



4.5.02

Form PTO-1594 (Rev. 03/01) OMB No. 0651-0027 (exp. 5/31/2002) Tab settings

04-11-2002

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



102051263

original documents or copy thereof.

To the Honorable Commissioner of P

1. Name of conveying party(ies): Artel Video Systems, Inc.

- Individual(s), Association, General Partnership, Limited Partnership, Corporation-State DE, Other

Additional name(s) of conveying party(ies) attached? Yes No

3. Nature of conveyance:

- Assignment, Merger, Security Agreement, Change of Name, Other

Execution Date: March 28, 2002

2. Name and address of receiving party(ies)

Name: Silicon Valley Bank

Internal Address:

Street Address: 3003 Tasman Drive

City: Santa Clara State: CA Zip: 95054

Individual(s) citizenship

Association

General Partnership

Limited Partnership

Corporation-State CA

Other

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No (Designations must be a separate document from assignment) Additional name(s) & address(es) attached? Yes No

4. Application number(s) or registration number(s):

A. Trademark Application No.(s)

76/180,024 76/046,746

B. Trademark Registration No.(s)

Additional number(s) attached Yes No

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

Name: Christopher E. Kondracki

Internal Address:

Street Address: 2001 Jefferson Davis, Hwy.,

Suite 505

City: Arlington State: VA Zip: 22202

6. Total number of applications and registrations involved: 2

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

- Enclosed, Authorized to be charged to deposit account

8. Deposit account number:

(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Christopher E. Kondracki

Name of Person Signing

Signature

4/5/02

Date

Total number of pages including cover sheet, attachments, and document: 12

04/10/2002 DRYRNE 00000227 76180024

Mail documents to be recorded with required cover sheet information to: Commissioner of Patent & Trademarks, Box Assignments Washington, D.C. 20231

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

TRADEMARK REEL: 002480 FRAME: 0453



INTELLECTUAL PROPERTY SECURITY AGREEMENT

This Intellectual Property Security Agreement (this "IP Agreement") is made as of the 28th day of March, 2002, by and between ARTEL VIDEO SYSTEMS, INC., a Delaware corporation with offices at 237 Cedar Hill Street, Marlborough, Massachusetts ("Grantor"), and SILICON VALLEY BANK, a California banking corporation ("Lender").

RECITALS

A. Lender has made and continues to make advances of money and to extend certain financial accommodations to Grantor (collectively, the "Loan"), pursuant to a certain Loan and Security Agreement and a certain Export-Import Bank Loan and Security Agreement each of even date herewith between Grantor and Lender, as amended from time to time (collectively, as amended, the "Loan Agreement"). The Loan is secured pursuant to the terms of the Loan Agreement. Lender is willing to continue making certain financial accommodations to the Borrower, but only upon the condition, among others, that Grantor shall grant to Lender a security interest in certain Copyrights, Trademarks, Patents, and Mask Works to secure the obligations of Grantor under the Loan Agreement. Defined terms used but not defined herein shall have the same meanings as in the Loan Agreement.

B. Pursuant to the terms of the Loan Agreement, Grantor has granted to Lender a security interest in all of Grantor's right title and interest, whether presently existing or hereafter acquired in, to and under all of the Collateral (as defined therein).

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged and intending to be legally bound, as collateral security for the prompt and complete payment when due of Grantor's Indebtedness (as defined below), Grantor hereby represents, warrants, covenants and agrees as follows:

1. Grant of Security Interest. As collateral security for the prompt and complete payment and performance of all of Grantor's present or future indebtedness, obligations and liabilities to Lender (hereinafter, the "Indebtedness"), including, without limitation, under the Loan Agreement, Grantor hereby grants a security interest in all of Grantor's right, title and interest in, to and under its intellectual property collateral (all of which shall collectively be called the "Intellectual Property Collateral"), including, without limitation, the following:

(a) Any and all copyright rights, copyright applications, copyright registrations and like protections in each work or authorship and derivative work thereof, whether published or unpublished and whether or not the same also constitutes a trade secret, now or hereafter existing, created, acquired or held, including without limitation those set forth on EXHIBIT A attached hereto (collectively, the "Copyrights");

(b) Any and all trade secrets, and any and all intellectual property rights in computer software and computer software products now or hereafter existing, created, acquired or held;

(c) Any and all design rights which may be available to Grantor now or hereafter existing, created, acquired or held;

(d) All patents, patent applications and like protections including, without limitation, improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same, including without limitation the patents and patent applications set forth on EXHIBIT B attached hereto (collectively, the "Patents");

(e) Any trademark and servicemark rights, whether registered or not, applications to register and registrations of the same and like protections, and the entire goodwill of the business of Grantor connected with and symbolized by such trademarks, including without limitation those set forth on EXHIBIT C attached hereto (collectively, the "Trademarks");

(f) All mask works or similar rights available for the protection of semiconductor chips, now owned or hereafter acquired, including, without limitation those set forth on EXHIBIT D attached hereto

(collectively, the "Mask Works");

(g) Any and all claims for damages by way of past, present and future infringements of any of the rights included above, with the right, but not the obligation, to sue for and collect such damages for said use or infringement of the intellectual property rights identified above;

(h) All licenses or other rights to use any of the Copyrights, Patents, Trademarks, or Mask Works and all license fees and royalties arising from such use to the extent permitted by such license or rights, including, without limitation those set forth on **EXHIBIT E** attached hereto; and

(i) All amendments, extensions, renewals and extensions of any of the Copyrights, Trademarks, Patents, or Mask Works; and

(j) All proceeds and products of the foregoing, including without limitation all payments under insurance or any indemnity or warranty payable in respect of any of the foregoing.

2. Authorization and Request. Grantor authorizes and requests that the Register of Copyrights and the Commissioner of Patents and Trademarks record this IP Agreement.

3. Covenants and Warranties. Grantor represents, warrants, covenants and agrees as follows:

(a) Grantor is now the sole owner of the Intellectual Property Collateral, except for non-exclusive licenses granted by Grantor to its customers in the ordinary course of business.

(b) Performance of this IP Agreement does not conflict with or result in a breach of any IP Agreement to which Grantor is bound, except to the extent that certain intellectual property agreements prohibit the assignment of the rights thereunder to a third party without the licensor's or other party's consent and this IP Agreement constitutes a security interest.

(c) During the term of this IP Agreement, Grantor will not transfer or otherwise encumber any interest in the Intellectual Property Collateral, except for non-exclusive licenses granted by Grantor in the ordinary course of business or as set forth in this IP Agreement;

(d) To its knowledge, each of the Patents is valid and enforceable, and no part of the Intellectual Property Collateral has been judged invalid or unenforceable, in whole or in part, and no claim has been made that any part of the Intellectual Property Collateral violates the rights of any third party;

(e) Grantor shall promptly advise Lender of any material adverse change in the composition of the Collateral, including but not limited to any subsequent ownership right of the Grantor in or to any Trademark, Patent, Copyright, or Mask Work specified in this IP Agreement;

(f) Grantor shall (i) protect, defend and maintain the validity and enforceability of the Trademarks, Patents, Copyrights, and Mask Works, (ii) use its best efforts to detect infringements of the Trademarks, Patents, Copyrights, and Mask Works and promptly advise Lender in writing of material infringements detected and (iii) not allow any Trademarks, Patents, Copyrights, or Mask Works to be abandoned, forfeited or dedicated to the public without the written consent of Lender, which shall not be unreasonably withheld, unless Grantor determines that reasonable business practices suggest that abandonment is appropriate.

(g) Grantor shall, in its reasonable business discretion, promptly register the most recent version of any of Grantor's Copyrights, if not so already registered, and shall, from time to time, execute and file such other instruments, and take such further actions as Lender may reasonably request from time to time to perfect or continue the perfection of Lender's interest in the Intellectual Property Collateral;

(h) This IP Agreement creates, and in the case of after acquired Intellectual Property Collateral, this IP Agreement will create at the time Grantor first has rights in such after acquired Intellectual Property Collateral,

in favor of Lender a valid and perfected first priority security interest in the Intellectual Property Collateral in the United States securing the payment and performance of the obligations evidenced by the Loan Agreement upon making the filings referred to in clause (i) below;

(i) To its knowledge, except for, and upon, the filing with the United States Patent and Trademark office with respect to the Patents and Trademarks and the Register of Copyrights with respect to the Copyrights and Mask Works necessary to perfect the security interests created hereunder and except as has been already made or obtained, no authorization, approval or other action by, and no notice to or filing with, any U.S. governmental authority or U.S. regulatory body is required either (i) for the grant by Grantor of the security interest granted hereby or for the execution, delivery or performance of this IP Agreement by Grantor in the U.S. or (ii) for the perfection in the United States or the exercise by Lender of its rights and remedies thereunder;

(j) All information heretofore, herein or hereafter supplied to Lender by or on behalf of Grantor with respect to the Intellectual Property Collateral is accurate and complete in all material respects.

(k) Grantor shall not enter into any agreement that would materially impair or conflict with Grantor's obligations hereunder without Lender's prior written consent, which consent shall not be unreasonably withheld. Grantor shall not permit the inclusion in any material contract to which it becomes a party of any provisions that could or might in any way prevent the creation of a security interest in Grantor's rights and interest in any property included within the definition of the Intellectual Property Collateral acquired under such contracts, except that certain contracts may contain anti-assignment or negative pledge provisions that could in effect prohibit the creation of a security interest in such contracts or the intellectual property subject thereto.

(l) Upon any executive officer of Grantor obtaining actual knowledge thereof, Grantor will promptly notify Lender in writing of any event that materially adversely affects the value of any material Intellectual Property Collateral, the ability of Grantor to dispose of any material Intellectual Property Collateral of the rights and remedies of Lender in relation thereto, including the levy of any legal process against any of the Intellectual Property Collateral.

4. Lender's Rights. Lender shall have the right, but not the obligation, to take, at Grantor's sole expense, any actions that Grantor is required under this IP Agreement to take but which Grantor fails to take, after fifteen (15) days' notice to Grantor. Grantor shall reimburse and indemnify Lender for all reasonable costs and reasonable expenses incurred in the reasonable exercise of its rights under this section 4.

5. Inspection Rights. Grantor hereby grants to Lender and its employees, representatives and agents the right to visit, during reasonable hours during Grantor's regular business hours upon prior reasonable written notice to Grantor, any of Grantor's plants and facilities that manufacture, install or store products (or that have done so during the prior six-month period) that are sold utilizing any of the Intellectual Property Collateral, and to inspect the products and quality control records relating thereto upon reasonable written notice to Grantor and as often as may be reasonably requested, but not more than once in every six (6) months; provided, however, nothing herein shall entitle Lender access to Grantor's trade secrets and other proprietary information.

6. Further Assurances; Attorney in Fact.

(a) On a continuing basis, Grantor will, subject to any prior licenses, encumbrances and restrictions and prospective licenses, make, execute, acknowledge and deliver, and file and record in the proper filing and recording places in the United States, all such instruments, including appropriate financing and continuation statements and collateral agreements and filings with the United States Patent and Trademarks Office and the Register of Copyrights, and take all such action as may reasonably be deemed necessary or advisable, or as requested by Lender, to perfect Lender's security interest in all Copyrights, Patents, Trademarks, and Mask Works and otherwise to carry out the intent and purposes of this IP Agreement, or for assuring and confirming to Lender the grant or perfection of a security interest in all Intellectual Property Collateral.

(b) Grantor hereby irrevocably appoints Lender as Grantor's attorney-in-fact, with full authority in the place and stead of Grantor and in the name of Grantor, Lender or otherwise, from time to time in Lender's discretion,

upon Grantor's failure or inability to do so, to take any action and to execute any instrument which Lender may deem necessary or advisable to accomplish the purposes of this IP Agreement, including:

(i) To modify, in its sole discretion, this IP Agreement without first obtaining Grantor's approval of or signature to such modification by amending Exhibit A, Exhibit B, Exhibit C, and Exhibit D hereof, as appropriate, to include reference to any right, title or interest in any Copyrights, Patents, Trademarks or Mask Works acquired by Grantor after the execution hereof or to delete any reference to any right, title or interest in any Copyrights, Patents, Trademarks, or Mask Works in which Grantor no longer has or claims any right, title or interest; and

(ii) To file, in its sole discretion, one or more financing or continuation statements and amendments thereto, relative to any of the Intellectual Property Collateral without the signature of Grantor where permitted by law.

7. Events of Default. The occurrence of any of the following shall constitute an Event of Default under this IP Agreement:

(a) An Event of Default occurs under the Loan Agreement; or any document from Grantor to Lender; or

(b) Grantor breaches any warranty or agreement made by Grantor in this IP Agreement (subject to cure periods comparable to those provided in the Loan Agreement).

8. Remedies. Upon the occurrence and continuance of an Event of Default, Lender shall have the right to exercise in accordance with applicable law all the remedies of a secured party under the Massachusetts Uniform Commercial Code, including without limitation the right to require Grantor to assemble the Intellectual Property Collateral and any tangible property in which Lender has a security interest and to make it available to Lender at a place designated by Lender. Lender shall have a nonexclusive, royalty free license to use the Copyrights, Patents, Trademarks, and Mask Works to the extent reasonably necessary to permit Lender to exercise its rights and remedies upon the occurrence of an Event of Default. Grantor will pay any expenses (including reasonable attorney's fees) incurred by Lender in connection with the exercise of any of Lender's rights hereunder, including without limitation any expense incurred in disposing of the Intellectual Property Collateral. All of Lender's rights and remedies with respect to the Intellectual Property Collateral shall be cumulative.

9. Indemnity. Grantor agrees to defend, indemnify and hold harmless Lender and its officers, employees, and agents against: (a) all obligations, demands, claims, and liabilities claimed or asserted by any other party in connection with the transactions contemplated by this IP Agreement, and (b) all losses or expenses in any way suffered, incurred, or paid by Lender as a result of or in any way arising out of, following or consequential to transactions between Lender and Grantor, whether under this IP Agreement or otherwise (including without limitation, reasonable attorneys fees and reasonable expenses), except for losses arising from or out of Lender's gross negligence or willful misconduct.

10. Termination. At such time as Grantor shall completely satisfy all of the obligations secured hereunder, Lender shall execute and deliver to Grantor, and Grantor is authorized to record or file, all terminations, discharges, releases, assignments, and other instruments as may be necessary or proper or reasonably requested by Grantor to evidence such satisfaction and terminate the security interests created by this IP Agreement.

11. Course of Dealing. No course of dealing, nor any failure to exercise, nor any delay in exercising any right, power or privilege hereunder shall operate as a waiver thereof.

12. Attorneys' Fees. If any action relating to this IP Agreement is brought by either party hereto against the other party, the prevailing party shall be entitled to recover reasonable attorneys fees, costs and disbursements.

13. Amendments. This IP Agreement may be amended only by a written instrument signed by both parties hereto.

14. Counterparts. This IP Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute the same instrument.

15. Law and Jurisdiction. This IP Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts. GRANTOR ACCEPTS FOR ITSELF AND IN CONNECTION WITH ITS PROPERTIES, UNCONDITIONALLY, THE NON-EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE COMMONWEALTH OF MASSACHUSETTS IN ANY ACTION, SUIT, OR PROCEEDING OF ANY KIND, AGAINST IT WHICH ARISES OUT OF OR BY REASON OF THIS AGREEMENT; PROVIDED, HOWEVER, THAT IF FOR ANY REASON LENDER CANNOT AVAIL ITSELF OF THE COURTS OF THE COMMONWEALTH OF MASSACHUSETTS, GRANTOR ACCEPTS JURISDICTION OF THE COURTS AND VENUE IN SANTA CLARA COUNTY, CALIFORNIA.

GRANTOR AND LENDER EACH HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF ANY OF THE LOAN DOCUMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED THEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. EACH PARTY RECOGNIZES AND AGREES THAT THE FOREGOING WAIVER CONSTITUTES A MATERIAL INDUCEMENT FOR IT TO ENTER INTO THIS AGREEMENT. EACH PARTY REPRESENTS AND WARRANTS THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL.

16. Confidentiality. In handling any confidential information, Lender shall exercise the same degree of care that it exercises for its own proprietary information, but disclosure of information may be made: (i) to Lender's subsidiaries or affiliates in connection with their present or prospective business relations with Borrower; (ii) to prospective transferees or purchasers of any interest in the Loans; (iii) as required by law, regulation, subpoena, or other order, (iv) as required in connection with Lender's examination or audit; and (v) as Lender considers appropriate in exercising remedies under this Agreement. Confidential information does not include information that either: (a) is in the public domain or in Lender's possession when disclosed to Lender, or becomes part of the public domain after disclosure to Lender; or (b) is disclosed to Lender by a third party, if Lender does not know that the third party is prohibited from disclosing the information.

EXECUTED as a sealed instrument under the laws of the Commonwealth of Massachusetts on the day and year first written above.

Address of Grantor:

237 Cedar Hill Street

Marlborough, MA

GRANTOR:

ARTEL VIDEO SYSTEMS, INC.

By: Harold E. Chamley

Name: Harold E. Chamley

Title: President / CEO

693693.2

EXHIBIT "A"

COPYRIGHTS

SCHEDULE A – ISSUED COPYRIGHTS

| <u>Copyright Description</u> | <u>Registration Number</u> | <u>Date of Issuance</u> |
|------------------------------|----------------------------|-------------------------|
|------------------------------|----------------------------|-------------------------|

SCHEDULE B – PENDING TRADEMARK APPLICATIONS

| <u>Trademark</u> | <u>Application Number</u> | <u>Date of Filing</u> | <u>Date of First Use</u> |
|---------------------------|----------------------------|-----------------------|--------------------------|
| ARTEL -- | Germany – 30128630.2/9 | Aug. 29, 1997 | |
| | United Kingdom 2,273,620 | Aug. 29, 1997 | |
| ETHERTV | China – 2001101540 | June 14, 2001 | |
| | EU – 2,252,971 | June 11, 2001 | |
| ETHERTV (and Design) | Canada – 1,106,125 | June 11, 2001 | |
| | Japan – 2001-053133 | June 12, 2001 | |
| VIDEOSTORM (and Design) | Australia – 879,165 | June 14, 2001 | |
| | Canada – 1,106,126 | June 11, 2001 | |
| | China – 2001100792 | June 13, 2001 | |
| | EU – 2,253,268 | June 11, 2001 | |
| | Japan – 2001-053132 | June 12, 2001 | |
| | United States – 76/180,024 | Dec. 13, 2000 | |
| CROSS STREAM (and Design) | Australia – 856,534 | Nov. 9, 2000 | |
| | Canada – 1,082,309 | Nov. 9, 2000 | |
| | China – 2000/175,270 | Nov. 13, 2000 | |
| | EU – 1,947,100 | Nov. 9, 2000 | |
| | US – 76/046,746 | May 11, 2000 | |

The Company is aware that its European Community Trade Mark application for ARTEL was opposed by two Spanish companies who claim rights in the mark ARTEL and Design and AIRTEL, respectively. Both opponents apparently only claim trademark rights in Spain. The dispute involving ARTEL and Design has been resolved in the Company's favor. Airtel Movil, S.A. was successful in its opposition proceeding against the Company's ARTEL application.

The Company did not appeal this decision. Instead, it converted its European Community Trademark application for ARTEL to national applications for the mark in France, Germany and the United Kingdom. The French application has registered, and the German and U.K. applications are currently pending, with the following serial numbers:

Germany: Application Serial No. 3012860.279

United Kingdom: Application Serial No. 2,273,620

SCHEDULE C – UNREGISTERED COPYRIGHTS (Where No Copyright Application is Pending)

| <u>Copyright Description</u> | <u>Date of Creation</u> | <u>First Date of Distribution</u> | <u>Date and Recordation Number of IP Agreement with Owner or Original Grantor if Author or Owner of Copyright is Different from Grantor</u> | <u>Original Author or Owner of Copyright is Different ROM Grantor</u> |
|------------------------------|-------------------------|-----------------------------------|---|---|
| SL – 2000 | | | | |
| SL – 3000 | | | | |
| SL – 4000 | | | | |
| DigiLink | | | | |
| MegaLink | | | | |
| Mega Cell | | | | |
| RGB – 100 | | | | |
| Vista270 | | | | |
| SC – 2 | | | | |
| SC – 3 | | | | |
| EMC | | | | |
| 300 Series Format Converters | | | | |

EXHIBIT "B"

PATENTS

| <u>Patent Description</u> | <u>Docket No.</u> | <u>Country</u> | <u>Serial No.</u> | <u>Filing Date</u> | <u>Status</u> |
|--|-------------------|----------------|-------------------|--------------------|-------------------|
| "Communication Network Including Tie Bus with Inherent or Device Between Two Tie Bus Conductors" | | US | 5,416,474 | Issued – 5/16/95 | Expired – 5/16/99 |
| "Switching" | | US | 60/195/850 | 4/7/00 | Expired |
| "Switching" | | US | 09/814,453 | 3/22/01 | Pending |
| "Transmitting MPEG Data Packets Received From a Non-Constant Delay Network" | | WIPO | PCT-US01-09861 | 3/27/01 | Published |

EXHIBIT "C"

REGISTERED TRADEMARKS

| <u>Trademark Description</u> | <u>Country</u> | <u>Filing Date</u> | <u>Reg. No.</u> |
|------------------------------|----------------|--------------------|-----------------|
| ARTEL | Canada | July 28, 1999 | 513,534 |
| ARTEL | China | Feb. 7, 1999 | 1,244,916 |
| ARTEL | France | Aug. 28 1997 | 13,116,647 |
| CROSS STREAM | Japan | Nov. 13, 2000 | 4,475,423 |

EXHIBIT "D"

MASK WORKS

| <u>Mask Work Description</u> | <u>Country</u> | <u>Serial No.</u> | <u>Reg. No.</u> | <u>Status</u> |
|------------------------------|----------------|-------------------|-----------------|---------------|
| None | | | | |

EXHIBIT "E"

LICENSES

1. The Company is a party to an Asset Purchase Agreement dated as of January 22, 1999 between Utah Comtek Video, L.L.C. ("Comtek") and the Company pursuant to which Comtek acquired the assets of the Company's AVS product line in exchange for accepting the warranty support obligations of these products. Pursuant to this agreement, the Company has maintained an unconditional license to the transferred assets.

2. The Company is a party to an Asset Purchase Agreement dated as of March 6, 2000 between Comtek and the Company (the "Second Comtek Agreement") pursuant to which Comtek acquired certain assets related to the design, manufacture and marketing of routing and master control switchers for the video market in exchange for cash. Pursuant to the Second Comtek Agreement, Comtek granted the Company reasonable use of the Utah Facility to permit the Company to design and develop a UUNET to Ethernet interface device in connection with then contractual obligations with Lucent Technologies, Inc. and the Company granted Comtek a non-exclusive, perpetual, royalty-free license to manufacture, copy, duplicate or otherwise use any of the Company's intellectual property in the router and/or derivative works resulting from the Lucent Project.