor in connection with, arising out of, or in any way related to the transactions or relationships contemplated by this Agreement, or any act, omission or event occurring in connection herewith, unless it is determined by a final and non-appealable judgment or court order binding on Secured Party that the losses were the result of Secured Party's acts or omissions constituting gross negligence or willful misconduct.

## 7. MISCELLANEOUS

(a) Unless otherwise specified herein, all notices pursuant to this Agreement shall be in writing and sent either (i) by hand, (ii) by certified mail, return receipt requested, or (iii) by recognized overnight courier service, to the other party at the address set forth herein, or to such other address as a party may from time to time furnish to the other party by notice. Any notice hereunder shall be deemed to have been given on (x) the day of hand delivery, (y) the third Business Day after the day it is deposited in the U.S. Mail, if sent as aforesaid, or (z) the day after it is delivered to a recognized overnight courier service with instructions for next day delivery.

(b) Unless the context of this Agreement clearly requires otherwise, references to the plural include the singular, references to the singular include the plural, the terms "includes" and "including" are not limiting, and the term "or" has, except where otherwise indicated, the inclusive meaning represented by the phrase "and/or". The words "hereof", "herein", "hereby", "hereunder", and similar terms in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. Section, subsection, clause, schedule, and exhibit references herein are to this Agreement unless otherwise specified. Any reference in this Agreement to any agreement, instrument, or document shall include all alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements, thereto and thereof, as applicable (subject to any restrictions on such alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements set forth herein). The words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts, and contract rights. The word "Person" means natural persons, corporations, limited liability companies, limited partnerships, general partnerships, limited liability partnerships, joint ventures, trusts, land trusts, business trusts, or other organizations, irrespective

of whether they are legal entities, and governments and agencies and political subdivisions thereof, and any reference herein to any Person shall be construed to include such Person's successors and assigns.

(c) Secured Party shall have the right to assign this Agreement upon written notice to the Grantor; Grantor shall have no right to assign this Agreement; and this Agreement, the other Financing Agreements and any other document referred to herein shall inure to the benefit of and shall bind Secured Party and Grantor and their respective successors and assigns.

(d) No failure or delay by Secured Party in exercising any of its powers or rights hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such power or right preclude other or further exercise thereof or the exercise of any other right or power. Secured Party's rights, remedies and benefits hereunder are cumulative and not exclusive of any other rights, remedies or benefits which Secured Party may have. No waiver by Secured Party will be effective unless in writing and then only to the extent specifically stated.

(e) If any provision of this Agreement is found to be unenforceable or otherwise invalid under applicable law, such provision shall be ineffective only to the extent of such invalidity and the remaining provisions of this Agreement shall remain in full force and effect.

(f) This Agreement is the result of full and complete negotiation at arm's length by all parties hereto. No prior drafts or memoranda prepared by any party shall be used to construe or interpret any provision hereof, nor shall any one party be construed the "drafter" of this Agreement for the purpose of construing the terms, conditions or obligations set forth herein. This Agreement sets forth the entire understanding of the parties with respect to the matters set forth herein and supersedes in their entirety any and all understandings and agreements, whether Written or oral, of the parties with respect to the foregoing. This Agreement cannot be changed, modified or amended in any respect except by a Writing executed by the party to be charged. Grantor acknowledges that it has been advised by counsel in connection with the execution of this Agreement and the other Financing Agreements and is not relying upon oral representations or statements inconsistent with the terms and provisions of this Agreement.

[Signature Page Follows]



IN WITNESS WHEREOF, Grantor and Secured Party have executed this Agreement as of the day and year first above written.

**MORBERN INC.**

By:   
Mark Bloomfield, President

Address: 401 Fraley Road  
High Point, North Carolina 27263

**WELLS FARGO CAPITAL FINANCE  
CORPORATION CANADA**

By:   
Lawrence Clement, Vice-President,  
Relationship Team Manager

Address: 1 Place Ville Marie, Suite 2022  
Montreal, Quebec H3B 2C4  
Fax: (514) 395-2094

-and-

Address: 40 King Street West, Suite 2500  
Toronto, Ontario M5H 3Y2  
Fax: (416) 775-2991

**EXHIBIT A  
TO  
PATENT COLLATERAL ASSIGNMENT  
AND SECURITY AGREEMENT**

**PATENTS AND PATENT APPLICATIONS**

Owner	Patent Description	Registration Number	Issue Date
Morbern inc.	Method of making an expanded extruded polymeric textile	6,495,206	December 17, 2002

**EXHIBIT B  
TO  
PATENT COLLATERAL ASSIGNMENT  
AND SECURITY AGREEMENT**

**PATENT LICENSES**

