

08-01-2000



101403705

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
- 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
Effective Date
Month Day Year
- Merger
- Change of Name
- Other

Conveying Party

Mark if additional names of conveying parties attached

Execution Date
Month Day Year
01142000

Name

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/AKATA

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

FOR OFFICE USE ONLY

08/01/2000 DCOATES 0000062 1415605

01 FC:481 40.00 DP
02 FC:488 75.00 DP
03 FC:488 120.00 DP

Public burden reporting for this collection of information is estimated to average approximately 30 minutes per Cover Sheet to be recorded, including time for reviewing the document and entering the data needed to complete the Cover Sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Chief Information Officer, Washington, D.C. 20231 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0651-0027), Washington, D.C. 20503. See OMB Information Collection Budget Package 0651-0027, Patent and Trademark Assignment Practice. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.

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: 002085 FRAME: 0403

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"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="1415605"/>	<input type="text" value="1307669"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="1427337"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="2160133"/>	<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.

George M. Borababy
Name of Person Signing


Signature

4/14/2000
Date Signed

PATENT AND TRADEMARK SECURITY AGREEMENT

This Agreement, dated as of January 14, 2000, is made by and between DAVENPORT INDUSTRIES, LLC, a Texas limited liability company (the "Debtor"), and Crudginton Machine Tools, Inc. ("Crudginton" or the "Secured Party").

Recitals

The Debtor has executed a Subordinated Promissory Note dated December 31, 1999, in favor of Secured Party ("Note").

The Debtor has executed and delivered this Agreement as collateral security for the Note.

ACCORDINGLY, in consideration of the mutual covenants contained in the Credit Agreement and herein, the parties hereby agree as follows:

1. Definitions. All terms defined in the Recitals hereto or in the Note that are not otherwise defined herein shall have the meanings given to them therein. In addition, the following terms have the meanings set forth below:

"Patents" means all of the Debtor's right, title and interest in and to patents or applications for patents, fees or royalties with respect to each, and including without limitation the right to sue for past infringement and damages therefor, and licenses thereunder, all as presently existing or hereafter arising or acquired, including without limitation the patents listed on Exhibit A, but excluding any Patents licensed from the third parties.

"Trademarks" means all of the Debtor's right, title and interest in and to trademarks, service marks, collective membership marks, trade names, the respective goodwill associated with each, and licenses thereunder, all as presently existing or hereafter arising or acquired, including, without limitation, the marks listed on Exhibit B, but excluding any application for any trademarks and any trademarks licensed from third parties.

2. Security Interest. The Debtor hereby irrevocably pledges and assigns to, and grants the Secured Party a security interest, with power of sale to the extent permitted by law (the "Security Interest"), in the Patents and in the Trademarks to secure payment of the Note.

3. Representations, Warranties and Agreements. The Debtor hereby represents, warrants and agrees as follows:

(a) *Existence; Authority*. The Debtor is a limited liability company, duly organized, validly existing and in good standing under the laws of the State of Texas and having full power to and authority to make and deliver this Agreement. The execution,

delivery and performance of this Agreement by the Debtor have been duly authorized by all necessary action, and do not and will not violate the provisions of, or constitute a default under, any presently applicable law or its formation documents or any agreement presently binding on it. This Agreement has been duly executed and delivered by the Debtor and constitutes the Debtor's lawful, binding and legally enforceable obligation. The correct name of the Debtor is Davenport Industries, LLC. The authorization, execution, delivery and performance of this Agreement do not require notification to, registration with, or consent or approval by, any federal, state or local regulatory body or administrative agency.

(b) **Patents.** Exhibit A lists all Patents as of the date hereof and accurately reflects the existence and status of registrations pertaining to the Patents as of the date hereof. From time to time, but no less frequently than once per calendar quarter, Debtor shall send to Secured Party an Exhibit A which has been revised to reflect any additions, modifications, or deletions to Exhibit A, and such Exhibit A shall replace the Exhibit A previously in effect, provided however, no such Exhibit shall be required unless changes have been made.

(c) **Trademarks.** Exhibit B lists all Trademarks as of the date hereof and accurately reflects the existence and status of Trademarks and all registrations pertaining thereto as of the date hereof. From time to time, but no less frequently than once per calendar quarter, Debtor shall send to Secured Party an Exhibit B which has been revised to reflect any additions, modifications, or deletions to Exhibit B, and such Exhibit B shall replace the Exhibit B previously in effect, provided however, no such Exhibit shall be required unless changes have been made.

(d) **Title.** The Debtor has and will have all right title and interest in and to each Patent and each Trademark listed on Exhibits A and B, free and clear of all security interests, liens and encumbrances, except the Security Interest and a security interest in favor of PNC Bank, National Association. John Crudgington has the right to receive 2% from the sales of CMT Machines which uses the technology in the multi-spindle CNC lathe Patent (Patent No. 5,676,030, issue date of 10/14/97) listed on Exhibit A pursuant to a Royalty Agreement between John Crudgington and Crudgington Machine Tools, Inc. . The Debtor (i) will have, at the time the Debtor acquires any rights in Patents or Trademarks hereafter arising, all right title and interest in and to each such Patent or Trademark free and clear of all security interests, liens and encumbrances, except the Security Interest and a security interest in favor of PNC Bank, National Association, and (ii) will keep all Patents and Trademarks free and clear of all security interests, liens and encumbrances except Permitted Encumbrances (as defined in the Security Agreement dated of even date herewith among Debtor and Secured Party) for so long as this Agreement is in effect.

(e) **No Sale.** The Debtor will not sell or otherwise dispose of the Patents or Trademarks, or any interest therein, without the Secured Party's prior written consent, provided, however, the Debtor may license its rights in one or more Patents or Trademarks to third parties.

(f) **Defense.** To the extent reasonably advisable in its business, the Debtor will, at its own expense, and using its best efforts, protect and defend the Patents and Trademarks, including without limitation the validity thereof, against all claims or demands of all persons or entities other than the Secured Party.

(g) **Maintenance.** The Debtor will at its own expense maintain the Patents and the Trademarks to the extent reasonably advisable in its business including, but not limited to, filing and prosecuting to completion all applications to register and all affidavits and renewals possible with respect to issued registrations. The Debtor covenants that it will not abandon nor fail to pay any application fee, maintenance fee or annuity due and payable on any Patent or Trademark, nor fail to file any required affidavit in support thereof, without first providing the Secured Party: (i) sufficient written notice, to allow the Secured Party to timely pay any such application fee, maintenance fee or annuity which may become due on any of said Patents or Trademarks, or to file any affidavit with respect thereto, and (ii) a separate written power of attorney or other authorization to pay such application fee, maintenance fee or annuity, or to file such affidavit, should such be necessary or desirable.

(h) **Secured Party's Right to Take Action.** If the Debtor fails to perform or observe any of its covenants or agreements set forth in this Section 3, and if such failure continues for a period of ten (10) calendar days after the Secured Party gives the Debtor written notice thereof (or, in the case of the agreements contained in subsection (g), immediately upon the occurrence of such failure, without notice or lapse of time), the Secured Party may (but need not) perform or observe such covenant or agreement on behalf and in the name, place and stead of the Debtor (or, at the Secured Party's option, in the Secured Party's own name) and may (but need not) take any and all other actions which the Secured Party may reasonably deem necessary to cure or correct such failure.

(i) **Costs and Expenses.** Except to the extent that the effect of such payment would be to render any loan or forbearance of money usurious or otherwise illegal under any applicable law, the Debtor shall pay the Secured Party on demand the amount of all moneys expended and all costs and expenses (including reasonable attorneys' fees) incurred by the Secured Party in connection with or as a result of the Secured Party's taking action under subsection (h) or exercising its rights under Section 6, together with interest thereon from the date expended or incurred by the Secured Party at the highest rate then applicable to the Note.

(j) **Power of Attorney.** To facilitate the Secured Party's taking action under subsection (h) and exercising its rights under Section 6, the Debtor hereby irrevocably appoints (which appointment is coupled with an interest) the Secured Party, or its delegate, as the attorney-in-fact of the Debtor with the right (but not the duty) from time to time to create, prepare, complete, execute, deliver, endorse or file, in the name and on behalf of the Debtor, any and all instruments, documents, applications, financing statements, and other agreements and writings required to be obtained, executed, delivered or endorsed by the

Debtor under this Section 3, or, necessary for the Secured Party, after an Event of Default (as defined in Section 6 below), to enforce or use the Patents or Trademarks or to grant or issue any exclusive or non-exclusive license under the Patents or Trademarks to any third party, or to sell, assign, transfer, pledge, encumber or otherwise transfer title in or dispose of the Patents or Trademarks to any third party. The Debtor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. The power of attorney granted herein shall terminate upon the payment of the Note.

4. Debtor's Use of the Patents and Trademarks. The Debtor shall be permitted to control and manage the Patents and Trademarks, including the right to exclude others from making, using or selling items covered by the Patents and Trademarks and any licenses thereunder, in the same manner and with the same effect as if this Agreement had not been entered into, so long as no Event of Default occurs and remains uncured.

5. Events of Default. Each of the following occurrences shall constitute an event of default under this Agreement (herein called "Event of Default"): (a) an event of default under the Note, shall occur; or (b) the Debtor shall fail promptly to observe or perform any covenant or agreement herein binding on it; or (c) any of the representations or warranties contained in Section 3 shall prove to have been incorrect in any material respect when made.

6. Remedies. Upon the occurrence of an Event of Default and at any time thereafter, the Secured Party may, at its option and subject to the security interest held by PNC Bank, take any or all of the following actions:

(a) The Secured Party may exercise any or all remedies available under the Credit Agreement.

(b) The Secured Party may take possession of the Patents and Trademarks, proceeding without judicial process or by judicial process (without a prior notice thereof which Debtor hereby expressly waives) and sell, assign, transfer, pledge, encumber or otherwise dispose of the Patents and Trademarks.

(c) The Secured Party may enforce the Patents and Trademarks and any licenses thereunder, and if Secured Party shall commence any suit for such enforcement, the Debtor shall, at the request of Secured Party, do any and all lawful acts and execute any and all proper documents required by Secured Party in aid of such enforcement.

7. Miscellaneous. This Agreement has been duly and validly authorized by all necessary action, corporate or otherwise. This Agreement can be waived, modified, amended, terminated or discharged, and the Security Interest can be released, only explicitly in a writing signed by the Secured Party. A waiver signed by the Secured Party shall be effective only in the specific instance and for the specific purpose given. Mere delay or failure to act shall not preclude the exercise or enforcement of any of the Secured Party's rights or remedies. All rights and remedies of the Secured Party shall be cumulative and may be exercised singularly or concurrently, at the Secured Party's option, and the exercise or enforcement of any one such right or remedy shall

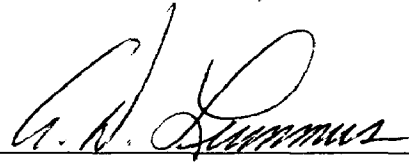
neither be a condition to nor bar the exercise or enforcement of any other. The Secured Party shall not be obligated to preserve any rights the Debtor may have against prior parties, to enforce its rights hereunder with respect to the Patents and Trademarks at all or in any particular manner or order, or to apply any cash proceeds of Patents and Trademarks in any particular order of application. This Agreement shall be binding upon and inure to the benefit of the Debtor and the Secured Party and their respective participants, successors and assigns and shall take effect when signed by the Debtor and delivered to the Secured Party, and the Debtor waives notice of the Secured Party's acceptance hereof. The Secured Party may execute this Agreement if appropriate for the purpose of filing, but the failure of the Secured Party to execute this Agreement shall not affect or impair the validity or effectiveness of this Agreement. A carbon, photographic or other reproduction of this Agreement or of any financing statement signed by the Debtor shall have the same force and effect as the original for all purposes of a financing statement. The Debtor shall take all further actions and execute all further documents which are reasonably necessary to enable Secured Party to exercise its rights hereunder, including without limitation executing financial statements for filing with the appropriate authorities. This Agreement shall be governed by the internal law of Pennsylvania without regard to conflicts of law provisions. If any provision or application of this Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications which can be given effect and this Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby. All representations and warranties contained in this Agreement shall survive the execution, delivery and performance of this Agreement and the creation and payment of the Note.

THE PARTIES WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED ON OR PERTAINING TO THIS AGREEMENT.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties have executed this Patent and Trademark Security Agreement as of the date written above.

DAVENPORT INDUSTRIES, LLC

By: 
Name: A. D. Lummus
Title: Chief Executive Officer

CRUDGINGTON MACHINE TOOLS, INC.


By: 
Name: A. D. Lummus
Title: Chief Executive Officer

EXHIBIT A

UNITED STATES ISSUED PATENTS

<u>Title</u>	<u>Patent Number</u>	<u>Issue Date</u>
United States Patent	5480270	Clutch for treading attachment
United States Patent	5910201	Multiple Spindle Screw Machine
United States Patent	5676030	Multi Spindle CNC Lathe

FOREIGN ISSUED PATENTS

<u>Title</u>	<u>Country</u>	<u>Patent Number</u>	<u>Issue Date</u>
	None		

EXHIBIT B

TRADEMARKS, SERVICE MARKS
AND COLLECTIVE MEMBERSHIP MARKS

REGISTRATIONS

<u>Mark</u>	<u>Registration Number</u>	<u>Registration Date</u>
United States Trademark	1415605	Davenport
United States Trademark	1427337	Line Drive
United States Trademark	2160133	BENCHMAN
United States Trademark	1307669	D D
Common law Trademark	Not registered	proLIGHT
Common law Trademark	Not registered	spectraCAM

COLLECTIVE MEMBERSHIP MARKS

UNREGISTERED MARKS