

01-03-2003



To the Honorable Commissioner of Patents

102327474

original documents or copy thereof.

1. Name of conveying party(ies): Gemfire Corporation
2002 DEC 27 AM 11: 25
FINANCE SECTION
12-27-02
Individual(s) Association
General Partnership Limited Partnership
Corporation-State - California
Other
Additional name(s) of conveying party(ies) attached? Yes No

2. Name and address of receiving party(ies)
Name: GC Holdings, Inc.
Internal Address:
Street Address: 1220 Page Avenue
City: Fremont State: CA Zip: 94538
Individual(s) citizenship
Association
General Partnership
Limited Partnership
Corporation-State California
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: October 3, 2002

4. Application number(s) or registration number(s):
A. Trademark Application No.(s)
75/440,326 76/246,060
75/440,007 76/246,059
75/934,845 76/246,784
76/194,015 76/246,058
76/195,143 76/276,521
Additional number(s) attached Yes No

B. Trademark Registration No.(s)

5. Name and address of party to whom correspondence concerning document should be mailed:
Name: Linda G. Henry
Internal Address: Fenwick & West LLP
Street Address: Two Palo Alto Square
City: Palo Alto State: CA Zip: 94306

6. Total number of applications and registrations involved: 10
7. Total fee (37 CFR 3.41) \$ 265.00
Enclosed and
Authorized to be charged to deposit account, if necessary
8. Deposit account number: 50-0261

DO NOT USE THIS SPACE

9. Signature.
Linda G. Henry
Name of Person Signing Signature Date December 19, 2002
Total number of pages including cover sheet, attachments, and document: 7

01/02/2003 LNUELLER 00000014 75440326

01 FC:6521 40.00 OP
02 FC:6522 225.00 OP

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

## SECURITY AGREEMENT

This SECURITY AGREEMENT (this "*Agreement*") is made as of October 3, 2002 by and between Gemfire Corporation, a California corporation (the "*Company*"), and GC Holdings, Inc. (the "*Secured Party*").

### RECITALS

A. The Secured Party has advanced, or will be advancing, funds to the Company in exchange for the issuance to the Secured Party of that certain Secured Promissory Note of even date herewith in the original principal amount of \$550,000 (the "*Note*") evidencing the Company's obligation to repay the Secured Party's loan of such advanced funds.

B. The parties have agreed that the Company's obligations under the Note will be secured by the Company's grant to the Secured Party of a security interest in and to certain collateral, pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, the parties hereby agree as follows:

#### 1. SECURITY.

1.1 Grant of Security Interest. As security for payment and performance of all Indebtedness (as defined below) of the Company to the Secured Party when and as due, the Company hereby grants to the Secured Party a security interest in the Collateral (as defined below). For purposes of this Agreement, "*Indebtedness*" means the indebtedness, liabilities and other obligations of the Company to the Secured Party, whether created under, arising out of or in connection with the Note or otherwise, including, without limitation, all unpaid principal of the Note, all interest accrued thereon, all fees and all other amounts payable by the Company to the Secured Party thereunder or in connection therewith, whether now existing or hereafter arising, and whether due or to become due, absolute or contingent, liquidated or unliquidated, determined or undetermined. Reference to the "*Secured Party*" in this Agreement shall include the subsequent holders of the Note.

1.2 Collateral Defined. As used in this Agreement, the term "*Collateral*" means all of the Company's right, title and interest in, to and under all of its personal property, wherever located and whether now existing or owned or hereafter acquired or arising, including all accounts, chattel paper, commercial tort claims, deposit accounts, documents, equipment (including all fixtures), general intangibles, instruments, inventory, investment property, letter-of-credit rights, money and all products, proceeds and supporting obligations of any and all of the foregoing (as such terms are defined in Article 9 of the California Uniform Commercial Code in effect on the date of this Agreement). Notwithstanding the foregoing, except for fixtures (to the extent covered by Article 9 of the UCC), such grant of a security interest shall not extend to, and the term "*Collateral*" shall not include, any asset which would be real property under the law of the jurisdiction in which it is located.

1.3 Company Remains Liable. Anything herein to the contrary notwithstanding, (i) the Company shall remain liable under any contracts, agreements and other

H9000/01151/DOCS/1301513.2

TRADEMARK  
REEL: 002642 FRAME: 0156

documents included in the Collateral, to the extent set forth therein, to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (ii) the exercise by Secured Party of any of the rights hereunder shall not release the Company from any of its duties or obligations under such contracts, agreements and other documents included in the Collateral, and (iii) Secured Party shall not have any obligation or liability under any contracts, agreements and other documents included in the Collateral by reason of this Agreement, nor shall Secured Party be obligated to perform any of the obligations or duties of the Company thereunder or to take any action to collect or enforce any such contract, agreement or other document included in the Collateral hereunder.

**1.4 Financing Statements; Etc.** So long as any of the Company Indebtedness to the Secured Party has not been fully satisfied, the Company will promptly execute and deliver to the Secured Party such assignments, notices, financing statements or other documents and papers (including, but not limited to, such documents as may be filed with the U.S. Register of Copyrights and the U.S. Patent and Trademark Office in order to evidence the perfection of Secured Party's rights in Company's patents, registered trademarks, registered copyrights and applications therefor and any proceeds thereof or revenues therefrom) as the Secured Party may reasonably require in order to perfect and maintain the security interest in the Collateral granted to the Secured Party hereby and to give any third party notice of the Secured Party's interest in the Collateral. Without limiting the generality of the foregoing, the Company hereby authorizes Secured Party to file (with or without the Company's signature), at any time and from time to time thereafter, all financing statements, assignments, continuation financing statements, termination statements, account control agreements, and other documents and instruments, in form reasonably satisfactory to Secured Party, and take all other action, as Secured Party may reasonably request, to perfect and continue perfected, maintain the priority of or provide notice of the security interest of Secured Party in the Collateral and to accomplish the purposes of this Agreement, and the Company ratifies and authorizes the filing by Secured Party of any financing statements filed prior to the date hereof. The Company will pay to the Secured Party all expenses incurred by the Secured Party in filing such assignments, notices, financing statements or other documents or papers (and any continuation statements or amendments thereto). Upon the full and final discharge of all of the Indebtedness, the Secured Party will execute and deliver such documents as may be reasonably necessary and requested by the Company to release the Collateral from the security interest granted to the Secured Party in this Agreement.

**1.5 Continuing Security Interest; Termination.** This Agreement shall create a continuing security interest in the Collateral which shall remain in effect until terminated in accordance with this Section 1.5. When all the Indebtedness has been indefeasibly paid in full in cash and discharged, this Agreement and the security interest granted to the Secured Party under this Agreement will terminate.

**2. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.** The Company represents and warrants to the Secured Party that:

**2.1** The Company is duly organized, validly existing and in good standing under the law of the jurisdiction of its organization and has all requisite power and authority to execute, deliver and perform its obligations under this Agreement.

**2.2** The execution, delivery and performance by the Company of this Agreement have been duly authorized by all necessary action of the Company, and this Agreement constitutes the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms.

**2.3** No authorization, consent, approval, license, exemption of, or filing or registration with, any governmental authority or agency, or approval or consent of any other person or entity, is required for the due execution, delivery or performance by the Company of this Agreement, except for any filings necessary to perfect any liens on any Collateral.

**2.4** The Company's exact legal name is as set forth in the first paragraph of this Agreement; and all other locations where the Company conducts business or Collateral is kept (as of the date of this Agreement) are set forth in Schedule 1.

**2.5** The Company has rights in or the power to transfer the Collateral, and the Company is the sole and complete owner of the Collateral, free from any lien, security interest or other encumbrance other than Permitted Liens.

**2.6** All of the Company's U.S. and foreign patents and patent applications, copyrights (whether or not registered), applications for copyright, trademarks, service marks and trade names (whether registered or unregistered), and applications for registration of such trademarks, service marks and trade names, are set forth in Schedule 1.

**2.7** The names and addresses of all financial institutions and other entities at which the Company maintains its deposit and securities accounts, and the account numbers and account names of such accounts, are set forth in Schedule 1.

**2.8** No control agreements exist with respect to any Collateral other than control agreements in favor of Secured Party.

**3. COVENANTS OF THE COMPANY.** So long as any of the Company's Indebtedness to the Secured Party has not been fully satisfied, the Company covenants and agrees with the Secured Party that:

**3.1 Condition of Collateral.** The Company will maintain the Collateral in good condition and repair.

**3.2 Taxes.** The Company will pay all taxes due and owing by the Company at such time as they become due.

**3.3 Location of Collateral.** The Company will not move or relocate any or all of the Collateral (except as provided in Section 3.5 below) to any location outside the State of California without giving the Secured Party written notice of the moving of such Collateral at least twenty (20) days before such Collateral is moved or relocated. Any notice provided by the Company relating to the movement of Collateral shall indicate in detail the description of the Collateral to be moved or relocated and the location(s) and address(es) to which such Collateral is to be moved; provided that the Company shall not locate any Collateral outside of the United States. The Company shall give prompt written notice to Secured Party (and in any event not

later than 20 days following any change described below in this subsection) of: (i) any change in the information set forth in Schedule 1; (ii) any change in its name; (iii) any changes in its identity or structure in any manner which might make any financing statement filed hereunder incorrect or misleading; (iv) any change in its registration as an organization (or any new such registration); or (v) any change in its jurisdiction of organization; provided that the Company shall not change its jurisdiction of organization to a jurisdiction outside of the United States.

**3.4 Sale of Collateral.** The Company will not, without the Secured Party's prior written consent, which may be withheld in the Secured Party's sole discretion, sell, lease, assign, transfer or otherwise dispose of the Collateral, any part thereof or any interest therein, or any of the Company's rights therein, to any person, entity or party other than the Secured Party, except in the ordinary course of the Company's business.

**3.5 Other Liens.** The Company will keep the Collateral free and clear of all liens, security interests, mortgages, claims, rights, encumbrances and restrictions of any kind except for Permitted Liens and the security interested granted herein. For the purpose of this Agreement, "***Permitted Liens***" shall mean:

- (i) Any Liens existing on the date of this Agreement as listed in Schedule A hereto;
- (ii) Liens for taxes, fees, assessments or other government charges or levies, either not delinquent or being contested in good faith, provided the same have no priority over the Secured Party's security interests;
- (iii) Liens incurred or deposits made in the ordinary course of Borrower's business in connection with worker's compensation, unemployment insurance, social security and other like laws (exclusive of obligations for the payment of borrowed money);
- (iv) carriers', warehousemen's, materialmen's, mechanics', landlords', repairmen's, employees' or other like Liens arising in the ordinary course of business which are not delinquent or remain payable without penalty or which are being contested in good faith;
- (v) Liens in the form of cash security deposits to (a) landlords or equipment lessors; or (b) in respect of reimbursement obligations for standby letters of credit for which the Company or any of its Subsidiaries is an account party; and
- (vi) Those liens approved in writing by the Secured Party.

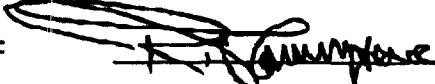
#### **4. RIGHTS AND REMEDIES UPON EVENT OF DEFAULT.**

**4.1 General Remedies.** In the event of an occurrence of any Event of Default (as defined below), in addition to exercising any other rights or remedies the Secured Party may have under the Note, at law or in equity, or pursuant to the provisions of the California Uniform Commercial Code, the Secured Party may, at its option, and without demand first made, exercise any one or all of the following rights and remedies: (i) collect the Collateral and its proceeds; (ii) take possession of the Collateral wherever it may be found, using all reasonable means to do so, or require the Company to assemble the Collateral and make it available to the Secured Party at a place designated by the Secured Party that is reasonably convenient to the Company;

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered as of the date first above written.

**GEMFIRE CORPORATION:**

**GC HOLDINGS, INC.**

By: 

By: 

Name: Rick Tompane

Name: Rick Tompane

Title: President

Title: President

Address: \_\_\_\_\_

Address: \_\_\_\_\_

Fax No.: \_\_\_\_\_

Fax No.: \_\_\_\_\_

**[SIGNATURE PAGE TO SECURITY AGREEMENT]**

H000001151/130CS/1301513.2

### III. PENDING U.S. TRADEMARK REGISTRATION APPLICATIONS

Serial No.	Mark
75/440,326	GEMFIRE
75/440,007	MISCELLANEOUS DESIGN (Gemfire Logo)
75/934,845	PhotonIC
76/194,015	GEMFIRE BRINGING NEW IDEAS TO LIGHT
76/195,143	GEMFIRE BRINGING NEW IDEAS TO LIGHT and design
76/246,060	P PHOTONIC
76/246,059	GEMFIRE PHOTONIC
76/246,784	GEMFIRE PHOTONIC (Stylized Mark)
76/246,058	BRINGING NEW IDEAS TO LIGHT
76/276,521	MISCELLANEOUS DESIGN (Logo w/o shadow)

H9000/01151/DOCS/1301513.2

RECORDED: 12/27/2002

TRADEMARK  
REEL: 002642 FRAME: 0161