

RE  
TRADE

05-26-2004  
102708298

Form PTO-1594  
(Rev. 10/02)  
OMB No. 0651-0027 (exp. 6/30/2005)  
Tab settings ⇌ ⇌ ⇌

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

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

1. Name of conveying party(ies): 3-17-03  
nLine Corporation

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

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

2. Name and address of receiving party(ies)  
Name: Sensor Technology Development Fund, LLC  
Internal  
Address: \_\_\_\_\_  
Street Address: 5505 Airport Blvd.  
City: Boulder State: CO Zip: 80301

Individual(s) citizenship \_\_\_\_\_  
 Association \_\_\_\_\_  
 General Partnership \_\_\_\_\_  
 Limited Partnership \_\_\_\_\_  
 Corporation-State \_\_\_\_\_  
 Other Limited Liability Company

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: January 16, 2003

4. Application number(s) or registration number(s):  
A. Trademark Application No.(s) 76/182,607  
for mark: NLINE 76/182,067  
76/182,067 Additional number(s) attached  Yes  No

B. Trademark Registration No.(s) Chinese:  
2015446 for nline logo

5. Name and address of party to whom correspondence concerning document should be mailed:  
Name: V. Marc Droppert  
Internal Address: \_\_\_\_\_  
3/18/2003 LMUELLER 00000029 76182607  
40.00 OP  
50.00 OP  
Street Address: Leary Franke Droppert PLLC  
1500 Fourth Avenue, Suite 60J  
City: Seattle State: WA Zip: 98101

6. Total number of applications and registrations involved: 3  27

7. Total fee (37 CFR 3.41).....\$ 1,080.00  
 Enclosed  
 Authorized to be charged to deposit account

8. Deposit account number: \_\_\_\_\_

9. Signature.  
V. Marc Droppert [Signature]  
Name of Person Signing      Signature      Date 1/17/03

DO NOT USE THIS SPACE

Total number of pages including cover sheet, attachments, and document: 16

OFFICE OF PUBLIC RECORDS  
2003 MAR 17 PM 2:22  
FINANCE SECTION

01 FC:052  
02 FC:052

Refund Ref: 03/18/2003 LMUELLER 0000125222

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

CHECK Refund Total: \$990.00

**2. Receiving Parties: Continued**

TAT Investments II C.V.  
Caracasbaaiweg 201  
Curacao, Netherland Antilles

Middlefield Ventures, Inc.  
c/o Intel Capital Portfolio Manager  
2200 Mission College Blvd.  
Mailstop RN6-46  
Santa Clara, CA 95052-8119

Robert D. Knollenberg  
550 Airport Blvd.  
Boulder, CO 80301

## **Domestic Representative Designation**

TAT Investments II C.V.  
Caracasbaaiweg 201  
Curacao, Netherland Antilles

designates the following as its Domestic Representative:

Leary Franke Droppert PLLC  
Attn: V. Marc Droppert  
1500 Fourth Avenue, Suite 600  
Seattle, WA 98101

**4.A. Trademark Application Numbers: CONTINUED**

Chinese Trademark Application

2001074542 on mark: NLINE

Japanese Trademark/Service Mark Applications

2001-035,420 for nLine logo

2001-039,191 for mark: NLINE

Singapore Trademark Applications

T01/05445 Z for nLine logo

T01/05445 for nLine logo

T01/06212H for mark: NLINE

T01/06211Z for mark: NLINE

South Korean Trademark Applications

40-2001-16334 for nLine logo

40-2001-6837 for nLine logo

40-2001-21615 for mark: NLINE

40-2001-9425 for mark: NLINE

United States Applications

→ 76,149,163 for nLine logo

→ 76/347,903 for mark: FATHOM

**4.B. Trademark Registration Numbers: CONTINUED**

Chinese

1767639 for nLine logo

1762693 for mark: NLINE

European Community Trademarks

002179877 for nLine logo

002199529 for mark: NLINE

Israeli Trademarks

148191 for nLine logo

148192 for nLine logo

148716 for mark: NLINE

148720 for mark: NLINE

Taiwan Trademarks

1001909 for nLine logo

170081 for nLine logo

998371 for mark: NLINE

168563 for mark: NLINE

## SECURITY AGREEMENT

THIS SECURITY AGREEMENT is made and entered into as of January 17, 2003 between and among the parties identified below as "Secured Parties" (each individually referred to as a "Secured Party") and nLine Corporation, a Delaware corporation ("Debtor").

### RECITALS

A. This Security Agreement is being given to secure the sale by Debtor and purchase by each Secured Party of a Convertible Promissory Note of even date herewith (a "Note", or collectively the "Notes").

B. Debtor has agreed to grant Secured Parties a security interest in all of Debtor's assets, as hereinafter provided, to secure Secured Parties' right to collect the indebtedness described in the Notes.

IN CONSIDERATION OF the mutual promises and covenants contained herein, the parties agree as follows:

1. Creation of Security Interest. Debtor hereby grants to Secured Parties a security interest in the collateral described in Schedule 1 hereto (the "Collateral") to secure Debtor's obligations under the Notes issued to Secured Parties, including any interest thereon, attorneys' fees of a Secured Party in enforcing this Agreement, or for funds advanced by a Secured Party to pay insurance premiums, interest, taxes, repairs, care, storage or similar costs and expenses, together with any and all extensions, renewals or modifications of such indebtedness (collectively the "Indebtedness").

2. Ownership. Debtor warrants that all Collateral is owned by Debtor free and clear of any other lien, security interest or encumbrance except as previously disclosed to Secured Parties in writing. Debtor will not grant an interest in any of the Collateral, except sales of products and inventory in the ordinary course of business, to any other party without the Secured Parties' prior written consent.

3. Financing Statements. Debtor authorizes Secured Parties to file financing statements describing the Collateral and further agrees to execute and deliver to Secured Parties such financing statements, continuation statements, amendments, termination statements, applications for registration and like documents as any Secured Party may reasonably request.

4. Change in Location of Collateral or Name. Debtor agrees to give Secured Parties written notice immediately if the location of the Collateral securing Debtor's Indebtedness to Secured Parties changes, if Debtor's records change from the locations established at the execution of this Security Agreement, or Debtor's name is ever changed. Debtor further agrees that Debtor will not remove any Collateral or records currently located in the state of Texas from the state of Texas for any reason without the prior express written consent of Secured Parties.

5. Taxes and Liens. Debtor shall pay before delinquency any tax or other governmental charge which is or may become through assessment or distraint or otherwise a lien or charge on the Collateral and shall pay any tax which may be levied on any obligation secured by this Agreement.

6. Release of Collateral. Debtor acknowledges that Secured Parties are taking a security interest in the Collateral for Secured Parties' sole benefit and that Secured Parties shall have the absolute right, in their sole discretion, to release any items of Collateral at any time without affecting or diminishing the liability of Debtor to Secured Parties for any remaining or future Indebtedness. Secured Parties shall also have the right, in their sole discretion, to release, settle or compromise the liability of any guarantor of Debtor's Indebtedness to Secured Parties without affecting or diminishing the liability of Debtor to Secured Parties for all remaining or future Indebtedness. Any such release, settlement or compromise of liability shall require the unanimous approval of all Secured Parties.

7. Default. Time is of the essence of this Agreement and the following shall be "Events of Default" under the terms of this Security Agreement: (a) default in the payment or performance, when due or payable, of any indebtedness of Debtor, or of any endorser, guarantor or surety for any indebtedness of Debtor to a Secured Party; (b) the breach by Debtor of any representation, covenant or warranty contained in this Security Agreement or in any other instrument or agreement delivered to a Secured Party; (c) the making by Debtor of any material misrepresentation to Secured Parties for the purpose of obtaining credit or an extension of credit; (d) the failure of Debtor after reasonable request by a Secured Party to furnish financial information or permit the inspection of books or records of Debtor; (e) the issuance of any injunction, attachment, garnishment or levy against any property of Debtor; (f) the insolvency of Debtor (other than as result of the excess of the debt secured hereunder over the assets of the Company during the period preceding the one-year anniversary hereof), an admission in writing of its inability to pay debts as they mature, the institution by or against Debtor of any bankruptcy, reorganization, debt arrangement, or other proceeding under any bankruptcy or insolvency law or dissolution, receivership, or liquidation proceeding; and (g) any event which, in the reasonable judgment of Secured Parties, has a material adverse effect upon the business or the financial condition of Debtor or of any guarantor or which, in the reasonable opinion of Secured Parties, impairs Secured Parties' Collateral or increases their risk; in the case of events described in (a), (b), (c), (d) and (g) above following written notice and an opportunity to cure the purported Event of Default within ten (10) days following delivery of such notice.

8. Remedies. Upon the occurrence of any Event of Default, Secured Parties shall have, in addition to all of the rights and remedies at law or in equity, the remedies of a secured party under the Uniform Commercial Code of Texas. Upon default, any Secured Party shall have the right to declare immediately due and payable any and all Indebtedness owned by Debtor to such Secured Party.

9. Waivers. Debtor hereby waives demand, notice, protest, notice of acceptance of this Security Agreement, notice of credit extended, or other action taken in reliance hereon and all of the demands and notices of any description. This Security Agreement shall not be qualified or supplemented by course of dealing. No waiver or modification by the Secured Parties of any of the terms or conditions of this Security Agreement shall be effective unless in writing and signed by all Secured Parties. No waiver or indulgence by Secured Parties as to any required performance or other obligation of Debtor shall be construed as a waiver of any right on any future occasion. Secured Parties shall have no obligation to marshal Collateral or to proceed in reverse order of alienation. Debtor waives any failure of Secured Parties to take, perfect or keep perfected any security interest.

10. Notices. Any demand, notice or other communication required to be given to either party shall be effective if served personally or deposited in the mail addressed to each such party


at its last known address. When notice is required, including notice of sale under the Uniform Commercial Code, reasonable notice shall be deemed to be ten (10) days.

11. Attorneys' Fees, Costs. In the event of any dispute arising out of or involving this agreement, the prevailing party shall be entitled to recover its actual attorneys' fees, experts' fees and costs, including those incurred in pretrial, at trial, on appeal or in arbitration and all other costs and expenses associated with any such action.

12. Governing Law. This Agreement shall be governed by and construed under the laws of the state of Delaware without reference to its choice of laws rules.

13. Multiple Parties. It is expressly understood that the rights and benefits of the Secured Parties shall apply to and be exercisable by each Secured Party with respect to its respective Note or by more than one Secured Party with respect to their Notes; and that each Secured Party shall hold an equal in standing, undivided, pro rata security interest in the Collateral.

**"DEBTOR"**  
nLINE CORPORATION

By:   
Its: President & CEO

Address: 4150 Freidrich Lane, Suite A  
Austin, TX 78744

**"SECURED PARTIES":**  
TAT INVESTMENTS II C.V.

  
By: TAT Investment Management N.V.  
Its: General Partner

Address: Caracasbaaiweg 201  
Curacao, Netherlands Antilles

MIDDLEFIELD VENTURES, INC.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Address: c/o Intel Corporation  
Attn: Intel Capital Portfolio Manager  
2200 Mission College Blvd.  
Mailstop RN6-46  
Santa Clara, CA 95052-8119

at its last known address. When notice is required, including notice of sale under the Uniform Commercial Code, reasonable notice shall be deemed to be ten (10) days.

11. Attorneys' Fees, Costs. In the event of any dispute arising out of or involving this agreement, the prevailing party shall be entitled to recover its actual attorneys' fees, experts' fees and costs, including those incurred in pretrial, at trial, on appeal or in arbitration and all other costs and expenses associated with any such action.

12. Governing Law. This Agreement shall be governed by and construed under the laws of the state of Delaware without reference to its choice of laws rules.

13. Multiple Parties. It is expressly understood that the rights and benefits of the Secured Parties shall apply to and be exercisable by each Secured Party with respect to its respective Note or by more than one Secured Party with respect to their Notes; and that each Secured Party shall hold an equal in standing, undivided, pro rata security interest in the Collateral.

"DEBTOR"  
nLINE CORPORATION

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Address: 4150 Freidrich Lane, Suite A  
Austin, TX 78744

"SECURED PARTIES":  
TAT INVESTMENTS II C.V.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Address: Caracasbaaiweg 201  
Curacao, Netherland Antilles

MIDDLEFIELD VENTURES, INC.

LEGAL OK  
SA 1/21/08



By: *Ravi Jacob*  
Its: Vice President, Finance  
& Enterprise Services Group

Address: Asst. Treasurer, M&A  
c/o Intel Corporation  
Attn: Intel Capital Portfolio Manager  
2200 Mission College Blvd.  
Mailstop RN6-46  
Santa Clara, CA 95052-8119



SENSOR TECHNOLOGY DEVELOPMENT  
FUND, LLC

By: *Eddy K. Pham*  
Its: MEMBER

Address: 5505 Airport Blvd.  
Boulder, CO 80301

*Robert Knollenberg*  
ROBERT KNOLLENBERG

Address: 5505 Airport Blvd.  
Boulder, CO 80301

SECURITY AGREEMENT - 4

TRADEMARK  
REEL: 002858 FRAME: 0729

**SCHEDULE 1  
COLLATERAL**

The Collateral consists of all of Debtor's right, title and interest in and to the following:

All goods and equipment now owned or hereafter acquired, including, without limitation, all machinery, fixtures, vehicles (including motor vehicles and trailers), and any interest in any of the foregoing, and all attachments, accessories, accessions, replacements, substitutions, additions, and improvements to any of the foregoing, wherever located;

All inventory, now owed or hereafter acquired, including, without limitation, all merchandise, raw materials, parts, supplies, packing and shipping materials, work in process and finished products including such inventory as is temporarily out of Debtor's custody or possession or in transit and including any returns upon any accounts or other proceeds, including insurance proceeds, resulting from the sale or disposition of any of the foregoing and any documents of title representing any of the above;

All contract rights and general intangibles now owned or hereafter acquired, including, without limitation, goodwill, trademarks, service marks, trade styles, trade names, patents, patent applications, leases, license agreements (other than Debtor's rights under and interest in (a) that certain Sole Commercial Patent License Agreement (U.S. License No. 297) dated January 1, 2000, and entered into between and among UT-Batelle LLC (formerly Lockheed Martin Energy Research Corporation under the subject agreement) ("UT-Batelle") and Interscience, Inc. ("Interscience"), as Licensor, and Debtor as Licensee, and (b) that certain Sole Commercial Patent License Agreement (U.S. License No. 298) dated January 1, 2000, and entered into between and among UT-Batelle and Interscience, as Licensor, and Debtor as Licensee, each as amended; provided however, should Debtor's rights and interest in such agreements at any time permit Debtor to grant a collateral interest therein, Debtor hereby agrees to grant Secured Parties a first priority security interest in such agreement), franchise agreements, blueprints, drawings, purchase orders, customer lists, route lists, infringements, claims, computer programs, computer discs, computer tapes, literature, reports, catalogs, design rights, income tax refunds, payments of insurance and rights to payment of any kind, including, without limitation, the intellectual property identified in Appendix A to this Schedule 1;

All now existing and hereafter arising accounts, contract rights, royalties, license rights and all other forms of obligations owing to Debtor arising out of the sale or lease of goods, the licensing of technology or the rendering of services by Debtor, whether or not earned by performance, and any and all credit insurance, guaranties, and other security therefor, as well as all merchandise returned to or reclaimed by Debtor;

All documents, cash, deposit accounts, securities, entitlements, securities accounts, investment property, financial assets, letters of credit, certificates of deposit, instruments and chattel paper now owned or hereafter acquired and Debtor's books and records relating to the foregoing;

All copyright rights, copyright applications, copyright registrations and like protections in each work of authorship and derivative work thereof, whether published or unpublished, now owned or hereafter acquired; all trade secret rights, including all rights to unpatented inventions, know-how, operating manuals, license rights and agreements and confidential information, now owned or hereafter acquired; all mask work or similar rights available for the protection of

**SECURITY AGREEMENT - 5**

**TRADEMARK  
REEL: 002858 FRAME: 0730**

semiconductor chips, now owned or hereafter acquired; all claims for damages by way of any past, present and future infringement of any of the foregoing; and

All Debtor's books and records relating to the foregoing and any and all claims, rights and interests in any of the above and all substitutions for, additions and accessions to and proceeds thereof.

**SECURITY AGREEMENT - 6**

**TRADEMARK**  
**REEL: 002858 FRAME: 0731**

**APPENDIX A  
INTELLECTUAL PROPERTY**

The Company has filed the following Pending United States Patent Applications:

- 1) U.S. Patent Application Serial No. 09/949,266 entitled, *System and Method for Correlated Noise Removal in Complex Imaging Systems* filed September 7, 2001.
- 2) U.S. Patent Application Serial No. 09/945,917 entitled, *Semiconductor Wafer Positioning System and Method* filed September 4, 2001.
- 3) U.S. Patent Application Serial No. 09/949,423 entitled, *System and Method for Registering Complex Images* filed September 7, 2001.

The Company has filed the following pending Provisional Patent Applications with the United States Patent and Trademark Office:

- 1) Serial No. 60/410,154 entitled, *Focus/Aberration Correction in a Digital Holographic System* filed September 12, 2002.
- 2) Serial No. 60/410,151 entitled, *Four Optics Improvements to Optical Direct to Digital Holography* filed September 12, 2002.
- 3) Serial No. 60/410,154 entitled, *Wave Front Matching* filed September 12, 2002.
- 4) Serial No. 60/410,155 entitled, *System and Method of Image Matching and Registration with an Automated Multi-View Target Searching Mechanism* filed September 12, 2002.
- 5) Serial No. 60/410,156 entitled, *A Flow Control Algorithm for Maximizing Resource Utilization on a Remote System* filed September 12, 2002.
- 6) Serial No. 60/410,157 entitled, *System for Comparing Holographic Images* filed September 12, 2002.
- 7) Serial No. 60/410,159 entitled, *System and Method for Aligning Difference Images* filed September 12, 2002.
- 8) Serial No. 60/410,161 entitled, *System and Method for Generating a Difference between Complex Images* filed September 12, 2002.

The Company has filed the following pending foreign patent applications filed under the Patent Cooperation Treaty (PCT);

- 1) PCT/US02/28329 entitled, *System and Method for Correlated Noise Removal in Complex Imaging Systems* filed September 6, 2002.
- 2) PCT/US02/28110 entitled, *Semiconductor Wafer Positioning System and Method* filed September 6, 2002.
- 3) PCT/US02/28302 entitled, *System and Method for Registering Complex Images* filed September 6, 2002.

The Company has registered the following Trademarks:

Chinese Trademark Nos. 2015446 and 1767639 both filed April 18, 2001 and granted September 21, 2002 and May 14, 2002, respectively, for the nLine Logo.

Chinese Trademark No. 1762693 filed May 8, 2001, granted May 7, 2002 and Published Trademark Application No. 2001074542 filed May 8, 2001 on the mark: NLINE.

European Community Trademark No. 002179877 filed April 17, 2001 for the nLine logo.

European Community Trademark No. 002199529 filed April 30, 2001 on the mark: NLINE.

Israeli Trademark Nos. 148191 and 148192 filed April 15, 2001 and granted on May 3, 2002 for the nLine logo.

Israeli Trademark Nos. 148716 and 148720 filed April 29, 2001 and granted August 14, 2002 on the mark: NLINE.

Taiwan Trademark Nos. 1001909 and 170081 filed April 17, 2001 and granted on June 16, 2002 and September 16, 2002, respectively, for the nLine logo.

Taiwan Trademark Nos. 998371 and 168563 filed April 30, 2001 and granted on May 16, 2002 and August 16, 2002, respectively, on the mark: NLINE.

The Company has filed the following Trademark Applications:

U.S. Trademark Application No. 76/182,067 filed December 14, 2000 on the mark: NLINE.

U.S. Trademark/Service Mark Application No. 76/149,163 filed October 18, 2000 for the nLine logo.

U.S. Trademark Application No. 76/347,903 filed December 11, 2001 on the mark: FATHOM.

Japanese Trademark/Service Mark Application No. 2001-035,420 filed April 17, 2001 for the nLine logo.

Japanese Trademark/Service Mark Application No. 2001-039,191 filed April 27, 2001 on the mark: NLINE.

Singapore Trademark Application No. T01/05445 Z and Published Trademark Application No. T01/05445, both filed April 18, 2001 for the nLine logo.

Singapore Trademark Application No. T01/06212H and T01/06211Z filed May 4, 2001 on the mark: NLINE.

South Korean Trademark Application Nos. 40-2001-16334 and 40-2001-6837 filed April 17, 2001 for the nLine logo.

South Korean Trademark Application Nos. 40-2001-21615 and 40-2001-9425 filed May 21, 2001 on the mark: NLINE.

**SECURITY AGREEMENT - 9**

**RECORDED: 03/17/2003**

**TRADEMARK  
REEL: 002858 FRAME: 0734**