

10-22-1998

FORM PTO-1594
(Rev. 6-93) 10-21-98



SHEET U.S. DEPARTMENT OF COMMERCE
Patent and Trademark Office

To the Honorable Commissioner of Pat.

100857900

Send original documents or copy thereof.

1. Name of conveying party(ies):
Applied Science Fiction, Inc.
8920 Business Park Drive
Austin, TX 78759

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

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

3. Nature of conveyance:
 Assignment Merger
 Security Agreement Change of Name
 Other _____

Execution Date: September 30, 1998

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

Internal Address: _____

Street Address: 3003 Tasman Drive

City: Santa Clara State: CA ZIP 95054-1191

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

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No
(Designation must be a separate document from Assignment).
Additional name(s) & address(es) attached? Yes No

4. Application number(s) or registration number(s):
A. Trademark Application No.(s)

B. Trademark Registration No.(s)
421176

Additional numbers attached? Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:
Name: Cooley Godward LLP
Internal Address: Attn: April M. Piercey
Street Address: 5 Palo Alto Square
City: Palo Alto State: CA ZIP 94306

6. Total number of applications and registration involved: 1

7. Total fee (37 CFR 3.41):..... \$ 40.00
 Enclosed
 Authorized to be charged to deposit account

8. Deposit account number: 03-3115
(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

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.

April M. Piercey

October 20, 1998

Date

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

RECEIVED
OCT 21 1998
ASSISTANT COMMISSIONER

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

10/22/1998 DNGUYEN 00000032 421176

01 FC:481 40.00 DP

INTELLECTUAL PROPERTY SECURITY AGREEMENT

This Intellectual Property Security Agreement is entered into as of September 30, 1998 by and between SILICON VALLEY BANK ("*Bank*") and APPLIED SCIENCE FICTION ("*Grantor*").

RECITALS

A. Bank has agreed to make certain advances of money and to extend certain financial accommodation to Grantor (the "*Loans*") in the amounts and manner set forth in that certain Note Purchase Agreement by and between Bank and Grantor dated of even date herewith (as the same may be amended, modified or supplemented from time to time, the "*Note Purchase Agreement*"); capitalized terms used herein are used as defined in the Note Purchase Agreement). Bank is willing to make the Loans to Grantor, but only upon the condition, among others, that Grantor shall grant to Bank a security interest as set forth herein to secure the obligations of Grantor under the Note Purchase Agreement.

B. Pursuant to the terms of the Note Purchase Agreement, Grantor has granted to Bank a security interest in all of Grantor's right, title and interest, whether presently existing or hereafter acquired, in, to and under all of the Collateral.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, and intending to be legally bound, as collateral security for the prompt and complete payment when due of its obligations under the Note Purchase Agreement, Grantor hereby represents, warrants, covenants and agrees as follows:

AGREEMENT

To secure its obligations under the Note Purchase Agreement, Grantor grants and pledges to Bank a security interest in all of Grantor's right, title and interest in, to and under all royalty payments, now owned or hereafter acquired, under (i) that certain Applied Science Fiction SDC Manufacturing and License Agreement between Grantor and Nikon Corporation dated as of August 1, 1997 and any amendments or modifications thereto, now existing or hereafter made (the "*Nikon License*"), including without limitation, royalty payments pursuant to section 4 of the Nikon License, together with all proceeds and products of the foregoing, and (ii) any other agreement or arrangement between Grantor and Nikon pursuant to which Nikon will use or obtain rights to use Grantor's digital ICE technology with respect to Nikon's Coolscan line of products or any successor line of products in the same price and quality range as the Coolscan Line (the "*Collateral*").

The underlying intellectual property licensed under the Nikon License includes the following federally-registered copyrights, patents and trademarks (the "*Federally-Registered Intellectual Property*"):

See Schedules A, B and C

Out of an abundance of caution and only to ensure that the Bank has a properly perfected security interest in the Collateral, Grantor hereby grants the Bank a security interest in and to all

of Grantor's right, title and interest in and to the Federally-Registered Intellectual Property to the extent, and only to the extent, necessary to properly perfect the Bank's security interest in the Collateral. A filing shall be made in the U.S. Patent and Trademark Office and the U.S. Copyright Office to notice the grant of a security interest in the Collateral (and the Federally-Registered Intellectual Property but only to the extent necessary to properly perfect the Bank's Security interest in the Collateral) to the Bank in addition to UCC financing statement(s) being filed with the relevant state offices.

Grantor may in the future seek to obtain financing or investments which may or may not be secured by the Federally-Registered Intellectual Property (or may involve a negative pledge of the Federally-Registered Intellectual Property). Bank agrees to and will cooperate fully with the Grantor and such lender or investor in delineating the extent of the Bank's security interest in the Collateral, including, without limitation, executing any additional documents reasonably necessary regarding same.

This security interest is granted in conjunction with the security interest granted to Bank under the Note Purchase Agreement and the related Security Agreement. The rights and remedies of Bank with respect to the security interest granted hereby are in addition to those set forth in the Note Purchase Agreement and the other Transaction Documents (as defined in the Note Purchase Agreement), and those which are now or hereafter available to Bank as a matter of law or equity. Each right, power and remedy of Bank provided for herein or in the Note Purchase Agreement or any of the Transaction Documents, or now or hereafter existing at law or in equity shall be cumulative and concurrent and shall be in addition to every right, power or remedy provided for herein and the exercise by Bank of any one or more of the rights, powers or remedies provided for in this Intellectual Property Security Agreement, the Note Purchase Agreement or any of the other Transaction Documents, or now or hereafter existing at law or in equity, shall not preclude the simultaneous or later exercise by any person, including Bank, of any or all other rights, powers or remedies.

[INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the parties have cause this Intellectual Property Security Agreement to be duly executed by its officers thereunto duly authorized as of the first date written above.

Address of Grantor:

8920 Business Park Drive
Austin, Texas 78759

GRANTOR:

APPLIED SCIENCE FICTION, INC.

By: 

Name: Mark A. Ferry

Title: VP FINANCE

Address of Bank:

3003 Tasman Drive
Santa Clara, CA 95054-1191
Attn: Mezzanine Finance, NC475

BANK:

SILICON VALLEY BANK

By: _____

Name: _____

Title: _____

[INTELLECTUAL PROPERTY SECURITY AGREEMENT]

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Address of Grantor:

8920 Business Park Drive
Austin, Texas 78759

GRANTOR:

APPLIED SCIENCE FICTION, INC.

By: _____

Name: _____

Title: _____

Address of Bank:

3003 Tasman Drive
Santa Clara, CA 95054-1191
Attn: Mezzanine Finance, NC475

BANK:

SILICON VALLEY BANK

By: *B. Margaret Mackenzie*

Name: *B. Margaret Mackenzie*

Title: *Senior Vice President*

[INTELLECTUAL PROPERTY SECURITY AGREEMENT]

SCHEDULE A

COPYRIGHTS

Description	Registration/Application Number	Registration/Application Date
SDCLW32		9/28/98

SCHEDULE B

PATENTS

Description	Registration/Application Number	Registration/Application Date
Defect Channel Nulling	08/999,421	12/29/97

**SCHEDULE C
TRADEMARKS**

Description	Registration/Application Number	Registration/Application Date
Digital Ice	421176	1/21/98

317070 v2/PA
6sn\$02!.DOC
100198/1740

RECORDED: 10/21/1998

**TRADEMARK
REEL: 1802 FRAME: 0407**