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03-16-1999



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FORM PTO-1594
(Rev. 6-93)
OMB No. 0651-0011 (exp. 4/94)

U.S. DEPT. OF COMMERCE
Patent and Trademark Office

116613
3-12-99

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

1. Name of conveying party(ies):
Entek IRD International Corporation

Individual Association
 General Partnership Limited Partnership
 Corporation-State Ohio
 Other _____

Additional name(s) of conveying part(ies)
Attached? Yes No

2. Name and address of receiving party(ies):
Name: Fifth Third Bank
Internal Address: _____
Street Address: 38 Fountain Square Plaza
City: Cincinnati State: OH Zip: 45263

Individual(s) citizenship _____
 Association _____
 General Partnership _____
 Limited Partnership _____
 Corporation-State _____
 Other Ohio banking corporation

—
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

3. Nature of Conveyance:

Assignment Merger
 Security Agreement Change of Name
 Other _____

Execution Date: 2/23/99

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

B. Trademark Registration No.(s):
2,201,826 and 2,204,297

Additional numbers attached? Yes No

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

Name: Courtney G. Talty
Internal Address: _____
Street Address: Graydon, Head & Ritchey
511 Walnut Street, Suite 1900
City: Cincinnati State: OH Zip: 45202

6. Total number of applications and registrations involved: 2

7. Total fee (37CFR 3.41): \$ 65.00

Enclosed
 Authorized to be charged to deposit account

8. Deposit account number: _____
(attached 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.

Courtney G. Talty March 10, 1999
Name of Person Signing Signature Date

Total number of pages comprising cover sheet: 1

03/15/1999 PATENT & TRADEMARKS 00000116 2201826

65.00
65.00

all ok

SECURITY AGREEMENT AND MORTGAGE - TRADEMARKS AND PATENTS

THIS SECURITY AGREEMENT is made this 23rd day of February, 1999, between **ENTEK IRD INTERNATIONAL CORPORATION** (formerly known as Entek Scientific Corporation), an Ohio corporation ("Debtor") having its principle place of business at 4480 Lake Forest Drive, Suite 316, Cincinnati, Ohio 45236, and **FIFTH THIRD BANK**, an Ohio banking corporation (the "Secured Party") having an office at 38 Fountain Square Plaza, Cincinnati, Ohio 45263.

WITNESSETH:

WHEREAS, Debtor has adopted the terms and designs described in Schedule A annexed hereto and made a part hereof;

WHEREAS, Debtor is the owner and holder of the patents listed on Schedule B hereto; and

WHEREAS, as a condition to the Secured Party making any loans or advances to Debtor pursuant to the Credit Agreement, dated July 16, 1996, as such has been amended from time to time (the "Loan Agreement") between Debtor and the Secured Party, the Secured Party has required the execution and delivery hereof by Debtor;

NOW, THEREFORE, IT IS AGREED that, for and in consideration of the loans and advances to be made under the Loan Agreement, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and as collateral security for the full and prompt payment and performance of all Obligations, as hereinafter defined, Debtor does hereby mortgage to, and pledge with, the Secured Party, and grant to the Secured Party a security interest in, all of its right, title and interest in and to (i) each of the Trademarks (as hereinafter defined), and the goodwill of the business symbolized by each of the Trademarks, all customer lists and other records of Debtor relating to the distribution of products bearing the Trademarks and each of the registrations described in Schedule A; (ii) each of the Patents, as hereinafter defined, on Schedule B hereto; and (iii) any and all proceeds of the foregoing, including, without limitation, any claims by Debtor against third parties for infringement of the Trademarks or the Patents (collectively, the "Collateral").

1. Terms defined in the Loan Agreement and not otherwise defined herein, shall have the meaning set forth in the Loan Agreement. As used in this Agreement, unless the context otherwise requires:

"Trademarks" shall mean (i) all trademarks, trade names, trade styles, service marks, prints and labels on which said trademarks, trade names, trade styles and service marks have appeared or appear, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, all right, title and interest therein and thereto, and all registrations recordings thereof, including, without limitation, applications, registrations and recordings in the United States Patent and Trademark Office or in any similar office or agency of the United States, or in any similar office or agency of the United States, or any State thereof, all whether now owned or hereafter acquired by Debtor, including, but not limited to, those described in Schedule A annexed hereto and made a part hereof, and (ii) all reissues, extensions or renewals thereof and all licenses thereof.

"Patents" shall mean (i) all letters patent of the United States or any other country, all right, title and interest therein and thereto, and all registrations and recordings thereof, including, without limitation, applications, registrations and recordings in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof, all whether now owned or hereafter acquired by Schedule B annexed hereto and made a part hereof, and (ii) all reissues, continuations, continuations-in-part or extensions thereof and all licenses thereof.

"Obligations" shall mean all indebtedness, obligations, liabilities and agreements of any kind of Debtor to Secured Party, now existing or hereafter arising, direct or indirect (including participation or any interest of Secured Party in obligations of Debtor to others), acquired outright, conditionally, or as collateral security from another, absolute or contingent, joint or several, secured or unsecured, due or not, contractual or tortious, liquidated or unliquidated, arising by operation of law or otherwise, and all loan agreements, documents and instruments evidencing any of the foregoing obligations or under which any of the foregoing obligations may have been issued, created, assumed or guaranteed, and all extensions, renewals, refundings, replacements, and modifications of the foregoing.

2. Debtor hereby represents, warrants, covenants and agrees as follows:

(a) Debtor has the sole, full and clear title to the Trademarks in the United States for the goods and services covered by the registrations thereof and such registrations are valid and subsisting and in full force and effect.

(b) Debtor will perform all acts and execute all documents, including, without limitation, assignments for security in form suitable for filing with the United States Patent and Trademark Office, substantially in the form of Exhibit 1, requested by the Secured Party at any time to evidence, perfect, maintain, record and enforce the Secured Party's interest in Collateral or otherwise in furtherance of the provisions of this Agreement, and Debtor hereby authorizes the Secured Party to execute and file one or more financing statements (and similar documents) or copies thereof or of this Security Agreement with respect to the Collateral signed only by the Secured Party.

(c) Except to the extent that the Secured Party, upon prior written notice of Debtor, shall consent, Debtor (either itself or through licensees) will continue to use the Trademarks on each and every trademark class of goods applicable to its current line as reflected in its current catalogs, brochures and price lists in order to maintain the Trademarks in full force free from any claim of abandonment for nonuse and Debtor will not (and will not permit any licensee thereof to) do any act or knowingly omit to do any act whereby any Trademark may become invalidated; provided that the Debtor need not maintain Trademarks not being used in Debtor's business.

(d) Debtor has the sole, full and clear title to each of the Patents shown on Schedule B hereto if any, and the registrations thereof are valid and subsisting and in full force and effect. None of the Patents has been abandoned or dedicated and, except to the extent that the secured party, upon prior written notice by Debtor, shall consent, Debtor will not do any act, or omit to do any act, whereby the Patents may become abandoned or dedicated and shall notify the Secured Party immediately if it knows of any reason or has reason to know that any application or registration may become abandoned or dedicated; provided that Debtor need not maintain Patents not being used in Debtor's business.

(e) Debtor will promptly pay the Secured Party for any and all sums, costs, and expenses which the Secured Party may pay or incur pursuant to the provisions of this Agreement or in enforcing the Obligations, the Collateral or the security interest granted hereunder, including, but not limited to, all filing or recording fees, court costs, collection charges, travel, and reasonable attorneys' fees, all of which together with interest at the highest rate then payable on the Obligations shall be part of the Obligations and be payable on demand.

(f) In no event shall Debtor, either itself or through any agent, employee, licensee or designee, file an application for the registration of any Patent or Trademark with the United States Patent and Trademark Office or any similar office or agency in any other country or any political subdivision thereof, unless it will promptly inform the Secured Party, and, upon request of the Secured Party, execute and deliver any and all assignments, agreements, instruments, documents and papers as the Secured Party may request to evidence the Secured Party's interest in such Patent or Trademark and the goodwill and general intangibles of Debtor relating thereto or represented thereby and Debtor hereby constitutes the Secured Party its attorney-in-fact to execute and file all such writings for the foregoing purpose, all acts of such attorney being hereby ratified and confirmed; such power being coupled with an interest is irrevocable until the Obligations are paid in full.

(g) Debtor has the right and power to make the assignment and to grant the security interest herein granted; and the Collateral is not now and at all times will not be, subject to any liens, mortgages, assignments, security interests or encumbrances of any nature whatsoever, except in favor of the Secured Party, except Permitted Liens (as defined in the Loan Agreement) and, to the best knowledge of Debtor, none of the Collateral is subject to any claim.

(h) Except to the extent that the Secured Party, upon prior written notice of Debtor, shall consent or as set forth in the following sentence, Debtor will not assign, sell, mortgage, lease, transfer, pledge, hypothecate, grant a security interest in or lien upon, encumber, grant an exclusive or non-exclusive license, or otherwise dispose of any of the Collateral, and nothing in this Agreement shall be deemed a consent by the Secured Party to any such action except as expressly permitted herein. Debtor may sell or license Collateral on arms-length terms if the President of Debtor determines in good faith that such transaction is in the best interest of Debtor unless an Event of Default has occurred and is continuing.

(i) As of the date hereof, Debtor does not have any Patents or Trademarks registered in, or the subject of pending applications in, the United States Patent and Trademark Office or any similar office or agency in any other country or any political subdivision thereof other than those described in Schedules A and B hereto.

(j) Debtor will take all necessary steps in any proceeding before the United States Patent and Trademark Office or any similar office or agency in any other county or any political subdivision thereof, to maintain each application and registration of the Trademarks and Patents, including, without limitation, filing of renewals, affidavits of use, affidavits of incontestability and opposition, interference and cancellation proceedings (except to the extent that dedication, abandonment or invalidation is permitted under paragraphs 2(c) and 2(d) hereof).

3. Upon the occurrence of an Event of default (as defined in the Loan Agreement) (whenever used herein, the term "Event of Default" having such meaning), in addition to all other rights and remedies of the Secured Party, whether under law, the Loan Agreement, (the Note, as defined therein) or otherwise, all such rights and remedies being cumulative, not exclusive and enforceable alternatively, successively or concurrently, without (except as provided herein) notice to, or consent by, Debtor, the Secured Party shall have the following rights and remedies: (a) upon notice from Secured Party, Debtor shall not make any use of the Patents or the Trademarks or any mark similar thereto for any purpose; (b) the Secured Party may, at any time and from time to time, upon 10 days' prior notice to Debtor, license, whether general, special or otherwise, and whether on an exclusive or nonexclusive basis, any of the Patents or Trademarks, throughout the world for such term or terms on such conditions, and in such manner, as the Secured Party shall in its sole discretion determine; (c) the Secured party may (without assuming any obligations or liability thereunder), at any time, enforce (and shall have the exclusive right to enforce) against any licensee or sublicensee all rights and remedies of Debtor in, to and under any one or more license agreements with respect to the Collateral, and take or refrain from taking any action under any thereof, and Debtor hereby releases the Secured Party from, and agrees to hold the Secured Party free and harmless from and against any claims arising out of, any action taken or omitted to be taken with respect to any such license agreement; (d) the Secured Party may, at any time and from time to time, upon 10 days' prior notice to debtor, assign, sell, or otherwise dispose of, the Collateral or any of it, either with or without special or other conditions or stipulations, with power to buy the Collateral or any part of it, and with power also to execute assurances, and do all other acts and things for completing the assignment, sale or disposition which the Secured party shall, in its sole discretion, deem appropriate or proper; and (e) in addition to the foregoing, in order to implement the assignment, sale or other disposal of any of the Collateral pursuant to subparagraph 3(d) hereof, the Secured party may, at any time, pursuant to the authority granted in the Powers of Attorney described in Paragraph 4 hereof (such authority becoming effective on the occurrence of continuation as hereinabove provided of an Event of Default), execute and deliver on behalf of Debtor, one or more instruments of assignment of the Patents or Trademarks or more instruments of assignment of the Patents or Trademarks (or any applications or registration thereof), in form suitable for filing, recording or registration in any country. Debtor agrees to pay when due all reasonable costs incurred in any such transfer of the Patents or Trademarks, including any taxes, fees and reasonable attorneys' fees, and all such costs shall be added to the Obligations. The Secured Party may apply the proceeds actually received from any such license, assignment, sale or other imposition to the reasonable costs and expenses thereof, including, without limitation, reasonable attorneys' fees and all legal, travel and other expenses which may be incurred by the Secured Party, and then to the Obligations, in such order as to principal or interest as the Secured party may desire; and Debtor shall remain liable and will pay the Secured Party on demand any deficiency remaining, together with interest thereon at a rate equal to the highest rate then payable on the Obligations and the balance of any expenses unpaid. Nothing herein contained shall be construed as requiring the Secured Party to take any such action at any time. In the event of any such license, assignment, sale or other disposition of the Collateral, or any of it, after the occurrence or continuation as hereinabove provided of an Event of Default, Debtor shall supply its know-how and expertise relating to the manufacture and sale of the products bearing or in connection with the Trademarks or Patents, and its customer lists and other records relating to the Trademarks or Patents and to the distribution of said products, to the Secured Party or its designee.

4. Concurrently with the execution and delivery hereof, Debtor is executing and delivering to the Secured Party, in the form of Exhibit 3 hereto, five originals of a Power of Attorney for the implementation of the assignment, sale or other disposal of the Trademarks and Patents pursuant to paragraphs 3(d) and (e) hereof and Debtor hereby releases the Secured Party from any claims, causes of action and demands at any time arising out of or with respect to any actions taken or omitted to be taken by the Secured Party, under the powers of attorney granted herein other than actions taken or omitted to be taken through the gross negligence or willful misconduct of the Secured Party.

5. No provision hereof shall be modified, altered or limited except by a written instrument expressly referring to this Agreement and executed by the party to be charged. The execution and delivery of this Agreement has been authorized by the Board of Directors of Debtor and by any necessary vote or consent of stockholders thereof. This Agreement shall be binding upon the successors, assigns or other legal representatives of Debtor, and shall, together with the rights and remedies of the Secured Party hereunder, inure to the benefit of the Secured Party, its successors, assigns or other legal representatives. This Agreement, the Obligations and the Collateral shall be governed in all respects by the laws of the United States and the laws of the state of Ohio. Debtor hereby submits to the nonexclusive jurisdiction of the Supreme Court of the state of Ohio and the federal courts of the United States of America located in such State in any action or proceeding arising under this Security Agreement. If any term of this Agreement shall be held to be invalid, illegal or unenforceable, the validity of all other terms hereof shall in no way be affected thereby.

IN WITNESS WHEREOF, Debtor and the Secured Party have caused this Agreement to be executed by their respective officers thereunto duly authorized as of the day and year first written above.

ATTEST:

James Cunningham
Paula Jordan
James Cunningham
Paula Jordan

ENTEK IRD INTERNATIONAL CORPORATION

By: *Tommy L. Shipley*

Its: *President & CEO*

FIFTH THIRD BANK

By: *[Signature]*

Its: *Assistant Vice President*

Schedule 2- A to Assignment for Security

TRADEMARKS

| <u>Mark</u> | <u>Registration No.</u> | <u>Registration Date</u> |
|-----------------------------------|-------------------------|--------------------------|
| BASELINE | 2,201,826 | November 3, 1998 |
| RELIABILITY THROUGH TECHNOLOGY | 2,204,297 | November 17, 1998 |

In addition, the Borrower holds those trademarks and patents set forth on the **Security Agreement and Mortgage – Trademarks and Patents**, dated July 16, 1996, between the parties hereto.

Schedule B to Security Agreement

PATENTS

| <u>Title</u> | <u>Date Issued</u> | <u>Patent No.</u> |
|--------------|--------------------|-------------------|
| NONE | NONE | NONE |

ASSIGNMENT FOR SECURITY

(TRADEMARKS)

WHEREAS, ENTEK IRD INTERNATIONAL CORPORATION (formerly known as Entek Scientific Corporation), an Ohio corporation (herein referred to as "Assignor"), has adopted, used and is using the trademarks listed on the annexed Schedule 2-A, which trademarks are registered in the United States Patent and Trademark Office (the "Trademarks");

WHEREAS, Assignor is obligated to FIFTH THIRD BANK (herein referred to as "Assignee"), and has entered into a Security Agreement as Mortgage Trademarks and Patents (the "Agreement") in favor of Assignee; and

WHEREAS, pursuant to the Agreement, Assignor has assigned to Assignee and granted to Assignee a security interest in, and mortgage on, all right, title and interest of Assignor in and to the Trademarks, together with the goodwill of the business symbolized by the Trademarks and the applications and registrations, and all process thereof, including, without limitation, any and all causes of actions which may exist by reason of infringement thereof (the "Collateral"), to secure the payment, performance and observance of the Obligations, as defined in the Agreement;

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, Assignor does hereby further assign unto Assignee and grant to Assignee a security interest in, and mortgage on, the Collateral to secure the prompt payment, performance and observance of the Obligations.

Assignor does hereby further acknowledge and affirm that the rights and remedies of Assignee with respect to the assignment of, security interest in and mortgage on the Collateral made and granted hereby are more fully set forth in the Agreement, the terms and provisions of which are hereby incorporated herein by reference as is fully set forth herein.

IN WITNESS WHEREOF, Assignor has caused this Assignment to be duly executed by its officer thereunto duly authorized as of the 23rd day of February, 1999.

ENTEK IRD INTERNATIONAL CORPORATION

By:

Tony L Shipley
PRESIDENT & CEO

Its:

STATE OF OHIO

}
}SS
}

COUNTY OF HAMILTON

BEFORE ME, a Notary Public, in and for said State, personally appeared Tony L Shipley the duly authorized PRESIDENT & CEO of ENTEK IRD INTERNATIONAL CORPORATION, an Ohio corporation who acknowledged that he did sign the foregoing instrument on behalf of the Borrower and that the same is his free act and deed as such officer and the free act and deed of such corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal this 23rd day of February, 1999.

[Signature]
Notary Public

JAMES J. CUNNINGHAM, Attorney at Law
NOTARY PUBLIC STATE OF OHIO
My Commission has no expiration
date. Section 147.03 O.R.C.

TRADEMARKS

| <u>Mark</u> | <u>Registration No.</u> | <u>Registration Date</u> |
|-----------------------------------|-------------------------|--------------------------|
| BASELINE | 2,201,826 | November 3, 1998 |
| RELIABILITY THROUGH TECHNOLOGY | 2,204,297 | November 17, 1998 |