

05-28-1998

Form PTO-1594

5-19-98



100721019

U.S. Department of Commerce
Patent and Trademark Office

To the Honorable Commissioner of Patents and Trademarks Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):
Price Waterhouse L.L.P.

- Individual(s)
- General Partnership
- Corporation-State
- Association
- Limited Partnership
- Other - A Limited Liability Partnership, Delaware

Additional name(s) of conveying party(ies) attached? yes no

2. Name and address of receiving party(ies):

Name: SmartPatents, Inc.

Internal Address:

Street Address: 1975 Landings Drive

City: Mountain View State: CA

Zip Code: 94043

- Individual(s) citizenship
- Association
- General Partnership
- Limited Partnership
- Corporation - California
- Other

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

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

3. Nature of Conveyance:

- Assignment
- Security Agreement
- Other - Correcting Erroneous Cover Sheet and Security Agreement recorded at Reel 1662, Frame 0382-0387.
- Merger
- Change of Name

Execution Date(s):

4. Application number(s) or registration number(s):

A. Trademark Application No(s).

75/265,429 (not 75/262,429)

B. Trademark Registration No(s).

Additional numbers attached? yes no

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

Name: Sterne, Kessler, Goldstein & Fox P.L.L.C.

Internal Address: Tracy-Gene G. Durkin, Esq.

Street Address: 1100 New York Ave., N.W.
Suite 600

City: Washington State: D.C. Zip Code: 20005-3934

6. Total number of applications and registrations involved

7. Total fee (37 C.F.R. § 3.41).....\$ 40.00 *E*

Enclosed

Authorized to be charged to Deposit Account

8. Deposit Account Number: 19-0036

05/27/1998 DATES 00000206 75265429

DO NOT USE THIS SPACE

01 FC:481

9. Statement and signature. ^{40.00 DP}

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Name of Person Signing
Tracy-Gene G. Durkin

Tracy Durkin
Signature

5/19/98
Date

Total number of pages comprising this cover sheet: 7

OMB NO. 0651-0011 (exp.4/94)

Mail documents to be recorded with required cover sheet information to:
Commissioner of Patents and Trademarks, Box Assignments
Washington, D.C. 20231

1531-027,003

TRADEMARK
REEL: 1731 FRAME: 0801

DUPLICATE

12-01-1997

FR SHEET

U.S. Department of Commerce
Patent and Trademark Office

Express Mail No:
NC6290115015

100580970

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof

1 Name of conveying Party(ies):
Smart Patents, Inc.

MAN
11-20-97

2 Name and address of receiving Party(ies)

Name: Price Waterhouse LLP

Internal Address

Street Address: 1251 Avenue of the Americas

City: New York State: NY ZIP: 10020

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

- Individual(s) Citizenship
- Association
- General Partnership
- Limited Partnership
- Corporation State
- Other: A Limited Liability Partnership registered in Delaware

Additional Statements of Service (if any) attached? Yes No

3 Nature of transaction

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

If a signature is attached from the United States, a domestic representative designation is attached Yes No
(Designations must be a separate document from Assignment)
Additional name(s) & address(es) attached? Yes No

Execution Date: September 10, 1997

4 Application number(s) or registration number(s):

A. Trademark Application No.(s)
75/202,058; 75/262,425

B. Trademark Registration No.'s

Additional numbers attached? Yes No

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

Name: David A. Roodman
Internal Address: Bryan Cave LLP
One Metropolitan Square

Street Address:
211 North Broadway Suite 3600

City: St. Louis State: MO ZIP: 63102

6 Total Number of applications and registrations involved: 2

7 Total fee (37 CFR 3.41) \$ 65.00

- Enclosed
- Authorized to be charged to deposit account

8 Deposit Account number
02-4467 - if missing or insufficient

(Attach duplicate copy of this page if paying by deposit account)

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9 State and signature
To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document

David A. Roodman
Name of Person Signing Signature Date: November 9, 1997

Total number of pages comprising this cover sheet: 6

12/01/97 11:01 AM 00000017 75202058 40.00 OP
01 FC-401 25.00 OP
02 FC-402

Do not detach this portion

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Box Assignments
Washington, D.C. 20231

Public burden reporting for this sample cover sheet is estimated to average about 30 minutes per document to be recorded, including time for reviewing the document and gathering the data needed, and completing and reviewing the sample cover sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Office of Information Systems, PK2-1000C, Washington, D.C. 20231, and to the Office of Management and Budget, Paperwork Reduction Project (0651-0011), Washington, D.C. 20503.

TRADEMARK
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REEL: 1731 FRAME: 0802

SECURITY AGREEMENT

This Security Agreement is made as of September 6, 1997, by SmartPatents, Inc., a California corporation ("SPI"), in favor of Price Waterhouse LLP.

RECITALS

A. SPI and PW entered into an Asset Purchase and License Agreement (the "Asset Purchase Agreement") as of September 6, 1997

B. Pursuant to that agreement, PW agreed to advance to SPI up to \$300,000. SPI agreed to repay in full without interest the entire amount advanced on or before December 31, 1998 and to execute a note (the "Note") evidencing its repayment obligations.

C. In order to secure its repayment obligations, SPI also agreed, pursuant to that agreement, to convey to PW the security interest stated herein and to execute this Security Agreement.

NOW, THEREFORE, in consideration of the mutual promises contained herein and for other good and valuable consideration the receipt and sufficiency of which is hereby mutually acknowledged, SPI agrees as follows:

1. SECURITY INTEREST

1.1 Conveyance of Security Interest. SPI hereby grants to PW a present, absolute, unconditional and continuing security interest (the "Security Interest") in (i) all of its right, title and interest in Prism including all Intellectual Property Rights (as those terms are defined in the Asset Purchase Agreement), and (ii) all of its right, title and interest in enhancements or improvements to Prism (together, the "Collateral").

1.2 Obligations Secured. The Security Interest secures the timely payment and performance in full of all of SPI's obligations now and hereafter existing under the Note and this Security Agreement ("Secured Obligations").

1.3 Security Interest Absolute. The Security Interest and all rights of PW hereunder are absolute and unconditional, irrespective of: (i) any lack of validity or enforceability of the Note; (ii) the failure of PW to assert any claim or demand or to enforce any right or remedy under the Note; (iii) any change in the terms of the Note or the Secured Obligations, including changes in the time, manner, or place of payment or the interest rate; (iv) any reduction, recission, limitation, waiver or impairment of the Note or the Secured Obligations; or (v) any other circumstance that might otherwise constitute a defense available to SPI.

1.4 Termination of Security Interest. The Security Interest will be terminated only if and when: (i) all of the Secured Obligations have been satisfied and the Note is terminated; or (ii) PW consents in writing to such termination. The Security Interest shall remain in full force and effect until terminated.

2. RETENTION OF SOURCE CODE, ENHANCEMENTS

2.1 Retention. PW will retain as security a copy of the source code for Prism. In addition, SPI will provide to PW to hold as security copies of any enhancements or improvements to Prism.

2.2 Termination. PW will furnish to SPI the copies retained by it pursuant to Section 2.1 above if and when its Security Interest is terminated.

3. COVENANTS

3.1 Transfer, Encumbrance, Impairment. SPI will not transfer or otherwise encumber the Collateral. SPI will not enter into any agreement that would impair the Collateral or conflict with its obligations hereunder other than in the normal course of business.

3.2 Protection of Intellectual Property Rights. SPI will: (i) protect, defend and maintain the validity and enforceability of all of the Collateral's intellectual property rights; (ii) give all necessary notice of such intellectual property rights; (iii) use its best efforts to detect infringements of these intellectual property rights and promptly notify PW in writing of any infringements detected; (iv) on a continuing basis, register any trademarks or copyrights, and pursue any patents, necessary to protect these intellectual property rights.

3.3 Filing of Security Interest. On a continuing basis, SPI will make, execute, acknowledge and deliver, and will file and record in the proper filing and recording places, all such instruments, agreements and filings that PW deems reasonably necessary, and will take all other action that PW deems reasonably necessary, to protect PW's Security Interest and otherwise to carry out the intent and purpose of this Security Agreement.

4. REMEDIES

4.1 Event of Default. An Event of Default under this Security Agreement shall be: (i) a failure by SPI to render timely payment or performance of any of the Secured Obligations; or (ii) an Event of Default as defined in the Note.

4.2 Remedies. If an Event of Default hereunder occurs and is continuing, PW may, in addition to any other rights or remedies available to it: (i) exercise in respect of any or all of the Collateral all rights and remedies of a secured party upon default under the Uniform Commercial Code (the "UCC") (whether or not the UCC applies to the affected Collateral), including the immediate right to enforce and realize upon any and all of the Collateral in the manner or order PW deems expedient without regard to equitable principles, and (ii) exercise all rights and

remedies available to it in respect of copies of the source code for Prism and enhancements and improvements to Prism.

4.3 I indemnity. SPI agrees to indemnify and hold harmless PW against any and all claims, losses, liabilities and costs (including attorneys' fees) arising out of or resulting from: (i) SPI's failure to perform its obligations hereunder; or (ii) PW's enforcement of the provisions hereof.

5. MISCELLANEOUS

5.1 Notices. All notices required under this Security Agreement shall be in writing and delivered personally or sent by certified or registered mail or national recognized overnight express courier to the addresses set forth in the Asset Purchase Agreement.

5.2 Amendment; Waiver. Any term or provision of this Security Agreement may be amended only by a writing signed by PW and SPI. The observance of any term or provision of this Security Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) only by a writing signed by the party to be bound by such waiver. No waiver by a party of any breach of this Security Agreement will be deemed to constitute a waiver of any other breach or any succeeding breach.

5.3 Benefit and Burden. This Security Agreement shall be binding upon, shall inure to the benefit of, and be enforceable by and against, the parties hereto and their respective successors and permitted assigns.

5.4 Governing Law. This Security Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware (excluding application of any choice of law doctrines that would make applicable the law of any other state or jurisdiction) and, where appropriate, applicable federal law.

5.5 Severability. If any provision of this Security Agreement is for any reason and to any extent deemed to be invalid or unenforceable, then such provision shall not be voided but rather shall be amended to the extent necessary to cure such invalidity or unenforceability and the remainder of the Security Agreement will remain in full force and effect unless as amended it will not reasonably effect the intent of the parties.

5.6 Definitions. All terms not defined in this Security Agreement shall have the meanings set forth in the Asset Purchase Agreement.

5.7 Counterparts. For the convenience of the parties, this Security Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, PW and SPI executed and delivered this Agreement by their duly authorized representatives.

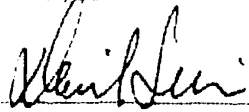
PW:

Price Waterhouse LLP

By: _____

SPI:

SmartPatents, Inc.

By:  _____

IN WITNESS WHEREOF, PW and SPI executed and delivered this Agreement by their duly authorized representatives.

PW:

SPI:

Price Waterhouse LLP

SmartPatents, Inc.

By: Robert R. M. [Signature]

By: _____

2498773
RECORDED: 11/20/1997

TRADEMARK
REEL: 1662 FRAME: 0387

RECORDED: 05/19/1998

TRADEMARK
REEL: 1731 FRAME: 0807