

PATENT ASSIGNMENT COVER SHEET

Electronic Version v1.1
 Stylesheet Version v1.2

EPAS ID: PAT4528869

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY INTEREST
CONVEYING PARTY DATA	
Name	Execution Date
ADVANCED TACTICS INC	05/31/2017
DONALD O SHAW	05/31/2017
RECEIVING PARTY DATA	
Name:	EQUITY TRUST COMPANY CUSTODIAN FBO CHRISTOPHER J. EPPLE IRA
Street Address:	2420 GATES AVE #B
City:	REDONDO BEACH
State/Country:	CALIFORNIA
Postal Code:	90278
Name:	PAUL LENNON
Street Address:	630 THE VILLAGE #310
City:	REDONDO BEACH
State/Country:	CALIFORNIA
Postal Code:	90277
Name:	CHARLES CATES
Street Address:	2079 BROOKWOOD DRIVE
City:	COLORADO SPRINGS
State/Country:	COLORADO
Postal Code:	80918
Name:	EQUITY TRUST COMPANY CUSTODIAN FBO RICHARD B. CATES TRADITIONAL IRA
Street Address:	931 1ST ST
City:	MANHATTAN BEACH
State/Country:	CALIFORNIA
Postal Code:	90266
PROPERTY NUMBERS Total: 8	
Property Type	Number
Patent Number:	8453962
Patent Number:	8646720
Patent Number:	9108728
PATENT	

Property Type	Number
Patent Number:	9187174
Application Number:	14828425
Application Number:	14943006
Application Number:	13986540
Application Number:	62233297

CORRESPONDENCE DATA

Fax Number:

Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent using a fax number, if provided; if that is unsuccessful, it will be sent via US Mail.

Email: cjepple@linkline.com

Correspondent Name: CHRISTOPHER EPPLE

Address Line 1: 2420 GATES AVE #B

Address Line 4: REDONDO BEACH, CALIFORNIA 90278

NAME OF SUBMITTER:	CHRISTOPHER EPPLE
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SIGNATURE:	/Christopher Epple/
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DATE SIGNED:	07/31/2017
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Total Attachments: 11

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COLLATERAL ASSIGNMENT, PATENT MORTGAGE
AND SECURITY AGREEMENT

This Collateral Assignment, Patent Mortgage and Security Agreement is made as of May 31, 2017 by and between Donald Shaw and Advanced Tactics Inc. (hereinafter collectively "Assignors"), and Equity Trust Company Custodian FBO Christopher J. Epple IRA, Paul Lennon, Charles Cates, and Equity Trust Company Custodian FBO Richard B. Cates TRADITIONAL IRA (hereinafter collectively "Assignees").

RECITALS

A. Assignees have lent to Assignors certain funds (the "Loans"), pursuant to Loan and Security Agreements (collectively the "Loan Agreements").

B. In order to induce Assignees to make the Loans, Assignors have agreed to assign certain intangible property to Assignees for purposes of securing the obligations of Assignors to Assignees.

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

1. Assignment, Patent Mortgage and Grant of Security Interest.

As collateral security for the prompt and complete payment and performance of all of Assignors' present or future indebtedness, obligations, and liabilities to Assignees, Assignors hereby assign, transfer, convey and grant a security interest and mortgage to Assignees, as security, but not as an ownership interest, in and to Assignors' entire right, title, and interest in, to, and under the following (all of which shall collectively be called the "Collateral"):

(a) The following patents, patent applications and like protections including, without limitation, improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same:

- U.S. Patent No. 8,453,962, entitled "Modular Flying Vehicle"
- U.S. Patent No. 8,646,720, entitled "Modular Flying Vehicle with Wings"
- U.S. Patent No. 9,187,174, entitled "Aircraft with Wings and Movable Propellers"
- U.S. Patent No. 9,108,728, entitled "Modular Flying Vehicle"
- U.S. Patent Application No. 14/828,425, entitled "Modular Flying Vehicle"
- U.S. Patent Application No. 14/943,006, entitled "Aircraft with Wings and Movable Propellers"
- U.S. Patent Application No. 13/986,540, entitled "Multi-Engine Air/Ground Vehicle with Parafoil"
- U.S. Prov. Patent Application No. 62/233,297, entitled "Adaptable Flight Vehicle"
- European Patent Application No. 11863532.5, entitled "Aircraft with Wings and Movable Propellers"
- Israel Patent Application No. 200421, entitled "Modular Flying Vehicle"
- Israel Patent Application No. 230535, entitled "Modular Flying Vehicle"
- Israel Patent Application No. 225587, entitled "Aircraft with Wings and Movable Propellers"

(b) Any and all claims for damages by way of past, present and future infringements of any of the rights included above, with the right, but not the obligation, to sue for and collect such damages for said use or infringement of the intellectual property rights identified above;

(c) All licenses or other rights to use any of the Patents, and all license fees and royalties arising from such use to the extent permitted by such license or rights;

(d) All amendments, extensions, renewals and extensions of any of the Patents; and

(e) All proceeds and products of the foregoing, including without limitation all payments under insurance or any indemnity or warranty payable in respect of any of the foregoing.

THE INTEREST IN THE COLLATERAL BEING ASSIGNED HEREUNDER SHALL NOT BE CONSTRUED AS A CURRENT ASSIGNMENT, BUT AS A CONTINGENT ASSIGNMENT TO SECURE ASSIGNORS' OBLIGATIONS TO ASSIGNEES UNDER THE LOAN AGREEMENTS.

2. Authorization and Request.

Assignor authorizes and requests that the Commissioner of Patents and Trademarks record this conditional assignment.

3. Covenants and Warranties.

Assignor represents, warrants, covenants and agrees as follows:

(a) All ownership and license rights in the Collateral are held by one or both Assignors, except in so far as such rights are transferred by this Agreement;

(b) Each employee, agent and/or independent contractor who has participated in the creation of the property constituting the Collateral has either executed an assignment of his or her rights of authorship to one or both Assignors or was an employee of Assignor acting within the scope of his or her employment at the time of said creation;

(c) Performance of this Assignment does not conflict with or result in a breach of any agreement to which Assignors are bound;

(d) During the term of this Agreement, Assignor will not transfer or otherwise encumber any interest in the Collateral without the written consent of a majority of the Assignees;

(e) Each of the Patents is believed to be valid and enforceable, and no part of the Collateral has been judged invalid or unenforceable, in whole or in part, and no claim has been made that any part of the Collateral violates the rights of any third party;

(f) Each Assignor shall promptly advise Assignees of any material adverse change in the composition of the Collateral;

(g) Each Assignor shall (i) protect, defend and maintain the validity and enforceability of the Patents, (ii) use its best efforts to detect infringements of the Patents and promptly advise Assignee in writing of material infringements detected and (iii) not allow any Patents to be abandoned, forfeited, or dedicated to the public without the written consent of a majority of Assignees, which shall not be unreasonably withheld;

(h) This Assignment creates in favor of Assignees a valid and perfected first priority security interest in the Collateral in the United States securing the payment and performance of the obligations evidenced by the Loan Agreements upon making the filings referred to in clause (m) below;

(i) To its knowledge, except for, and upon, the filing with the United States Patent and Trademark office with respect to the Patents and Trademarks to perfect the security interests and assignment created hereunder and except as has been already made or obtained, no authorization, approval or other action by, and no notice to or filing with, any U.S. governmental authority or U.S. regulatory body is required either (i) for the grant by Assignors of the security interest granted hereby or for the execution, delivery or performance of this

Assignment by Assignors in the U.S. or (ii) for the perfection in the United States or the exercise by Assignees of their rights and remedies thereunder;

(j) All information heretofore, herein or hereafter supplied to Assignees by or on behalf of Assignors with respect to the Collateral is believed to be accurate and complete in all material respects;

(k) Each Assignor shall not enter into any agreement that would materially impair or conflict with Assignor's obligations hereunder without prior written consent of a majority of Assignees, which consent shall not be unreasonably withheld. Assignor shall not permit the inclusion in any material contract to which it becomes a party of any provisions that could or might in any way prevent the creation of a security interest in Assignors' rights and interest in any property included within the definition of the Collateral acquired under such contracts, except that certain contracts may contain anti-assignment provisions that could in effect prohibit the creation of a security interest in such contracts;

(l) Upon an Assignor or any executive officer or other authorized representative of an Assignor obtaining actual knowledge thereof, that Assignor will promptly notify Assignee in writing of any event that materially adversely affects the value of any material Collateral, the ability of Assignors to dispose of any material Collateral or the rights and remedies of Assignees in relation thereto, including the levy of any legal process against any of the Collateral.

4. Assignees' Rights.

Assignees shall have the right, but not the obligation, to take, at Assignors' sole expense, any actions that Assignors are required under this Assignment to take but which Assignors fails to take, after fifteen (15) days' notice to an Assignor. Assignors shall reimburse and indemnify Assignees for all reasonable costs and reasonable expenses incurred in the reasonable exercise of its rights under this section 4.

5. Inspection Rights.

Assignors hereby grant to Assignees and their employees, representatives and agents the right to visit, during reasonable hours upon prior reasonable written notice to Assignors, and any of Assignors' plants and facilities that manufacture, install or store products (or that have done so during the prior six-month period) that are sold utilizing any of the Collateral, and to inspect the products and quality control records relating thereto upon reasonable written notice to Assignors and as often as may be reasonably requested, but not more than one (1) in every six (6) months; provided, however, nothing herein shall entitle Assignees access to Assignors' trade secrets and other proprietary information.

6. Further Assurances; Attorney in Fact.

(a) Assignors will, subject to any prior licenses, encumbrances and restrictions and prospective licenses, make, execute, acknowledge and deliver, and file and record in the proper filing and recording places in the United States, all such instruments, including, appropriate financing and continuation statements and collateral agreements and filings with the United States Patent and Trademarks Office, and take all such action as may reasonably be deemed necessary or advisable, or as requested by Assignees, to perfect Assignees' security interest in all Patents and otherwise to carry out the intent and purposes of this Collateral Assignment, or for assuring and confirming to Assignees the grant or perfection of a security interest in all Collateral.

(b) Upon an Event of Default, Assignors hereby irrevocably appoints Assignees as Assignors' attorney-in-fact, with full authority in the place and stead of Assignors and in the name of Assignors, Assignees or otherwise, from time to time in Assignees' discretion, upon Assignors' failure or inability to do so, to take any action and to execute any instrument which Assignees may deem necessary or advisable to accomplish the purposes of this Collateral Assignment.

7. Events of Default. The occurrence of any of the following shall constitute an Event of Default under the Assignment:

(a) Default shall occur if, by December 1, 2017, any of the Loan Agreements between Assignors and an Assignee is not paid in full or extended or otherwise renegotiated with the respective Assignee;

(b) Default shall occur if Assignor breaches any warranty or agreement made by Assignor in this Assignment.

8. Remedies.

Upon the occurrence and continuance of an Event of Default, Assignees shall have the right to exercise all the remedies of a secured party under the California Uniform Commercial Code, including without limitation the right to require Assignors to assemble the Collateral and any tangible property in which Assignees have a security interest and to make it available to Assignees at a place designated by Assignees. Assignees shall have a nonexclusive, royalty free license to use the Copyrights, Patents and Trademarks to the extent reasonably necessary to permit Assignees to exercise its rights and remedies upon the occurrence of an Event of Default. Assignors will pay any expenses (including reasonable attorney's fees) incurred by Assignees in connection with the exercise of any of Assignees' rights hereunder, including without limitation any expense incurred in disposing of the Collateral. All of Assignees' rights and remedies with respect to the Collateral shall be cumulative.

9. Indemnity.

Each Assignor agrees to defend, indemnify and hold harmless Assignees and their officers, employees, and agents against: (a) all obligations, demands, claims, and liabilities claimed or asserted by any other party in connection with the transactions contemplated by this Agreement, and (b) all losses or expenses in any way suffered, incurred, or paid by Assignees as a result of or in any way arising out of, following or

consequential to transactions between Assignees and Assignors, whether under this Assignment or otherwise (including without limitation, reasonable attorneys' fees and reasonable expenses), except for losses arising from or out of Assignees' gross negligence or willful misconduct.

10. Release.

At such time as Assignors shall completely satisfy all of the obligations secured hereunder to any Assignee, that Assignee shall execute and deliver to Assignors all assignments and other instruments as may be reasonably necessary or proper to terminate that Assignee's security interest in the Collateral, subject to any disposition of the Collateral which may have been made by Assignee pursuant to this Agreement. For the purpose of this Agreement, the obligations secured hereunder shall be deemed to continue if an Assignor enters into any bankruptcy or similar proceeding at a time when any amount paid to an Assignee could be ordered to be repaid as a preference or pursuant to a similar theory, and shall continue until it is finally determined that no such repayment can be ordered.

11. No Waiver.

No course of dealing between Assignors and Assignees, nor any failure to exercise nor any delay in exercising, on the part of Assignees, any right, power, or privilege under this Agreement or under the Loan Agreement or any other agreement, shall operate as a waiver. No single or partial exercise of any right, power, or privilege under this Agreement or under the Loan Agreement or any other agreement by Assignee shall preclude any other or further exercise of such right, power, or privilege or the exercise of any other right, power, or privilege by Assignee.

12. Rights Are Cumulative.

All of Assignees' rights and remedies with respect to the Collateral, whether established by this Agreement, one or more of the Loan Agreements, or any other documents or agreements, or by law shall be cumulative and may be exercised concurrently or in any order.

13. Course of Dealing.

No course of dealing, nor any failure to exercise, nor any delay in exercising any right, power or privilege hereunder shall operate as a waiver thereof.

14. Attorneys' Fees.

If any action relating to this Assignment is brought by either party hereto against the other party, the prevailing party shall be entitled to recover reasonable attorneys fees, costs and disbursements.

15. Amendments.

This Assignment may be amended only by a written instrument signed by both parties hereto. To the extent that any provision of this Agreement conflicts with any provision of one of the Loan Agreements, the provision giving Assignee(s) greater rights or remedies shall govern, it being understood that the purpose of this Agreement is to add to, and not detract from, the rights granted to Assignees under the Loan Agreements. This Agreement, the Loan Agreements, and the documents relating thereto comprise the entire agreement of the parties with respect to the matters addressed in this Agreement.

16. Severability.

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

17. Counterparts.

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

18. California Law and Jurisdiction.

This Assignment shall be governed by the laws of the State of California, without regard for choice of law provisions. Assignors and Assignees consent to the nonexclusive jurisdiction of any state or federal court located in Los Angeles County, California.

19. Confidentiality.

In handling any confidential information, Assignee shall exercise the same degree of care that it exercises with respect to its own proprietary information of the same types to maintain the confidentiality of any non-public information thereby received or received pursuant to this Assignment except that the disclosure of this information may be made (i) to the affiliates of the Assignee, (ii) to prospective transferee or purchasers of an interest in the obligations secured hereby, provided that they have entered into a comparable confidentiality agreement in favor of Assignor and have delivered a copy to Assignor, (iii) as required by law, regulation, rule or order, subpoena judicial order or similar order and (iv) as may be required in connection with the examination, audit or similar investigation of Assignee.

20. WAIVER OF RIGHT TO JURY TRIAL.

ASSIGNEE AND ASSIGNOR EACH HEREBY WAIVE THE RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATING TO: (I) THIS AGREEMENT; OR (II) ANY OTHER PRESENT OR FUTURE INSTRUMENT OR AGREEMENT BETWEEN ASSIGNEE AND ASSIGNOR; OR (III) ANY CONDUCT, ACTS OR OMISSIONS OF ASSIGNEE OR ASSIGNOR OR ANY OF THEIR DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, ATTORNEYS OR ANY OTHER PERSONS AFFILIATED WITH ASSIGNEE OR ASSIGNOR; IN EACH OF THE FOREGOING CASES, WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE.

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IN WITNESS WHEREOF, the parties hereto have executed this Assignment to be effective as of the day and year first above written.

ASSIGNORS:

ADVANCED TACTICS, INC.

By: 

Name: Donald O. Shaw

Title: Chief Executive Officer

Date: MAY 31, 2017

DONALD O. SHAW

By: 

Name: Donald O. Shaw

Title: Self

Date: MAY 31, 2017