

07-02-2002



102142505

ET

To the Honorable Commissioner of Patents and

record the attached original documents or copy thereof.

1. Name of conveying party(ies): **TOOLZ LIMITED** *06/07/02*
Unit 6-10, 28F Modern Warehouse
6 Shing Yip St. Kwun Hing, Kowloon
Hong Kong, SAR

Individuals(s) Association
 General Partnership Limited Partnership
 Corporation-Country **HONG KONG**
 Other _____

2. Name and address of receiving party(ies)
Name: **WELLS FARGO BUSINESS CREDIT, INC.**
Internal Address:
Street Address: **245 S. Los Robles Avenue, Suite 600**
City: **Pasadena** State: **CA** ZIP: **91101**

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

3. Nature of conveyance:

Assignment Merger
 Security Agreement Change of Name
 Other _____

Execution Date: **May 23, 2002**

Individual(s) citizenship _____
 Association _____
 General Partnership _____
 Limited Partnership _____
 Corporation-State **Minnesota**
 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 trademark number(s):
A. Trademark Application No.(s)
ROBODETECTOR (Serial No. 75/748,428)

B. Trademark Registration No.(s)
PLUMB-BARBARA(Reg. No. 2,026,503)

Additional numbers attached? Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:
Mr. Michael Wright
Name: **Buchalter, Nemer, Fields & Younger**
Internal Address: _____

Street Address: **601 South Figueroa Street, 24th Floor**
City: **Los Angeles** State: **California** ZIP: **90017**

6. Total number of applications and registrations involved: 13

7. Total fee (37 CFR 3.41) \$ 340.00
 Enclosed
 Authorized to be charged to deposit account

8. Deposit account number:
20-0050-

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

07/01/2002 BYRHE 00000178 200052 75748428

01 FC:481 40.00 CH
02 FC:482 300.00 CH

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.

MR. MICHAEL WRIGHT *[Signature]*
Name of Person Signing _____ Signature _____

June 4, 2002 Date

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

Mark	Country	Category	Goods and/or Services	Application or Serial No.	Status	Filing Date	Publish Date	Reg. Date	Reg. No.
PLUMB-BARBARA	US	009-Elec & Sci App	Plumb bob for determining orientation with respect to gravity	74/695,545	Level/Registered	6/30/95	3/9/96	12/31/96	2,026,503
ROBODETECTOR	US	009-Elec & Sci App	Laser beam sensor	75/748,428	Level/Opposed	7/12/99	4/25/00		
ROBOFIND	US	009-Elec & Sci App	Stud sensor	75/748,427	Level/Opposed	7/12/99	3/7/00		
ROBOLASER	US	009-Elec & Sci App	Surveying apparatus, namely, an alignment tool using a laser for determining elevation levels	75/122,673	Level/Registered	6/20/96	5/13/97	3/9/99	2,231,068
ROBOLEVEL	US	009-Elec & Sci App	Electronic measuring and surveying tools, namely, an electronic level for use in ascertaining whether a surface is horizontal	75/706,746	Level/Opposed	5/14/99	9/5/00		
ROBOPOD	US	009-Elec & Sci App	Tripod for mounting surveying equipment	75/847,277	Level/Published	11/12/99	10/24/00		
ROBOSQUARE	US	009-Elec & Sci App	Electronic measuring and surveying tools, namely, an electronic square for use in measuring or determining orthogonality	75/706,745	Level/Registered	5/14/99	8/22/00	1/15/02	2,530,333

Mark	Country	Category	Goods and/or Services	Application or Serial No.	Status	Filing Date	Publish Date	Reg. Date	Reg. No.
ROBOTAPE	US	009-Elec & Sci App	Electronic measuring and surveying tools, namely electronic range finder	75/764,037	Live/ Opposed	7/30/99	6/13/00		
ROBOTOOLS	US	009-Elec & Sci App	Electronic measuring and surveying tools in the nature of an electronic level, plumb bob and/or carpenter square, which incorporates lasers and micro-processors that provide reference lines and/or marks and/or that perform various measurements and mathematical functions and/or calculations for use in surveying	75/706,558	Live/ Pending	5/14/99			
ROBOTOOLZ	US	009-Elec & Sci App	Electronic measuring and surveying tools	75/742,501	Live/ Pending	7/2/99			
ROBOVECTOR	US	009-Elec & Sci App	Electronic measuring and surveying tools, namely electronic level	75/764,268	Live/ Opposed	7/30/99	6/13/00		
TOOLZ (and Design)	US	009-Elec & Sci App	Design plus words, letters, and/or numbers	74/733,007	Live/ Registered	9/22/95	3/18/97	3/17/98	2,145,017
THE TRUE MEASURE OF A PROFESSIONAL	US	009-Elec & Sci App	Electronic measuring and surveying devices	76/204,459	Live/ Pending	2/2/01			

PATENT AND TRADEMARK SECURITY AGREEMENT

This Agreement, dated as of May 23, 2002, is made by and between TOOLZ LIMITED., a corporation organized under the laws of Hong Kong, having a business location at the address set forth below next to its signature (the "Debtor"), and Wells Fargo Business Credit, Inc., a Minnesota corporation having a business location at the address set forth below next to its signature (the "Secured Party").

Recitals

Pursuant to a Credit and Security Agreement of even date herewith (as the same may hereafter be amended, supplemented or restated from time to time, the "Credit Agreement"), Secured Party may now or hereafter extend credit accommodations to TLZ, INC., a California corporation ("Borrower").

As a condition to extending credit to or for the account of Borrower under the Credit Agreement, the Secured Party has required the execution and delivery by Debtor of that certain Continuing Guaranty, of even date herewith, whereby Debtor guarantees the payment and performance of all obligations of the Borrower arising under or pursuant to the Credit Agreement (the "Guaranty").

As a further condition to extending credit to the Borrower and the Credit Agreement, the Secured Party has required the execution and delivery of this Agreement by Debtor.

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

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

"Obligations" means each and every debt, liability and obligation of every type and description arising under or in connection with any Loan Document (as defined in the Credit Agreement) which the Debtor may now or at any time hereafter owe to the Secured Party, whether such debt, liability or obligation now exists or is hereafter created or incurred and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, independent, joint, several or joint and several, and including specifically, but not limited to, all obligations under the Guaranty.

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

"Security Interest" has the meaning given in Section 2.

“Trademarks” means all of the Debtor’s right, title and interest in and to: (i) trademarks, service marks, collective membership marks, registrations and applications for registration for each, and the respective goodwill associated with each, (ii) licenses, fees or royalties with respect to each, (iii) the right to sue for past, present and future infringement, dilution and damages therefor, (iv) and licenses thereunder, all as presently existing or hereafter arising or acquired, including, without limitation, the marks listed on Exhibit B.

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

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

(a) ***Existence; Authority.*** The Debtor is a corporation duly organized, validly existing and in good standing under the laws of Hong Kong, and this Agreement has been duly and validly authorized by all necessary corporate action on the part of the Debtor.

(b) ***Patents.*** Exhibit A accurately lists all Patents owned or controlled by the Debtor as of the date hereof, or to which the Debtor has a right as of the date hereof to have assigned to it, and accurately reflects the existence and status of applications and letters patent pertaining to the Patents as of the date hereof. If after the date hereof, the Debtor owns, controls or has a right to have assigned to it any Patents not listed on Exhibit A, or if Exhibit A ceases to accurately reflect the existence and status of applications and letters patent pertaining to the Patents, then the Debtor shall within 60 days provide written notice to the Secured Party with a replacement Exhibit A, which upon acceptance by the Secured Party shall become part of this Agreement.

(c) ***Trademarks.*** Exhibit B accurately lists all Trademarks owned or controlled by the Debtor as of the date hereof and accurately reflects the existence and status of Trademarks and all applications and registrations pertaining thereto as of the date hereof; provided, however, that Exhibit B need not list common law marks (i.e., Trademarks for which there are no applications or registrations) which are not material to the Debtor’s or any Affiliate’s business(es). If after the date hereof, the Debtor owns or controls any Trademarks not listed on Exhibit B (other than common law marks which are not material to the Debtor’s or any Affiliate’s business(es)), or if Exhibit B ceases to accurately reflect the existence and status of applications and registrations pertaining to the Trademarks, then the Debtor shall promptly provide written notice to the Secured Party with a replacement Exhibit B, which upon acceptance by the Secured Party shall become part of this Agreement.

(d) ***Affiliates.*** As of the date hereof, no Affiliate owns, controls, or has a right to have assigned to it any items that would, if such item were owned by the Debtor, constitute Patents or Trademarks. If after the date hereof any Affiliate owns, controls, or has a right to have assigned to it any such items, then the Debtor shall promptly either: (i) cause such Affiliate to assign all of its rights in such item(s) to the Debtor; or (ii) notify the Secured Party of such

item(s) and cause such Affiliate to execute and deliver to the Secured Party a patent and trademark security agreement substantially in the form of this Agreement.

(e) **Title.** The Debtor has absolute title to each Patent and each Trademark listed on Exhibits A and B, free and clear of all Liens except Permitted Liens. The Debtor (i) will have, at the time the Debtor acquires any rights in Patents or Trademarks hereafter arising, absolute title to each such Patent or Trademark free and clear of all Liens except Permitted Liens, and (ii) will keep all Patents and Trademarks free and clear of all Liens except Permitted Liens.

(f) **No Sale.** Except as permitted in the Credit Agreement, the Debtor will not assign, transfer, encumber or otherwise dispose of the Patents or Trademarks, or any interest therein, without the Secured Party's prior written consent.

(g) **Defense.** The Debtor will at its own expense and using commercially reasonable efforts, protect and defend the Patents and Trademarks against all claims or demands of all Persons other than those holding Permitted Liens.

(h) **Maintenance.** The Debtor will at its own expense maintain the Patents and the Trademarks to the extent reasonably advisable in its business including, but not limited to, filing all applications to obtain letters patent or trademark registrations and all affidavits, maintenance fees, annuities, and renewals possible with respect to letters patent, trademark registrations and applications therefor. The Debtor covenants that it will not abandon nor fail to pay any maintenance fee or annuity due and payable on any Patent or Trademark, nor fail to file any required affidavit or renewal in support thereof, without first providing the Secured Party: (i) sufficient written notice, of at least 30 days, to allow the Secured Party to timely pay any such maintenance fees or annuities which may become due on any Patents or Trademarks, or to file any affidavit or renewal with respect thereto, and (ii) a separate written power of attorney or other authorization to pay such maintenance fees or annuities, or to file such affidavit or renewal, should such be necessary or desirable.

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

(j) **Costs and Expenses.** Except to the extent that the effect of such payment would be to render any loan or forbearance of money usurious or otherwise illegal under any applicable law, the Debtor shall pay the Secured Party on demand the amount of all moneys

expended and all costs and expenses (including reasonable attorneys' fees and disbursements) incurred by the Secured Party in connection with or as a result of the Secured Party's taking action under subsection (i) or exercising its rights under Section 6, together with interest thereon from the date expended or incurred by the Secured Party at the Default Rate.

(k) ***Power of Attorney.*** To facilitate the Secured Party's taking action under subsection (i) and exercising its rights under Section 6, the Debtor hereby irrevocably appoints (which appointment is coupled with an interest) the Secured Party, or its delegate, as the attorney-in-fact of the Debtor with the right (but not the duty) from time to time to create, prepare, complete, execute, deliver, endorse or file, in the name and on behalf of the Debtor, any and all instruments, documents, applications, financing statements, and other agreements and writings required to be obtained, executed, delivered or endorsed by the Debtor under this Section 3, or, necessary for the Secured Party, after an Event of Default, to enforce or use the Patents or Trademarks or to grant or issue any exclusive or non-exclusive license under the Patents or Trademarks to any third party, or to sell, assign, transfer, pledge, encumber or otherwise transfer title in or dispose of the Patents or Trademarks to any third party. The Debtor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. The power of attorney granted herein shall terminate upon the termination of the Credit Agreement as provided therein and the payment and performance of all Obligations.

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

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

6. **Remedies.** Upon the occurrence of an Event of Default and at any time thereafter, the Secured Party may, at its option, take any or all of the following actions:

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

(b) The Secured Party may sell, assign, transfer, pledge, encumber or otherwise dispose of the Patents and Trademarks.

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

7. Miscellaneous. This Agreement can be waived, modified, amended, terminated or discharged, and the Security Interest can be released, only explicitly in a writing signed by the Secured Party. A waiver signed by the Secured Party shall be effective only in the specific instance and for the specific purpose given. Mere delay or failure to act shall not preclude the exercise or enforcement of any of the Secured Party's rights or remedies. All rights and remedies of the Secured Party shall be cumulative and may be exercised singularly or concurrently, at the Secured Party's option, and the exercise or enforcement of any one such right or remedy shall neither be a condition to nor bar the exercise or enforcement of any other. All notices to be given to Debtor under this Agreement shall be given in the manner and with the effect provided in the Credit Agreement. The Secured Party shall not be obligated to preserve any rights the Debtor may have against prior parties, to realize on the Patents and Trademarks at all or in any particular manner or order, or to apply any cash proceeds of Patents and Trademarks in any particular order of application. This Agreement shall be binding upon and inure to the benefit of the Debtor and the Secured Party and their respective participants, successors and assigns and shall take effect when signed by the Debtor and delivered to the Secured Party, and the Debtor waives notice of the Secured Party's acceptance hereof. The Secured Party may execute this Agreement if appropriate for the purpose of filing, but the failure of the Secured Party to execute this Agreement shall not affect or impair the validity or effectiveness of this Agreement. A carbon, photographic or other reproduction of this Agreement or of any financing statement signed by the Debtor shall have the same force and effect as the original for all purposes of a financing statement. This Agreement shall be governed by the internal law of California without regard to conflicts of law provisions. If any provision or application of this Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications which can be given effect and this Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby. All representations and warranties contained in this Agreement shall survive the execution, delivery and performance of this Agreement and the creation and payment of the Obligations.

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

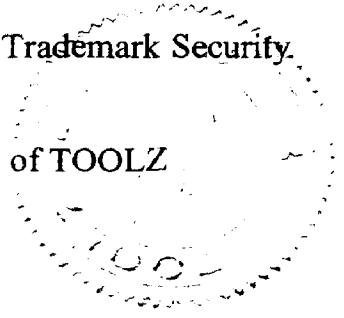
IN WITNESS WHEREOF, the parties have executed this Patent and Trademark Security Agreement as a deed as of the date written above.

Toolz Limited

William Kaiser
UNIT 6-10, 28/F
MODERN WAREHOUSE
6 Shing Yip St.
KWUN HANG, KOWLOON
HONG KONG SAR

Wells Fargo Business Credit, Inc.
245 S. Los Robles Avenue, Suite 600
Pasadena, California 91101
Telecopier: (626) 844-9063
Attention: Ron Fulop
e-mail: fuloprd@wellsfargo.com

Sealed with the Common Seal of TOOLZ LIMITED in the presence of:



By: William Kaiser
Name: WILLIAM F. KAISER
Its: CFO

WELLS FARGO BUSINESS CREDIT, INC.

By: Ron Fulop
Ron Fulop, Vice President

EXHIBIT A**Patents****U.S. Patents Issued:**

<u>Project Name</u>	<u>Patent Title</u>	<u>Patent No.</u>	<u>Issue Date</u>
RoboLaser	Gravity oriented laser scanner	5,680,208	10/21/1997
RoboPod	Remotely positionable gravity oriented laser	5,903,345	5/11/1999
Plumb-Barbara	Asymmetrical plumb bob and method	5,720,112	2/24/1998
Plumb-Barbara	Plumb bob design patent	D 377,544	1/21/1997

U.S. Patents Pending:

<u>Project Name</u>	<u>Patent Title</u>	<u>Appl. No.</u>	<u>File Date</u>
Level w/A&D	Level with angle and distance measurement apparatus	09/247,750	2/9/1999
Bubble Vials	Method and apparatus for securing and aligning bubble vials	09/858,710	5/16/2001
Tools w/OD	Tools with orientation detection	10/081,865	2/22/2002
DTOADL	Detecting tool orientation, alignment, depth & leveling	10/081,866	2/22/2002
RoboLaser2	Laser alignment device providing multiple references	09/928,244	8/10/2001
Quad Mirror	Self-leveling penta laser beam device	09/571,482	5/16/2000
RoboApi	Servo-controlled automatic level & plumb tool	10/004,694	12/4/01

U.S. Provisional Patents Pending:

<u>Project Name</u>	<u>Patent Title</u>	<u>Appl. No.</u>	<u>File Date</u>
RoboTape	Laser range finding system	TBD	4/15/2002

Foreign Patents Issued: None

Foreign Patents Pending:

<u>Project Name</u>	<u>Patent Title</u>	<u>Appl. No.</u>	<u>File Date</u>
RoboLaser	Gravity oriented laser scanner	EP 97903914.6 JP 9-526975	1/23/1999
RoboPod	Remotely positionable gravity oriented laser	EP 97908658.4 JP 11-504647	6/15/1998
Bubble Vials	Method and apparatus for securing and aligning bubble vials	EP 01937410.7	5/16/2001
Quad Mirror	Self-leveling penta laser beam device	EP 936037.1	5/17/2000
Tools w/OD	Tools with orientation detection	PCT/US02/05065	2/22/2002
DTOADL	Detecting tool orientation, alignment, depth & leveling	PCT/US02/05066	2/22/2002