

12/22/03

12-30-2003

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

RECORDATIC TRADE.



102634135

DEPARTMENT OF COMMERCE 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): Innovative Paper Technologies LLC
Individual(s) Association
General Partnership Limited Partnership
Corporation-State
Other Limited Liability Company

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

3. Nature of Conveyance:
Assignment Merger
Security Agreement Change of Name
Other Trademark and Tradename Security Agreement and Mortgage
Execution Date: November 24, 2003

2. Name and address of receiving party(ies)
Name: Hilco Capital LP
Internal Address:
Street Address: 5 Revere Drive, Suite 510
City: Northbrook State IL Zip: 60062
Individual(s) citizenship
Association
General Partnership
Limited Partnership Delaware
Corporation-State
Other

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No
Designations must be a separate document from assignment
Additional name(s) & address(es) attached? Yes No

4. Application number(s) or registration numbers(s):
A. Trademark Application No.(s) See attached
B. Trademark Registration No.(s)
Additional number(s) attached Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:
Name Thomas Duignan, Esq.
Internal Address: Greenberg Traurig, LLP
Street Address: 200 Campus Drive
City: Florham Park, State: NJ Zip: 07932

6. Total number of applications and registrations involved: 8
7. Total fee (37 CFR 3.41): \$320.00
Enclosed
Authorized to be charged to deposit account
8. Deposit account number:
(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

9. Statement and signature. To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.
Thomas Duignan, Esq.
Name of Person Signing
Signature
Date 12/18/03

Total number of pages including cover sheet, attachments, and document.

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:4522

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Refund Ref: 12/29/2003 LUMELLER 000013029

CHECK Refund Total: \$105.00

TRADEMARK REEL: 002887 FRAME: 0069

SCHEDULE A TO TRADEMARK SECURITY AGREEMENT AND MORTGAGE

TRADEMARKS

<u>TRADEMARK</u>	<u>REGISTRATION NUMBER</u>	<u>SERIAL NUMBER</u>
DMD180	1,819,486	74/271,748
CEQUINBORD	1,187,639	73/298,960
QUIN-T	1,153,932	73/224,945
LENSWRAP	1,503,685	73/688,933
TUFQUIN	1,385,225	73/549,962
CORQUIN	1,385,224	73/549,961
CEQUIN	1,342,631	73/437,356
QUINTERRA	405,678	71/460,548

SCHEDULE B TO TRADEMARK SECURITY AGREEMENT AND MORTGAGE

LICENSES

None.

**TRADEMARK AND TRADENAME
SECURITY AGREEMENT AND MORTGAGE**

THIS TRADEMARK AND TRADENAME SECURITY AGREEMENT AND MORTGAGE (the "Security Agreement") is made as of this 24th day of November, 2003, by INNOVATIVE PAPER TECHNOLOGIES, LLC, a Delaware limited liability company with an address of 6654 Gunpark Drive, Suite 102, Boulder, Colorado 80301 (the "Grantor") in favor of HILCO CAPITAL LP, a Delaware limited partnership having an office located at 5 Revere Drive, Suite 510, Northbrook, Illinois 60062 (the "Lender").

WITNESS:

WHEREAS, the Grantor is the owner and holder of the Trademarks listed on Schedule A annexed hereto and made a part hereof, together with all of the goodwill of the business symbolized by each of the Trademarks; and

WHEREAS, the Grantor and Powell, LLC, a Massachusetts limited liability company ("Powell") (the Grantor and Powell are collectively and individually referred to as the "Borrowers") and Lender are about to enter into a certain Loan and Security Agreement of even date herewith (said Agreement, as it may hereafter be amended, supplemented, restated or otherwise modified from time to time being the "Loan Agreement") (any capitalized terms used, but not specifically defined, herein shall have the meaning provided for such terms in the Loan Agreement); and

WHEREAS, the Lender is about to grant (a) a mortgage loan to Powell, in the original principal amount of \$2,000,000 (the "Powell Real Estate Loan") and (b) a mortgage loan to Innovative Paper Technologies Real Estate, LLC, a Delaware limited liability company ("Innovative Real Estate"), in the original principal amount of \$900,000 (the "Innovative Real Estate Loan") (the Powell Real Estate Loan and the Innovative Real Estate Loan are collectively and individually referred to as the "Real Estate Loans"); and

WHEREAS, to induce the Lender to grant the Real Estate Loans to Powell and Innovative Real Estate, the Grantor has offered to guaranty the full and prompt payment, when due, of all obligations of Powell and Innovative Real Estate, pursuant to a certain Guaranty of even date herewith (the "Guaranty"); and

WHEREAS, to further induce the Lender to enter into the Loan Agreement, to grant the loans, advances and extensions of credit to the Borrowers in accordance with the Loan Agreement, and to grant the Real Estate Loans to Powell and Innovative Real Estate, the Grantor has offered to offered to execute and deliver this Security Agreement to the Lender, granting and conveying to the Lender a security interest, first in priority, upon the Collateral (as such term is hereinafter defined);

NOW, THEREFORE, in consideration of the foregoing, in consideration of the premises and of other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and agreed, the Grantor hereby agrees with the Lender for its benefit as follows:

1. Certain Defined Terms. As used in this Security Agreement, unless the context otherwise requires:

(a) "Collateral": Shall mean, collectively and individually--

(i) each of the Trademarks listed on Schedule A annexed hereto and made a part hereof and the goodwill of the business symbolized by each of those Trademarks;

(ii) each of the Licenses;

(iii) all accounts, contract rights and general intangibles of the Grantor arising under or relating to the Licenses, whether now existing or hereafter arising, including, without limitation, (1) all moneys due and to become due under any License, (2) any damages arising out of or for breach or default in respect of any such License, (3) all other amounts from time to time paid or payable under or in connection with any such License, and (4) the right of the Grantor to terminate any such License or to perform and to exercise all remedies thereunder;

(iv) any claims by the Grantor against third parties, and all proceeds of suits, for infringement of the Trademarks, and the rights to sue for past, present and future infringements and all rights corresponding thereto in the United States; and

(v) as to all of the foregoing (i) through (iv) inclusive, and any and all cash proceeds, non-cash proceeds and products thereof, additions and accessions thereto, replacements and substitutions therefor, and all related books, records, journals, computer print-outs and data, of the Grantor.

(b) "Licenses": Collectively and individually, any and all Trademark license agreements granted by the Grantor to third parties, whether now existing or hereafter arising, as any of same may from time to time be amended or supplemented, including, but not limited to, the license agreements listed on Schedule B annexed hereto and made a part hereof.

(c) "Obligations": Shall mean, collectively and individually, the "Obligations" defined in the Loan Agreement and the "Obligations" as defined in the Guaranty.

(d) "Trademarks": Collectively and individually,

all--

(i) trademarks, trade names, trade dress, service marks, prints and labels on which said trademarks, trade names, trade dress and service marks have appeared or appear, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, all right, title and interest therein and thereto, all applications thereof filed under Section 1(a) of the Lanham Act (15 U.S.C.A. 1051(a)), and all registrations and recordings of

any of the foregoing, including, without limitation, registrations and recordings in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof, or any other country or any political subdivision thereof, all whether now or hereafter owned or licensable by any Grantor, including, but not limited to, those listed on Schedule A annexed hereto and made a part hereof; and

(ii) trademarks, trade names, trade dress and service marks, whether now or hereafter owned by the Grantor which has not or is not required to be registered or recorded in any jurisdiction; and

(iii) reissues, extensions or renewals thereof and all licenses thereof (including, without limitation, all license agreements).

2. Grant of Security. To secure payment and performance of all of the Obligations of the Grantor to the Lender, the Grantor hereby mortgages to and pledges to the Lender and grants and conveys to the Lender a security interest in all of the Grantor's right, title and interest in and to the Collateral, which security interest shall remain in full force and effect until all of the Obligations of the Grantor to the Lender are fully paid and satisfied.

3. Representations, Warranties and Covenants of the Grantor. The Grantor hereby represents, warrants, covenants and agrees as follows:

(a) Title to the Trademarks. The Grantor has sole, exclusive, full, clear and unencumbered right, title and interest in and to the Trademarks and the registrations of the Trademarks are valid and subsisting and in full force and effect. The Trademarks have not been abandoned, suspended, voluntarily terminated or canceled by the Grantor, have not been adjudged invalid or unenforceable and, to the best of the Grantor's knowledge, there is no reason why the Trademarks should be adjudged invalid or unenforceable.

(b) Use of the Trademarks. Except to the extent that (i) the Lender, upon prior written notice by the Grantor, shall consent, or (ii) the Grantor determines in its reasonable business judgment that a Trademark of the Grantor has negligible economic value and such Trademark is no longer utilized in the ordinary course of the Grantor's business, the Grantor (either itself or through licensees) has used and will continue to use the Trademarks on each and every trademark class of goods applicable to its current line as reflected in its current catalogs, brochures and price lists in order to maintain the Trademarks in full force free from any claim of abandonment for nonuse and the Grantor will not knowingly (and will not permit any licensee thereof to) do any act or knowingly omit to do any act whereby any of the Trademarks may become invalidated, abandoned, unenforceable, avoided, avoidable or otherwise diminished in value, and shall notify the Lender immediately if it knows of any reason or has reason to know of any ground under which any of the foregoing may occur.

(c) Further Assurances. The Grantor will perform all acts and execute all further instruments and documents, including, without limitation, assignments for security in form suitable for filing with the United States Patent and Trademark Office, reasonably requested by the Lender at any time to evidence, perfect, maintain, record and enforce the Lender's interest

in the Collateral or otherwise in furtherance of the provisions of this Security Agreement, and the Grantor hereby authorizes the Lender to execute and file (with or without the signature of the Grantor) one or more financing statements (and similar documents) or copies thereof or this Security Agreement with respect to the Collateral signed only by the Lender.

(d) Costs and Expenses. The Grantor shall pay on demand all reasonable and necessary expenses and expenditures of the Lender, including, without limitation, reasonable attorney's fees and expenses, incurred or paid by the Lender in protecting, enforcing or exercising its interests, rights or remedies created by, connected with or provided in this Security Agreement, or performance pursuant to this Security Agreement.

(e) Pledge of Additional Trademarks. In the event the Grantor, either itself or through any agent, employee, licensee or designee shall:

(i) file or record an application for the registration of any Trademark with the United States Patent and Trademark Office or any similar office or agency of the United States, any State thereof, or any other country or any political subdivision thereof; or

(ii) file or record any assignment of any Trademark which the Grantor may acquire, own or license from a third party, with the United States Patent and Trademark Office or any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof;

the Grantor shall promptly, but in no event more than fifteen (15) days subsequent to such filing, notify the Lender thereof, and, upon request of the Lender shall promptly, but in no event more than twenty (20) days subsequent to such request, execute and deliver any and all assignments, agreements, instruments, documents and papers as the Lender may reasonably request to evidence the Lender's interest in such trademark and the goodwill of the Grantor relating thereto or represented thereby. The Grantor hereby grants the Lender a power of attorney, irrevocable until the Obligations of the Grantor to the Lender are fully paid and satisfied, to modify this Security Agreement by amending Schedule A and Schedule B, as applicable, to include any future Trademarks or Licenses, including, without limitation, registrations or applications appurtenant thereto, covered by this Security Agreement.

(f) Grantor's Authority, Etc. The Grantor has the right and power to mortgage and pledge the Collateral and to grant the security interest in the Collateral herein granted; and the Collateral is not now, and at all times hereafter will not be subject to any liens, licenses (other than as permitted under subparagraph 3(c) of this Security Agreement), pledges, assignments, registered license agreements, covenants not to sue by the Grantor or other encumbrance of any nature whatsoever, except as otherwise permitted under the Loan Agreement, and the Grantor has not received any notice from any third party claiming any right or interest in and to any of the Collateral or that the Grantor's use thereof infringes the rights of any third party.

(g) Negative Pledge. The Grantor will not, without the prior written consent of the Lender, assign (by operation of law or otherwise), sell, mortgage, lease, transfer, pledge, hypothecate, grant a security interest in or lien upon, grant an exclusive or non-exclusive license

upon (other than those existing Licenses listed on Schedule B annexed hereto and made a part hereof), or otherwise encumber, grant rights to any other person upon or dispose of any of the Collateral, except as otherwise permitted in the Loan Agreement, and nothing in this Security Agreement shall be deemed a consent by the Lender to any such action except as expressly permitted herein. The Lender agrees that, in the case of any request by the Grantor to grant a license in any Trademark, Lender's consent shall not be unreasonably withheld.

(h) No Additional Trademarks. As of the date hereof, the Grantor does not own any Trademarks, or have any Trademarks registered in or the subject of pending applications in the United States Patent and Trademark Office or any similar office or agency in any other country or any political subdivision thereof, other than those grants, registrations or applications for registrations listed on Schedules A annexed hereto and made a part hereof.

(i) Additional Further Assurances. The Grantor will take all necessary steps in any proceeding before the United States Patent and Trademark Office or any similar office or agency in any other country, or any political subdivision thereof, (i) to maintain each registration and grant of the Trademarks and Licenses, and (ii) in accordance with its reasonable business judgment and at its expense, to halt any infringement of the Trademarks and shall properly exercise its duty to control the nature and quality of the goods offered by any licensees in connection with the Licenses.

(j) Responsibility and Liability. The Grantor assumes all responsibility and liability arising from the use of the Trademarks and Licenses, and hereby indemnifies and holds the Lender and each director, officer, employee, affiliate and agent thereof, harmless from and against any claim, suit, loss, damage or expense (including attorneys' fees and expenses) arising out of any alleged defect in any product manufactured, promoted or sold by the Grantor in connection with any of the Trademarks or otherwise arising out of the Grantor's operation of its business from the use of the Trademarks. In any suit, proceeding or action brought by the Lender under any License for any sum owing thereunder, or to enforce any provisions of such License, the Grantor will indemnify and keep the Lender harmless from and against all expense, loss or damage suffered by reason of any defense, set off, recoupment, claim, counterclaim, reduction or liability whatsoever of the obligee thereunder or arising out of a breach of the Grantor of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of such obligee or its successors from the Grantor, and all such obligations of the Grantor shall be and remain enforceable against and only against the Grantor and shall not be enforceable against the Lender.

(k) Lender's Rights. The Lender may, in its sole discretion, pay any amount or do any act required of the Grantor hereunder or requested by the Lender to preserve, defend, protect, maintain, record or enforce the Grantor's obligations contained herein, the Obligations of the Grantor to the Lender, the Collateral, or the right, title and interest granted the Lender herein, and which the Grantor fails to do or pay, and any such payment shall be deemed an advance by the Lender to the Grantor and shall be payable on demand together with interest thereon at the default rate as specified in the Loan Agreement.

(l) Protection of the Trademarks. The Grantor agrees that if it learns of any use by any person of any term or design likely to cause confusion with any Trademark, or of any claim of any lien, security interest, claim, right or other encumbrance of any nature whatsoever in or to the Collateral, the Grantor shall (i) promptly notify the Lender of such use, lien, security interest, claim, right or other encumbrance, (ii) defend the Collateral against and shall take such other action as is necessary to remove any lien, security interest, claim, right or other encumbrance of any nature whatsoever in or to the Collateral not permitted herein, (iii) defend the interest of the Lender in and to any of the Grantor's rights under the Collateral against the claims or demands of all persons whomsoever, and, (iv) if requested by the Lender, shall join with the Lender, at the Grantor's expense, in such action as the Lender, in its reasonable discretion, may deem advisable for the protection of the Lender's interest in and to the Trademarks, it being understood that the foregoing shall not preclude the Grantor from bringing an action against a person for the protection of the Grantor's interest in and to such Trademarks.

4. Lender's Appointment as Attorney-in-Fact.

(a) The Grantor hereby irrevocably constitutes and appoints the Lender, and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Grantor and in the name of the Grantor or in its own name upon the occurrence of an Event of Default (as defined below), from time to time in the Lender's discretion, for the purposes of carrying out the terms of this Security Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Security Agreement and, without limiting the generality of the foregoing, hereby gives the Lender the power and right, on behalf of the Grantor, to do the following:

(i) To pay or discharge taxes, liens, security interests or other encumbrances levied or placed on or threatened against the Collateral, to effect any repairs or any insurance called for by the terms of this Security Agreement or the Loan Documents and to pay all or any part of the premiums therefor and the costs thereof;

(ii) Upon the occurrence of an Event of Default:

(1) to ask, demand, collect, receive and give acquittances and receipts for any and all moneys due and to become due under any Licenses and, in the name of the Grantor or in its own name or otherwise, to take possession of and endorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due under any License and to file any claim or to take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by the Lender for the purpose of collecting any and all such moneys due under any License whatsoever;

(2) to direct any party liable for any payment under any of the Licenses to make payment of any and all moneys due and to become due thereunder directly to the Lender or as the Lender shall direct;

(3) to receive payment of and receipt for any and all moneys, claims and other amounts due and to become due at any time in respect of or arising out of any Collateral;

(4) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any part thereof and to enforce any other right in respect of any Collateral;

(5) to defend any suit, action or proceeding brought against the Grantor with respect to any Collateral;

(6) to settle, compromise, or adjust any suit, action or proceeding described above and, in connection therewith, to give such discharges or releases as the Lender may deem appropriate;

(7) generally, to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Lender were the absolute owner thereof for all purposes, and to do, at the Lender's option, all acts and things which the Lender deems necessary to protect, preserve or realize upon the Collateral and the Lender's security interest therein, in order to effect the intent of this Security Agreement, all as fully and effectively as the Grantor might do.

(b) This power of attorney is a power coupled with an interest and shall be irrevocable until such time as all "Obligations", as such term is defined in the Loan Agreement, have been fully paid and satisfied and the Lender's obligations under the Loan Agreement shall have been terminated. Notwithstanding the foregoing, the Grantor further agrees to execute any additional documents which the Lender may require in order to confirm this power of attorney, or which the Lender may deem necessary to enforce any of its rights contained in this Security Agreement.

(c) The powers conferred on the Lender hereunder are solely to protect the Lender's interests in the Collateral and shall not impose any duty upon the Lender to exercise any such powers. The Lender shall be accountable only for amounts that it actually receives as a result of the exercise of such powers and neither the Lender nor any of its officers, directors, employees or agents shall be responsible to the Grantor for any act or failure to act, except for the Lender's own gross negligence or willful misconduct.

(d) The Grantor also authorizes the Lender to execute, in connection with any sale provided for in this Security Agreement, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral.

5. Event of Default. The occurrence of any one or more of the following shall constitute an Event of Default under this Agreement:

(a) The occurrence of any Default or Event of Default under the Loan Documents.

(b) A breach by the Grantor of any covenant contained in this Security Agreement and, in the case of a breach of Sections 3(c), 3(i) or 3(l), such breach is not cured within five (5) days after Grantor has knowledge or notice thereof;

(c) If any warranty or representation contained in this Security Agreement, including, without limitation, the warranties and representations contained in Section 3 of this Security Agreement, shall be incorrect.

6. Remedies.

(a) Upon the occurrence of an Event of Default and during the existence of an Event of Default which is not waived in writing by Lender, in addition to all other rights and remedies of the Lender, whether under law, in equity or otherwise (all such rights and remedies being cumulative, not exclusive and enforceable alternatively, successively or concurrently):

(i) the Lender shall have all of the rights and remedies set forth in the Loan Documents;

(ii) immediately upon the Lender's written request, the Grantor shall not make any further use of the Trademarks or any mark similar thereto for any purposes;

(iii) the Lender may, at any time and from time to time, license, whether general, special or otherwise, and whether on an exclusive or nonexclusive basis, any of the Trademarks, throughout the world in such countries as the Trademarks are enforceable, for such term or terms, on such conditions, and in such manner, as the Lender shall in its sole discretion determine;

(iv) the Lender may (without assuming any obligations or liability thereunder), at any time, enforce (and shall have the exclusive right to enforce) against any licensee or sublicensee all rights and remedies of the Grantor in, to and under any one or more license agreements with respect to the Collateral, including, without limitation the Licenses, and take or refrain from taking any action under any license or sublicense thereof, and the Grantor hereby releases the Lender from, and agrees to hold the Lender free and harmless from and against, any claims arising out of any action taken or omitted to be taken with respect to any such license agreements;

(v) the Lender may foreclose upon the Collateral for the purpose of using, assigning, selling or otherwise disposing of the Collateral or any of it, either with or without special or other conditions or stipulations, and record any documents with the United States Patent and Trademark Office necessary to evidence the Lender's ownership in the Collateral;

(vi) the Lender may appear before the United States Patent and Trademark Office as owner of the Collateral, without recording or filing any documents to evidence the Lender's ownership in the Collateral;

(vii) whether or not the Lender forecloses upon the Collateral in accordance with this Security Agreement, the Lender may, at any time and from time to time, assign, sell, or otherwise dispose of, the Collateral or any of it either with or without special or other conditions or stipulations, with power to buy the Collateral or any part of it, and with power also to execute assurances, and do all other acts and things for completing the assignment, sale or disposition which the Lender shall, in its sole discretion, deems appropriate or proper; and

(viii) in addition to the foregoing, in order to implement the assignment, sale or other disposal of any of the Collateral, the Lender may, at any time, pursuant to the authority granted in the Special Power of Attorney (such authority becoming effective on the occurrence of an Event of Default), execute and deliver on behalf of the Grantor, one or more instruments of assignment of the Trademarks (or any application or registration thereof), in form suitable for filing, recording or registration in any country. The Grantor agrees to pay when due all reasonable costs and expenses incurred in any such transfer of the Trademarks, including any taxes, fees and reasonable attorneys' fees, and all such costs shall be added to the Obligations of the Grantor to the Lender. The Lender may apply the proceeds actually received from any such license, assignment, sale or other disposition to the payment of the Obligations of the Grantor to the Lender as provided for in the Loan Documents. The Grantor shall remain liable for any deficiency with respect to the Obligations of the Grantor to the Lender, which shall bear interest and be payable at the default rate under the Loan Agreement. The rights of the Grantor to receive any surplus shall be subject to any duty of the Lender imposed by law to the holder of any subordinate security interest in the Collateral known to the Lender. Nothing contained herein shall be construed as requiring the Lender to take any such action at any time.

(b) Notwithstanding anything contained in this Security Agreement to the contrary, the Lender shall not foreclose upon, dispose of or be deemed the owner of any Trademark unless and until the Lender has provided the Grantor with advance written notice of its intent to foreclose upon, dispose of or take an ownership interest in any Trademark. Any writing given by the Lender to the Grantor under this paragraph 6 must make explicit reference to this Security Agreement and of the Lender's intent to exercise its rights and remedies hereunder.

7. Execution of Special Power of Attorney. Concurrently with the execution and delivery of this Security Agreement, the Grantor is executing and delivering to the Lender a certain Special Power of Attorney for the implementation of the sale, assignment, licensing or other disposition of the Collateral pursuant to this Security Agreement.

8. Amendments and Modification. No provision hereof shall be modified, altered, waived or limited except by a written instrument expressly referring to this Security Agreement and executed by the party to be charged.

9. Binding Nature. This Security Agreement shall be binding upon and inure to the benefit of the successors, assigns or other legal representatives of the Grantor, and shall, together with the rights and remedies of the Lender hereunder, be binding upon and inure to the benefit of the Lender, its successors, assigns or other legal representatives.

10. Notices. All notices, requests, demands and other communications provided for hereunder shall be in writing (unless otherwise expressly provided herein) and shall be sent and deemed to have been received as set forth in the Loan Agreement.

11. Continuing Security Interest; Assignments. This Security Agreement shall create a continuing security interest in the Collateral and shall (a) remain in full force and effect until payment in full in cash or in another manner acceptable to Lender and termination of the Obligations of the Grantor to the Lender, (b) be binding upon and inure to the benefit of, and be enforceable by, the Grantor, its successors and assigns, and (c) be binding upon and inure to the benefit of, and be enforceable by, the Lender and its successors, transferees and assigns. Upon the payment in full in cash or in another manner acceptable to Lender and termination of the Obligations of the Grantor to the Lender then outstanding, the security interest granted hereby shall terminate and all rights granted as security in the Collateral to the Lender shall revert to the Grantor. Upon any such termination, the Lender will, at Grantor's expense, execute and deliver to the Grantor such documents as the Grantor shall reasonably request to evidence such termination and to revoke the power of attorney granted herein and in that certain Special Power of Attorney of even date herewith.

12. Counterparts. This Security Agreement may be executed in counterparts, each of which, when taken together, shall be deemed one and the same instrument.

13. Headings. Section headings herein are included for convenience of reference only and shall not constitute a part of this Security Agreement for any other purpose.

14. Acknowledgment of Receipt. The Grantor acknowledges receipt of a copy of this Security Agreement.

15. No Waiver. No course of dealing between the Grantor and the Lender, and no delay or omission of the Lender in exercising or enforcing any of the Lender's rights and remedies hereunder shall constitute a waiver thereof; and no waiver by the Lender of any Event of Default shall operate as a waiver of any other Event of Default.

16. Severability. If any of the provisions of this Security Agreement shall contravene or be held invalid under the laws of any jurisdiction, this Security Agreement shall be construed as if not containing such provisions and the rights, remedies, warranties, representations, covenants, and provisions hereof shall be construed and enforced accordingly in such jurisdiction and shall not in any manner affect such provision in any other jurisdiction, or any other provisions of this Security Agreement in any jurisdiction.

17. Interest Granted to Lender. Notwithstanding any provision of this Security Agreement to the contrary, the interest granted to the Lender under this Security Agreement is intended to be a pledge and a security interest only, and the execution of this Security Agreement is not intended to create an assignment or a transfer of title or any other property rights to the Trademarks.

18. **WAIVER OF JURY TRIAL.** GRANTOR AND LENDER HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDINGS, CLAIMS OR COUNTER-CLAIMS, WHETHER IN CONTRACT OR TORT, AT LAW OR IN EQUITY, ARISING OUT OF OR IN ANY WAY RELATING TO THIS SECURITY AGREEMENT OR THE OTHER DOCUMENTS EXECUTED AND DELIVERED IN CONNECTION HERewith.

19. **CONSENT TO JURISDICTION.** THIS SECURITY AGREEMENT SHALL BE INTERPRETED IN ACCORDANCE WITH THE INTERNAL LAWS AND DECISIONS OF THE STATE OF ILLINOIS WITHOUT GIVING EFFECT TO CONFLICTS OF LAW PRINCIPLES. GRANTOR HEREBY CONSENTS TO THE EXCLUSIVE JURISDICTION OF THE COURTS OF COOK COUNTY, ILLINOIS AND THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS OR, AT THE SOLE OPTION OF LENDER, OF ANY OTHER COURT IN WHICH LENDER SHALL INITIATE LEGAL OR EQUITABLE PROCEEDINGS AND WHICH HAS SUBJECT MATTER JURISDICTION OVER THE MATTER IN CONTROVERSY, AS WELL AS TO THE JURISDICTION OF ALL COURTS FROM WHICH AN APPEAL MAY BE TAKEN FROM SUCH COURTS, FOR THE PURPOSE OF ANY SUIT, ACTION OR OTHER PROCEEDING ARISING OUT OF ANY OF ITS OBLIGATIONS UNDER THIS SECURITY AGREEMENT OR ANY OTHER RELATED DOCUMENTS OR WITH RESPECT TO THE TRANSACTIONS CONTEMPLATED HEREBY. GRANTOR EXPRESSLY WAIVES ANY CLAIM THAT SUCH COURTS ARE AN INCONVENIENT FORUM OR AN IMPROPER FORUM BASED UPON LACK OF VENUE. GRANTOR FURTHER WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS UPON IT. GRANTOR HEREBY IRREVOCABLY APPOINTS BERNARD A. SCHLIFKE, ESQ., AS GRANTOR'S AGENT FOR THE PURPOSE OF ACCEPTING SERVICE OF PROCESS WITHIN THE STATE OF ILLINOIS AND GRANTOR AGREES THAT THE FAILURE OF BERNARD A. SCHLIFKE, ESQ., TO GIVE ANY NOTICE OF ANY SUCH SERVICE SHALL NOT IMPAIR OR AFFECT THE VALIDITY OF SUCH SERVICE OR OF ANY JUDGMENT RENDERED IN ANY ACTION OR PROCEEDING BASED THEREON. GRANTOR AGREES AND CONSENTS THAT ALL SUCH SERVICE OF PROCESS BE MADE BY MESSENGER OR OVERNIGHT COURIER SERVICE (WITH DELIVERY SIGNATURE), CERTIFIED MAIL (RETURN RECEIPT REQUESTED) OR REGISTERED MAIL DIRECTED TO GRANTOR AT THE ADDRESS SET FORTH ABOVE OR TO BERNARD A. SCHLIFKE, ESQ., AT HIS OFFICES AT SCHWARTZ, COOPER, GREENBERGER & KRAUSS, CHTD., 180 NORTH LASALLE STREET, CHICAGO, ILLINOIS 60601 AND SERVICE SO MADE SHALL BE DEEMED TO BE COMPLETED UPON THE EARLIER OF ACTUAL RECEIPT OR THREE (3) BUSINESS DAYS AFTER THE SAME SHALL HAVE BEEN POSTED TO EITHER SUCH ADDRESS.

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IN WITNESS WHEREOF, the Grantor has caused this Trademark and Tradename Security Agreement and Mortgage to be duly executed as of the day and year first above written.

INNOVATIVE PAPER TECHNOLOGIES, LLC

By: *Hunter R. Glasscock*
Hunter R. Glasscock, a Manager

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

I, *Dorothy Yedinak*, a Notary Public in and for said County, in the State aforesaid, do hereby certify that Hunter R. Glasscock, a Manager of Innovative Paper Technologies, LLC, a Delaware limited liability company, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such Manager, appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act of said limited liability company, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal, this 24th day of November, 2003.

Dorothy Yedinak
Notary Public

