Form PTO-1594 RECORDATION FOR TRADEMAF	M COVER SHEET U.S. DEPARTMENT OF COMMERCE U.S. Patent and Trademark Office
OMB No. 0651-0027 (exp. 6/30/2005) Tab settings	Y <u>Y Y </u>
Tab settings To the Honorable Commissioner of Patents and Trademarks: P	lease record the attached original documents or copy thereof.
1. Name of conveying party(ies): un-du Products, Inc. Individual(s) Association	2. Name and address of receiving party(ies) Name: Warren W. Garden Internal Address: Street Address: 500 Crescent Court, Suite 270
General Partnership Limited Partnership Corporation-State Other Additional name(s) of conveying party(ies) attached? Yes No Nature of conveyance: Assignment Merger Security Agreement Change of Name Other Execution Date: 06/23/2003 4. Application number(s) or registration number(s): A. Trademark Application No.(s)	City:Dallas
Additional number(s) a 5. Name and address of party to whom correspondence concerning document should be mailed: Name:Linda M. Novak Internal Address:_Fish & Richardson P.C.	2193179, 2193177, 2409773, 2059162, ttached Yes No 2193178 6. Total number of applications and registrations Involved: 7. Total fee (37 CFR 3.41)
Street Address: 1717 Main Street, Suite 5000	8. Deposit account number: 061050 (12615-001002)
City: Dallas State: TX Zip:75201	
DO NOT US	SE THIS SPACE
9. Signature.	NableSeptember 9, 2003
	Signature Cover sheet, attachments, and document: Date 11 Lithur and lead proves sheet information to:

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

TRADEMARK
REEL: 002714 FRAME: 0171

SECURITY AGREEMENT

This Security Agreement (this "Agreement") is executed as of June 23, 2003, by un-du Products, Inc., a Delaware corporation ("UN-DU"), for the benefit of Warren W. Garden, an individual resident of the State of Texas ("GARDEN").

FOR VALUABLE CONSIDERATION, the receipt and adequacy of which are hereby acknowledged, UN-DU hereby covenants and agrees with GARDEN as follows:

- Reference to Promissory Note. This Agreement is being executed and delivered in 1. connection with that certain promissory note in the original principal amount of \$30,000 executed by UN-DU in favor of GARDEN, dated as of the same date of this Agreement (the "Promissory Note").
- Incorporation of Promissory Note. The terms, conditions, and provisions of the Promissory Note are incorporated herein by reference, the same as if set forth herein verbatim, which terms, conditions, and provisions shall continue to be in full force and effect hereunder until the Promissory Note is paid and performed in full.
- Certain Definitions. As used herein, the following terms have the meanings indicated:

Collateral means all of UN-DU's right, title and interest in, to and under all Intangible Property (defined below) owned or held by UN-DU or issued to or licensed to UN-DU, along with all income, royalties, damages or payments due or payable as of the date hereof or hereafter (including, without limitation, damages and payments for past or future infringements or misappropriations thereof) and UN-DU's right to sue and recover for past infringements or misappropriations thereof and any and all corresponding rights that, now or hereafter, may be secured throughout the world.

Default means the occurrence of any one or more of the following events, which continues for a period of 5 days after GARDEN gives written notice thereof: (i) the failure to pay the Promissory Note; (ii) except as otherwise provided in this definition, the failure of UN-DU to perform any material covenant, agreement, or condition contained herein; (iii) the levy against the Collateral, or any part thereof, or any execution, attachment, sequestration, or other writ; (iv) the appointment of a receiver with respect to the Collateral, or any part thereof; (v) the filing by UN-DU, by way of petition or answer, of any petition or other pleading seeking relief as a debtor, or an adjustment of UN-DU's debts, or any other relief under any bankruptcy, reorganization, or insolvency laws now or hereafter existing; or (vi) the receipt by GARDEN of information establishing that any representation or warranty made by UN-DU herein is false, misleading, or erroneous in any material respect.

Intangible Property means and includes:

- All patents, patent applications, patent disclosures, patent licenses, and inventions (whether or not patentable and whether or not reduced to practice) (including, but not limited to, that certain invention entitled "Method and Apparatus for Removing Labels" which is disclosed and claimed in U.S. Patent No. 5,333,967 issued on August 2, 1994, and including such Patent), and any reissues, continuations, continuations-in-part, revisions, extensions or reexaminations thereof, and all registrations, applications and renewals for any of the foregoing;
- All trademarks, trademark licenses, service marks, certification marks, **(b)** trade dress, trade styles, logos, trade names and corporate names, together with all goodwill associated therewith, and all translations, adaptations, derivations and combinations of the foregoing, and all registrations, applications and renewals for any of the foregoing;
- All copyrights, copyright licenses, copyrightable works, and mask works, and all registrations, applications and renewals for any of the foregoing;
- All proprietary information, trade secrets (common law or statutory) and (d) confidential information (including, without limitation, ideas, formulae, compositions, knowhow, manufacturing and production processes and techniques, research and development information, drawings, specifications, designs, plans, proposals, technical data, financial, business and marketing plans, and customer and supplier lists and related information);
- All websites and domain names and all computer software (including, without limitation, data, data bases, systems and related documentation);
- All other proprietary rights and intangible assets or property used in the operation of the UN-DU's business; and
- All copies and tangible embodiments of all of the above (in whatever form (g) or medium).

Obligation means UN-DU's payment and performance under the Promissory Note, together with any and all renewals, extensions, and modifications of the same, and all costs of collection thereunder.

Obligor means any person obligated with respect to any of the Collateral, whether as an account debtor, obligor on an instrument, issuer of securities, or otherwise.

Security Interest means the security interest granted and the pledge and assignment made under Paragraph 4.

UCC means the Uniform Commercial Code as enacted in the State of Texas or other applicable jurisdiction, as amended at the time in question.

Security Interest. In order to secure the full and complete payment and performance of the Obligation when due, UN-DU hereby grants to GARDEN a security interest in and to the Collateral and pledges and assigns the Collateral to GARDEN, all upon and subject to the terms and conditions of this Agreement. Such security interest is granted and such pledge and assignment are made as security only and shall not subject GARDEN to, or transfer or in any way affect or modify, any obligation of UN-DU with respect to any of the Collateral or any transaction involving or giving rise thereto.

Representations. Warranties and Covenants of UN-DU 5.

- Representations and Warranties with Respect to the Collateral. UN-DU (a) represents and warrants that (i) it has all requisite power and authority to enter into this Agreement; (ii) except for any financing statement that may be filed by GARDEN with respect to the Collateral, no financing statement covering the Collateral, or any part thereof, has been filed with any filing officer or agency; (iii) no other security agreement covering the Collateral, or any part thereof, has been made and no security interest, other than the one created herein, has attached to or been perfected in the Collateral or in any part thereof; and (iv) no dispute, right of setoff, counterclaim, or defense exists with respect to any part of the Collateral.
- Affirmative Covenants of UN-DU. UN-DU covenants and agrees to each and all of the following: (i) to execute and deliver promptly to GARDEN all such other assignments, certificates, and supplemental writings, and to do all other acts or things, as GARDEN may reasonably request in order more fully to evidence and perfect the security interest created herein; (ii) to furnish GARDEN promptly with any information or writing that GARDEN may reasonably request concerning the Collateral; (iii) to allow GARDEN to inspect all books and records of UN-DU relating to the Collateral or the Promissory Note, and to make and take away copies of such books and records at GARDEN's expense; (iv) to notify GARDEN promptly of any change in any material fact or circumstance warranted or represented by UN-DU in this Agreement or in any other writings furnished by UN-DU to GARDEN in connection with the Collateral; (v) to notify GARDEN promptly of any claim, action, or proceeding affecting title to the Collateral, or any part thereof, or the security interest herein, and at the request of GARDEN, to appear in and defend, at UN-DU's sole cost and expense, any action or proceeding; and (vi) to pay to GARDEN promptly the amount of all court costs and reasonable attorney's fees incurred by GARDEN in the enforcement of his rights hereunder.
- Negative Covenants of UN-DU. UN-DU covenants and agrees that, without the prior written consent of GARDEN (which consent may be granted or withheld in the sole and absolute discretion of GARDEN), UN-DU will not (i) sell, assign, or transfer the Collateral or any of its rights therein; or (ii) create any other security interest in, mortgage, or otherwise encumber the Collateral or any part thereof, or permit the Collateral to be or become subject to any lien, attachment, execution, sequestration, other legal or equitable process, or any encumbrance of any kind or character, except the security interest created herein.
- Default; Remedies. Should a Default occur and be continuing, GARDEN may, at his election, exercise any and all rights available to GARDEN under the UCC, in addition to any and all other rights afforded by this Agreement, at law, in equity, or otherwise, including, without limitation, (a) requiring UN-DU to assemble all or part of the Collateral and make it

TRADEMARK REEL: 002714 FRAME: 0174 available to GARDEN at a place to be designated by GARDEN which is reasonably convenient to UN-DU and GARDEN, (b) surrendering any policies of insurance on all or part of the Collateral and receiving and applying the unearned premiums as a credit on the Obligation, (c) applying by appropriate judicial proceedings for appointment of a receiver for all or part of the Collateral (and UN-DU hereby consents to any such appointment), and (d) applying to the Obligation any cash held by GARDEN under this Agreement.

- (a) <u>Notice</u>. Reasonable notification of the time and place of any public sale of the Collateral, or reasonable notification of the time after which any private sale or other intended disposition of the Collateral is to be made, shall be sent to UN-DU and to any other person entitled to notice under the UCC; provided that if any of the Collateral threatens to decline speedily in value or is of the type customarily sold on a recognized market, GARDEN may sell or otherwise dispose of the Collateral without notification, advertisement, or other notice of any kind. It is agreed that notice sent or given not less than three calendar days prior to the taking of the action to which the notice relates is reasonable notification and notice for the purposes of this subparagraph.
- (b) <u>Sales of Securities</u>. In connection with the sale of any Collateral that is securities, GARDEN is authorized, but not obligated, to limit prospective purchasers to the extent deemed necessary or desirable by GARDEN to render such sale exempt from the registration requirements of the Securities Act of 1933, as amended, and any applicable state securities laws, and no sale so made in good faith by GARDEN shall be deemed not to be "commercially reasonable" because so made.
- other disposition of the Collateral under this Paragraph 6 in the following order: First, to the payment of all his expenses incurred in retaking, holding, and preparing any of the Collateral for sale(s) or other disposition, in arranging for such sale(s) or other disposition, and in actually selling or disposing of the same (all of which are part of the Obligation); second, toward repayment of amounts expended by GARDEN under Paragraph 7; and third, toward payment of the balance of the Obligation in such order and manner as GARDEN, in his discretion, may deem advisable. Any surplus remaining shall be delivered to UN-DU or as a court of competent jurisdiction may direct.

7. Other Rights of GARDEN.

(a) <u>Performance</u>. In the event UN-DU shall fail to pay when due all taxes on any of the Collateral, or to preserve the priority of the Security Interest in any of the Collateral, or otherwise fail to perform any of its obligations under this Agreement with respect to the Collateral, then GARDEN may, at his option, but without being required to do so, pay such taxes, prosecute or defend any suits in relation to the Collateral, or take all such other action which UN-DU is required, but has failed or refused, to take under this Agreement. Any sum which may be expended or paid by GARDEN under this subparagraph (including, without limitation, court costs and attorneys' fees) shall bear interest from the dates of expenditure or

payment at the highest lawful rate until paid and, together with such interest, shall be payable by UN-DU to GARDEN upon demand and shall be part of the Obligation.

- Collection. Upon notice from GARDEN, each Obligor with respect to any (b) payments on any of the Collateral (including, without limitation, dividends and other distributions with respect to securities and insurance proceeds payable by reason of loss or damage to any of the Collateral) is hereby authorized and directed by UN-DU to make payment directly to GARDEN, regardless of whether UN-DU was previously making collections thereon. Subject to Paragraph 7(e) hereof, until such notice is given, UN-DU is authorized to retain and expend all payments made on the Collateral. GARDEN shall have the right in his own name or in the name of UN-DU to compromise or extend time of payment with respect to all or any portion of the Collateral for such amounts and upon such terms as GARDEN may determine; to demand, collect, receive, receipt for, sue for, compound, and give acquaintances for any and all amounts due or to become due with respect to the Collateral; to take control of cash and other proceeds of any Collateral; to endorse the name of UN-DU on any notes, acceptances, checks, drafts, money orders, or other evidences of payment on the Collateral that may come into the possession of GARDEN; to sign the name of UN-DU on any invoice or bill of lading relating to any Collateral, on any drafts against Obligors or other persons making payment with respect to the Collateral, on assignments and verifications of accounts or other Collateral and on notices to Obligors making payment with respect to the Collateral; to send requests for verification of obligations to any Obligor; and to do all other acts and things necessary to carry out the intent of this Agreement. If any Obligor fails or refuses to make payment on any Collateral when due, GARDEN is authorized, in his sole discretion, either in his own name or in the name of UN-DU, to take such action as GARDEN shall deem appropriate for the collection of any amounts owed with respect to the Collateral or upon which a delinquency exists. Regardless of any other provision hereof, however, GARDEN shall never be liable for his failure to collect, or for his failure to exercise diligence in the collection of, any amounts owed with respect to the Collateral, nor shall he be under any duty whatever to anyone except UN-DU to account for funds that he shall actually receive hereunder. Without limiting the generality of the foregoing, GARDEN shall have no responsibility for ascertaining any maturities, calls, conversions, exchanges, offers, tenders, or similar matters relating to any Collateral, or for informing UN-DU with respect to any of such matters (irrespective of whether GARDEN actually has, or may be deemed to have, knowledge thereof). The rights granted GARDEN under this subparagraph may be exercised at any time, whether or not a Default has occurred and is continuing.
- (c) Record Ownership of Securities. Whether or not a Default has occurred and is continuing, GARDEN at any time may have any Collateral that is securities and that is in the possession of GARDEN, or his nominee or nominees, registered in his name, or in the name of his nominee or nominees, as pledgee; and, as to any securities so registered, GARDEN shall execute and deliver (or cause to be executed and delivered) to UN-DU all such proxies, powers of attorney, dividend coupons or orders, and other documents as UN-DU may reasonably request for the purpose of enabling UN-DU to exercise the voting rights and powers which it is entitled to exercise under this Agreement and to receive the dividends and other payments in respect of securities which it is authorized to receive and retain under this Agreement.

- (d) <u>Voting of Securities</u>. As long as a Default has not occurred and is not continuing, UN-DU shall be entitled to exercise all voting rights pertaining to any Collateral that is securities. After the occurrence and during the continuance of a Default, the right to vote any Collateral that is securities shall be vested exclusively in GARDEN. To this end, UN-DU hereby irrevocably constitutes and appoints GARDEN the proxy and attorney-in-fact of UN-DU, with full power of substitution, to vote, and to act with respect to, any and all Collateral that is securities standing in the name of UN-DU or with respect to which UN-DU is entitled to vote and act, subject to the understanding that such proxy may not be exercised unless a Default has occurred and is continuing. The proxy herein granted is coupled with an interest, is irrevocable, and shall continue until the Obligation has been paid and performed in full.
- Certain Proceeds. Notwithstanding any provision of this Agreement to the contrary, any and all stock dividends or distributions in property made on or in respect of any Collateral that is securities, and any proceeds of any Collateral that is securities, whether such dividends, distributions, or proceeds result from a subdivision, combination, or reclassification of the outstanding capital stock of any issuer thereof or as a result of any merger, consolidation, acquisition, or other exchange of assets to which any issuer may be a party, or otherwise, shall be part of the Collateral hereunder, shall, if received by UN-DU, be held in trust for the benefit of GARDEN, and shall forthwith be delivered to GARDEN (accompanied by proper instruments of assignment and/or stock and/or bond powers executed by UN-DU in accordance with GARDEN's instructions) to be held subject to the terms of this Agreement. Any cash proceeds of Collateral which come into the possession of GARDEN (including, without limitation, insurance proceeds) may, at GARDEN's option, be applied in whole or in part to the Obligation (to the extent then due), be released in whole or in part to or on the written instructions of UN-DU for any general or specific purpose, or be retained in whole or in part by GARDEN as additional Collateral. Any cash Collateral in the possession of GARDEN may be invested by GARDEN in certificates of deposit issued by any state or national bank having combined capital and surplus greater than \$10,000,000, or in securities issued or guaranteed by the United States of America or any agency thereof. GARDEN shall never be obligated to make any such investment and shall never have any liability to UN-DU for any loss that may result therefrom. All interest and other amounts earned from any investment of Collateral may be dealt with by GARDEN in the same manner as other cash Collateral. The provisions of this subparagraph shall be applicable whether or not a Default has occurred and is continuing.
- (f) <u>Use and Operation of Collateral</u>. Should any Collateral come into the possession of GARDEN, GARDEN may use or operate such Collateral for the purpose of preserving it or its value pursuant to the order of a court of appropriate jurisdiction or in accordance with any other rights held by GARDEN in respect of such Collateral. UN-DU covenants to promptly reimburse and pay to GARDEN, at GARDEN's request, the amount of all reasonable expenses (including, without limitation, the cost of any insurance and payment of taxes or other charges) incurred by GARDEN in connection with his custody and preservation of Collateral, and all such expenses, costs, taxes, and other charges shall bear interest at the maximum lawful rate permitted by applicable law until repaid and, together with such interest, shall be payable by UN-DU to GARDEN upon demand and shall become part of the Obligation. However, the risk of accidental loss or damage to, or diminution in value of, Collateral is on UN-

DU, and GARDEN shall have no liability whatever for failure neither to obtain or maintain insurance, nor to determine whether any insurance ever in force is adequate as to amount or as to the risks insured. With respect to Collateral that is in the possession of GARDEN, GARDEN shall have no duty to fix or preserve rights against prior parties to such Collateral and shall never be liable for any failure to use diligence to collect any amount payable in respect of such Collateral, but shall be liable only to account to UN-DU for what he may actually collect or receive thereon. The provisions of this subparagraph shall be applicable whether or not a Default has occurred and is continuing.

- (g) <u>Subrogation</u>. If any of the Obligation is given in renewal or extension or applied toward the payment of indebtedness secured by any lien, GARDEN shall be, and is hereby, subrogated to all of the rights, titles, interests, and liens securing the indebtedness so renewed, extended, or paid.
- (h) <u>Indemnification</u>. UN-DU hereby assumes all liability for the Collateral, for the Security Interest, and for any use, possession, maintenance, and management of, all or any of the Collateral, including, without limitation, any taxes arising as a result of, or in connection with, the transactions contemplated herein, and agrees to assume liability for, and to indemnify and hold GARDEN harmless from and against, any and all claims, causes of action, or liability, for injuries to or deaths of persons and damage to property, howsoever arising from or incident to such use, possession, maintenance, and management, whether such persons be agents or employees of UN-DU or of third parties, or such damage be to property of UN-DU or of others. UN-DU agrees to indemnify, save, and hold GARDEN harmless from and against, and covenants to defend GARDEN against, any and all losses, damages, claims, costs, penalties, liabilities, and expenses, including, without limitation, court costs and attorneys' fees, howsoever arising or incurred because of, incident to, or with respect to Collateral or any use, possession, maintenance, or management thereof.

Miscellaneous.

- (a) <u>Term.</u> Upon full and final payment and performance of the Obligation, this Agreement shall thereafter terminate upon receipt by GARDEN of UN-DU's written notice of such termination; provided that no Obligor, if any, on any of the Collateral shall ever be obligated to make inquiry as to the termination of this Agreement, but shall be fully protected in making payment directly to GARDEN.
- GARDEN's rights hereunder shall not be released, diminished, impaired, or adversely affected by the occurrence of any one or more of the following events: (i) the taking or accepting of any other security or assurance for any or all of the Obligation; (ii) any release, surrender, exchange, subordination, or loss of any security or assurance at any time existing in connection with any or all of the Obligation; (iii) the modification of, amendment to, or waiver of compliance with any terms of this Agreement without the notification or consent of UN-DU, except as required herein (the right to such notification or consent being herein specifically waived by UN-DU); (iv) the insolvency, bankruptcy, or lack of corporate, partnership or trust power of any party at any time

liable for the payment of any or all of the Obligation, whether now existing or hereafter occurring; (v) any renewal, extension, or rearrangement of the payment of any or all of the Obligation, either with or without notice to or consent of UN-DU, or any adjustment, indulgence, forbearance, or compromise that may be granted or given by GARDEN to UN-DU; (vi) any neglect, delay, omission, failure, or refusal of GARDEN to take or prosecute any action in connection with this Agreement or any other agreement, document, guaranty, or instrument evidencing, securing, or assuring the payment of all or any of the Obligation; (vii) any failure of GARDEN to notify UN-DU of any renewal, extension, or assignment of the Obligation or any part thereof, or the release of any security, or of any other action taken or refrained from being taken by GARDEN against UN-DU or any new agreement between GARDEN and UN-DU, it being understood that GARDEN shall not be required to give UN-DU any notice of any kind under any circumstances whatsoever with respect to or in connection with the Obligation, including, without limitation, notice of acceptance of this Agreement or any Collateral ever delivered to or for the account of GARDEN hereunder; (viii) the illegality, invalidity, or unenforceability of all or any part of the Obligation against any party obligated with respect thereto by reason of the fact that the Obligation, or the interest paid or payable with respect thereto, exceeds the amount permitted by law, the act of creating the Obligation, or any part thereof, is ultra vires, or the officers, partners, or trustees creating same acted in excess of their authority, or for any other reason; or (ix) if any payment by any party obligated with respect thereto is held to constitute a preference under applicable laws or for any other reason GARDEN is required to refund such payment or pay the amount thereof to someone else.

- (c) <u>Waivers</u>. Except to the extent expressly otherwise provided herein, UNDU waives (i) any right to require GARDEN to proceed against any other person, to exhaust his rights in the Collateral, or to pursue any other right which GARDEN may have; (ii) with respect to the Obligation, presentment and demand for payment, protest, notice of protest and nonpayment, and notice of the intention to accelerate; and (iii) all rights of marshaling in respect of any and all of the Collateral.
- (d) <u>Financing Statement</u>. GARDEN shall be entitled at any time to file this Agreement or a carbon, photographic, or other reproduction of this Agreement, as a financing statement, but the failure of GARDEN to do so shall not impair the validity or enforceability of this Agreement.
- (e) <u>Amendments</u>. This instrument may be amended only by an instrument in writing executed jointly by UN-DU and GARDEN, and supplemented only by documents delivered or to be delivered in accordance with the express terms hereof.
- (f) <u>Multiple Counterparts</u>. This Agreement has been executed in a number of identical counterparts, each of which shall be deemed an original for all purposes and all of which constitute, collectively, one agreement; but, in making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart.
- (g) <u>Parties Bound: Assignment.</u> This Agreement shall be binding on UN-DU and UN-DU's successors and assigns and shall inure to the benefit of GARDEN and GARDEN's

successors and assigns. UN-DU may not, without the prior written consent of GARDEN, assign any rights, duties, or obligations hereunder. In the event of an assignment of all or part of the Obligation, the Security Interest and other rights and benefits hereunder, to the extent applicable to the part of the Obligation so assigned, shall be transferred therewith.

- (h) Governing Law. This Agreement shall be governed by and constructed in accordance with the laws of the State of Texas. Any dispute, claim or controversy arising out of or relating to this Agreement or breach, termination, enforcement, interpretation or validity thereof, including the determination of the scope or applicability of this Agreement to arbitrate, shall be determined by arbitration in Dallas, Texas, before a sole arbitrator selected by GARDEN, in accordance with the laws of the State of Texas for agreements made in and to be performed in that State. The arbitration shall be administered by JAMS pursuant to its Streamlined Arbitration Rules and Procedures. Judgment on the award may be entered in any court having jurisdiction. The arbitrator shall, in the award, allocate all of the costs of the arbitration (and each mediation, if applicable), including the fees of the arbitrator and the reasonable attorneys' fees of the prevailing party, against the party who did not prevail.
- (i) <u>Complete Agreement</u>. This Agreement, the Promissory Note (including the attached Guaranty), and all other agreements, instruments or documents executed and/or delivered in connection therewith are intended by UN-DU and GARDEN as a final expression of their agreement with respect to the subject matter hereof and thereof, and supersede all prior agreements and understandings whether oral or written with respect to the subject matter hereof and thereof.

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st mentioned.

UN-DU PRODUCTS, INC.

Gary F. Reichling, Chairman

Warren W. Garden

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RECORDED: 09/09/2003