

FORM PTO-1618A
Expires 06/30/99
OMB 0651-0027

U.S. Department of Commerce
Patent and Trademark Office
TRADEMARK

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

Conveying Party

Mark if additional names of conveying parties attached

Execution Date
Month Day Year

05172001

Name Commerce Systems, Inc.

Formerly _____

- Individual General Partnership Limited Partnership Corporation Association
- Other _____
- Citizenship/State of Incorporation/Organization Delaware

Receiving Party

Mark if additional names of receiving parties attached

Name Millennium Technology Ventures, L.P.

DBA/AKA/TA _____

Composed of _____

Address (line 1) 350 Park Avenue

Address (line 2) _____

Address (line 3) New York

City

New York

State/Country

10022

Zip Code

- Individual General Partnership Limited Partnership Corporation Association
- Other _____
- Citizenship/State of Incorporation/Organization _____

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.)

FOR OFFICE USE ONLY

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 gathering 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

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REEL: 002252 FRAME: 0121

FORM PTO-1618B
Expires 06/30/99
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Page 2

U.S. Department of Commerce
Patent and Trademark Office
TRADEMARK

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="75909117"/>	<input type="text" value="75892257"/>	<input type="text" value="76191358"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text" value="76076793"/>	<input type="text" value="76191437"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
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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.

Anthony C. Coles

Name of Person Signing

Signature

May 16, 2001

Date Signed

RECORDATION FORM COVER SHEET CONTINUATION TRADEMARKS ONLY

FORM PTO-1618C
Expires 06/30/99
OMB 0851-0027

U.S. Department of Commerce
Patent and Trademark Office
TRADEMARK

Conveying Party

Enter Additional Conveying Party

Mark if additional names of conveying parties attached

Execution Date
Month Day Year

Name

Formerly

Individual General Partnership Limited Partnership Corporation Association

Other

Citizenship State of Incorporation/Organization

Receiving Party

Enter Additional 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

Corporation Association

Other

Citizenship/State of Incorporation/Organization

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 the Assignment.)

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)

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EXECUTION COPY

SECURITY AGREEMENT

This SECURITY AGREEMENT (the "Agreement") dated as of May 16, 2001, by and among Commerce Systems, Inc., a Delaware corporation (the "Company"), and Millennium Technology Ventures, L.P. ("MTV") and Draper Fisher Jurvetson Gotham Venture Fund, L.P. ("DFJ"); together with MTV, the "Investors", and each individually an "Investor").

The Company and the Investors are parties to that certain Senior Secured Convertible Promissory Note Purchase Agreement dated as of May 16, 2001 (as amended, modified or supplemented and in effect from time to time, the "Purchase Agreement"), providing, subject to the terms and conditions thereof, for the purchase by the Investors of senior secured convertible promissory notes in an aggregate principal amount not to exceed \$2,000,000 (the "Notes").

To induce the Investors to enter into the Purchase Agreement and to purchase the Notes thereunder, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company has agreed to pledge and grant a security interest in the Collateral (as defined below) as security for the Secured Obligations (as defined below). Accordingly, the parties hereto agree as follows:

Section 1. Definitions. Terms defined in the Purchase Agreement or the Notes are used herein as defined therein. In addition, as used herein:

"Accounts" shall have the meaning ascribed thereto in Section 3(a) hereof.

"Business" shall mean the business from time to time, now or hereafter, conducted by the Company and its subsidiaries.

"Collateral" shall have the meaning ascribed thereto in Section 3 hereof.

"Contracts" shall mean all contracts and agreements to which the Company is a party, as the same may be amended, supplemented or otherwise modified from time to time, including without limitation, (i) all rights of the Company to receive moneys due and to become due to it thereunder or in connection therewith, (ii) all rights of the Company to damages arising thereunder and (iii) all rights of the Company to perform and to exercise all remedies thereunder.

"Copyright Collateral" shall mean all Copyrights, whether now owned or hereafter acquired by the Company, that are associated with the Business, including each Copyright identified in Annex 2 hereto.

"Copyrights" shall mean all copyrights, copyright registrations and applications for copyright registrations, including, without limitation, all renewals and extensions thereof, the right to recover for all past, present and future infringements thereof, and all other rights of any kind whatsoever accruing thereunder or pertaining thereto.

“Documents” shall have the meaning ascribed thereto in Section 3(g) hereof.

“Equipment” shall have the meaning ascribed thereto in Section 3(e) hereof.

“Instruments” shall have the meaning ascribed thereto in Section 3(b) hereof.

“Intellectual Property” shall mean, collectively, all Copyright Collateral, all Patent Collateral and all Trademark Collateral, together with (a) all inventions, processes, production methods, proprietary information, know-how and trade secrets used or useful in the Business; (b) all licenses or user or other agreements granted to the Company with respect to any of the foregoing, in each case whether now or hereafter owned or used including, without limitation, the licenses or other agreements with respect to the Copyright Collateral, the Patent Collateral or the Trademark Collateral listed in Annex 5 hereto; (c) all information, customer lists, identification of suppliers, data, plans, blueprints, specifications, designs, drawings, recorded knowledge, surveys, engineering reports, test reports, manuals, materials standards, processing standards, performance standards, catalogs, computer and automatic machinery software and programs, and the like pertaining to the operation by the Company of the Business; (d) all field repair data, sales data and other information relating to sales or service of products now or hereafter manufactured and which pertain to the Business; (e) all accounting information which pertains to the Business and all media in which or on which any of the information or knowledge or data or records which pertain to the Business may be recorded or stored and all computer programs used for the compilation or printout of such information, knowledge, records or data; (f) all licenses, consents, permits, variances, certifications and approvals of governmental agencies now or hereafter held by the Company pertaining to the operation by the Company and its Subsidiaries of the Business; and (g) all causes of action, claims and warranties now or hereafter owned or acquired by the Company in respect of any of the items listed above.

“Inventory” shall have the meaning ascribed thereto in Section 3(c) hereof.

“Patent Collateral” shall mean all Patents, whether now owned or hereafter acquired by the Company, that are associated with the Business, including each Patent identified in Annex 3 hereto.

“Patents” shall mean all patents and patent applications, including, without limitation, the inventions and improvements described and claimed therein together with the reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof, all income, royalties, damages and payments now or hereafter due and/or payable under and with respect thereto, including, without limitation, damages and payments for past or future infringements thereof, the right to sue for past, present and future infringements thereof, and all rights corresponding thereto throughout the world.

“Permitted Liens” shall mean (a) Liens for taxes and assessments or governmental charges or levies not at the time due or in respect of which the validity thereof shall currently be contested in good faith by appropriate proceedings conducted with due diligence and adequate reserves with respect thereto are maintained on the books of the

Company in accordance with GAAP (and no Lien shall be imposed to secure payment of such amount that is superior to any Lien securing the Secured Obligations except to the extent proscribed by applicable law) and such contest operates to suspend collection or enforcement of such contested amount; (b) Liens in respect of pledges or deposits under workers' compensation laws or similar legislation, carriers', warehousemen's and inchoate and unperfected mechanics' laborers' and materialmen's and similar Liens, if the obligations secured by such Liens are not then delinquent or are being contested in good faith by appropriate proceedings conducted with due diligence and for the payment of which the Company has furnished adequate security; (c) statutory Liens incidental to the conduct of the business of the Company or any Subsidiary which were not incurred in connection with the borrowing of money or obtaining of advances or credits and which do not in the aggregate materially detract from the value of its property or materially impair the use thereof in the operation of the Business; and (d) to the extent expressly permitted under the Purchase Agreement, purchase money liens or security interests securing the cost of acquisition of assets subject to such Liens or security interest.

"Secured Obligations" shall mean, collectively, (a) the principal of and interest on the Note(s) held by each Investor and all other amounts from time to time owing to the Investors by the Company under Section 9.8 of the Purchase Agreement or under the Notes and interest thereon and (b) all obligations of the Company to the Investors hereunder.

"Subsidiary" shall mean any corporation, partnership, limited liability company, joint venture, association or other business entity at least 50% of the outstanding voting stock or voting interests of which is at the time owned or controlled, directly or indirectly, by the Company or by one or more of such Subsidiary entities or both.

"Trademark Collateral" shall mean all Trademarks, whether now owned or hereafter acquired by the Company, that are associated with the Business, including each Trademark identified in Annex 4 hereto. Notwithstanding the foregoing, the Trademark Collateral does not and shall not include any Trademark, which would be rendered invalid, abandoned, void or unenforceable by reason of its being included as part of the Trademark Collateral.

"Trademarks" shall mean all trade names, trademarks and service marks, logos, trademark and service mark registrations, and applications for trademark and service mark registrations, including, without limitation, all renewals of trademark and service mark registrations, all rights corresponding thereto throughout the world, the right to recover for all past, present and future infringements thereof, all other rights of any kind whatsoever accruing thereunder or pertaining thereto, together, in each case, with the product lines and goodwill of the business connected with the use of, and symbolized by, each such trade name, trademark and service mark.

"Uniform Commercial Code" shall mean the Uniform Commercial Code as in effect in the State of New York from time to time.

Section 2. Representations and Warranties. The Company represents and warrants to the Investors that:

(a) the Company owns or possesses the right to use each item of Collateral and no Lien exists or will exist upon any Collateral at any time other than Permitted Liens, except as set forth on Schedule I and except for the security interest in favor of the Investors created or provided for herein which security interest constitutes a first priority perfected security interest in and to all of the Collateral (other than with respect to Intellectual Property registered or otherwise located outside of the United States of America) and has full power and authority to grant to the Investors the security interest in such Collateral pursuant hereto and to execute, deliver and perform its obligations in accordance with the terms of this Agreement, without the consent or approval of any other Person other than any consent or approval which has been obtained and is in full force and effect;

(b) All of the Equipment and Inventory of the Company is located on the premises or at the other locations listed on Annex 1 attached, which contains the address of the Company's owned premises and leased premises, together, in the case of the leased premises, the name of the landlord thereof and the date of the lease or other agreement or instrument and all amendments thereof and supplements thereto, pursuant to which the Company has the right to occupy the same. Annex 1 sets forth the names and addresses of all Persons other than the Company who have possession of Collateral. The principal place of business and chief executive office of the Company is located as set forth on Annex 1 attached hereto. The books and records of the Company and records concerning the Company's Accounts are and shall continue to be located at the principal place of business and chief executive office of the Company.

(c) Annexes 2, 3 and 4 hereto, respectively, set forth a complete and correct list of all registered or issued (or pending), as the case may be, Copyrights, Patents and Trademarks owned by the Company on the date hereof; except pursuant to licenses and other user agreements entered into by the Company in the ordinary course of business, which are listed in Annex 5 hereto, the Company owns and possesses the right to use, and has done nothing to authorize or enable any other Person to use, any Copyright, Patent or Trademark listed in said Annexes 2, 3 and 4, and all registrations listed in said Annexes 2, 3 and 4 are valid and in full force and effect; except as may be set forth in said Annex 5, the Company owns and possesses the right to use all Copyrights, Patents and Trademarks, necessary for the operation of the Business;

(d) Annex 5 hereto sets forth a complete and correct list of all material licenses and other user agreements included in the Intellectual Property on the date hereof;

(e) (i) except as set forth in Annex 5 hereto, to the Company's knowledge there is no violation by others of any right of the Company with respect to any Copyright, Patent or Trademark listed in Annexes 2, 3 and 4 hereto, respectively, and (ii) to the Company's knowledge the Company is not, in connection with the Business, infringing in any respect upon any United States, registered or issued, (as the case may be) copyright, patent or trademark of

any other Person in the United States; and no proceedings have been instituted or are pending against the Company or, to the Company's knowledge, threatened, and no claim against the Company has been received by the Company, alleging any such violation, except as may be set forth in said Annex 5;

(f) any goods now or hereafter produced by the Company included in the Collateral have been and will be produced in compliance with the requirements of the Fair Labor Standards Act, as amended; and

(g) no amount payable to the Company under or in connection with any Account is evidenced by any promissory note or other instrument that has not been delivered, duly endorsed to the Investors; the amounts represented by the Company to the Investors owing to the Company in respect of the Accounts are, accurate; no consent of any party (other than the Company) to any contract, agreement, document or instrument evidencing or creating an Account is required, or purports to be required, in connection with the execution, delivery and performance of this Agreement; each Contract is in full force and effect and constitutes a valid and legally enforceability obligation of the parties thereto (assuming the due execution and delivery by such party), subject to the effects of bankruptcy, insolvency, fraudulent conveyance and other similar laws relating to or affecting creditors' rights generally; neither the Company nor, to the Company's knowledge, any of the other parties to the Contracts to which the Company is a party is in default in the performance or observance of any of the terms thereof; the right, title and interest of the Company in, to and under each of the material Contracts to which the Company is party are not subject to any defenses, offsets, counterclaims; and none of the parties to any Contract is a governmental authority.

Section 3. Collateral. As collateral security for the prompt payment in full when due (whether at stated maturity, by acceleration or otherwise) of the Secured Obligations, the Company hereby pledges and grants to the Investors, for the benefit of the Investors as hereinafter provided, a first priority security interest in all of the Company's right, title and interest in the following property, whether now owned by the Company or hereafter acquired and whether now existing or hereafter coming into existence, and wherever located (all being collectively referred to herein as "**Collateral**");

(a) all accounts and general intangibles (each as defined in the Uniform Commercial Code) of the Company constituting any right to the payment of money, including (but not limited to) all moneys due and to become due to the Company in respect of any loans or advances for the purchase price of Inventory or Equipment or other goods sold or leased or for services rendered, all moneys due and to become due to the Company under any guarantee (including a letter of credit) of the purchase price of Inventory or Equipment sold by the Company and all tax refunds (such accounts, general intangibles and moneys due and to become due being herein called collectively "**Accounts**");

(b) all instruments, chattel paper or letters of credit (each as defined in the Uniform Commercial Code) of the Company evidencing, representing, arising from or existing in respect of, relating to, securing or otherwise supporting the payment of, any of the Accounts,

including (but not limited to) promissory notes, drafts, bills of exchange and trade acceptances (herein collectively called "**Instruments**");

(c) all inventory (as defined in the Uniform Commercial Code) of the Company, all goods obtained by the Company in exchange for such inventory, and any products made or processed from such inventory including all substances, if any, commingled therewith or added thereto (herein collectively called "**Inventory**");

(d) all Intellectual Property and all other accounts or general intangibles of the Company not constituting Intellectual Property or Accounts;

(e) all equipment (as defined in the Uniform Commercial Code) of the Company (herein collectively called "**Equipment**");

(f) each contract and other agreement of the Company relating to the sale or other disposition of Inventory or Equipment;

(g) all documents of title (as defined in the Uniform Commercial Code) or other receipts of the Company covering, evidencing or representing Inventory or Equipment (herein collectively called "**Documents**");

(h) all rights, claims and benefits of the Company against any Person arising out of, relating to or in connection with Inventory or Equipment purchased by the Company, including, without limitation, any such rights, claims or benefits against any Person storing or transporting such Inventory or Equipment;

(i) all Contracts; and

(j) all other tangible or intangible property of the Company, including, without limitation, all proceeds, products and accessions of and to any of the property of the Company described in clauses (a) through (i) above in this Section 3 (including, without limitation, any proceeds of insurance thereon), and, to the extent related to any property described in said clauses or such proceeds, products and accessions, all books, correspondence, credit files, records, invoices and other papers, including without limitation all tapes, cards, computer runs and other papers and documents in the possession or under the control of the Company or any computer bureau or service company from time to time acting for the Company.

Notwithstanding the foregoing, the term "Collateral" shall not include,

(i) any general intangibles of the Company to the extent that (but only to the extent that) such general intangibles are not assignable or capable of being encumbered as a matter of law or under the terms of the license applicable thereto (but solely to the extent that any such restriction is enforceable under applicable law), without the consent of the licensor thereof or other applicable party thereto and such consent has not been obtained; and

(ii) any property, rights or licenses to the extent the granting of a security interest therein (x) would be contrary to applicable law or (y) is prohibited by under any agreement or document governing such property, rights or licenses (but only to the extent such prohibition is enforceable under applicable law).

Section 4. Further Assurances; Remedies. In furtherance of the grant of the security interest pursuant to Section 3 hereof, the Company hereby agrees with each Investor:

4.01 Delivery and Other Perfection. The Company shall:

(a) deliver and pledge to the Investors any and all Instruments, endorsed and/or accompanied by such instruments of assignment and transfer in such form and substance as the Investors may request; provided, that so long as no Event of Default shall have occurred and be continuing, the Company may retain for collection in the ordinary course any Instruments received by it in the ordinary course of business and the Investors shall, promptly upon request of the Company, make appropriate arrangements for making any other Instrument pledged by the Company available to it for purposes of presentation, collection or renewal (any such arrangement to be effected, to the extent deemed appropriate by the Investors, against trust receipt or like document);

(b) give, execute, deliver, file and/or record any financing statement, notice, instrument, document, agreement or other papers that may be necessary or desirable (in the judgment of the Investors) to create, preserve, perfect or validate any security interest granted pursuant hereto or to enable the Investors to exercise and enforce their rights hereunder with respect to such security interest, provided that notices to account debtors in respect of any Accounts or Instruments shall be subject to the provisions of clause (h) below;

(c) upon the acquisition after the date hereof by the Company of any Equipment covered by a certificate of title or ownership, cause the Investors to be listed as the lienholders on such certificate of title and within 120 days of the acquisition thereof deliver evidence of the same to the Investors; provided, however, if the Equipment is subject to a purchase money security interest, the Investors shall be listed as junior lienholders to the Person holding such purchase money security interest;

(d) keep full and accurate books and records relating to the Collateral, and stamp or otherwise mark such books and records in such manner as the Investors may reasonably require in order to reflect the security interests granted by this Agreement;

(e) furnish to the Investors from time to time (but, unless an Event of Default shall have occurred and be continuing, no more frequently than quarterly) statements and schedules further identifying and describing the Copyright Collateral, the Patent Collateral and the Trademark Collateral, respectively, and such other reports in connection with the Copyright Collateral, the Patent Collateral and the Trademark Collateral, as the Investors may reasonably request, all in reasonable detail;

(f) promptly upon request of the Investors, following receipt by the Investors of any statements, schedules or reports pursuant to clause (e) above, modify this Agreement by amending Annexes 2, 3 and 4 hereto, as the case may be, to include any Copyright, Patent or Trademark which becomes part of the Collateral under this Agreement;

(g) notify promptly the Investors in writing of any change (i) in its corporate name or in any trade name used to identify it in the conduct of its business or in the ownership of its properties, (ii) in the location of its chief executive office, its chief executive office, its principal place of business, any office in which it maintains books or records relating to Collateral owned by it or any office or facility at which Collateral owned by it is located (including the establishment of any such new office or facility), (iii) in its identity or corporate structure or (iv) in its Federal Taxpayer Identification Number, if any. The Company agrees not to effect or permit any change referred to in the preceding sentence unless all filings have been made under the Uniform Commercial Code or otherwise that are required in order for the Investors to continue at all times following such change to have a valid, legal and perfected first priority security interest in all the Collateral. The Company agrees promptly to notify the Investors if any material portion of the Collateral owned or held by the Company is damaged or destroyed;

(h) permit representatives of the Investors, upon reasonable notice, at any time during normal business hours to inspect and make abstracts from its books and records pertaining to the Collateral, and permit representatives of the Investors to be present at the Company's place of business to receive copies of all communications and remittances relating to the Collateral, and forward copies of any notices or communications by the Company with respect to the Collateral, all in such manner as the Investors may require;

(i) grant any extension of the time of payment of any of Account, compromise, compound or settle the same for less than the full amount thereof, release, wholly or partly, any Person liable for the payment thereof or allow any credit or discount whatsoever thereon, other than extensions, credits, discounts, compromises or settlements granted or made in the ordinary course of business and consistent with its current practices and in accordance with such prudent and standard practices used in industries that are the same as or similar to those in which the Company is engaged;

(j) upon the occurrence and during the continuance of any Event of Default, upon request of the Investors, promptly notify (and the Company hereby authorizes the Investors so to notify) each account debtor in respect of any Accounts or Instruments that such Collateral has been assigned to the Investors hereunder, and that any payments due or to become due in respect of such Collateral are to be made directly to the Investors;

(k) observe and perform all conditions and obligations to be observed and performed by it under each contract, agreement or instrument relating to the Collateral, all in accordance with the terms and conditions thereof, and the Company agrees to indemnify and hold harmless the Investors from and against any and all liability for such performance; and

(1) take any and all commercially reasonable actions necessary to defend title to the Collateral against all persons and to defend the security interest of the Investors in the Collateral and the priority and perfection thereof against any Lien, other than Permitted Liens and the Liens granted hereunder.

4.02 Other Financing Statements and Liens. Without the prior written consent of the Investors, the Company shall not file or suffer to be on file, or authorize or permit to be filed or to be on file, in any jurisdiction, any financing statement or like instrument with respect to the Collateral in which the Investors are not named as the sole secured parties for the benefit of the secured parties, except with respect to Permitted Liens.

4.03 Preservation of Rights. The Investors shall not be required to take steps necessary to preserve any rights against prior parties to any of the Collateral.

4.04 Special Provisions Relating to Certain Collateral.

(a) Intellectual Property.

(1) For the purpose of enabling the Investors to exercise their rights and remedies hereunder at such time as the Investors shall be lawfully entitled to exercise such rights and remedies hereunder, and for no other purpose, the Company hereby grants to the Investors, upon the occurrence of an Event of Default and for so long as the Investors are lawfully entitled to exercise rights and remedies hereunder in connection therewith, to the extent assignable and not prohibited by applicable law or existing licenses to the extent such restriction is enforceable as a matter of law, an irrevocable, non-exclusive license (exercisable without payment of royalty or other compensation to the Company) to use, assign, license or sublicense any of the Intellectual Property (other than the Trademark Collateral or goodwill associated therewith) now owned or hereafter acquired by the Company, wherever the same may be located, including in such license reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer programs used for the compilation or printout thereof.

(2) Notwithstanding anything contained herein to the contrary, but subject to the provisions of Section 8.14 of the Purchase Agreement which limit the right of the Company to dispose of its property, so long as no Event of Default shall have occurred and be continuing, the Company will be permitted to exploit, use, enjoy, protect, license, sublicense, assign, sell, dispose of or take other actions with respect to the Intellectual Property in the ordinary course of the business of the Company. In furtherance of the foregoing, unless an Event of Default shall have occurred and is continuing the Investors shall from time to time, upon the request of the Company, execute and deliver any instruments, certificates or other documents, in the form so requested, which the Company shall have certified are appropriate (in its judgment) to allow it to take any action permitted above (including relinquishment of the license provided pursuant to clause (1) immediately above as to any specific Intellectual Property). Further, upon the payment in full of all of the Secured Obligations or earlier expiration of this Agreement or release of the Collateral the license granted pursuant to clause (1) immediately above shall terminate and, the Investors shall take all such actions, and execute and file all such documents,

as are reasonably requested by the Company to terminate such license and evidence such termination.

4.05 Events of Default, etc. During the period during which an Event of Default shall have occurred and be continuing:

- (i) the Company shall, at the request of the Investors, assemble the Collateral owned by it at such place or places, reasonably convenient to both the Investors and the Company, designated in its request;
- (ii) the Investors may make any reasonable compromise or settlement deemed desirable with respect to any of the Collateral and may extend the time of payment, arrange for payment in installments, or otherwise modify the terms of, any of the Collateral;
- (iii) the Investors shall have all of the rights and remedies with respect to the Collateral of a secured party under the Uniform Commercial Code (whether or not said Code is in effect in the jurisdiction where the rights and remedies are asserted) and such additional rights and remedies to which a secured party is entitled under the laws in effect in any jurisdiction where any rights and remedies hereunder may be asserted, including, without limitation, the right, to the maximum extent permitted by law, to exercise all voting, consensual and other powers of ownership pertaining to the Collateral as if the Investors were the sole and absolute owner thereof (and the Company agrees to take all such action as may be appropriate to give effect to such right);
- (iv) the Investors in their discretion may, in its name or in the name of the Company or otherwise, demand, sue for, collect or receive any money or property at any time payable or receivable on account of or in exchange for any of the Collateral, but shall be under no obligation to do so; and
- (v) the Investors may, upon 15 business days' prior written notice to the Company of the time and place, with respect to the Collateral or any part thereof which shall then be or shall thereafter come into the possession, custody or control of the Investors or any of their respective agents, sell, lease, assign or otherwise dispose of all or any of such Collateral, at such place or places as the Investors deems best, and for cash or on credit or for future delivery (without thereby assuming any credit risk), at public or private sale, without demand of performance or notice of intention to effect any such disposition or of time or place thereof (except such notice as is required above or by applicable statute and cannot be waived) and the Investors or anyone else may be the purchaser, lessee, assignee or recipient of any or all of the Collateral so disposed of at any public sale (or, to the extent permitted by law, at any private sale), and thereafter hold the same absolutely, free from any claim or right of whatsoever kind, including any right or equity of redemption (statutory or otherwise), of the Company, any such demand, notice or right and equity being hereby expressly waived and released. In the event of any sale,

assignment, or other disposition of any of the Trademark Collateral, the goodwill of the Business connected with and symbolized by the Trademark Collateral subject to such disposition shall be included, and the Company shall supply to the Investors or their respective designees, for inclusion in such sale, assignment or other disposition, all Intellectual Property relating to such Trademark Collateral. The Investors may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for the sale, and such sale may be made at any time or place to which the same may be so adjourned.

4.06 Deficiency. If the proceeds of sale, collection or other realization of or upon the Collateral pursuant to the terms of this Agreement are insufficient to cover the costs and expenses of such realization and the payment in full of the Secured Obligations, the Company shall remain liable for any deficiency.

4.07 Removals, etc. Without at least 30 days' prior written notice to Investors, the Company shall not (i) maintain any of its books or records with respect to the Collateral at any office or maintain its chief executive office or its principal place of business at any place, or permit any Inventory or Equipment to be located anywhere other than its chief executive office or its principal place of business or (ii) change its corporate name, or the name under which it does business, from the name shown on the signature page hereto.

4.08 Private Sale. The Investors shall incur no liability as a result of the sale of the Collateral, or any part thereof, at any private sale pursuant to the terms of this Agreement conducted in a commercially reasonable manner. The Company hereby waives any claims against the Investors arising by reason of the fact that the price at which the Collateral may have been sold at such a private sale was less than the price which might have been obtained at a public sale or was less than the aggregate amount of the Secured Obligations, even if the Investors accept the first offer received and do not offer the Collateral to more than one offeree.

4.09 Application of Proceeds. Except as otherwise herein expressly provided, the proceeds of any collection, sale or other realization of all or any part of the Collateral pursuant hereto, and any other cash at the time held by the Investors under this Section 5, shall be applied by the Investors:

First, to the payment of the costs and expenses of such collection, sale or other realization, including reasonable out-of-pocket costs and expenses of the Investors, pro rata, and the fees and expenses of its agents and counsel, and all expenses, and advances made or incurred by the Investors, pro rata, in connection therewith;

Next, to the payment in full of the Secured Obligations on a pro rata basis; and

Finally, to the payment to the Company, or its successors or assigns, or as a court of competent jurisdiction may direct, of any surplus then remaining.

The Investors shall have absolute discretion as to the time of the application of any such proceeds in accordance with this Agreement. As used in this Section 4, "proceeds" of Collateral shall mean cash, securities and other property realized in respect of, and distributions in kind of, Collateral, including any thereof received under any reorganization, liquidation or adjustment of debt of the Company or any issuer of or obligor on any of the Collateral.

4.10 Attorney-in-Fact. Without limiting any rights or powers granted by this Agreement to the Investors while no Event of Default has occurred and is continuing, upon the occurrence and during the continuance of any Event of Default MTV, on behalf of the Investors, is hereby appointed the attorney-in-fact of the Company for the purpose of carrying out the provisions of this Section 4 and taking any action and executing any instruments which MTV may deem necessary or advisable to accomplish the purposes hereof, which appointment as attorney-in-fact is irrevocable and coupled with an interest. Without limiting the generality of the foregoing, so long as MTV shall be entitled under this Section 4 to make collections in respect of the Collateral, MTV shall have the right and power to receive, endorse and collect all checks made payable to the order of the Company representing any dividend, payment, or other distribution in respect of the Collateral or any part thereof and to give full discharge for the same.

4.11 Perfection. Prior to or concurrently with the execution and delivery of this Agreement, the Company shall file such financing statements and other documents in such offices as the Investors may request to perfect the security interests granted by Section 3 of this Agreement.

4.12 Termination. When all Secured Obligations shall have been paid in full, this Agreement shall terminate, and the Investors shall forthwith cause to be assigned, transferred and delivered, against receipt but without any recourse, warranty or representation whatsoever, any remaining Collateral and money received in respect thereof, to or on the order of the Company and to be released and cancelled all licenses and rights granted to them hereunder. The Investors shall also execute and deliver to the Company upon such termination such Uniform Commercial Code termination statements and such other documentation as shall be reasonably requested by the Company to effect the termination and release of the Liens on the Collateral.

4.13 Expenses. The Company agrees to pay to the Investors all out-of-pocket expenses (including reasonable expenses for legal services of every kind) of, or incident to, the enforcement of any of the provisions of this Section 4, or performance by the Investors of any obligations of the Company in respect of the Collateral which the Company has failed or refused to perform, or any actual or attempted sale, or any exchange, enforcement, collection, compromise or settlement in respect of any of the Collateral, and for the care of the Collateral and defending or asserting rights and claims of the Investors in respect thereof, by litigation or otherwise, including expenses of insurance, and all such expenses shall be Secured Obligations to the Investors secured under Section 3 hereof.

4.14 Further Assurances. The Company agrees that, from time to time upon the written request of the Investors, the Company will execute and deliver such further documents and do such other acts and things as the Investors may reasonably request in order fully to effect the purposes of this Agreement.

Section 5. Miscellaneous.

5.01 Action by Investors. The decision to take any action under this Agreement, including, without limitation, the rights granted to Investors with respect to the Collateral granted to Investors pursuant to Section 4, shall be made by the affirmative vote of the Investors.

5.02 No Waiver. No failure on the part of the Investors or any of their respective agents to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise by the Investors or any of their respective agents of any right, power or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies herein are cumulative and are not exclusive of any remedies provided by law.

5.03 Governing Law. This Agreement shall be governed by, and construed in accordance with, the law of the State of New York, without regard to its rules for conflicts of laws.

5.04 Notices. All notices and other communications provided for hereunder shall be in writing and given or made in the manner set forth in the Purchase Agreement.

5.05 Waivers, etc. The terms of this Agreement may be waived, altered or amended only by an instrument in writing duly executed by the Company and the Investors. Any such amendment or waiver shall be binding upon the Investors, each holder of any Secured Obligation and the Company.

5.06 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the Company, the Investors and each holder of the Secured Obligations (provided, however, that the Company shall not assign or transfer its rights hereunder without the prior written consent of the Investors).

5.07 Counterparts. This Agreement may be executed in any number of counterparts, all of which together shall constitute one and the same instrument and any of the parties hereto may execute this Agreement by signing any such counterpart.

5.08 Agents. The Investors may employ agents and attorneys-in-fact in connection herewith and shall not be responsible for the negligence or misconduct of any such agents or attorneys-in-fact selected by it in good faith.

5.09 Severability. If any provision hereof is invalid and unenforceable in any jurisdiction, then, to the fullest extent permitted by law, (i) the other provisions hereof shall remain in full force and effect in such jurisdiction and shall be liberally construed in favor of the Investors in order to carry out the intentions of the parties hereto as nearly as may be possible and (ii) the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction.

* * * * *

May 16 01 04:57p

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be duly executed as of the day and year first above written.

The Company: COMMERCE SYSTEMS, INC.

By: John R. Shults CEO
Name: John R. Shults
Title: CEO

The Investors: MILLENNIUM TECHNOLOGY VENTURES, L.P.

By: Millennium Technology Ventures Advisors, LLC,
its General Partner

By: _____
Name:
Title:

DRAPER FISHER JURVETSON GOTHAM
VENTURE FUND, L.P.

By: Draper Fisher Jurvetson Gotham Partners, LLC,
its General Partner

*Security
Agreement*

By: _____
Name:
Title:


IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be duly executed as of the day and year first above written.

The Company: COMMERCE SYSTEMS, INC.

By: _____
Name:
Title:

The Investors: MILLENNIUM TECHNOLOGY VENTURES, L.P.

By: Millennium Technology Ventures Advisors, LLC,
its General Partner

By:  _____
Name: Ronald M. Starr
Title: Managing Member

DRAPER FISHER JURVETSON GOTHAM
VENTURE FUND, L.P.

By: Draper Fisher Jurvetson Gotham Partners, LLC,
its General Partner

By: _____
Name:
Title:

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be duly executed as of the day and year first above written.

The Company: **COMMERCE SYSTEMS, INC.**

By: _____
Name:
Title:


The Investors: **MILLENNIUM TECHNOLOGY VENTURES, L.P.**

By: Millennium Technology Ventures Advisors, LLC,
its General Partner

By: _____
Name:
Title:

**DRAPER FISHER JURVETSON GOTHAM
VENTURE FUND, L.P.**

By: Draper Fisher Jurvetson Gotham Partners, LLC,
its General Partner

By: 
Name: Ross H. Goldstein
Title: Managing Partner

ANNEX I

LOCATION OF COLLATERAL

1. Owned/Leased Premises

103 Hurley Avenue
Kingston, NY 12401

2. Location of Equipment and Inventory

Other than the two (2) store systems used in the field tests conducted in North Carolina, all of the equipment is located at:

103 Hurley Avenue
Kingston, NY 12401

The store systems used in the field tests conducted in North Carolina are located at:

Taco Bell
Holly Park Mall
3010 Wake Forest Road
Raleigh, NC 27609

KFC/Taco Bell
5340 Six Forks Road
Raleigh, NC 27609

3. Principal Place of Business; Chief Executive Office; Location of Books and Records

103 Hurley Avenue
Kingston, NY 12401

ANNEX 2

**LIST OF COPYRIGHTS, COPYRIGHT REGISTRATIONS AND
APPLICATIONS FOR COPYRIGHT REGISTRATIONS**

None.

ANNEX 3

LIST OF PATENTS AND PATENT APPLICATIONS

File(Title)	Patent	Country	Registration/ App. Ser. No.	Date
System And Method For Qualifying A Patron In a Electronic Commerce System	Pending	United States	App. Ser. No. 09/303,962	Filed May 3, 1999
Apparatus And Method To Communicate With Multiple Systems Using a Single Transmitter	Pending	United States	App. Ser. No. 09/326,267	Filed June 7, 1999
Apparatus And Method To Transpose User Information	Pending	United States	App. Ser. No. 09/372,267	Filed August 11, 1999
System And Method For Consumer Identification Using Optical and Electronic Means	Pending	United States	Application Serial Number to be assigned, this application claims priority to provisional App. Ser. No. 60/202,012 filed on May 4, 2000, Pending	Filed May 3, 2001
System And Method For Wide-Band Transmission To A Dual-Band Device	Pending	United States	Provisional App. Ser. No. 09/253,832	November 29, 2000

ANNEX 4

**LIST OF TRADE NAMES, TRADEMARKS, SERVICES MARKS,
TRADEMARK AND SERVICE MARK REGISTRATIONS AND
APPLICATIONS FOR TRADEMARK AND SERVICE MARK REGISTRATIONS**

U.S. Trademarks

Mark	Application (A) Registration (R) Or Series No. (S)	Registration or Filing Date
BEAMING CUSTOMER EXPERIENCES	A75/909,117	February 4, 2000
2SCOOT	A75/892,257	January 10, 2000
2SCOOT (added classes)	A76/191,358	January 8, 2001
CRM EXCHANGE	A76/076,793	June 23, 2000
BUY ON THE FLY	A76/191,437	January 8, 2001

Foreign Trademarks

Mark	Application (A) Registration (R)	Country	Registration or Filing Date (F)
------	-------------------------------------	---------	------------------------------------

NONE

ANNEX 5

LIST OF CONTRACTS, LICENSES AND OTHER AGREEMENTS

Software	# Lic.
AIX 4.3.3	1
CodeWright	2
Fuji Film Exit Viewer	1
Gold Mine (+1 database engine – SI)	4
Gold Sync	1
Lotus Smart Suite	3
MS Project 2000	1
MS Publisher	1
MSDN Professional Subscription	1
Norton Antivirus	4
Office 2000 Premium	1
Office 2000 Professional	1
Office 2000 Small Business	1
Office 2000 Standard	1
Palm Desktop	1
Partition Magic 5.0	1
Partition Magic 6.0	1
PC Anywhere, v 9.2, v 10.0	4
QuickBooks Pro 2000 (5 User)	1
Visio 2000 Professional	1
Visio 2000 Standard	1
Visio 2000 Technical	1
Visual C++ Prof.	1
Windows 2000 Professional	1
Windows 98	13
Windows NT4.0 workstation	6
WinZip	2

Project Support Services Agreement by and between the Company and IBM dated August 31, 2000, as modified by a Work Change Authorization between the parties dated March 20, 2001

License Agreement by and between the Company and ParTech, Inc. dated September 21, 2000

SCHEDULE I

LIST OF SENIOR LIENS

The Company has granted a Lien in favor of the Investors on all of its tangible assets to secure the Initial Notes (as defined in the Purchase Agreement).

5407/60335-001 NYWORD/24483 v5

RECORDED: 05/17/2001

TRADEMARK
REEL: 002252 FRAME: 0146
*** TOTAL PAGE: 27 ***