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100769886

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

1. Name of conveying party(ies):
Brainstorm Networks, Inc.
625 Ellis Street, Suite 100
Mountain View, CA 94043

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

Additional name(s) of conveying party(ies) attached? Yes No

2. Name and address of receiving party(ies)
Name: Pacific Mezzanine Fund, L.P.
Internal Address: _____
Street Address: 2200 Powell Street #1250
City: Emeryville State: CA ZIP: 94608

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

3. Nature of conveyance:

Assignment Merger
 Security Agreement Change of Name
 Other _____

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

Execution Date: July 14, 1998

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

A. Trademark Application No.(s)

B. Trademark Registration No.(s)
1,900,376

Additional numbers attached? Yes No

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

Name: William Kushner

Internal Address: _____

Hosie, Wes, Sacks & Brelsford

Street Address: 250 Montgomery Street

16th Floor

City: San Francisco State: CA ZIP: 94104

6. Total number of applications and registrations involved: 7

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

Enclosed

Authorized to be charged to deposit account

8. Deposit account number: _____

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

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9. Statement 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.

William Kushner
Name of Person Signing

Will K
Signature

July 20, 1998
Date

Total number of pages including cover sheet, attachments, and document: 11

**PATENT AND TRADEMARK SECURITY AGREEMENT
MEMORANDUM**

THIS PATENT AND TRADEMARK SECURITY AGREEMENT MEMORANDUM (this "Agreement"), dated as of July 14, 1998, is made between BRAINSTORM NETWORKS, INC., a California corporation (the "Grantor"), and PACIFIC MEZZANINE FUND, L.P., a California limited partnership (the "Secured Party").

The Grantor and the Secured Party are parties to a Security Agreement dated as of the date hereof (as amended, modified, renewed or extended from time to time, the "Security Agreement"), pursuant to which the Grantor has granted to the Secured Party a security interest in all of its assets and properties, including all of its Intellectual Property Collateral (as defined therein) as collateral security for (among other things) all indebtedness and obligations of the Grantor to the Secured Party arising under that certain Loan Agreement dated as of the date hereof between the Grantor and the Secured Party (the "Loan Agreement"). As an inducement to the Secured Party to enter into the Loan Agreement and to provide to the Grantor the financial accommodations thereunder and as further evidence of the security interests created in favor of the Secured Party pursuant to the Security Agreement, the Grantor has agreed to enter into this Agreement, to grant to the Secured Party the security interests hereinafter provided, and to record this Agreement with the PTO (as defined below).

Accordingly, the parties hereto agree as follows:

SECTION 1 Definitions; Interpretation.

(a) Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings.

"Collateral" has the meaning set forth in Section 2(a).

"Event of Default" means any defined Event of Default occurring under the Loan Agreement or any of the other Loan Documents.

"General Intangibles" means all general intangibles of the Grantor, now existing or hereafter acquired or arising, and in any event includes: (i) all tax and other refunds, rebates or credits of every kind and nature to which the Grantor is now or hereafter may become entitled; (ii) all goodwill, chooses in action and causes of action, whether legal or equitable, whether in contract or tort and however arising; (iii) all intellectual property; (iv) all uncertificated securities and interests in limited and general partnerships; (v) all rights of stoppage in transit, replevin and reclamation; (vi) all licenses, permits, consents, indulgences and rights of whatever kind issued in

favor of or otherwise recognized as belonging to the Grantor by any Governmental Authority; and (vii) all indemnity agreements, guaranties, insurance policies and other contractual, equitable and legal rights of whatever kind or nature: in each case whether now existing or hereafter acquired or arising.

“Governmental Authority” means any nation, any state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission or instrumentality of the United States, any State of the United States or any political subdivision thereof, and any tribunal or arbitrator(s) of competent jurisdiction.

“Patents” means all letters patent of the United States or any other country, all registrations and recordings thereof, and all applications for letters patent of the United States or any other country, owned, held or used by the Grantor in whole or in part, including all existing United States Patents and patent applications of the Grantor that are described in Schedule A hereto, as the same may be amended or supplemented pursuant hereto from time to time, and together with and including all patent licenses held by the Grantor (unless otherwise prohibited by any license or related licensing agreement under circumstances where the granting of the security interest would have the effect under applicable law of the termination or permitting termination of the license for breach and where the licensor, other than any affiliate of the Grantor, has elected such termination remedy), together with all reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof and the inventions disclosed therein, and all rights corresponding thereto throughout the world, including the right to make, use, lease, sell and otherwise transfer the inventions disclosed therein, and the right to sue or bring opposition or cancellation proceedings in the name of the Secured Party or in the name of the Secured Party for past, present or future infringement or unconsented use thereof, and all rights arising therefrom throughout the world.

“Patent Collateral” means

- (i) all Patents;
- (ii) all claims, causes of action and rights to sue for past, present and future infringement or unconsented use of any of the Patents and all rights arising therefrom and pertaining thereto;
- (iii) all general intangibles and other similar property of the Grantor of any kind or nature, whether now owned or hereafter acquired or developed, associated with or arising out of any of the Patents and not otherwise described above; and
- (iv) all Proceeds of any and all of the foregoing Patent Collateral (including license royalties, rights to payment, accounts receivable and proceeds of infringement suits).

“Person” means an individual, a corporation, a partnership, a trust, an unincorporated

organization or any other entity or organization, including a government or any agency or political subdivision thereof.

“Proceeds” means whatever is receivable or received from or upon the sale, lease, license, collection, use, exchange or other disposition, whether voluntary or involuntary, of any Collateral or other assets of the Grantor, including “proceeds” as defined in UCC Section 9306, any and all proceeds of any insurance, indemnity, warranty or guaranty payable to or for the account of the Grantor from time to time with respect to any of the Collateral, any and all payments (in any form whatsoever) made or due and payable to the Grantor from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any Governmental Authority (or any Person acting under color of governmental authority), any and all other amounts from time to time paid or payable under or in connection with any of the Collateral or for or on account of any damage or injury to or conversion of any Collateral by any Person, any and all other tangible or intangible property received upon the sale or disposition of Collateral, and all proceeds of Proceeds.

“Proprietary Rights” means all trade secrets, confidential information, customer lists, license rights, advertising materials, operating manuals, methods, processes, know-how, sales literature, drawings, specifications, blueprints, descriptions, inventions, designs, name plates and catalogs, all proprietary rights, corporate or other business records, computer programs, source codes, object codes, data bases, all intellectual property and all other similar intangible personal property at any time used in connection with the business of the Grantor.

“PTO” means the United States Patent and Trademark Office and any successor thereto.

“Secured Documents” means, collectively, the Loan Agreement, the Note, the Collateral Documents, the other Transaction Documents, and any other instrument or other writing executed or delivered by the Borrower in connection therewith, and all amendments, appendices, exhibits and schedules to any of the foregoing.

“Secured Obligations” means all indebtedness, liabilities and other obligations of the Grantor to the Secured Party, whether created under, arising out of or in connection with the Loan Agreement, the Note or any of the other Secured Documents or otherwise, including all unpaid principal of the Loan, all interest accrued thereon, all fees due under the Loan Agreement and all other amounts payable by the Grantor to the Secured Party thereunder or in connection therewith, whether now existing or hereafter arising, and whether due or to become due, absolute or contingent, liquidated or unliquidated, determined or undetermined.

“Security Documents” has the meaning assigned to it in Section 2(d).

“Trademarks” means all state (including common law), federal and foreign trademarks, service marks and trade names, corporate names, company names, business names.

fictional business names, trade styles, trade dress, logos, other source or business identifiers, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, together with and including all licenses therefor held by the Grantor (unless otherwise prohibited by any license or related licensing agreement under circumstances where the granting of the security interest would have the effect under applicable law of the termination or permitting termination of the license for breach), and all registrations and recordings thereof, and all applications filed or to be filed in connection therewith, including registrations and applications with the PTO, any state of the United States or any other country or any political subdivision thereof, and all extensions or renewals thereof, including without limitation any of the foregoing identified on Schedule B hereto (as the same may be amended, modified or supplemented from time to time), and the right (but not the obligation) to register claims under any state or federal trademark law or regulation or any trademark law or regulation of any foreign country and to apply for, renew and extend any of the same, to sue or bring opposition or cancellation proceedings in the name of the Secured Party or in the name of the Secured Party for past, present or future infringement or unconsented use thereof, and all rights arising therefrom throughout the world.

“Trademark Collateral” means all Trademarks and all claims, causes of action and rights to sue for past, present or future infringement or unconsented use of any Trademarks and all rights arising therefrom and pertaining thereto; together with all general intangibles related to or arising out of any of the Trademarks and all the goodwill of the Grantor’s business symbolized by the Trademarks or associated therewith; and all products and Proceeds of any and all the foregoing (including license royalties, rights to payment, accounts receivable and proceeds of infringement suits).

“UCC” means the Uniform Commercial Code as the same may, from time to time, be in effect in the State of California; provided, however, in the event that, by reason of mandatory provisions of applicable law, any or all of the attachment, perfection or priority of the security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of California, the term “UCC” shall mean the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such attachment, perfection or priority and for purposes of definitions related to such provisions.

(b) Terms Defined in UCC. Where applicable and except as otherwise defined herein, terms used in this Agreement shall have the meanings assigned to them in the UCC.

(c) Interpretation. In this Agreement, except to the extent the context otherwise requires:

(i) Any reference to a Section or a Schedule is a reference to a section hereof or a schedule hereto, respectively, and to a subsection or a clause is, unless otherwise stated, a reference to a subsection or a clause of the Section or subsection in which the reference appears.

(ii) The words “hereof,” “herein,” “hereto,” “hereunder” and the like mean and

refer to this Agreement as a whole and not merely to the specific Section, subsection, paragraph or clause in which the respective word appears.

(iii) The meaning of defined terms shall be equally applicable to both the singular and plural forms of the terms defined.

(iv) The words “including,” “includes” and “include” shall be deemed to be followed by the words “without limitation.”

(v) References to agreements and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto.

(vi) References to statutes or regulations are to be construed as including all statutory and regulatory provisions consolidating, amending or replacing the statute or regulation referred to.

(vii) Any captions and headings are for convenience of reference only and shall not affect the construction of this Agreement.

(viii) Capitalized terms not otherwise defined herein shall have the respective meanings assigned to them in the Loan Agreement.

SECTION 2 Security Interest

(a) Grant of Security Interest. As security for the payment and performance of the Secured Obligations, the Grantor hereby pledges, assigns, transfers, hypothecates and sets over to the Secured Party, and hereby grants to the Secured Party a security interest in, all of the Grantor’s right, title and interest in, to and under all of the Patent Collateral, Trademark Collateral, Proprietary Rights and General Intangibles, wherever located and whether now existing or owned or hereafter acquired or arising, and all products and Proceeds thereof (collectively, the “Collateral”).

(b) Grantor Remains Liable. Anything herein to the contrary notwithstanding, (i) the Grantor shall remain liable under any contracts, agreements and other documents included in the Collateral, to the extent set forth therein, to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (ii) the exercise by the Secured Party of any of its rights hereunder shall not release the Grantor from any of its duties or obligations under such contracts, agreements and other documents included in the Collateral and (iii) the Secured Party shall not have any obligation or liability under any contracts, agreements and other documents included in the Collateral by reason of this Agreement, nor shall the Secured Party be obligated to perform any of the obligations or duties of the Grantor thereunder or to take any action to collect or enforce any such contract, agreement or other document included in the Collateral hereunder.

(c) Continuing Security Interest. The Grantor agrees that this Agreement shall create a

continuing security interest in the Collateral that shall remain in effect until terminated in accordance with Section 6.7 of the Security Agreement.

(d) Cumulative Obligations; No Impairment. The terms and provisions of this Agreement are intended as a supplement to the terms and provisions of the Security Agreement, which is incorporated herein by this reference, and all other agreements executed in connection therewith (collectively, the "Security Documents"). All of the terms and provisions of the Security Documents, including all of the covenants therein, are cumulative. Nothing included in or omitted from this Agreement or any of the other Security Documents is intended to impair, and shall not impair or adversely affect, any of the rights, interests or remedies of the Secured Party granted or purported to be granted pursuant to any of such Security Documents.

SECTION 3 Power of Attorney. The Grantor hereby irrevocably constitutes and appoints the Secured Party (and any of the Secured Party's officers or employees or agents designated by the Secured Party) as the Grantor's true and lawful attorney-in-fact with full power and authority, (i) to sign the name of the Grantor on all or any of such documents or instruments and perform all other acts that the Secured Party deems necessary or advisable in order to perfect or continue perfected, maintain the priority or enforceability of, or provide notice of, the Secured Party's security interest in the Collateral, and (ii) to execute any and all other documents and instruments, and to perform any and all acts and things for and on behalf of the Grantor, that the Secured Party may deem necessary or advisable to maintain, preserve and protect the Collateral and the Secured Party's interest therein and to accomplish the purposes of this Agreement, including (A) during the continuance of any Event of Default, to assert or retain any rights under any license agreement for any of the Collateral, including without limitation any rights of the Grantor arising under Section 365(n) of the Bankruptcy Code, (B) during the continuation of any Event of Default, to defend, settle, adjust or institute any action, suit or proceeding with respect to any of the Collateral, and, (C) during the continuation of any Event of Default, to execute any and all applications, documents, papers and instruments for the Secured Party to use any of the Collateral, to grant or issue any exclusive or nonexclusive license with respect to any of the Collateral, and to assign, convey or otherwise transfer title in or dispose of any of the Collateral; provided, however, unless an Event of Default has occurred and is continuing, Secured Party shall not have the unilateral power to assign any of the Collateral to any Person, including itself, without the Grantor's prior written consent. The foregoing shall in no way limit the Secured Party's rights and remedies upon or after the occurrence of an Event of Default. The power of attorney set forth in this Section 3, being coupled with an interest, is irrevocable so long as the Security Agreement shall not have terminated in accordance with Section 6.7 thereof.

SECTION 4 Remedies.

(a) Remedies. Upon the occurrence and during the continuance of any Event of Default, the Secured Party shall have, in addition to all other rights and remedies granted to it in this Agreement, the Loan Agreement or any other Loan Document, all rights and remedies of a secured party under the UCC and other applicable laws.

(b) License. For the purpose of enabling the Secured Party to exercise its rights and remedies under this Section 4 or otherwise in connection with this Agreement, the Grantor hereby grants to the Secured Party an irrevocable, nonexclusive and assignable license (exercisable without payment or royalty or other compensation to the Grantor) to use, license or sublicense any Patent Collateral and Trademark Collateral. The Secured Party agrees not to exercise such license except following the occurrence of an Event of Default.

SECTION 5 Notices. All notices and other communications under this Agreement shall be in writing and shall be personally delivered or sent by prepaid overnight courier, by registered or certified mail (postage prepaid) or by telecopy, and shall be deemed given when received by the intended recipient thereof. Unless otherwise specified in a notice given in accordance with the foregoing provisions of this Section 5, notices and other communications shall be given to the parties hereto at their respective addresses (or to their respective telecopier numbers) indicated on the signature page of the Loan Agreement.

SECTION 6 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California except to the extent that the validity or perfection of the assignment and security interests hereunder in respect of any of the Collateral are governed by United States federal law.

SECTION 7 Severability. If one or more provisions contained in this Agreement shall be invalid, illegal or unenforceable in any respect in any jurisdiction or with respect to any party, such invalidity, illegality or unenforceability in such jurisdiction or with respect to such party shall, to the fullest extent permitted by applicable law, not invalidate or render illegal or unenforceable any such provision in any other jurisdiction or with respect to any other party, or any other provisions of this Agreement.

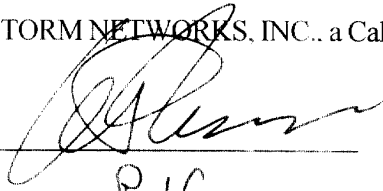
SECTION 8 Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

IN WITNESS WHEREOF, the Grantor has duly executed this Agreement in favor of the Secured Party as of the date first above written.

THE GRANTOR

BRAINSTORM NETWORKS, INC., a California Corporation

[NOTARIZE SIGNATURE]

By:  _____

Typed Name Paul Commors

Title CFO

THE SECURED PARTY

PACIFIC MEZZANINE FUND, L.P.,
a California limited partnership

By: Pacific Private Capital, Its General Partner

[NOTARIZE SIGNATURE]

By:  _____

Typed Name: Andrew Dumke

Title: Principal

SCHEDULE A
to Patent and Trademark
Security Agreement Memorandum

PATENTS

[NONE]

SCHEDULE B
to Patent and Trademark
Security Agreement Memorandum

TRADEMARKS AND SERVICE MARKS

U.S. Trademark Registration No. 1,900,376, registered June 20, 1995 (first use 7/15/96)