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

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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): Nova Packaging Systems, Inc. [] Individual(s) [] Association [] General Partnership [] Limited Partnership [x] Corporation-State [] Other Additional name(s) of conveying party(ies) attached? [] Yes [x] No

2. Name and address of receiving party(ies) Name: CapitalSource Finance LLC Internal Address: Street Address: 4445 Willard Avenue, 12th Fl. City: Chevy Chase State: MD Zip: 20815 [] Individual(s) citizenship [] Association [] General Partnership [] Limited Partnership [x] 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 [x] No

3. Nature of conveyance: [] Assignment [] Merger [x] Security Agreement [] Change of Name [] Other Execution Date: March 8, 2004

4. Application number(s) or registration number(s): A. Trademark Application No.(s) 78/307,576 B. Trademark Registration No.(s) 0,855,939 Additional number(s) attached [x] Yes [] No

5. Name and address of party to whom correspondence concerning document should be mailed: Name: Joseph Turitz Internal Address: Street Address: 4445 Willard Avenue 12th Floor City: Chevy Chase State: MD Zip: 20815

6. Total number of applications and registrations involved: 12 7. Total fee (37 CFR 3.41): \$ 315.00 [x] Enclosed [] Authorized to be charged to deposit account 8. Deposit account number: 50-2816 (deficiency only)

DO NOT USE THIS SPACE

9. Signature. Darren Collins Name of Person Signing Signature Date May 2004 Total number of pages including cover sheet, attachments, and document: 19

05/25/2004 MGETACHE 00000098 78307576 01 FC:8521 40.00 OP 02 FC:8522 275.00 OP

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

OFFICE OF PUBLIC RECORDS 2004 MAY 24 AM 9:59 FINANCE SECTION

TRADEMARK REEL: 002972 FRAME: 0864

Exhibit of Registration and Applications

Applications

Registrations

1,863,507

1,365,218

0,865,718

2,312,090

1,239,993

1,918,705

0,993,395

1,484,143

2,554,200

1,250,184

INTELLECTUAL PROPERTY SECURITY AGREEMENT

This Intellectual Property Security Agreement (as amended, supplemented or otherwise modified from time to time, this "**IP Security Agreement**") is made and effective as of March 8, 2004 by each of the signatories hereto listed as a "Grantor" (together with any other entity that may become a party hereto pursuant to a Joinder Agreement, each a "**Grantor**" and collectively, "**Grantors**"), in favor of **CAPITALSOURCE FINANCE LLC**, a Delaware limited liability company, as agent for Lenders (in such capacity, "**Agent**"). Capitalized terms used in this IP Security Agreement and not otherwise defined herein shall have the respective meanings ascribed to such terms in the Loan Agreement.

RECITALS

WHEREAS, pursuant to that certain Revolving Credit, Term Loan and Security Agreement, dated as of the date hereof, by and among Nova Packaging Systems, Inc., a Delaware corporation ("**Borrower**"), the other Credit Parties thereto, Agent and Lenders from time to time party thereto (as amended, supplemented or otherwise modified from time to time, the "**Loan Agreement**"), Lenders have agreed, subject to the terms and conditions set forth therein, to lend to Borrower certain amounts pursuant to a revolving credit facility and a term loan (collectively, the "**Loans**");

WHEREAS, Borrower and Grantors are members of an affiliated group of companies;

WHEREAS, the proceeds of the extensions of credit and other financial accommodations under the Loan Agreement will be used in part to enable Borrower to make valuable transfers to the other Grantors and the other Grantors to make valuable transfers to Borrower in connection with the operation of their respective businesses;

WHEREAS, Borrower and the other Grantors are engaged in related businesses, and the other Grantors will derive substantial direct and indirect benefit from the making of the extensions of credit and other financial accommodations by Lenders under the Loan Agreement; and

WHEREAS, it is a condition precedent to the obligation of Agent and Lenders to execute and perform under the Loan Agreement that Grantors shall have executed and delivered this IP Security Agreement to Agent, for the ratable benefit of Lenders.

AGREEMENT

NOW, THEREFORE, in consideration of the willingness of Agent and Lenders to enter into the Loan Agreement and to agree, subject to the terms and conditions set forth therein, to make the Loans to Borrower pursuant thereto, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed as follows:

1. Grant of Security Interest. To secure the due and punctual payment and performance by Borrower of all the Obligations, including, without limitation, all of Borrower's obligations to Agent under the Note, the Loans, the Loan Agreement, this Agreement and the other Loan Documents (collectively, the "**Secured Obligations**"), each Grantor hereby grants to Agent, for the ratable benefit of Lenders, a continuing security interest in all of the right, title and interest of such Grantors in and to any and all of the following collateral, whether now owned or hereafter acquired, but excluding any Intellectual Property for which the granting of a security interest therein would void or result in the termination, invalidation, cancellation or abandonment of such Intellectual Property (the "**IP Collateral**"):

(a) The U.S and foreign copyrights, associated copyright registrations and applications for copyright registration, for the works set forth on Schedule A attached hereto (collectively, the "**Copyrights**");

(b) The U.S. and foreign patents and patent applications set forth on Schedule B attached hereto, including, without limitation, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same (collectively, the "**Patents**");

(c) The U.S., state and foreign trademark and service mark registrations, trademark and service mark applications set forth on Schedule C attached hereto and all goodwill associated with the foregoing (collectively, the "**Trademarks**");

(d) The domain names and registrations set forth on Schedule D attached hereto and all goodwill associated with the foregoing (collectively, the "**Domain Names**");

(e) Any and all claims and causes of action for past, present or future infringement of any of the IP Collateral, with the right, but not the obligation, to sue for and collect damages for infringement of the IP Collateral;

(f) Any and all licenses or rights granted under any of the IP Collateral, and all license fees and royalties arising from such licenses or rights, in each case to the extent permitted by such licenses or rights;

(g) Any and all amendments, renewals, extensions, reissuances and replacements of any of the IP Collateral; and

(h) Any and all products and proceeds of any of the foregoing.

2. Requested Recordation. Each Grantor authorizes and requests that the Register of Copyrights and the Commissioner of Patents and Trademarks (and any state, foreign or other authority to which this IP Security Agreement is submitted) file and record this IP Security Agreement (and any corresponding or separate forms of such jurisdiction) in order to publicly reflect the interests of Agent and Lenders in the IP Collateral.

3. Assignment. Upon the occurrence and during the continuance of an Event of Default, each Grantor shall execute and deliver to Agent an absolute assignment transferring its entire right, title, and interest in and to the IP Collateral to Agent, for the ratable benefit of Lenders.

4. Power of Attorney. Each Grantor hereby irrevocably grants to Agent, for the ratable benefit of Lenders, a power of attorney, to act as such Grantor's attorney-in-fact, with full authority in the name, place and stead of such Grantor, from time to time in Agent's discretion, to take any action and to execute any instrument that Agent may deem necessary or advisable in its Permitted Discretion to accomplish the purposes of this IP Security Agreement. This authority includes, without limitation, the following:

(a) Upon no less than two (2) Business Days prior written notice to Grantor, to modify or amend (in the Permitted Discretion of Agent and without first obtaining such Grantor's approval thereof or signature thereto) Schedule A, Schedule B, Schedule C, and/or Schedule D hereof, as appropriate, to include references to any registered intellectual property (or application or license therefor) acquired by such Grantor after the execution hereof or to delete any reference to any IP Collateral in which such Grantor no longer has or claims any right, title or interest;

(b) To execute, file and pursue (in the Permitted Discretion of Agent and without first obtaining such Grantor's approval thereof or signature thereto, unless otherwise prohibited by applicable law) any application, form or other document in order to perfect, maintain, continue or otherwise protect Agent's interest or such Grantor's rights in the IP Collateral, including, without limitation, (i) to execute and file any financing statement, any continuation statement or any amendment thereto, and (ii) to execute and file any applications for renewal, affidavits of use, affidavits of incontestability or similar document or proceeding before the United States Patent and Trademark Office, the United States Copyright Office or the relevant office of any state or foreign jurisdiction or relevant domain name registrar, and (iii) to execute and file any response or answer to any opposition, interference or cancellation proceedings brought by a third party, and (iv) to pay any fees and taxes in connection with any action referred to in this paragraph (b) or otherwise (in the case of each of clauses (i) through (v) above, to the extent such Grantor fails to do so within two (2) Business Days after Agent's request or the time Grantor is otherwise obligated to do so);

(c) To execute any document required to acknowledge, register or perfect the interest of Agent and Lenders in any part of the IP Collateral without the signature of such Grantor unless prohibited by applicable law; and

(d) Upon the occurrence and during the continuation of an Event of Default, to (i) endorse the respective Grantor's name on all applications, documents, papers and instruments necessary or desirable for Agent in the use of the IP Collateral, (ii) take any other actions with respect to the IP Collateral as Agent deems in its Permitted Discretion to be in the best interest of Agent, (iii) grant or issue any exclusive or non-exclusive license under the IP Collateral to anyone or (iv) assign, pledge, convey or otherwise transfer title in or dispose of the IP Collateral to anyone.

The foregoing power of attorney is coupled with an interest and is irrevocable until the Secured Obligations (other than indemnity obligations under the Loan Documents that are not then due and payable or for which any events or claims that would give rise thereto are not then pending) secured hereby have been unconditionally and indefeasibly paid or performed in full and the

Loan Agreement has been terminated (except for any obligations designated under the Loan Agreement as continuing on an unsecured basis).

5. Release. Unless otherwise agreed in writing by the parties, the security interests granted herein will terminate (and all rights to the IP Collateral will revert to each of the Grantors) upon satisfaction of the following conditions: (a) payment and performance in full of all the Secured Obligations (other than indemnity obligations under the Loan Documents that are not then due and payable or for which any events or claims that would give rise thereto are not then pending) secured hereby (unconditionally and indefeasibly) and (b) the termination of the Loan Agreement (except for any obligations designated thereunder as continuing on an unsecured basis). Upon any such termination, Agent (at Grantors' request and sole expense) shall promptly execute and deliver to Grantors (without any representation, warranty or recourse of any kind whatsoever) such documents as Grantors may reasonably request and as are provided to Agent to evidence such termination.

6. Newly Registered Copyrights, Patents and Trademarks. Each Grantor hereby agrees to provide Agent, for the ratable benefit of Lenders, every three (3) months, a schedule of newly registered Copyrights, Patents, Trademarks and Domain Names (if any).

7. Miscellaneous.

(a) This IP Security Agreement has been entered into in conjunction with the provisions of and the security interest granted to Agent, for the ratable benefit of Lenders, under the Loan Agreement. The rights and remedies of Grantors and Agent with respect to the security interests granted herein are in addition and without prejudice to those set forth in the Loan Agreement, all terms and provisions of which are hereby incorporated herein by reference. In the event that any provisions of this IP Security Agreement are deemed to conflict with the Loan Agreement or the other Loan Documents, the provisions of the Loan Agreement or the other Loan Documents shall govern.

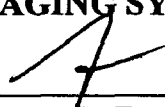
(b) This IP Security Agreement may be executed in any number of counterparts with the same effect as if all the signatures on such counterparts appeared on one document. Each such counterpart will be deemed to be an original, but all counterparts together will constitute one and the same instrument.

[Remainder of Page Intentionally Blank; Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have executed this IP Security Agreement as of the date first written above.

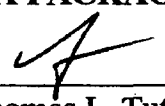
GRANTORS:

PACKAGING SYSTEMS HOLDINGS, LLC

By: 

Thomas L. Tuttle
Vice President

NOVA PACKAGING SYSTEMS, INC.

By: 

Thomas L. Tuttle
Vice President

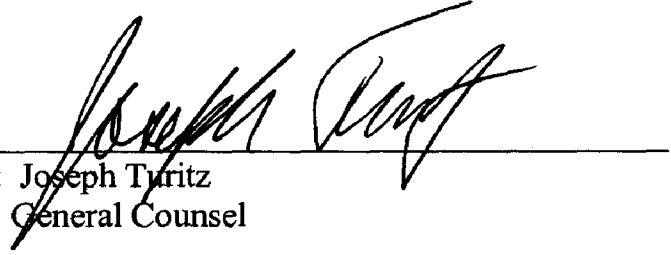
AGENT:

CAPITALSOURCE FINANCE LLC

By: _____

Name: Joseph Turitz

Title: General Counsel

A handwritten signature in black ink, appearing to read "Joseph Turitz", is written over a horizontal line. The signature is stylized and cursive.

SCHEDULE A

COPYRIGHT COLLATERAL

Registered Copyrights

None

Pending Copyright Applications

None

SCHEDULE B**PATENT COLLATERAL****Registered Patents**

Jurisdiction	Title	Patent No.	Issue Date
U.S.	Wireaway	D403,950	1/12/99
U.S.	Wireaway	D389,034	1/13/98
U.S.	Article dispensing machine and method	6,651,842	11/25/03
U.S.	Conveyor for use in contamination sensitive equipment	6,568,151	5/27/03
U.S.	Capping machine	6,430,896	8/13/02
U.S.	Article dispensing machine and method	6,422,418	7/23/02
U.S.	Gage element for performing automatic setting of a machine for manipulating articles, such as a palletization machine	6,401,007	6/4/02
U.S.	Braking system for a DC motor	6,373,207	4/16/02
U.S.	Transfer conveyor system	6,334,525	1/1/02
U.S.	Automatic adjustable guide rails	6,244,429	6/12/01
U.S.	Container transport system	6,209,705	4/3/01

Jurisdiction	Title	Patent No.	Issue Date
U.S.	Method and apparatus for feeding containers in serial order on a conveyor belt	6,202,827	3/20/01
U.S.	Leaflet dispensing apparatus	6,170,700	1/9/01
U.S.	Container distribution apparatus	6,168,004	1/2/01
U.S.	Container filling apparatus with walking nozzles bank	5,971,041	10/26/99
U.S.	Portable container cleaning station	5,881,429	3/16/99
U.S.	Self-driving fluid pump	5,755,566	5/26/98
U.S.	System for transporting containers for use with an apparatus to process containers such as a tablet filling monoblock	5,713,180	2/3/98
U.S.	Multi-channel raceway for electric wires, cables and other elongated utility lines	5,704,175	1/6/98
U.S.	Conveyor with retractable flaps for transporting containers	5,662,208	9/2/97
U.S.	Feed tray for singularizing objects	5,489,019	2/6/96
U.S.	Apparatus for packaging a predetermined quantity of objects and a counting device therefor	5,463,839	11/7/95
U.S.	Apparatus for unscrambling containers	5,439,093	8/8/95
U.S.	Anti-spray fluid dispensing nozzle	5,137,187	8/11/92
U.S.	Capping machine	5,115,617	5/26/92

Jurisdiction	Title	Patent No.	Issue Date
U.S.	Optical detecting system for article counting machine	4,680,464	7/14/87
U.S.	Container filling machine	4,674,259	6/23/87
Canada	Multi-channel raceway for electric wires, cables and other elongated utility lines	2,153,865	1/5/99
Canada	Container filling machine	1,287,333	8/6/91

Pending Patent Applications

Jurisdiction	Title	Applic. No.	Filing Date
U.S.	Magazine for storing leaflets	09/727,013	11/30/00
Canada	Leaflet dispensing apparatus	2,288,830	11/5/99
Canada	Gage element for performing automatic setting of a machine for manipulating articles, such as a palletization machine	2,301,356	3/20/00

SCHEDULE C**TRADEMARK COLLATERAL****Registered Trademarks**

Jurisdiction	Mark	Registration No.	Registration Date
U.S.	CHORD-LOC	0,855,939	9/3/68
U.S.	FILLIT	1,863,507	11/22/94
U.S.	LAKSO	1,365,218	10/15/85
U.S.	MERRILL	0,865,718	3/4/69
U.S.	MICRO-SCAN	2,312,090	1/25/00
U.S.	PACER	1,239,993	5/31/83
U.S.	PHARMAVEYOR	1,918,705	9/12/95
U.S.	REFORMER	0,993,395	9/24/74
U.S.	SLAT-SCAN	1,484,143	4/12/88
U.S.	SMARTPART	2,554,200	3/26/02
U.S.	VERSA-PRESS	1,250,184	9/6/83
Canada	MERRILL	TMA174,691	2/26/71
Switzerland	MERRILL	376634	8/8/89

Trademark Applications

Jurisdiction	Mark	Serial No.	Filing Date
U.S.	TRUCOUNT	78/307,576	9/30/03

Trademark Licenses

SCHEDULE D

DOMAIN NAMES

lakso.com

swiftpack.net

swiftpackautomation.net

swiftpackautomation.com

swiftpack.com

swiftpack.co.uk

swiftpackautomation.co.uk