

08-28-2002

Form PTO-1594

(Rev. 03/01)

OMB No. 0651-0027 (exp. 5/31/2002)

REC



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

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102204025

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

1. Name of conveying party(ies):
Class Integrated Quality, Inc.
8-22-02

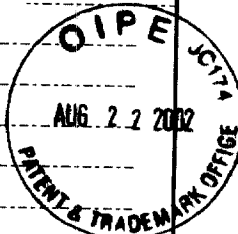
Individuals Association
 General Partnership Limited Partnership
 Corporation-Delaware
 Other

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

2. Name and address of receiving party(ies)
Name: **Core Capital Partners, L.P.**
Internal
Address: **Suite A**
Street Address: **1500 Shallcross Ave.**
City: **Wilmington** State: **DE** Zip: **19806**

Individual(s) citizenship
 Association
 General Partnership
 Limited Partnership **Delaware**
 Corporation-State
 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



3. Nature of conveyance:
 Assignment Merger
 Security Agreement Change of Name
 Other

Execution Date: **August 14, 2002**

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

A. Trademark Application No.(s)

B. Trademark Registration No.(s)
2225115; 2233378

Additional numbers attached? Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:
Name: **Barbara P. Smiley**
Internal Address:
Cooley Godward LLP
Street Address: **11951 Freedom Drive**
City: **Reston** State: **VA** Zip: **20190**

6. Total number of applications and trademarks 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.

Barbara P. Smiley *Barbara P. Smiley* **August 22, 2002**
Name of Person Signing Signature Date

Total number of pages including cover sheet, attachments, and documents: **15**

08/27/2002 03:41:01 03600149 2225115
01 143735 v1/RE 40.00 00
01 32WN011.DOC 25.00 00

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

TRADEMARK
REEL: 002570 FRAME: 0565

INTELLECTUAL PROPERTY SECURITY AGREEMENT

THIS INTELLECTUAL PROPERTY SECURITY AGREEMENT is entered into as of August 14, 2002 by and between CORE CAPITAL PARTNERS, L.P. (in its capacity as collateral agent on behalf of itself and each of the Lenders identified on Schedule I hereto, the "*Collateral Agent*") and CLASS INTEGRATED QUALITY, INC., a Delaware corporation ("*Grantor*").

RECITALS

A. Lenders have agreed to make certain advances of money and to extend certain financial accommodation to Grantor (the "*Loans*") in the amounts and manner set forth in that certain Note and Warrant Purchase Agreement by and between Lenders and Grantor dated of even date herewith (as the same may be amended, modified or supplemented from time to time, the "*Note Purchase Agreement*"; capitalized terms used but not otherwise defined herein are used as defined in the Note Purchase Agreement).

B. Lenders are willing to extend and to continue to extend financial accommodations to Grantor, but only upon the condition, among others, that Grantor shall grant to Collateral Agent, for the benefit of Lenders, 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 Intellectual Property Collateral (as defined below) to secure the obligations of Grantor under the Note Purchase Agreement and the other agreements, instruments and documents delivered in connection therewith (collectively, the "*Note Documents*").

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 its obligations under the Note Documents, Grantor hereby represents, warrants, covenants and agrees as follows:

AGREEMENT

1. Definitions.

1.1 "*Copyrights*" means 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.

1.2 "*Intellectual Property Collateral*" means all of Grantor's right, title, and interest in and to the following:

(a) Copyrights, Trademarks and Patents;

(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) Any and all claims for damages by way of past, present and future infringement 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;

(e) All licenses or other rights to use any of the Copyrights, Patents or Trademarks, and all license fees and royalties arising from such use to the extent permitted by such license or rights;

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

(g) 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.

1.3 “*Patents*” means all patents, patent applications and like protections including without limitation improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same.

1.4 “*Trademarks*” means 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.

2. Grant of Security Interest.

2.1 To secure its obligations under the Note Documents, Grantor grants and pledges to Collateral Agent a security interest in all of Grantor’s right, title and interest in, to and under its Intellectual Property Collateral (including without limitation those Copyrights, Patents and Trademarks listed on Schedules A, B and C hereto), and including without limitation all proceeds thereof (such as, by way of example but not by way of limitation, license royalties and proceeds of infringement suits), the right to sue for past, present and future infringements, all rights corresponding thereto throughout the world and all re-issues, divisions continuations, renewals, extensions and continuations-in-part thereof.

3. Events of Default.

3.1 Each “*Event of Default*” under the Note Documents shall be an Event of Default hereunder, and are hereby incorporated herein by reference.

4. Rights and Remedies.

4.1 The rights and remedies of Collateral Agent with respect to the security interest granted hereby are in addition to those set forth in the Note Purchase Agreement and the other Note Documents, and those which are now or hereafter available to Collateral Agent as a matter of law or equity. Each right, power and remedy of Collateral Agent provided for herein or in the Note Purchase Agreement or any of the Note Documents, or now or hereafter existing at law or in equity shall be cumulative and concurrent and shall be in addition to every right, power or remedy provided for herein and the exercise by Collateral Agent of any one or more of the rights,

powers or remedies provided for in this Intellectual Property Security Agreement, the Note Purchase Agreement or any of the other Note Documents, or now or hereafter existing at law or in equity, shall not preclude the simultaneous or later exercise by any person, including Collateral Agent, of any or all other rights, powers or remedies.

5. Representations and Warranties.

5.1 Grantor represents and warrants that Exhibits A, B, and C attached hereto set forth any and all intellectual property rights in connection to which Grantor has registered or filed an application with either the United States Patent and Trademark Office or the United States Copyright Office, as applicable.

5.2 Except for licenses granted by Grantor to its customers in the ordinary course of business as set forth in the Schedule II attached hereto, Grantor is the sole owner of the Intellectual Property Collateral. Each of the Copyrights, Trademarks and 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 except to the extent such claim could not reasonably be expected to cause (i) a material adverse change to Grantor's business, (ii) a material impairment of the prospect of repayment of any portion of the obligations owing under the Note Documents, or (iii) a material impairment of the value or priority of Collateral Agent's security interest in the Collateral (as defined in the Note Documents).

6. Covenants.

6.1 Grantor shall execute and deliver such additional instruments and documents from time to time as Collateral Agent shall reasonably request to perfect Collateral Agent's security interest in the Intellectual Property Collateral.

6.2 Grantor shall (i) protect, defend and maintain the validity and enforceability of the Trademarks, Patents and Copyrights, (ii) use its best efforts to detect infringements of the Trademarks, Patents and Copyrights and promptly advise Collateral Agent in writing of material infringements detected and (iii) not allow any material Trademarks, Patents or Copyrights to be abandoned, forfeited or dedicated to the public without the written consent of Collateral Agent, which shall not be unreasonably withheld.

6.3 Collateral Agent may audit Grantor's Intellectual Property Collateral to confirm compliance with this Section 6. Collateral Agent shall have the right, but not the obligation, to take, at Grantor's sole expense, any actions that Grantor is required under this Section 6 to take but which Grantor fails to take, after 15 days' notice to Grantor. Grantor shall reimburse and indemnify Collateral Agent for all reasonable costs and reasonable expenses incurred in the reasonable exercise of its rights under this Section 6.

6.4 Grantor shall not permit the inclusion in any contract to which it becomes a party of any provisions that could restrict or invalidate the creation of a security interest in Grantor's rights and interests in any Intellectual Property Collateral.

[Signature Page to Follow]

IN WITNESS WHEREOF, the parties have caused this Intellectual Property Security Agreement to be duly executed by its officers thereunto duly authorized as of the first date written above.

GRANTOR:

Address of Grantor:

CLASS INTEGRATED QUALITY, INC.

By:

Joseph J. Addo

Title:

President & CEO

COLLATERAL AGENT:

Address of Collateral Agent:

CORE CAPITAL PARTNERS, L.P.

By: _____

Title: _____

IN WITNESS WHEREOF, the parties have caused this Intellectual Property Security Agreement to be duly executed by its officers thereunto duly authorized as of the first date written above.

GRANTOR:

Address of Grantor:

CLASS INTEGRATED QUALITY, INC.

By: _____

Title: _____

COLLATERAL AGENT:

Address of Collateral Agent:

CORE CAPITAL PARTNERS, L.P.

By: W. J. [Signature]

Title: MANAGING DIRECTOR

SCHEDULE I
LIST OF LENDERS

NAME

CORE CAPITAL PARTNERS, L.P.

DAVID ST. CLAIR

DELAWARE INNOVATION FUND

MINOTAUR FUNDS, LLC

SCHEDULE II

LIST OF ORDINARY COURSE LICENSES

SCHEDULE II: LIST OF ORDINARY COURSE LICENSES

The Grantor has granted a license to each of the following of its customers:

Nationwide (June 2002)
Calpers (November 2000)
EDS In-House (1998)
EDS California (December 2000)
U.S. Department of Defense (November, 99)
KPN (June 2000)
Medecision (January 2002)
NYCJS (January 2001)
SBC (January 2002)
SNS (Ocober 1999)
TCPL (April 2002)
WorldCom (September 2000 and May 2002)

EXHIBIT A
COPYRIGHTS

<u>Description</u>	<u>Registration Number</u>	<u>Registration Date</u>
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EXHIBIT A: COPYRIGHTS

None.

EXHIBIT B

PATENTS

Description	Registration/ Application Number	Registration/ Application Date
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EXHIBIT B: PATENTS

None

EXHIBIT C

TRADEMARKS

Description	Registration/ Application Number	Registration/ Application Date
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EXHIBIT C: TRADEMARKS

<u>Description</u>	<u>Registration No.</u>	<u>Registration Date</u>
Class IQ	22 33 378	March 23, 1999
IQ Test	22 25 115	February 23, 1999