

12-07-1998



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11-23-1998

U.S. Patent & TMOfc/TM Mail Ropt Dt. #58

RECORDATION FORM COVER SHEET TRADEMARKS ONLY



TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type

New **11.23.98**

Resubmission (Non-Recordation)
Document ID #

Correction of PTO Error
Reel # Frame #

Corrective Document
Reel # Frame #

Conveyance Type

Assignment License

Security Agreement Nunc Pro Tunc Assignment
27

Merger Effective Date
Month Day Year

Change of Name

Other

Conveying Party

Mark if additional names of conveying parties attached

Name Execution Date
Month Day Year

Formerly

Individual General Partnership Limited Partnership Corporation Association

Other

Citizenship/State of Incorporation/Organization

Receiving Party

Mark if additional names of receiving parties attached

Name

DBA/AKA/TA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)
City State/Country Zip Code

Individual General Partnership Limited Partnership If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. (Designation must be a separate document from Assignment.)

Corporation Association

Other

Citizenship/State of Incorporation/Organization

12/07/1998 DNGUYEN 00000299 75417523

FOR OFFICE USE ONLY

01 FC:482 25.00 OP
02 FC:481 40.00 OP

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

TRADEMARK
REEL: 1823 FRAME: 0114

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Correspondent Name and Address

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Pages

Enter the total number of pages of the attached conveyance document including any attachments.

#

Trademark Application Number(s) or Registration Number(s)

Mark if additional numbers attached

Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

Trademark Application Number(s)

Registration Number(s)

<input type="text" value="75417523"/>	<input type="text"/>	<input type="text"/>
<input type="text" value="75417511"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>

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<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>

Number of Properties

Enter the total number of properties involved.

#

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41):

\$

Method of Payment:

Enclosed

Deposit Account

Deposit Account

(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number:

#

Authorization to charge additional fees:

Yes

No

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. Charges to deposit account are authorized, as indicated herein.

Douglas Carlen

11/18/98

Name of Person Signing

Signature

Date Signed

GRANT OF SECURITY INTEREST IN TRADEMARK

THIS AGREEMENT is made as of September 21, 1998, between CoSine Communications, Inc., a California Corporation, having a mailing address at 1070 Sixth Avenue, Belmont, California 94002 ("Debtor"), and Venture Lending & Leasing II, Inc. ("Secured Party"). Secured Party's address is 2010 North First Street, Suite 310, San Jose, California 95131.

RECITALS

A. Debtor owns the Trademarks, Trademark registrations and Trademark applications listed on Schedule 1 hereto, and is a party to the Trademark Licenses listed on Schedule 1 hereto:

B. Debtor and Secured Party are parties to a Loan Agreement of even date herewith (as the same may be amended from time to time, the "Loan Agreement");

C. Pursuant to the terms of the Loan Agreement, Debtor has granted to Secured Party a security interest in certain personal property assets of Debtor, including all right, title and interest of Debtor in, to and under all Borrower's Trademarks (as defined in the Loan Agreement), Trademark registrations, Trademark applications and Trademark Licenses (as defined in the Loan Agreement), whether presently existing or hereafter arising or acquired, together with the goodwill of the business symbolized by the Trademarks and the applications therefor and the registrations thereof, and all products and proceeds thereof, including, without limitation, any and all causes of action which may exist by reason of infringement or dilution thereof or injury to the associated goodwill, to secure the payment of all amounts owing under the Loan Agreement.

D. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Loan Agreement.

NOW, THEREFORE, in consideration of the premises, Debtor hereby agrees with Secured Party as follows:

1. To secure the complete and timely satisfaction of all Obligations, Debtor hereby grants, to Secured Party a continuing security interest in and lien on all of Debtor's right, title and interest in and to the Trademarks, Trademark applications and Trademark Licenses listed on Schedule 1 hereto (as the same may be amended pursuant hereto from time to time), including, without limitation, all renewals thereof, all proceeds of infringement suits, the right to sue for past, present and future infringements and all rights corresponding thereto throughout the world (all of the foregoing are collectively called the "Trademarks"), and the goodwill of the business to which each of the Trademarks relates.

2. Debtor covenants and warrants that:

- (a) The Trademarks are subsisting and have not been adjudged invalid or unenforceable;
- (b) To the best of Debtor's knowledge, each of the Trademarks is valid and enforceable;
- (c) No claim has been made that the use of any of the Trademarks does or may violate the rights of any third person;
- (d) Debtor is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each of the Trademarks, free and clear of any liens, charges and encumbrances, including, without limitation, pledges, assignments, licenses, registered user agreements and covenants by Debtor not to sue third persons, except (i) Permitted Liens; and (ii) any license disclosed in Schedule 1;
- (e) Debtor has the unqualified right to enter into this Agreement and perform its terms;
- (f) Debtor has used, and will continue to use for the duration of this Agreement, proper statutory notice in connection with its use of the Trademarks; and
- (g) Debtor has used, and will continue to use for the duration of this Agreement, consistent standards of quality in its manufacture of products sold under the Trademarks.

3. Debtor hereby grants to Secured Party and its employees and Secured Party the right to visit Debtor's plants and facilities which manufacture, inspect or store products sold under any of the Trademarks, and to inspect the products and quality control records relating thereto at reasonable times during regular business hours. Debtor shall do any and all acts required by Secured Party to ensure Debtor's compliance with paragraph 2(g).

4. Debtor agrees that, until all of the Obligations shall have been satisfied in full, it will not enter into any agreement (for example, a license agreement) which is inconsistent with Debtor's obligations under this Agreement, without Secured Party's prior written consent; provided, that so long as no Default or Event of Default shall have occurred and be continuing, Debtor may grant licenses to third parties to use the Trademarks in the ordinary course of business of both Debtor and such third party on arm's length and customary business terms.

5. IF, BEFORE THE OBLIGATIONS SHALL HAVE BEEN SATISFIED IN

FULL, DEBTOR SHALL OBTAIN RIGHTS TO ANY NEW TRADEMARKS, THE PROVISIONS OF PARAGRAPH 1 SHALL AUTOMATICALLY APPLY THERETO AND DEBTOR SHALL GIVE SECURED PARTY PROMPT WRITTEN NOTICE THEREOF.

6. Debtor authorizes Secured Party unilaterally to modify this Agreement by amending Schedule 1 to include any future Trademarks and Trademark applications covered by paragraphs 1 and 5 hereof.

7. If any Event of Default shall have occurred and be continuing, Secured Party shall have, in addition to all other rights and remedies given it by this Agreement or any other Loan Document, 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 Trademarks may be located and, without limiting the generality of the foregoing, the Secured Party may immediately, without demand of performance and without other notice (except as set forth below) or demand whatsoever to Debtor, all of which are hereby expressly waived, and without advertisement, sell at public or private sale or otherwise realize upon, all or from time to time any of the Trademarks, or any interest which the Debtor may have therein, and after deducting from the proceeds of sale or other disposition of the Trademarks all expenses (including all reasonable expenses for brokers' fees and legal services), shall apply the residue of such proceeds toward the payment of the Obligations. Any remainder of the proceeds after payment in full of the Obligations shall be paid over to Debtor. Notice of any sale or other disposition of the Trademarks shall be given to Debtor at least ten (10) days before the time of any intended public or private sale or other disposition of the Trademarks is to be made, which Debtor hereby agrees shall be reasonable notice of such sale or other disposition. At any such sale or other disposition Secured Party or its Secured Party may, to the extent permissible under applicable law, purchase the whole or any part of the Trademarks sold, free from any right of redemption on the part of Debtor, which right is hereby waived and released.

8. At such time as Debtor shall completely satisfy all of the Obligations this Agreement shall terminate and Secured Party shall execute and deliver to Debtor all instruments as may be necessary or proper to release the security interests granted herein, subject to any disposition thereof which may have been made by Secured Party pursuant hereto.

9. Any and all fees, costs and expenses, of whatever kind or nature, including the reasonable attorneys' fees and legal expenses incurred by Secured Party in connection with the preparation of this Agreement and all other documents relating hereto and the consummation of this transaction, the filing or recording of any documents (including all taxes in connection therewith) in public offices, the payment or discharge of any taxes, counsel fees, maintenance fees, encumbrances or otherwise protecting, maintaining or preserving the Trademarks, or in defending or prosecuting any actions or proceedings arising out of or related to the Trademarks, shall be borne and paid by Debtor on demand by Secured Party and until so

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paid shall be added to the principal amount of the Obligations..

10. Debtor shall have the duty, through counsel reasonably acceptable to Secured Party, to prosecute diligently any Trademark applications pending as of the date of this Agreement or thereafter until the Obligations shall have been paid in full, to make federal application on registrable but unregistered Trademarks, to file and prosecute opposition and cancellation proceedings and to do any and all acts which are necessary or desirable to preserve and maintain all rights in the Trademarks. Any expenses incurred in connection with the Trademarks shall be borne by Debtor. The Debtor shall not abandon any Trademark without the consent of Secured Party, which consent shall not be unreasonably withheld.

11. Intentionally Deleted.

12. Debtor hereby authorizes and empowers Secured Party to make, constitute and appoint any officer or Secured Party of Secured Party as Secured Party may select, in its exclusive discretion, as Debtor's true and lawful attorney-in-fact, with the power, after and during the continuance of an Event of Default, to endorse Debtor's name on all applications, documents, papers and instruments necessary for Secured Party to use the Trademarks, or to grant or issue any exclusive or nonexclusive license under the Trademarks to anyone else, or necessary for Secured Party to assign, pledge, convey or otherwise transfer title in or dispose of the Trademarks to any third person as a part of Secured Party's realization on such collateral upon acceleration of the Obligations following an Event of Default. Debtor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney being coupled with an interest shall be irrevocable for the life of this Agreement.

13. If Debtor fails to comply with any of its obligations hereunder, Secured Party may do so in Debtor's name or in Secured Party's name, but at Debtor's expense, and Debtor hereby agrees to reimburse Secured Party in full for all expenses, including reasonable attorneys' fees, incurred by Secured Party in protecting, defending and maintaining the Trademarks.

14. No course of dealing between Debtor and Secured Party, nor any failure to exercise, nor any delay in exercising, on the part of Secured Party, 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.

15. All of Secured Party's rights and remedies with respect to the Trademarks, whether established hereby or by the Loan Agreement or any other agreements or by law, shall be cumulative and may be exercised singularly or concurrently.

16. The provisions of this Agreement 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 Agreement in any jurisdiction.

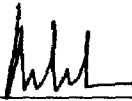
17. This Agreement is subject to modification only by a writing signed by both parties, except as provided in paragraph 6.

18. This Agreement shall be binding upon Debtor and Secured Party and their respective permitted successors and assigns, and shall inure to the benefit of Debtor, Secured Party and the respective permitted successors and assigns, of Secured Party and Debtor.

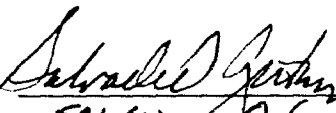
19. The validity and interpretation of this Agreement and the rights and obligations of the parties shall be governed by the laws of the State of California.

WITNESS the execution hereof under seal as of the day and year first above written.

COSINE COMMUNICATIONS, INC.

By: 
Name: CURTIS DUBNICK
Title: CEO

VENTURE LENDING & LEASING II, INC.

By: 
Name: SALVADOR O GARCIA
Title: PRESIDENT

SCHEDULE 1 TO

GRANT OF SECURITY INTEREST IN TRADEMARK

A. TRADEMARK AND TRADEMARK APPLICATIONS:

<u>Application or Trademark No.</u>	<u>Issue or Filing Date</u>	<u>Expiration Date</u>	<u>Title</u>
75/417523	1/13/98		CoSine Communications
75/417511	1/13/98		CoSine Communications with a Design

B. TRADEMARK LICENSES:

<u>Corresponding Trademark No.</u>	<u>Date License Granted</u>	<u>Licensee</u>	<u>Termination Date</u>
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