

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

RECC

03-26-2003

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



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To the Honorable Commissioner of Pat.

102400335

original documents or copy thereof.

1. Name of conveying party(ies):  
 PCT International, Inc. **3-20-03**

Individual(s)       Association  
 General Partnership       Limited Partnership  
 Corporation-State – Nevada  
 Other \_\_\_\_\_

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

2. Name and address of receiving party(ies)  
 Name: Wells Fargo Business Credit, Inc.  
 Internal Wells Fargo Plaza  
 Address: MAC S4101-076  
 Street Address: 100 West Washington Street  
 City: Phoenix State: AZ Zip: 85013

Individual(s) citizenship \_\_\_\_\_  
 Association \_\_\_\_\_  
 General 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

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

Execution Date: March 14, 2003

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

A. Trademark Application No.(s) \_\_\_\_\_  
76/277955 and 76/151186

Additional number(s) attached  Yes  No

B. Trademark Registration No.(s) 2,513,799; 2,605,652  
2,592,772; 2,640,581; and 2,571,832

5. Name and address of party to whom correspondence concerning document should be mailed:  
 Name: Glenn Spencer Bacal  
 Internal Address: Quarles & Brady  
Streich Lang, LLP  
 Street Address: One Renaissance Square  
Two North Central Avenue  
 City: Phoenix State: AZ Zip: 85004


6. Total number of applications and registrations involved: ..... **7**

7. Total fee (37 CFR 3.41) ..... \$190.00  
 Enclosed  
 Authorized to be charged to deposit account

8. Deposit account number:  
17-0055

DO NOT USE THIS SPACE

9. Signature.

Glenn Spencer Bacal            March 20, 2003  
 Name of Person Signing      Signature      Date

Total number of pages including cover sheet, attachments, and document: **11**

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

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02 FC:8522 150.00 CH

OFFICE OF PUBLIC RECORDS  
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FINANCE SECTION

# PATENT AND TRADEMARK SECURITY AGREEMENT

This Agreement, dated as of March 14, 2003, is made by and between PCT INTERNATIONAL, INC., a Nevada corporation, whose address and principal place of business is 1715 W. Sunrise Blvd., Suite A, Gilbert, Arizona 85233 (the "Debtor"), and WELLS FARGO BUSINESS CREDIT, INC., a Minnesota corporation, whose address and principal place of business is Wells Fargo Plaza, MAC S4101-076, 100 West Washington Street, Phoenix, Arizona 85003 (the "Secured Party").

## RECITALS

The Debtor and the Secured Party are parties 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") setting forth the terms on which the Secured Party may now or hereafter make certain loans or other financial accommodations to or for the account of the Debtor.

As a condition to extending credit to or for the account of the Debtor, the Secured Party has required the execution and delivery of this Agreement by the Debtor.

ACCORDINGLY, in consideration of the mutual covenants contained in the Loan Documents (as defined in the Credit Agreement) 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, the Obligations (as defined in the Credit Agreement).

"Patents" means all of the Debtor's right, title and interest in and to all patents and patentable inventions conceived by Debtor, its employees, agents or anyone else with a legal obligation to assign rights in the invention to Debtor, whether now existing anywhere in the world or hereafter acquired, whether currently in use or not, all registrations and recordings thereof, and all applications for patents, fees or royalties with respect to each, whether pending or in preparation for filing, including registrations, recordings and applications in the United States Patent and Trademark Office or in any office or agency of the United States of America or any state thereof or any foreign

country, including without limitation, the patents and patent applications listed on **Exhibit A** attached hereto and incorporated herein by this reference; and all patent licenses (whether as licensee or licensor) relating to the patents, including each patent license, if any, referred to in **Exhibit C**; all reissues, extensions or renewals of any of the foregoing, and all proceeds of, and rights associated with any of the foregoing, including any claim by Debtor against third parties for past, present or future infringement, patent registration, including any patent, patent registration or patent license referred to in **Exhibit A**, or for breach or enforcement of any patent license.

"Trademarks" means all of the Debtor's right, title and interest in and to corporate names, trade names, trademarks, service marks, certification marks and collective membership marks, including the goodwill associated with each such mark and name, now existing anywhere in the world or hereafter adopted or acquired, whether currently in use or not, all registrations and recordations thereof, and all applications therefor, whether pending or in preparation for filing, including registrations, recordations and applications in the United States Patent and Trademark Office or in any office or agency of the United States of America or any state thereof or any foreign country, including without limitation, the marks and names listed on **Exhibit B** attached hereto and incorporated herein by this reference; and all licenses (whether as licensee or licensor) relating to the marks and names, including each license, if any, referred to in **Exhibit C**; all reissues, extensions or renewals of any of the foregoing, and all proceeds of, and rights associated with any of the foregoing, including any claim by Debtor against third parties for past, present or future infringement or dilution of any mark or name, or for breach or enforcement of any license.

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

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

(a) ***Existence; Authority.*** The Debtor is a corporation, having full power to and authority to make and deliver this Agreement. The execution, delivery and performance of this Agreement by the Debtor have been duly authorized by all necessary action of the Debtor's board of directors, and if necessary its stockholders, and do not and will not violate the provisions of, or constitute a default under, any presently applicable law or its articles of incorporation or bylaws or any agreement presently binding on it. This Agreement has been duly executed and delivered by the Debtor and constitutes the Debtor's lawful, binding and legally enforceable obligation. The correct name of the Debtor is PCT International, Inc. The authorization, execution, delivery and performance of this Agreement do not require notification to, registration with, or consent or approval by, any federal, state or local regulatory body or administrative agency.

(b) **Patents. Exhibit A** accurately lists all Patents owned or controlled by the Debtor as of the date hereof and accurately reflects the existence and status of the Patents as of the date hereof.

(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 registrations pertaining thereto as of the date hereof.

(d) **Title.** The Debtor owns or (in the case of a license) controls each Patent and each Trademark listed on **Exhibit A** and **Exhibit B**, free and clear of all Liens, except the Security Interest, and will keep all Patents and Trademarks free and clear of all Liens, except the Security Interest.

(e) **No Sale.** The Debtor will not sell, transfer or otherwise dispose of the Patents or Trademarks, or any interest therein, without the Secured Party's prior written consent.

(f) **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 the Secured Party, unless it has obtained the prior written consent of the Secured Party to do otherwise.

(g) **Further Assurances.** The Debtor, upon the written request of the Secured Party, shall execute and deliver such further documents, as may be reasonably necessary to carry out the intent of this Agreement and to perfect and preserve the rights and interests of the Secured Party hereunder and the priority thereof. Debtor shall provide an updated version of **Exhibit A** and **Exhibit B** upon request of the Secured Party and automatically (without any request) at least annually; and shall provide an updated version of **Exhibit A** or **Exhibit B**, as applicable, if such Exhibit ceases to accurately reflect the status of Patents or Trademarks, as the case may be, in any material way. Each such updated version of each Exhibit shall be confirmed as accurate in a sworn affidavit or declaration signed by Debtor that shall accompany the updated version. Such updated versions shall automatically become part of this Agreement as soon as the Secured Party places a duly authorized signature upon such updated Exhibits. To indicate its acceptance of the updated Exhibits, Secured Party may from time to time record in appropriate places such updated Exhibits in order to perfect and preserve its rights and interests as updated.

(h) **Maintenance.** The Debtor will at its own expense maintain the Patents and the Trademarks to the extent reasonably useful in its business including, but not limited to, filing all applications to register and all affidavits and renewals required with respect to issued registrations for Patents and Trademarks reasonably useful in its business. The Debtor covenants that, except with respect to Patents and Trademarks (or applications therefore) reasonably determined by the Debtor to be no longer reasonably useful in its business, it will not fail to pay any maintenance fee or annuity due and payable on any Patent or Trademark, nor fail to file any required affidavit in support thereof. If the obligations under the first sentence of this Section 5(h) are not performed

by the Debtor, the Debtor shall provide the Secured Party: (i) sufficient written notice to allow the Secured Party, at the Secured Party's option, to timely pay any such maintenance fees or annuity which may become due on any of such Patents or Trademarks, or to file any affidavit 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, 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 (g), 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 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.

(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) incurred by the Secured Party in connection with or as a result of the Secured Party's taking action under subsection (h) 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 (h) 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 (as hereinafter defined), 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, such failure does not constitute an Event of Default pursuant to the preceding clause (i), and such failure is not cured within 10 days after notice thereof from Secured Party to Debtor; 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 the Secured Party shall commence any suit for such enforcement, the Debtor shall, at the request of the Secured Party, do any and all lawful acts and execute any and all proper documents required by the Secured Party in aid of such enforcement.

7. Notices. All notices to be given to the Debtor under this Agreement shall be given in the manner and with the effect provided in the Credit Agreement.

8. Miscellaneous. No amendment, modification or termination of any provision of this Agreement shall be effective unless the same shall be in writing and signed by the party against whom enforcement is sought. No waiver by the Secured Party and no consent by the Secured Party to any departure by the Debtor from this Agreement shall be effective unless the same shall be in writing and signed by the Secured Party, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. Except as permitted by law, no release of a Security Interest shall be effective unless the same shall be in writing and signed by the Secured Party. Except to the extent permitted by applicable law, the Security Interest may be released only by a writing signed by the Secured Party. 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. The Secured Party shall not be obligated to preserve

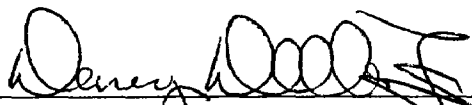
any rights the Debtor may have against prior parties, to realize on the Patents and Trademarks at all or in any particular manner or order, or to apply any cash proceeds of Patents and Trademarks in any particular order of application. This Agreement shall be binding upon and inure to the benefit of 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 the State of Arizona 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.

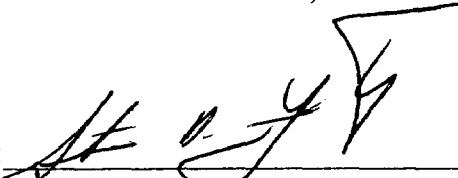
THE PARTIES WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED ON OR PERTAINING TO THIS AGREEMENT.

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

WELLS FARGO BUSINESS CREDIT,  
INC.

PCT INTERNATIONAL, INC.

By:   
Type/Print Name: Darcy Della Flora  
Title: Vice President

By:   
Type/Print Name: Steven D. Youtsey  
Title: President and Chief Executive Officer

STATE OF ARIZONA        )  
                                  ) ss.  
COUNTY OF MARICOPA    )

The foregoing instrument was acknowledged before me this 14<sup>th</sup> day of March, 2003, by Steven D. Youtsey, the President and Chief Executive Officer of PCT International, Inc., a Nevada corporation, on behalf of the corporation.

Mary L. Thibideau  
Notary Public

My Commission Expires:

4-13-03



STATE OF ARIZONA        )  
                                  ) ss.  
COUNTY OF MARICOPA    )

The foregoing instrument was acknowledged before me this 14<sup>th</sup> day of March, 2003, by Darcy Della Flora, a Vice President of Wells Fargo Business Credit, Inc., a Minnesota corporation, on behalf of the corporation.

Mary L. Thibideau  
Notary Public

My Commission Expires:

4-13-03





**EXHIBIT A**

**UNITED STATES ISSUED PATENTS**

<u>Title</u>	<u>Patent Number</u>	<u>Issue Date</u>
Coaxial Cable End Connector Crimped by Axial Compression	6,042,422	March 28, 2000
Female to Female CATV Splice Connector	6,250,960	June 30, 2000
Mini-node Fiber Optic Transmitter/Receiver	D464,965	October 29, 2002
Transient Suppression F-Connector	6,450,836	September 17, 2002

**UNITED STATES PENDING PATENTS**

Quick Connector	10/135,389	May 1, 2002
Internally-Locking Connector	Doc#15750.06	December 4, 2002
Step Attenuator for CATV Bandwidths	60/390,547	June 24, 2002
HDRRX High Density Fiber Optical Return Path Receiver	60/354,445	February 7, 2002

**FOREIGN ISSUED PATENTS**

<u>Title</u>	<u>Country</u>	<u>Patent Number</u>	<u>Issue Date</u>
NONE			

**EXHIBIT B**

**UNITED STATES ISSUED TRADEMARKS, SERVICE MARKS  
AND COLLECTIVE MEMBERSHIP MARKS**

**REGISTRATIONS**

<u>Mark</u>	<u>Registration Number</u>	<u>Registration Date</u>
PCT International (Logo)	2513799	December 4, 2001
PCT International	2605652	August 6, 2002
PCT (Logo)	2592772	July 9, 2002
PCT	2640581	October 22, 2002
The Drop Solution (Logo)	2571832	May 21, 2002

**APPLICATIONS**

PCT (expanded products)	76/277955	Pending
The Drop Solution	76/151186	Notice of Allowance Issued on December 4, 2001
PCT (CTM Application)		Pending

**COLLECTIVE MEMBERSHIP MARKS**

NONE

**UNREGISTERED MARKS**

The Debtor may have certain common law trademark rights (e.g., in certain products names) that are not the subject of a federal trademark application or registration.

## Exhibit C

### LICENSED INTELLECTUAL PROPERTY

#### **Licenses to PCT**

1. That Patent and Trademark License Agreement made by and between Scientific-Atlanta, Inc. and Borrower dated as of December 1, 2001 licensing Borrower to use certain patent and trademark intellectual property related to "outdoor tap" products.
2. That Settlement and License Agreement made by and between Corning Gilbert, Inc. and Borrower dated as of February 13, 2002 licensing Borrower to use certain patent intellectual property related to "dual radial seal connector" products.

#### **Licenses from PCT**

1. That End-user Software License Agreement made by and between Zinwell Corporation and Borrower and dated as of December 1, 2002 licensing Zinwell Corporation to use certain testing and quality control software developed and owned by Borrower.