

10-19-2006

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To the Director of the U. S. Patent and Trade.

103323791

is or the new address(es) below.

10/12/06

1. Name of conveying party(ies)/Execution Date(s):  
Applied Image Group, Inc.

- Individual(s)
- General Partnership
- Corporation-State
- Other
- Association
- Limited Partnership

Citizenship (see guidelines) New York

Execution Date(s) September 5, 2006

Additional names of conveying parties attached?  Yes  No

3. Nature of conveyance:

- Assignment
- Security Agreement
- Other
- Merger
- Change of Name

2. Name and address of receiving party(ies)

Additional names, addresses, or citizenship attached?  Yes  No

Name: Citizens Bank, N.A.

Internal Address: 833 Broadway

Street Address: \_\_\_\_\_

City: Albany

State: NY

Country: \_\_\_\_\_ Zip: 12207

Association Citizenship \_\_\_\_\_

General Partnership Citizenship \_\_\_\_\_

Limited Partnership Citizenship \_\_\_\_\_

Corporation Citizenship \_\_\_\_\_

Other nat'l banking association formed under the laws of Citizenship United States

If assignee is not domiciled in the United States, a domestic representative designation is attached:  Yes  No  
(Designations must be a separate document from assignment)

4. Application number(s) or registration number(s) and identification or description of the Trademark.

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

2,346,842 and 2,452,401

Additional sheet(s) attached?  Yes  No

C. Identification or Description of Trademark(s) (and Filing Date if Application or Registration Number is unknown):

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

Name: Neal L. Slifkin

Internal Address: Harris Beach PLLC

Street Address: 99 Garnsey Road

City: Pittsford

State: NY Zip: 14534

Phone Number: (585) 419-8636

Fax Number: (585) 419-8812

Email Address: \_\_\_\_\_

6. Total number of applications and registrations involved:

2

7. Total fee (37 CFR 2.6(b)(6) & 3.41) \$ 65.00

- Authorized to be charged by credit card
- Authorized to be charged to deposit account
- Enclosed

8. Payment Information:

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

b. Deposit Account Number 08-0865

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

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

*Neal L. Slifkin*  
Signature

10/10/06  
Date

10/18/2006 DBYRNE 00000031 2346842

Neal L. Slifkin

Total number of pages including cover sheet, attachments, and document: 9

Name of Person Signing

01 FC:8521  
02 FC:8522

Documents to be recorded (including cover sheet) should be faxed to (703) 306-5995, or mailed to:  
Mail Stop Assignment Recordation Services, Director of the USPTO, P.O. Box 1450, Alexandria, VA 22313-1450



10-12-2006

COLLATERAL PATENT, TRADEMARK, AND LICENSE ASSIGNMENT

THIS CONTINGENT PATENT, TRADEMARK, AND LICENSE ASSIGNMENT ("*Assignment*") is made as of September 5, 2006 by APPLIED IMAGE GROUP, INC., a New York corporation having its principal office at 1553 East Main Street, Rochester, New York 14609 ("*Assignor*"), in favor of CITIZENS BANK, N.A., a national banking association with offices at 833 Broadway, Albany, New York 12207 ("*Assignee*").

WITNESSETH:

WHEREAS, Assignor, Assignee, and certain others named therein are parties to a certain Credit Agreement dated on even date herewith (as the same may hereafter be amended, supplemented, amended and restated, renewed or otherwise modified from time to time, the "*Loan Agreement*"), which Loan Agreement provides (i) for the Assignee, from time to time, extend credit to or for the account of, among others, Assignor and (ii) for the grant by Assignor to Assignee of a security interest in certain of Assignor's assets, including, without limitation, its patents, patent applications, service marks, service mark applications, service names, trademarks, trademark applications, trade names, goodwill and licenses;

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

1. Collateral Assignment of Patents. To secure the complete and timely satisfaction of all of the liabilities and obligations of every kind or nature of Assignor to Assignee under or related to the Loan Agreement and all notes, agreements, and documents delivered in connection therewith, including as extended, modified, or replaced from time to time (the "*Obligations*"), Assignor hereby grants, assigns and conveys to Assignee a collateral assignment of and security interest in all of the Assignor's right, title and interest in and to all of its now owned or existing and filed and hereafter acquired or arising and filed patents and patent applications, and the inventions and improvements described and claimed therein, including those listed on Schedule A attached hereto and made a part hereof, and (a) the reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof, (b) all income, royalties, damages and payments now and hereafter due and/or payable under and with respect thereto, including, without limitation, damages and payments for past or future infringements thereof, (c) the right to sue for past, present and future infringements thereof, and (d) all rights corresponding thereto throughout the world (all of the foregoing patents and applications, together with the items described in clauses (a)-(d), are sometimes hereinafter individually and/or collectively referred to as the "*Patents*").

2. Security Interest in Trademarks, Goodwill, and Licenses. To secure the complete and timely satisfaction of all of the Obligations, Assignor hereby grants and conveys to Assignee a lien and security interest in all of the Assignor's right, title and interest in and to all of its now owned or existing and filed and hereafter acquired or arising and filed:

(i) trademarks, trademark registrations, trade names and trademark applications, service marks, service mark registrations, service names and service mark applications, including, without limitation, the trademarks, trademark registrations, trade names and trademark applications, service marks, service mark registrations, service names and service mark applications listed on Schedule B, attached hereto and made a part thereof, and (a) renewals thereof, (b) all income, royalties, damages and payments now and hereafter due and/or payable with respect thereto, including, without limitation, damages and payment for past or future infringements thereof, (c) the right to sue for past, present and future infringements thereof, and (d) all rights corresponding thereto throughout the world (all of which foregoing trademarks, service marks, trademark and service mark registrations, trade names, service names and applications, together with the items described in clauses (a)-(d), are sometimes hereinafter individually and/or collectively referred to as the "Trademarks");

(ii) the goodwill of Assignor's business including but not by way of limitation such goodwill connected with and symbolized by the Trademarks (the "Goodwill"); and

(iii) license agreements with any other party relating to intellectual property or proprietary rights of any kind or nature, whether Assignor is a licensor or licensee under any such license agreement (the "Licenses").

3. Restrictions on Future Assignments/Security Interests. Assignor agrees that until the Obligations shall have been satisfied in full and the Loan Agreement shall have been terminated, Assignor will not, without Assignee's prior written consent, enter into any agreement relating to the Patents, Trademarks, Goodwill, or Licenses which would limit or restrict the rights of Assignee hereunder and Assignor further agrees that it will not take any action, or permit any action to be taken by others subject to its control, including licensees, or fail to take any action which would affect the validity or enforcement of the rights granted to Assignee under this Assignment.

4. New Patents and Trademarks. Assignor represents and warrants that the Patents and Trademarks listed on Schedules A and B, respectively, constitute all of the patents, service marks, trademarks, and applications now owned by Assignor. If, before the Obligations shall have been satisfied in full, Assignor shall (i) obtain rights to any new patentable inventions, trademarks, trademark registrations, trade names, service marks, service mark registrations, service names, or licenses, or (ii) become entitled to the benefit of any patent, service mark or trademark application, service mark, service mark registration, trademark, trademark registration, or license renewal, or patent for any reissue, division, continuation, renewal, extension, or continuation-in-part of any Patent or any improvement on any Patent, the provisions of this Assignment shall automatically apply thereto and Assignor shall give to Assignee prompt written notice thereof. Assignor hereby authorizes Assignee as attorney in fact to modify this Assignment by amending Schedules A and B, as applicable, to include any future patents, patent applications, service marks, service mark registrations, service mark applications, service names, trademarks, trademark registrations, trademark applications, and trade names which are Patents, or Trademarks, as applicable, under Sections 1 and 2 above or under this Section 4, and to file or refile this Assignment with the United States Patent and Trademark Office.

5. Representations and Warranties. Assignor represents and warrants to and agrees with Assignee that:

(i) the Patents (to the extent issued), Trademarks, and Licenses are subsisting and have not been adjudged invalid or unenforceable, in whole or in part;

(ii) to the best knowledge of Assignor, each of the Patents, Trademarks, and Licenses is valid and enforceable;

(iii) Assignor is the owner of the Patents, Trademarks, and to the extent indicated therein, Licenses, and has the power and authority to make, and will continue to have authority to perform, this Assignment according to its terms;

(iv) to the best knowledge of Assignor, this Assignment does not violate and is not in contravention of any other agreement to which Assignor is a party or any judgment or decree by which Assignor is bound and does not require any consent under any other agreement to which Assignor is a party or by which Assignor is bound; and

(v) there has been no prior sale, pledge, encumbrance, assignment or other transfer or disposition of any of the Patents, Trademarks, or Licenses or any part thereof, and the same are free from all liens, charges and encumbrances of any kind, including but not limited to licenses (except the license itself in the case of Licenses), and covenants not to sue third persons.

6. Royalties/Term. Assignor hereby agrees that the use by Assignee of all Patents, Trademarks and Licenses as described above shall be worldwide and without any liability for royalties or other related charges from Assignee to the Assignor. The term of the collateral assignments granted herein shall extend until the earlier of (i) the expiration of each of the respective Patents, Trademarks and Licenses assigned hereunder, or (ii) the Obligations have been paid in full and the Loan Agreement has been terminated.

7. Grant of License to Assignor. After an "Event of Default" (as defined in the Loan Agreement) and during its continuance, Assignor shall have a nontransferable right and license to use the Trademarks and Licenses, and to make, have made, use and sell the inventions disclosed and claimed in the Patents for Assignor's own benefit and account and for none other. From and after the occurrence of an Event of Default, Assignor's rights with respect to Patents, Trademarks, and Licenses as set forth in this Section 7 shall terminate forthwith, and Assignee shall have, in addition to all other rights and remedies given it by this Assignment, those 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 Patents, Trademarks, and Licenses may be located, including, but not by way of limitation, the location of Assignee's headquarters.

8. Reassignment to Assignor. Upon payment in full of the obligations and termination of the Loan Agreement, Assignee shall execute and deliver to Assignor all assignments and other instruments as may be necessary or proper to re-vest in Assignor full title to the Patents and Trademarks, subject to any disposition thereof which may have been made by Assignee pursuant hereto or pursuant to the Loan Agreement.

9. Duties of Assignor. Except for failures that will not have a Material Adverse Effect (as defined in the Loan Agreement), Assignor shall have the duty to (i) prosecute diligently any patent application of the Patents made by it and any trademark or service mark application of the Trademarks made by it pending as of the date hereof or thereafter until the Obligations shall have been paid in full, (ii) make application on unpatented but patentable inventions and on trademarks and service marks, as appropriate, and (iii) preserve and maintain all of its rights in patent applications and patents of the Patents and in trademark applications, trademarks, trademark registrations, service mark applications, service marks, and service mark registrations of the Trademarks. Any expenses incurred in connection with such applications shall be borne by Assignor. Except for abandonments that will not have a Material Adverse Effect (as defined in the Loan Agreement), Assignor shall not abandon any right to file a Patent application or Trademark application, or any pending Patent application, Trademark application, Patent, nor Trademark without the consent of Assignee which will not be unreasonably withheld.

10. Financing Statements/Documents. Assignor authorizes the Assignee to execute and file, and at the request of Assignee, Assignor will join with Assignee in executing one or more financing statements pursuant to the New York version of the Uniform Commercial Code in form satisfactory to Assignee, and will pay the costs of filing and/or recording this Assignment and all financing, continuation and termination statements in all public offices where filing or recording is deemed necessary or desirable by Assignee. Assignor will execute and deliver to Assignee from time to time such supplemental assignments or other instruments, including, but not by way of limitation, additional assignments to be filed with the United States Patent and Trademark office, as Assignee may require for the purpose of confirming Assignee's interest in the Patents, Trademarks and Licenses.

11. Assignee's Right to Sue. Assignee shall have the same rights, if any, as Assignor has, but shall in no way be obligated, to bring suit in its own name to enforce the Patents, Trademarks, and Licenses, and, if Assignee shall commence any such suit, Assignor shall, at the request of Assignee, do any and all lawful acts and execute any and all proper documents required by Assignee in aid of such enforcement and Assignor shall promptly, upon demand and as a part of the obligations, reimburse and indemnify Assignee for all costs and expenses incurred by Assignee in the exercise of its rights under this Section 11. After first giving Assignee a reasonable opportunity to bring suit in its own name to enforce the Patents, Trademarks, and Licenses, Assignor may bring such suit in its own name.

12. Waivers. No course of dealing between Assignor and Assignee nor any failure to exercise nor any delay in exercising, on the part of Assignee, any right, power or privilege hereunder or under the Loan Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

13. Severability. The provisions of this Assignment 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 Assignment in any jurisdiction.

14. Modification. This Assignment cannot be altered, amended or modified in any way, except as specifically provided in Section 4 hereof or by a writing signed by the parties hereto.

15. Cumulative Remedies/Effect on Loan Agreement. All of Assignee's rights and remedies with respect to the Patents and Trademarks, whether established hereby or by the Loan Agreement, or by any other agreements or by law shall be cumulative and may be exercised singularly or concurrently. Assignor acknowledges and agrees that this Assignment is not intended to limit or restrict in any way the rights and remedies of Assignee under the Loan Agreement but rather is intended to facilitate the exercise of such rights and remedies.

16. Binding Effect/Benefits. This Assignment shall be binding upon the Assignor and its respective successors and assigns, and shall inure to the benefit of Assignee, its successors and assigns.

17. Governing Law. This Assignment has been delivered and accepted in, and shall be governed by and construed in accordance with the laws of, the State of New York without giving effect to principles of conflicts of laws.

IN WITNESS WHEREOF, the Assignor, by its duly authorized officer, has executed this Assignment as of the date first above written.

[Signature Page Follows]

By: Byland  
Title: President

NEW YORK  
STATE OF ~~FLORIDA~~ )  
  )SS.:  
COUNTY OF MONROE )

On the 5<sup>th</sup> day of August in the year 2006 before me, the undersigned, a notary public in and for said state, personally appeared BRAND B. GLAVICH, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

John S. Herbrand  
Notary Public

JOHN S. HERBRAND  
Notary Public, State of New York  
Registration # 02HE6099658  
Qualified in Monroe County  
Commission Expires 9/29/2007

**SCHEDULE A**  
**(Patents)**

None.





**SCHEDULE B**  
**(Trademarks)**

TRADEMARKS:

<u>Trademarks</u>	<u>Country</u>	<u>Status</u>	<u>Number</u>
APPLIED IMAGE GROUP	USA	Registered	2346842
Stylized Triangular Corporate Logo	USA	Registered	2452401

