

PATENT ASSIGNMENT COVER SHEET

Electronic Version v1.1
 Stylesheet Version v1.2

EPAS ID: PAT5172611

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY INTEREST
CONVEYING PARTY DATA	
Name	Execution Date
CAT OUTDOORS, INC.	09/25/2018
COMBAT APPLICATIONS TOOLS, INC.	09/25/2018
SMKT HOLDINGS, INC.	09/25/2018
AUSTIN BREWER	09/25/2018
RECEIVING PARTY DATA	
Name:	SAM JOHNSON
Street Address:	221 W. 57TH STREET
Internal Address:	#A-26
City:	LOVELAND
State/Country:	COLORADO
Postal Code:	80538
PROPERTY NUMBERS Total: 2	
Property Type	Number
Patent Number:	8250800
Patent Number:	7644529
CORRESPONDENCE DATA	
Fax Number:	(406)252-1669
<i>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.</i>	
Phone:	(406) 896-4603
Email:	patentdocket@hollandhart.com
Correspondent Name:	SHANE P. COLEMAN
Address Line 1:	401 NORTH 31ST STREET
Address Line 2:	SUITE 1500
Address Line 4:	BILLINGS, MONTANA 59101
ATTORNEY DOCKET NUMBER:	102826-0001
NAME OF SUBMITTER:	GAY GROVES
SIGNATURE:	/Gay Groves/
DATE SIGNED:	10/04/2018

Total Attachments: 8

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PATENT SECURITY AGREEMENT

This Patent Security Agreement is made as of September 25, 2018, by and between CAT Outdoors, Inc., a Wyoming corporation, Combat Applications Tools, Inc., a Wyoming corporation, SMKT Holdings, Inc., a California corporation, and Austin Brewer, an individual (collectively, "Assignors") and Sam Johnson, whose address is 221 W. 57th Street, #A-26, Loveland, CO 80538 ("Assignee").

RECITALS

A. Assignors and Assignee are parties to a "Stipulation Agreement" dated June 29, 2017, whereby Assignors agreed, inter alia, to pay Assignee certain sums of money, which is evidenced by a \$79,000 "Promissory Note," also dated June 29, 2017.

B. Assignors pledged certain collateral to secure repayment of the Promissory Note. That collateral includes, inter alia, "All Inventory, Equipment and General Intangibles," as described in a "Security Agreement," also dated June 29, 2017. The collateral also specifically includes all of Assignors' intellectual property rights, including "patent and trademarks and proceeds thereof," according to the Stipulation Agreement.

C. The Stipulation Agreement further contemplates that Assignors would separately execute a security agreement specifically covering Assignor's patents, to be recorded with the United States Patent and Trademark Office.

In consideration of the mutual covenants herein,

THE PARTIES HERETO AGREE AS FOLLOWS:

1. **Patent Security Interest.** Until such time as the Promissory Note is paid in full, as collateral security for the prompt and complete payment under the Promissory Note and performance under the Stipulated Agreement, Assignors hereby assign, transfer, convey, and grant a security interest and mortgage to Assignee, 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. All patents, patent applications and like protections including, without limitation, improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same, including without limitation, the patents and patent applications set forth on Schedule A attached hereto and made a part hereof (collectively, the "Patents");
- B. Any trademark and servicemark rights, whether registered or not, applications to register and registrations of the same and like protections, and the entire goodwill of the business of Assignors connected with and symbolized by such trademarks (collectively, the "Trademarks");

- C. 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;
- D. All licenses or other rights to use any of the Patents or Trademarks, and all license fees and royalties arising from such use to the extent permitted by such license or rights;
- E. All amendments, extensions, renewals and extensions of any of the Trademarks or Patents; and
- F. 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 ASSIGNEE UNDER THE PROMISSORY NOTE AND THE STIPULATED AGREEMENT. SUCH ASSIGNMENT SHALL BECOME NULL AND VOID UPON FULL PAYMENT OF THE PROMISSORY NOTE.

- 2. **Authorization and Request.** Assignors authorize and request that the Commissioner of Patents and Trademarks record this conditional assignment.
- 3. **Covenants and Warranties.** Assignors represent, warrant, covenant, and agree as follows:

- A. Assignors are now the sole owners of the Collateral, except for non-exclusive licenses granted by Assignors to its customers in the ordinary course of business,
- B. Each of the Patents is, to the best of Assignors' knowledge, 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;
- C. Performance of this Assignment does not conflict with or result in a breach of any agreement to which Assignors are bound, except to the extent that certain intellectual property agreements prohibit the assignment of the rights thereunder to a third party without the licensor's or other party's consent and this Assignment constitutes an assignment.
- D. During the term of this Agreement, Assignors will not transfer or otherwise encumber any interest in the Collateral, except: (a) for non-exclusive licenses granted by Assignors in the ordinary course of business or as set forth in this Assignment; (b) transfer and/or assignment to an

entity that one or more Assignors hold at least a 51% ownership interest in and in the event of such transfer and/or assignment, Assignors shall provide at least thirty (30) days advance notice to Assignee and shall ensure that the entity accepting such transfer becomes fully bound by the terms and conditions of this Agreement and any other Agreement with Assignee, or such transfer and/or assignment shall be null and void. In the event Assignors execute the sale, transfer and/or merger of all and/or substantially all of their interest in the Collateral to a third party that one or more of them do not hold at least a 51% ownership interest in, they shall likewise provide Assignee at least thirty (30) days advance notice and shall ensure that Assignee is paid in full hereunder prior to and/or upon close of such transaction or it shall also be null and void. Assignor shall also ensure that the entity accepting such transfer becomes fully bound by the terms and conditions of any other Agreement with Assignee.

- E. Assignors shall promptly advise Assignee of any material adverse change in the composition of the Collateral, including but not limited to any subsequent ownership right of the Assignors in or to any Patent, Trademark, or copyright not specified in this Assignment;
- F. Assignors shall (i) protect, defend and maintain the validity and enforceability of the Patents and Trademarks, (ii) use their best efforts to detect infringements of the Patents and Trademarks and promptly advise Assignee in writing of material infringements detected and (iii) not allow any Patents, Trademarks, or copyrights to be abandoned, forfeited, or dedicated to the public without the written consent of Assignee, which shall not be unreasonably withheld, unless Assignors determine that reasonable business practices suggest that abandonment is appropriate.
- G. This Assignment creates, and in the case of after-acquired Collateral, this Assignment will create at the time Assignors first have rights in such after-acquired Collateral, in favor of Assignee 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 Promissory Note and the Stipulation Agreement upon making the filings referred to in Subsection H, below;
- H. To its knowledge, except for, and upon, the filing with the United States Patent and Trademark Office with respect to the Patents and Trademarks necessary 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 interests 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 Assignee of its rights and remedies thereunder;

- I. All information heretofore, herein or hereafter supplied to Assignee by or on behalf of Assignors with respect to the Collateral is accurate and complete in all material respects;
- J. Assignors shall not enter into any agreement that would materially impair or conflict with Assignors' obligations hereunder without Assignee's prior written consent, which consent shall not be unreasonably withheld. Assignors 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;
- K. Upon Assignors or any of their executive officers obtaining actual knowledge thereof, Assignors will promptly notify Assignee in writing of any event that materially adversely affects the value of any material Collateral, the ability of Assignor to dispose of any material Collateral or the rights and remedies of Assignee in relation thereto, including the levy of any legal process against any of the Collateral.

4. **Assignee's Rights.** Assignee 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 fail to take, after twenty (20) days' notice to Assignors. Assignors shall reimburse and indemnify Assignee for all reasonable costs and reasonable expenses incurred in the reasonable exercise of its rights under this Section 4 if they become necessary.

5. **Further Assurances; Attorney-in-Fact.**

- A. Assignors will, subject to any prior licenses, encumbrances and restrictions and prospective licenses, make, execute, acknowledge, deliver, and file and record in the proper filing and recording places in the United States and in individual States, all such instruments, including, appropriate financing and continuation statements and collateral agreements and filings with the United States Patent and Trademark Office, and take all such action as may reasonably be deemed necessary or advisable, or as requested by Assignee, to perfect Assignee's security interest in all Patents and Trademarks and otherwise to carry out the intent and purposes of this Collateral Assignment, or for assuring and confirming to Assignee the grant or perfection of a security interest in all Collateral.
- B. Upon an Event of Default and failure to cure such Default within twenty (20) days of written notice of such Default as set forth herein, Assignors hereby irrevocably appoint Assignee as Assignors' attorney-in-fact, with full authority in the place and stead of Assignors and in the name of Assignors, Assignee or otherwise, from time to time in Assignee's discretion, upon Assignors' failure or inability to do so, to take any action and to execute any instrument which Assignee may deem necessary or

advisable to accomplish the purposes of this Collateral Assignment, including: to file, in its sole discretion, one or more financing or continuation statements and amendments thereto, relative to any of the Collateral without the signature of Assignors where permitted by law.

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

- A. Failure to timely make any payment due under the Promissory Note and to cure such non-payment within twenty (20) days of receipt of written notice of such Default from Assignee; or
- B. Assignors breach any warranty or agreement made by Assignors in this Assignment and failure to cure such breach within twenty (20) days of receipt of written notice of such Breach from Assignee.

7. **Remedies.** Upon the occurrence and continuance of an Event of Default and failure to cure such Default within twenty (20) days of receipt of notice of Default from Assignee, Assignee shall have the right to exercise all the remedies of a secured party under the applicable Uniform Commercial Code, including without limitation the right to require Assignors to assemble the Collateral and any tangible property in which Assignee has a security interest and to make it available to Assignee at a place designated by Assignee. Assignee shall have a nonexclusive, royalty free license to use the Patents and Trademarks to the extent reasonably necessary to permit Assignee to exercise its rights and remedies upon the occurrence of an Event of Default. Assignors will pay any expenses (including reasonable attorneys' fees) incurred by Assignee in connection with the exercise of any of Assignee's rights hereunder, including without limitation any expense incurred in disposing of the Collateral. All of Assignee's rights and remedies with respect to the Collateral shall be cumulative. In case of default, Assignee will first seek to recover payment from any on hand assets and equipment. In the event Assignors do not provide such assets and equipment promptly and/or, in the event they are objectively insufficient to satisfy the balance owed hereunder, then Assignee may proceed against intellectual property secured hereunder until paid in full at which time all remaining Collateral shall be returned to Assignee.

8. **Indemnity.** Assignors agree to defend, indemnify, and hold harmless Assignee and his 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 Assignee as a result of or in any way arising out of, following or consequential to transactions between Assignee and Assignors, whether under this Assignment or otherwise (including without limitation, reasonable attorney's fees and reasonable expenses), except for losses arising from or out of Assignee's gross negligence or willful misconduct.

9. **Release.** At such time as Assignors shall completely satisfy all of the obligations secured hereunder, Assignee shall execute and deliver to Assignors all assignments and other instruments as may be reasonably necessary or proper to terminate 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 Assignors enter into any bankruptcy or similar proceeding at a time when any amount paid to 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.

10. **No Waiver.** No course of dealing between Assignors and Assignee, nor any failure to exercise nor any delay in exercising, on the part of Assignee, any right, power, or privilege under this Agreement or under the Stipulated Agreement, the Promissory Note, the Security 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 Stipulated Agreement, the Promissory Note, the Security 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.

11. **Rights Are Cumulative.** All of Assignee's rights and remedies with respect to the Collateral whether established by this Agreement, the Stipulated Agreement, the Promissory Note, the Security Agreement, or any other documents or agreements, or by law shall be cumulative and may be exercised concurrently or in any order.

12. **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.

13. **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.

14. **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 the under the Stipulated Agreement, Promissory Note, Security Agreement, or any other agreement, the provision giving Assignee 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 Assignee under the Loan Agreement. This Agreement, the Stipulated Agreement, and the documents relating thereto comprise the entire agreement of the parties with respect to the matters addressed in this Agreement.

15. **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.

16. **Governing Law.** This Assignment shall be governed by the laws of the State of Colorado, without regard for choice of law provisions.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment on the day and year first above written.

ASSIGNOR:
CAT Outdoors, Inc.

By: [Signature]
Name: Austin Brewer
Title: Owner

ASSIGNEE:
Sam Johnson

[Signature]

ASSIGNOR:
Combat Application Tools, Inc.

By: [Signature]
Name: Austin Brewer
Title: Owner

ASSIGNOR:
SMKT Holdings, Inc.

By: [Signature]
Name: Austin Brewer
Title: Owner

ASSIGNOR:
Austin Brewer

[Signature]

[ACKNOWLEDGMENTS ON FOLLOWING PAGE]

Schedule A – Patents

U.S. Patent No. 8,250,800

U.S. Patent No. 7,644,529

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