



01-28-2002

U.S. Patent & TMO/TM Mail Rpt Dt. #58

02-05-2002



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U.S. DEPARTMENT OF COMMERCE

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Patent and Trademark Office



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

<p>1. Name of conveying party(ies):</p> <p>Systemcorp ALG Limited</p> <p style="text-align: right; font-size: 2em;">1.28.02</p> <p><input type="checkbox"/> Individual(s) <input type="checkbox"/> Association</p> <p><input type="checkbox"/> General Partnership <input type="checkbox"/> Limited Partnership</p> <p><input checked="" type="checkbox"/> Corporation-Canada</p> <p><input type="checkbox"/> Other _____</p> <p>Additional name(s) of conveying party(ies) attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	<p>2. Name and address of receiving party(ies):</p> <p>National Bank of Canada 600 de la Gauchiere Street Montreal, Quebec Canada H3B 4L2</p> <p><input type="checkbox"/> Individual(s) citizenship _____</p> <p><input type="checkbox"/> Association _____</p> <p><input type="checkbox"/> General Partnership _____</p> <p><input type="checkbox"/> Limited Partnership _____</p> <p><input type="checkbox"/> Corporation-State _____</p> <p><input checked="" type="checkbox"/> Other <u>Canadian Bank Corporation</u></p> <p>Domestic representative is attached: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Additional name(s) & addresses attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>3. Nature of conveyance:</p> <p><input type="checkbox"/> Assignment <input type="checkbox"/> Merger</p> <p><input checked="" type="checkbox"/> Security Agreement <input type="checkbox"/> Change of Name</p> <p><input type="checkbox"/> Other _____</p> <p>Execution Date: December 6, 2001</p>	

<p>4. (A.) Trademark Application No.(s)</p> <p>76/175,444 76/175,443</p> <p>76/175,445 76,175,442</p>	<p>4. (B.) Trademark Registration No.(s)</p>
<p>Additional numbers attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	

<p>5. Correspondence should be mailed to:</p> <p>STEPHEN J. QUIGLEY ABELMAN, FRAYNE & SCHWAB 150 East 42nd Street New York, New York 10017-5612</p>	<p>6. Total number of applications and registrations involved:..... 4</p>
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<p>"Express Mail" No: <u>ETS37518211US</u></p> <p>Date of Deposit: <u>January 28, 2002</u></p> <p>I hereby certify that this paper or fee is being deposited with the United States Postal Service "Express Mail Post Office to Addressee" service under 37 C.F.R. §1.10 on the date indicated above and is addressed to the Assistant Commissioner of Trademarks, Arlington, VA 22202-3513</p> <p>STEPHEN J. QUIGLEY (Name of person mailing paper or fee)</p> <p><i>Stephen Quigley</i> (Signature of person mailing paper or fee)</p>	<p>7. Total fee (37 CFR 3.41): \$ <u>115.00</u></p> <p><input checked="" type="checkbox"/> Enclosed</p> <p>(The said Deposit Account should be charged for any official fee not fully covered by the enclosed check)</p> <p><input type="checkbox"/> Authorized to be charged to deposit account</p> <p>Deposit account number: <u>01-0035</u></p> <p>(Attach duplicate copy of this page if paying by deposit account)</p>
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DO NOT USE THIS SPACE

8. 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.

<p><u>STEPHEN J. QUIGLEY</u> Name of Person Signing</p>	<p><i>Stephen Quigley</i> Signature</p>	<p><u>1/28/02</u> Date</p>
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Total number of pages comprising cover sheet: 1

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01 FC:481 40.00 DP

02 FC:482 75.00 DP

TRADEMARK
REEL: 002437 FRAME: 0234

**NATIONAL
BANK
OF CANADA****GENERAL HYPOTHEC ON
MOVABLE PROPERTY
(WITH INTELLECTUAL PROPERTY)**

1. HYPOTHEC

- 1.1. For good and valuable consideration, the undersigned (the "Customer") hypothecates in favour of the National Bank of Canada (the "Bank") the property referred to in paragraph 1.3 hereof (the "mortgaged property"). This hypothec is granted for the sum of \$2,500,000 with interest at the rate of 25% per annum from the date hereof.
- 1.2. The terms "mortgaged property" also include the following property to the extent that it is not already included in the description in paragraph 1.3. The following property is therefore also charged by the hypothec created hereunder :
- a) the proceeds of any sale, lease or other disposition of the property referred to in paragraph 1.3, any debt resulting from the sale, lease or other disposition of this property, as well as any property acquired to replace same;
 - b) any insurance or expropriation proceeds payable in respect of the mortgaged property;
 - c) the principal and the income of the mortgaged property as well as any right attached to the mortgaged property;
 - d) where the property described in paragraph 1.3 includes shares or securities, all shares and securities issued in replacement of these shares or securities;
 - e) all deeds, documents, registers, invoices and books of accounts evidencing the mortgaged property or relating thereto.

1.3. Description of property :

The universality of the Customer's moveable property, corporeal and incorporeal, present and future, of any nature whatsoever and wheresoever situated and, with respect to incorporeal or intangible property, property located outside of the Province of Québec or used in more than one jurisdiction, creates a security interest in the mortgage property (the hypothec and the security interest hereinafter collectively referred to as the "hypothec"), the whole including without limitation the following universalities of present and future properties :

a) **Property in Stock**

All property in stock or inventory of any nature and kind of the Customer whether in its possession, in transit or held on its behalf, including raw materials or other materials, goods manufactured or transformed, or in the process of being so, by the Customer or by others, packaging materials, property evidenced by bill of lading, animals, mineral substances, hydrocarbons and other products of the soil as well as all fruits thereof, from the time of their extraction (hereinafter the "property in stock").

The property in stock held by third parties pursuant to a lease agreement, a leasing contract, a franchise or license agreement, or any other agreement entered into with the Customer or on its behalf, if also subject to this hypothec.

Property having formed part of the property in stock which has been alienated by the Customer in favour of a third person but in respect of which the Customer has retained title pursuant to a reservation of ownership provision, shall remain charged by this hypothec until title is transferred; any property in stock the ownership of which reverts to the Customer pursuant to the resolution or resiliation of any agreement is also subject to this hypothec.

b) **Claims, Book Debts and Other Movable Property**

Claims, Receivables and Book Debts

All of the Customer's claims, debts, demands and choses in action, whatever their cause or nature, whether or not they are certain, liquid or exigible; whether or not evidenced by any title (and whether or not such title is negotiable), bill of exchange or draft; whether litigious or not; whether or not they have been previously or are to be invoiced; whether or not they constitute book debts. Hypothecated claims shall include: (i) indemnities payable to the Customer under any contract of liability insurance, insurance of persons or subject to the rights of creditors holding hypothecs on the insured property, (ii) the sums owing to the Customer in connection with interest or currency exchange contracts ("SWAPS") and other treasury or hedging instruments, management of risks instruments or derivative products existing in favour of the Customer, and (iii) the Customer's rights in the credit balance of accounts held for its benefit either by the Bank (subject to the Bank's compensation rights) or by any financial institution or any other person.

Tax Credits

For all tax years during which the present hypothec is in effect, from the year 2001 until the year in which the previous hypothec is discharged, the total of the following amounts :

- the tax credits due and payable for each of these years by Revenue Canada or any other cognizant department; and
- the tax credits due and payable for each of these years by Revenue Quebec Taxation or any other cognizant department;

as obtained following tax credit claims to be submitted by the Customer for expenses relating to research and development and/or job training, as defined in the relevant tax legislation.

Rights of Action

The Customer's rights under contract with third parties as well as the Customer's rights of action and claims against third persons.

Accessories

All the securities, security agreements, guarantees, suretyships, notes and accessories to the claims and rights mentioned above and other rights relating thereto (including, without limitation, the rights of the Customer in its capacity as seller under an instalment sale or a conditional sale, where the claims are the result of such sale).

Movable Property

All movable property owned by the Customer and covered by the instalment or conditional sales mentioned above.

A right or a claim shall not be excluded from the mortgage property by reason of the fact that : (i) the debtor thereof is domiciled outside the Province of Québec or (ii) the debtor thereof is an affiliate (as such term is defined in the *Canada Business Corporations Act*) of the Customer (regardless of the law of the jurisdiction of its incorporation) or (iii) such right or claim is not related to the operation of the Customer or (iv) such right or claim is not related to the ordinary course of business of the Customer.

Securities

All securities (including shares, debentures, units, bonds, obligations, rights, options, warrants, debt securities, investment certificates, units in mutual funds) held by the Customer or on its behalf, including without limitation those issued or which will be issued by the corporations or partnerships listed in Schedule "A" annexed hereto and signed for identification by the representatives of the parties hereto; as well as all those which are delivered by the Customer to the Bank or to a third party on its behalf from time to time.

c) Equipment and Road Vehicles

All the equipment, office furniture, tools, machinery, rolling stock (including road vehicles), spare parts and additions.

d) Intellectual Property

All of the Customer's rights in any intellectual property, including, without limitation, in any trademark, copyright (including copyright in any software, drawings, manuals and other works owned by the Customer), industrial design, patent, patent applications, invention, trade secret, know-how, goodwill, confidential information, third party licenses, usage licenses, plant breeders' right, topography of integrated circuits and in any other intellectual property right (registered or not), as well as any permits or any other rights which the Customer possesses or later acquires, relating directly or indirectly thereto, including, if any, improvements and modifications thereto as well as rights in any action pertaining to the protection, in Canada or abroad, of any such intellectual property rights, including those listed in Schedule "A" (the "intellectual property").

e) Fruits and Revenues

All fruits and revenues emanating from the above mortgage property, including without limitation equipment, negotiable instruments, bills, commercial paper, securities, monies, compensation for expropriation given or paid following a sale, repurchase, distribution or any other operation concerning any property hereby charged in favour of the Bank or which has been charged under any other deed.

f) **Records and Others**

All records, data, vouchers, invoices and other documents related to the mortgage property described above, including without limitation computer programs, disks, tapes and other means of electronic communications as well as the rights of the Customer to recover such property from third parties, receipts, client lists, directories and other similar property.

Where, under the terms of any of the above paragraphs, the hypothec charges a universality of property, all property which is acquired, transformed or manufactured after the date of this agreement shall be charged by the hypothec, whether or not such property has been acquired in replacement of other mortgaged property which may have been alienated by the Customer in the ordinary course of business, whether or not such property results from a transformation, mixture or combination of any mortgaged property, and in the case of securities, whether or not they have been issued pursuant to the purchase, redemption, conversion or cancellation or any other transformation of the charged securities and without the Bank being required to register or re-register any notice whatsoever, the object of the hypothec being a universality of present and future property.

2. OBLIGATIONS SECURED

2.1. This hypothec is granted to secure all obligations of the Customer to the Bank resulting from the following credit facility or guarantee as well as from any amendment, renewal, increase or replacement thereof :

- a) a term loan under the « Programme d'aide au financement des entreprises de Garantie-Québec » in the principal amount not exceeding \$2,500,000 granted by the Bank to the Customer in the financing proposal letter dated October 1, 2001, and accepted by the Customer on October 4, 2001.

2.2. This hypothec is also granted to secure all other obligations of the Customer to the Bank, present and future, direct and indirect.

3. DECLARATIONS

The Customer represents and warrants the following :

3.1. The Customer owns the mortgaged property and the mortgaged property is free and clear of all rights, hypothecs or security, except the following :

- a) conventional hypothec without delivery in the amount of \$600,000 in the favor of the Bank and registered at the Register of Personal and Movable

6

Real Rights ("RPMRR") on November 18, 1997 under number 97-0141215-0001;

- b) conventional hypothec without delivery in the amount of \$60,000 in favor of the Bank and registered at the RPMRR on November 18, 1997 under number 97-0141215-0002;
- c) conventional hypothec without delivery and the amount of \$600,000 in favor of the Bank and registered at the RPMRR on November 18, 1997 under number 97-0141215-0003;
- d) conventional hypothec without delivery in the amount of \$180,000 in favor of the Bank and registered at the RPMRR on November 18, 1997 under number 97-0141215-0004;
- e) conventional hypothec without delivery in the amount of \$600,000 in favor of the Bank and registered at the RPMRR on November 18, 1997 under number 97-0141215-0005;
- f) conventional hypothec without delivery in the amount of \$1,680,000 in favor of the Bank and registered at the RPMRR under number 99-0071245-0001;
- g) conventional hypothec without delivery in the amount of \$1,800,000 in favor of the Bank and registered at the RPMRR under number 99-0071253-0001;
- h) conventional hypothec without delivery in the amount of \$360,000 in favor of the Bank and registered at the RPMRR on July 7, 1999 under number 99-0109495-0001;
- i) conventional hypothec without delivery in the amount of \$600,000 in favor of the Bank and registered at the RPMRR on July 7, 1999 under number 99-0109507-0001;
- j) conventional hypothec without delivery in the amount of \$1,500,000 in favor of the Bank and registered at the RPMRR on February 27, 2001 under number 01-0061066-0001;
- k) conventional hypothec without delivery in an undetermined amount in favor of the Bank and registered at the RPMRR on June 27, 1994 under number 94-0077237-0019;

- l) conventional hypothec without delivery in an undetermined amount in favor of the Bank and registered at the RPMRR on June 15, 1994 under number 94-0077237-0020;
- m) conventional hypothec without delivery in the amount of \$300,000 in favor of the Bank and registered at the RPMRR on July 12, 1994 under number 94-0081427-0001;
- n) conventional hypothec without delivery in the amount of \$288,000 in favor of the Bank and registered at the RPMRR on August 5, 1994 under number 94-0092165-0001;
- o) conventional hypothec without delivery in an undetermined amount in favor of the Bank and registered at the RPMRR on August 19, 1994 under number 94-0098683-0013;
- p) conventional hypothec without delivery in an undetermined amount in favor of the Bank and registered at the RPMRR on August 19, 1994 under number 94-0098683-0014;
- q) conventional hypothec without delivery in the amount of \$288,000 in favor of the Bank and registered at the RPMRR on February 20, 1995 under number 95-0017529-0001;
- r) conventional hypothec without delivery in the amount of \$300,000 in favor of the Bank and registered at the RPMRR on May 16, 1995 under number 95-0054699-0001;
- s) conventional hypothec without delivery in the amount of \$59,965.09 in favor of 2631-1746 Québec Inc. and registered at the RPMRR on May 31, 1995 under number 95-0061276-0006;
- t) conventional hypothec without delivery in the amount of \$149,737 in favor of 2631-1746 Québec Inc. and registered at the RPMRR on February 23, 2001 under number 01-0057008-0001.

3.2. The mortgaged property is situated in the Province of Québec, except for the following property :

N/A

3.3. The mortgaged property is not intended to be used in more than one province or state or country, except for the following property :

N/A

- 3.4. The Customer's head or registered office (or domicile, if the Customer is an individual) is located at the address indicated in the last page of the present agreement.
- 3.5. As of this day, Schedule "A" illustrates the complete list of all trade marks registered or not, owned and used by the Customer, and Schedule "A", also illustrates all copyrights, registered or not, including copyright in any software, manuals, drawings, or other works owned by the Customer as well as all patents, patent applications and confidential information owned by the Customer.
- 3.6. As of this day, Schedule "A" illustrates all licenses, subscribed or granted by the Customer, which have not been modified, are still in force and under which it is not in default.
- 3.7. All applications for the registration of the Customer's trade marks and all patent applications filed by the Customer, if any, are in good standing.
- 3.8. The intellectual property and any applicable registration thereof is valid and enforceable.
- 3.9. No claim has been made to the effect that the use of the intellectual property infringes upon the rights of any person.
- 3.10. With the exception of rights granted to the Customer in licenses, if any, the Customer is the sole legal owner and holder of all rights in the intellectual property, the said intellectual property being free and clear of any charge, rights, hypothecs, security or third party interests of any kind or nature.
- 3.11. Save for the filing of this agreement at the Canadian Intellectual Property Office and/or the United States of America Patent and Trademark Office, no authorization, consent or other procedure on the part of the Customer, and no notice to or filing with any governmental or relevant statutory authority is required (i) for the granting of the security or the execution, delivery and fulfilment of the agreement by the Customer or (ii) for the realization or exercise by the Bank of its rights and recourses under this agreement.
- 3.12. Copyright subsists in all works owned by the Customer.
- 3.13. Copyrightable works owned by the Customer are originals and are not copies of third party works.
- 3.14. Works into which copyright subsists are marked as required by law.

4. COVENANTS

- 4.1. The Customer shall inform the Bank without delay of any change to its name or to the contents of the representations made in Article 3.
- 4.2. The Customer shall pay, when due, any amount owing with respect to the mortgaged property as well as any debt which could rank prior to the hypothec constituted hereunder and shall provide to the Bank, on demand, evidence that the payments described herein have been made.
- 4.3. The Customer shall insure the mortgaged property and keep it constantly insured for its full insurable value against damage caused by theft, fire and all other risks against which a prudent administrator would insure the mortgaged property. The Bank is hereby designated as the beneficiary of the indemnities payable under these policies and the Customer shall cause such designation to be inscribed in the policies. The Customer shall provide the Bank with a copy of each policy and, at least thirty (30) days prior to the expiration or cancellation of a policy, a copy of the renewal or replacement thereof.
- 4.4. The Customer shall do all things and sign all documents necessary to preserve its rights in the mortgaged property and to ensure that the hypothec constituted hereunder to have full effect and be perfected and constantly enforceable against third parties in all jurisdictions where the mortgaged property may be situated.
- 4.5. The Customer shall protect and adequately maintain the mortgaged property and exercise its activities in such a manner as to preserve its value. The Customer shall fully comply with all laws and regulations applicable to the operation of its business and to the mortgaged property, including without limitation environmental laws and regulations.
- 4.6. The Customer shall keep all books, records and accounts which a prudent administrator would keep with respect to the mortgaged property and shall permit the Bank to examine said books, records and accounts and obtain copies of same.
- 4.7. The Customer shall keep the mortgaged property free of all real rights, hypothecs or security interests, save those which the Bank has consented to in writing.
- 4.8. The Customer shall not dispose of the mortgaged property or lease same unless the Bank consents thereto in writing. However, if not in default hereunder, the Customer may sell or lease its inventory in the ordinary course of its business.

- 4.9. The Customer shall not change the use, destination or nature of the mortgaged property nor remove same from its present location unless the Bank consents thereto in writing. If the Customer is a corporation, it shall not amalgamate with another person nor commence liquidation or dissolution proceedings without the written consent of the Bank.
- 4.10. Where the mortgaged property includes inventory and accounts receivable, the Customer shall provide the Bank monthly with a statement of the value of its inventory (calculated at the lesser of cost or market value) and a list of its accounts receivable (indicating their amount and age).
- 4.11. The Customer shall register all existing and future intellectual property, when applicable and when deemed commercially reasonable by the Bank.
- 4.12. The Customer shall renew all registrations regarding the intellectual property, unless, with respect to the Customer's registered trade marks, one or more registered trade marks are no longer in use and the Customer has no intention of resuming such use.
- 4.13. The Customer shall, when applicable, obtain and file all necessary or desirable transfers to perfect its rights in its intellectual property.
- 4.14. The Customer shall pay all costs required for the maintenance of the intellectual property, more particularly the registration thereof.
- 4.15. The Customer shall ensure that its confidential information remains confidential and that all persons having access to its confidential information be a party to a confidentiality agreement to the satisfaction of the Bank.
- 4.16. The Customer shall ensure that all licenses that it grants adequately protect the rights of the Customer in the intellectual property and copies of all agreements relating to the intellectual property of the Customer shall be remitted to the Bank forthwith after their execution.
- 4.17. The Customer shall initiate and institute, in its name, as interested party, for its benefit and at its expense, all legal proceedings or other actions in intellectual property infringement, unfair competition, depreciation or other damages which shall be necessary to protect its rights in the intellectual property. The Customer shall immediately inform the Bank in writing, of any legal proceedings instituted by it and shall provide the Bank with all information which the latter may reasonably require.
- 4.18. The Customer shall not conclude or renew any agreement which could, in any manner whatsoever, interfere with the covenants of the Customer under the

terms hereof, unless the Customer obtains the Bank's prior written approval to the conclusion or renewal of the aforementioned agreement.

- 4.19. The Customer shall defend, indemnify, save and hold harmless the Bank against all claims regarding the intellectual property alleging that it infringes, constitutes a colorable imitation, violates or contravenes any right of any third party including, without limitation, patent rights, copyrights, trade marks, trade secrets or any other third party intellectual property or contractual rights. The Customer shall pay all costs and charges with regard to any damages and any reasonable legal fees incurred by the Bank as a result of the aforementioned infringement, violation or contravention.
- 4.20. The Customer shall inform the Bank forthwith and provide the Bank with evidence of any replacement, improvement, enhancement, modification, derivative, new use or acquisition of intellectual property.
- 4.21. The Customer shall exploit its patents in Canada, in a manner that will not be considered an abuse of patent rights as defined in the *Patents Act* (Canada).
- 4.22. The Customer shall collaborate with the Bank to alienate any or all patents, trade marks, copyrights, industrial designs or other intellectual property of Customer, in the event of the latter's default.
- 4.23. The Customer shall protect the distinctiveness of its trade marks by adopting reasonable quality control measures and marking to ensure that it shall always be deemed to be and that it shall at all times be recognized as the source of the wares or services in association with which its trade marks are used.
- 4.24. The Customer shall use its trade marks in a manner that will avoid the said trade marks being considered abandoned or in a manner that will avoid the registration of the said trade marks being expunged.
- 4.25. The Customer shall obtain from any authors involved in the creation of works owned by the Customer a renunciation of the said authors's moral rights therein.
- 4.26. The Customer shall provide the Bank with all information reasonably required by it to verify if the Customer is in compliance with the covenants and obligations contained herein. The Customer shall inform the Bank of any fact or event which could adversely affect the financial condition of the Customer or the value of the mortgaged property.
- 4.27. The Customer shall pay all costs relating to the present agreement, including the costs incurred in order to render the hypothec created hereunder opposable

to third parties and the costs of any legal opinion required by the Bank and relating to the validity and rank of this hypothec.

- 4.28. The Customer shall reimburse the Bank for all costs and expenses incurred by it to fulfil the obligations of the Customer or to exercise its rights, with interest at the prime rate of the Bank in effect from time to time, plus 3%. The hypothec granted under article 1 hereof shall also secure the reimbursement of these costs and expenses as well as the payment of this interest. The prime rate of the Bank is the annual interest rate announced as being its reference rate to determine interest rates on loans made in Canadian dollars by the Bank in Canada.

5. RIGHTS OF THE BANK

- 5.1. The Bank may inspect or have the mortgaged property appraised from time to time at the Customer's expense and, for that purpose, shall be permitted access to the premises where the mortgaged property is located and to the Customer's places of business. The Customer shall also allow the Bank to examine and obtain copies of all books of account and documents relating to the mortgaged property.
- 5.2. The Bank may, without being bound to do so, perform any or all of the obligations of the Customer hereunder.
- 5.3. The Customer may collect all debts forming part of the mortgaged property until the Bank withdraws its authorization to the Customer to do so; unless the Bank's consent thereto is obtained, the Customer must however deposit at the Bank the proceeds of any collection. If the Bank withdraws its authorization to the Customer to collect the debts forming part of the mortgaged property, the Bank may collect such debts and shall be entitled to a reasonable commission which it may deduct from any amount collected.
- 5.4. When the mortgaged property includes shares or securities, the Bank may, without being bound to do so, cause itself to be registered as the holder of these shares or securities and exercise any right attached thereto, including any right to vote and any right of conversion or redemption.
- 5.5. If the Bank has possession of the mortgaged property, it shall have no obligation to maintain the use for which the mortgaged property is normally intended nor to make it productive nor to continue its use or operation.
- 5.6. The Bank may, without being bound to do so, sell the mortgaged property in its possession where it believes in good faith that the mortgaged property is likely to perish, decrease in value or depreciate.

- 5.7. The Customer constitutes and appoints the Bank as its irrevocable attorney, with full power of substitution, in order to do any act and to sign any document necessary or useful to the exercise of the rights conferred to the Bank hereunder.
- 5.8. The rights conferred on the Bank under this article 5 may be exercised by the Bank irrespective of whether the Customer is or is not in default hereunder.

6. DEFAULT AND RECOURSES

- 6.1. The Customer shall be in default in each and everyone of the following events :
- a) if any or all of the obligations secured under this agreement are not paid or performed when due;
 - b) if any of the representations made in article 3 is untrue;
 - c) if the Customer does not fulfil any one of its covenants hereunder;
 - d) if the Customer is in default under any other contract or agreement between it and the Bank or under any other hypothec or security affecting the mortgaged property;
 - e) if the Customer ceases to carry on its business, becomes insolvent or bankrupt; or
 - f) if any or all of the mortgaged property is seized or is subject to a taking of possession by a creditor, a receiver or any other person performing similar functions.
- 6.2. Upon the Customer's default, the Bank may terminate any obligation it may have had to grant credit or make advances to the Customer and declare exigible all obligations of the Customer which are not yet due. Upon such default, the Bank may also exercise all recourses available to it under applicable law, including the rights resulting from its hypothec.
- 6.3. In order to realize on its hypothec, the Bank may proceed with the operations carried out by the Customer in the ordinary course of its business, cease or proceed, in its discretion, with the operation of the business of the Customer, and may use the premises where the mortgaged property and other property of the Customer are situated at the expense of the Customer. The Bank may use any equipment or furnishings related to the operation of the business of the Customer, as well as its name or head office, its trade marks and any other right in the intellectual property and in any incorporeal property of the Customer. Where the mortgaged property includes debts, the Bank may

compromise or transact with the debtors of these debts and my grant releases and discharges in respect of same. Where the mortgage property includes inventory, the Bank may complete the manufacture of such inventory and do all things necessary or useful to its sale.

7. ADDITIONAL HYPOTHEC

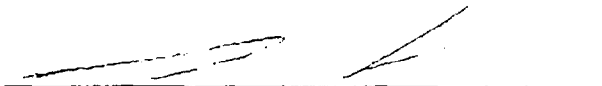
To secure the payment of interest not already secured by the hypothec created in article 1 and to further secure the performance of its obligations hereunder, the Customer hypothecates all of the property described in article 1 for an additional amount equal to twenty percent (20%) of the principal amount of the hypothec created in article 1.

8. GENERAL PROVISIONS

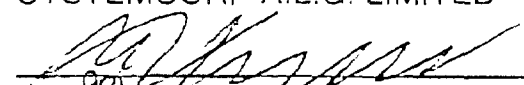
- 8.1. The hypothec created hereby is in addition to and not in substitution for any other hypothec or security held by the Bank.
- 8.2. This hypothec is a continuing security and shall subsist notwithstanding the payment from time to time, in whole or in part, of the obligations secured hereunder.
- 8.3. In each case provided at paragraph 6.1, the Customer shall be in default by the mere lapse of time, without the necessity of any notice or demand.
- 8.4. If more than one person is referred to as "Customer", such persons shall be solidarily liable for all obligations stipulated herein.
- 8.5. Any sum collected by the Bank in the exercise of its rights may be held by the Bank as mortgaged property, or may be applied to the payment of the obligations secured hereunder, whether or not yet due. The Bank shall have discretion as to how any such collected sum shall be applied.
- 8.6. The exercise by the Bank of any of its rights shall not preclude the Bank from exercising any other right resulting from the present agreement. The failure of or forbearance by the Bank to exercise any of its rights shall not constitute a renunciation to the later exercise of such right. The Bank may exercise its rights resulting from this agreement without being required to exercise its other rights against the Customer or against any other person liable for the payment of the obligations secured hereunder or to realize on any other security held for the payment of such obligations.
- 8.7. The Bank shall only be required to exercise reasonable care in the exercise of its rights and the performance of its obligations. Moreover, it shall only be liable for its intentional fault or gross negligence.

- 8.8. The Bank may delegate to another person the exercise of its rights or the performance of its obligations resulting from the present agreement. In such a case, the Bank is authorized to provide that person with any information it may have concerning the Customer or the mortgaged property.
- 8.9. This agreement shall be binding upon the Customer and enure to the benefit of the Bank and any successor thereof by way of amalgamation or otherwise.
- 8.10. Any notice to the Customer may be given at the address indicated below or any other address communicated in writing by the Customer to the Bank.
- 8.11. Should any clause hereof be invalid or inoperative, the other clauses of the present agreement shall remain fully operative.
- 8.12. This agreement shall be governed and interpreted by the law in force in the Province of Québec. It must also be interpreted so that mortgaged property located in another jurisdiction be affected by a valid security under the applicable law of this other jurisdiction.
- 8.13. The parties hereto have expressly agreed that this agreement and all deeds, documents or notices relating thereto be executed in English.
Les parties aux présentes ont expressément convenu que cet acte et tout autre acte, document ou avis y afférent soient rédigés en anglais.

Signed and delivered at Montreal this 6 day of December 2001.



Witness (person in charge of file)

SYSTEMCORP A.L.G. LIMITED
by : 
Name: Harry Kugler
Title: Chief Executive Officer

Address of Customer for notice and
correspondence purposes :

6969, Transcanada Highway
Suite 225
Montreal, Québec H4T 1V8

16

Address of head office or domicile
of Customer
(if different from above) :

N/A

NATIONAL BANK OF CANADA

by :



Name : ERIC ST-CECILE

Title : DIRECTEUR DE COMPTES

by :

Name :

Title :

SCHEDULE "A"

SECURITIES

N/A

INTELLECTUAL PROPERTY

LIST OF TRADE-MARKSCANADA

<u>TRADE MARK</u>	<u>APPLICATION NO.</u>	<u>REGISTRATION NO.</u>
E-Projects	1,022,466	
Entreprise Portfolio Management	1,022,464	
EPM	1,022,465	
Managing Projects Step-by-Step	1,022,470	549,707
PMOffice & Design	1,022,471	
PMOffice	1,022,472	
Portfolio Viewer	1,022,469	
SystemCorp & Design	1,022,473	
SystemCorp	1,022,474	

UNITED STATES OF AMERICA

PMOffice	76,175,444
PMOffice	76,175,445
SystemCorp	76,175,443
SystemCorp	76,175,442

LIST OF COPYRIGHTS, PATENTS AND CONFIDENTIAL INFORMATION**Software**

ISO 9000 STEP BY STEP : A multimedia implementation training system for ISO AND QS-9000 registration and training.

TRACK AND FLOW 9000 : A quality management workflow system for managing quality records in manufacturing facilities.

MANAGING PROJECTS STEP BY STEP : A multimedia implementation training system for project management training based upon the PMI A Guide to the PMBOK.

NONCONFORMANCE QC : A quality system software which is workflow enabled designed to manage non-conformances within an enterprise.

CORRECTIVE ACTION QC : A workflow enabled quality system software designed to manage, track and record corrective actions within an enterprise.

QUALITY COMPONENTS : A workflow enabled quality system software designed to manage, track and record quality related records within an enterprise.

INTERACTIVE PmBOK : A management implementation software tool relating to the project management body of knowledge.

OFFICE CONTROL 9000 : A document management and control software.

PmOFFICE : An enterprise project management software.

Patents and Confidential information :

NIL

List of licenses :

E-Business Application Partner Software Licence Agreement with Actuate Corporation;

Seagates Software Information Management Group (Canada), inc. OEM License Agreement.

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