

Form PTO-1594 (Rev. 06/04)  
OMB Collection 0651-0027 (exp. 6/30/2005)

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

### RECORDATION FORM COVER SHEET TRADEMARKS ONLY

To the Director of the U. S. Patent and Trademark Office: Please record the attached documents or the new address(es) below.

**1. Name of conveying party(ies)/Execution Date(s):**  
 Prisma Technologies, Inc.

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

Citizenship: NY

Execution Date(s): 12/29/04

Additional names of conveying parties attached?  Yes  No

**2. Name and address of receiving party(ies):**

Additional names, addresses, or citizenship attached?  Yes  No

Name: Sovereign Bank

Internal Address: \_\_\_\_\_

Street Address: 75 State Street

City: Boston

State: MA

Country: US Zip: 02109

Association      Citizenship: \_\_\_\_\_  
 General Partnership      Citizenship: \_\_\_\_\_  
 Limited Partnership      Citizenship: \_\_\_\_\_  
 Corporation      Citizenship: \_\_\_\_\_  
 Other: Bank      Citizenship: \_\_\_\_\_

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)

**3. Nature of conveyance:**

Assignment       Merger  
 Security Agreement       Change of Name  
 Other: \_\_\_\_\_

**4. Application number(s) or registration number(s) and Identification or description of the Trademark(s):**

A. Trademark Application No.(s): \_\_\_\_\_

B. Trademark Registration No.(s):  
1,737,630    2,162,907    1,980,480

Additional sheet(s) attached?  Yes  No

**5. Name and address of party to whom correspondence concerning document should be mailed:**

Name: Christopher E. Kondracki

Address: 2001 Jefferson Davis Highway  
Suite 1007  
Arlington, Virginia 22202

Phone Number: (703) 415-1555

Fax Number: (703) 415-1557

Email Address: \_\_\_\_\_

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

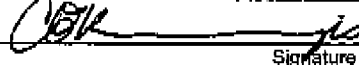
**7. Total Fee (37 CFR 2.6(b)(6) & 3.41):** \$ 90.00

Authorized to be charged by credit card  
 Authorized to be charged by Deposit Account  
 Fees Enclosed

**8. Payment Information:**

Deposit Account Number: 19-3545

Authorized User Name: Christopher E. Kondracki

**9. Signature:**       3/1/05      Date

Signature

Christopher E. Kondracki      Total number of pages including cover sheet, attachments, and documents: 16

Name of Person Signing

CH \$90.00 193545 1737630

**INTELLECTUAL PROPERTY SECURITY AGREEMENT**

INTELLECTUAL PROPERTY SECURITY AGREEMENT (this "Agreement") is made as of this 29<sup>th</sup> day of December, 2004, by and between:

PROMA TECHNOLOGIES, INC., a corporation organized under the laws of the State of Delaware having a place of business at 24 Forge Park, Franklin, Massachusetts 02038 ("Borrower"); and

SOVEREIGN BANK, a federal savings bank having a place of business at 75 State Street, Boston, Massachusetts 02109 (the "Lender").

In consideration of the mutual covenants contained herein and benefits to be derived herefrom, the parties hereto agree as follows:

**WITNESSETH:**

Reference is made to (a) that certain Credit Agreement dated as of December 29, 2004 (as the same may be amended, modified, supplemented or restated from time to time, the "Credit Agreement") by and among (i) the Borrower, (ii) PROMA Technologies Holdings, Inc., as Facility Guarantor, and (iii) the Lender, and (b) that certain Security Agreement dated as of December 29, 2004 (as the same may be amended, modified, supplemented or restated from time to time, the "Security Agreement") by and between the Borrower and the Lender, pursuant to which the Borrower has granted to the Lender a continuing security interest in and to the Collateral (as defined in the Security Agreement).

The Lender has agreed to make Loans to the Borrower and to issue Letters of Credit for the account of the Borrower, pursuant to, and upon the terms and subject to the conditions specified in, the Credit Agreement, including a covenant requiring the execution and delivery by the Borrower of this Agreement to secure the Borrower's prompt payment and performance of the Obligations. This Agreement is supplemental to the rights of the Lender in and to the Collateral granted to the Lender in the Security Agreement to secure the payment and performance of the Obligations.

Accordingly, the Borrower and the Lender on behalf of themselves and each of their respective successors and assigns hereby agree as follows:

**SECTION 1**

**Definitions**

1.1 Generally. Unless the context otherwise requires, all capitalized terms used but not defined herein shall have the meanings set forth in the Credit Agreement, and all references to the "UCC" shall mean the Uniform Commercial Code as in effect from time to time in the

Commonwealth of Massachusetts; provided, however, that if a term is defined in Article 9 of the UCC differently than in another Article thereof, the term shall have the meaning set forth in Article 9.

1.2 Definition of Certain Terms Used Herein. As used herein, the following terms shall have the following meanings:

(a) "Copyrights" shall mean all copyrights and like protections in each work of authorship or derivative work thereof of Borrower, whether registered or unregistered and whether published or unpublished, including, without limitation, the copyrights listed on Exhibit A annexed hereto and made a part hereof, together with all registrations and recordings thereof and all applications in connection therewith, and any goodwill of the business connected with, and symbolized by, any of the foregoing.

(b) "Copyright Licenses" shall mean all agreements, whether written or oral, providing for the grant by or to Borrower of any right to use any Copyright, including, without limitation, the agreements listed on Exhibit A annexed hereto and made a part hereof.

(c) "Copyright Office" shall mean the United States Copyright Office or any other federal governmental agency which may hereafter perform its functions.

(d) "Credit Agreement" shall have the meaning assigned to such term in the preliminary statement of this Agreement.

(e) "Intellectual Property" shall have the meaning assigned to such term in Section 3 hereof.

(f) "IP Collateral" shall have the meaning assigned to such term in Section 2 hereof.

(g) "Licenses" shall mean, collectively, the Copyright Licenses, the Patent Licenses and the Trademark Licenses.

(h) "Patents" shall mean all letters patent and applications for letters patent of Borrower, and the inventions and improvements therein disclosed, and any and all divisions, reissues and continuations of said letters patent including, without limitation the patents listed on Exhibit B annexed hereto and made a part hereof.

(i) "Patent Licenses" shall mean all agreements, whether written or oral, providing for the grant by or to Borrower of any right to manufacture, use or sell any invention covered by a Patent, including, without limitation, the agreements listed on Exhibit B annexed hereto and made a part hereof.

(j) "PTO" shall mean the United States Patent and Trademark Office or any other federal governmental agency which may hereafter perform its functions.

(k) "Security Agreement" shall have the meaning assigned to such term in the preliminary statement of this Agreement.

(l) "Trademarks" shall mean all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade dress, trade styles, service marks, designs, logos and other source or business identifiers of Borrower, whether registered or unregistered, including, without limitation, the trademarks listed on Exhibit C annexed hereto and made a part hereof, together with all registrations and recordings thereof, all applications in connection therewith, and any goodwill of the business connected with, and symbolized by, any of the foregoing.

(m) "Trademark Licenses" shall mean all agreements, whether written or oral, providing for the grant by or to Borrower of any right to use any Trademark, including, without limitation, the agreements listed on Exhibit C annexed hereto and made a part hereof.

1.3 Rules of Interpretation. The rules of interpretation specified in Section 1.02 of the Credit Agreement shall be applicable to this Agreement.

## SECTION 2

### Security Interest

In furtherance and as confirmation of the Security Interest (as defined in the Security Agreement) granted by the Borrower to the Lender under the Security Agreement, and as further security for the payment or performance, as the case may be, in full of the Obligations, Borrower hereby ratifies such Security Interest and grants to the Lender a continuing security interest, with a power of sale (which power of sale shall be exercisable only following the occurrence of an Event of Default), in all of the present and future right, title and interest of the Borrower in and to the following property, and each item thereof, whether now owned or existing or hereafter acquired or arising, together with all products, proceeds, substitutions, and accessions of or to any of the following property (collectively, the "IP Collateral"):

- (a) All Copyrights and Copyright Licenses.
- (b) All Patents and Patent Licenses.
- (c) All Trademarks and Trademark Licenses.
- (d) All renewals of any of the foregoing.

(e) All General Intangibles connected with the use of, or related to, any and all Intellectual Property (including, without limitation, all goodwill of the Borrower and its business, products and services appurtenant to, associated with, or symbolized by, any and all Intellectual Property and the use thereof).

(f) All income, royalties, damages and payments now and hereafter due and/or payable under and with respect to any of the foregoing, including, without limitation, payments under all Licenses entered into in connection therewith and damages and payments for past or future infringements or dilutions thereof.

(g) The right to sue for past, present and future infringements and dilutions of any of the foregoing.

(h) All of the Borrower's rights corresponding to any of the foregoing throughout the world.

### **SECTION 3**

#### **Protection of Intellectual Property By Borrower**

Except as set forth below in this Section 3, the Borrower shall undertake the following with respect to each of the items respectively described in Sections 2(a), (b), (c), (d) and (e) (collectively, the "Intellectual Property"):

3.1 Pay all renewal fees and other fees and costs associated with maintaining the Intellectual Property and with the processing of the Intellectual Property and take all other reasonable and necessary steps to maintain each registration of the Intellectual Property.

3.2 Take all actions reasonably necessary to prevent any of the Intellectual Property from becoming forfeited, abandoned, dedicated to the public, invalidated or impaired in any way.

3.3 At the Borrower's sole cost, expense, and risk, pursue the prompt, diligent processing of each application for registration which is the subject of the security interest created herein and not abandon or delay any such efforts.

3.4 At the Borrower's sole cost, expense, and risk, take any and all action which the Borrower reasonably deems appropriate under the circumstances to protect the Intellectual Property from infringement, misappropriation or dilution, including, without limitation, the prosecution and defense of infringement actions.

Notwithstanding the foregoing, so long as no Event of Default has occurred and is continuing, and no Material Adverse Effect would result therefrom, Borrower shall have no obligation to use or to maintain any Intellectual Property (i) that is no longer material to the Borrower's business or that relates solely to any product that has been discontinued, abandoned or terminated, and (ii) that has been replaced with Intellectual Property substantially similar to

the Intellectual Property that may be abandoned or otherwise become invalid, so long as the failure to use or maintain such Intellectual Property does not materially adversely affect the validity of such replacement Intellectual Property and so long as such replacement Intellectual Property is subject to the lien created by this Agreement.

#### SECTION 4

##### Borrower's Representations and Warranties

The Borrower represents and warrants that:

4.1 Exhibit A is a true, correct and complete list of all Copyrights and Copyright Licenses owned by the Borrower as of the date hereof.

4.2 Exhibit B is a true, correct and complete list of all Patents and Patent Licenses owned by the Borrower as of the date hereof.

4.3 Exhibit C is a true, correct and complete list of all Trademarks and Trademark Licenses owned by the Borrower as of the date hereof.

4.4 Except as set forth in Exhibits A, B and C, none of the Intellectual Property is the subject of any licensing or franchise agreement pursuant to which Borrower is the licensor or franchisor.

4.5 All IP Collateral is, and shall remain, free and clear of all Liens, encumbrances, or security interests in favor of any Person, other than Permitted Encumbrances, Liens in favor of the Lender and Liens permitted by Section 6.02 of the Credit Agreement; provided that nothing in this Section 4.5 or the other provisions of this Agreement shall prohibit the Borrower from entering into any Licenses with respect to the Intellectual Property which are subordinate to the Lien of the Lender.

4.6 Borrower owns, or is licensed to use, all Intellectual Property necessary for the conduct of its business as currently conducted. No claim has been asserted and is pending by any Person challenging or questioning the use by Borrower of any of the Intellectual Property owned by Borrower or the validity or effectiveness of any of the Intellectual Property owned by Borrower, nor does Borrower know of any valid basis for any such claim, except as otherwise set forth in the Credit Agreement. To the knowledge of the Borrower, the use by the Borrower of the Intellectual Property does not infringe the rights of any Person. No holding, decision or judgment has been rendered by any Governmental Authority which would limit, cancel or question the validity of, or Borrower's rights in, any Intellectual Property in any respect that could reasonably be expected to materially adversely affect the business or the property of Borrower.

4.7 The Borrower shall give the Lender written notice (with reasonable detail) within ten (10) days following the occurrence of any of the following:

- (a) The Borrower's obtaining rights to, and filing applications for registration of, any new Intellectual Property, or otherwise acquiring ownership of any newly registered Intellectual Property.
- (b) The Borrower's becoming entitled to the benefit of any registered Intellectual Property whether as licensee or licensor.
- (c) The Borrower's entering into any new Licenses.
- (d) The Borrower's knowing or having reason to know, that any application or registration relating to any Intellectual Property may become forfeited, abandoned or dedicated to the public, or of any adverse determination or development (including, without limitation, the institution of, or any such determination or development in, any proceeding in the PTO, the Copyright Office or any court or tribunal) regarding the Borrower's ownership of, or the validity of, any Intellectual Property or the Borrower's right to register the same or to own and maintain the same.

## SECTION 5

### Agreement Applies to Future Intellectual Property

5.1 The provisions of this Agreement shall automatically apply to any such additional property or rights described in subsections (a), (b) and (c) of Section 4.7, above, all of which shall be deemed to be and treated as "Intellectual Property" within the meaning of this Agreement. Upon the acquisition by Borrower of any IP Collateral, Borrower shall deliver an updated Exhibit A, B, and/or C, as applicable, to this Agreement to the Lender and hereby authorizes the Lender to file, at Borrower's expense, such updated Exhibit as set forth in Section 5.2.

5.2 Upon the reasonable request of the Lender, the Borrower shall execute and deliver, and have recorded, any and all agreements, instruments, documents and papers as the Lender may request to evidence the Lender's security interest in any Copyright, Patent or Trademark and the goodwill and General Intangibles of the Borrower relating thereto or represented thereby (including, without limitation, filings with the PTO, The Copyright Office or any similar office), and the Borrower hereby constitutes the Lender as its attorney-in-fact to execute and file all such writings for the foregoing purposes, all acts of such attorney being hereby ratified and confirmed; *provided, however*, the Lender's taking of such action shall not be a condition to the creation or perfection of the security interest created hereby.

## SECTION 6

### Borrower's Rights To Enforce Intellectual Property

Prior to the Lender's giving of notice to the Borrower (i) following the occurrence of an Event of Default or (ii) pursuant to Section 6.1 below, the Borrower shall have the exclusive

right to sue for past, present and future infringement of the Intellectual Property including the right to seek injunctions and/or money damages, in an effort by the Borrower to protect the Intellectual Property against encroachment by third parties, *provided, however:*

6.1 The Borrower shall provide the Lender with prior written notice of the Borrower's intention to so sue for enforcement of any Intellectual Property. If, following the occurrence and during the continuance of an Event of Default, in the reasonable opinion of the Lender, the Borrower has failed to take appropriate action within sixty (60) days after such notice is given to Lender, upon notice to the Borrower, the Lender may (but shall not be required to) itself take such action in the name of the Borrower, with any damages recovered in such action, net of costs and attorneys' fees reasonably incurred, to be applied as provided in Section 7.03 of the Credit Agreement.

6.2 Any money damages awarded or received by the Borrower on account of such suit (or the threat of such suit) shall constitute Collateral.

6.3 Following the occurrence of any Event of Default, the Lender, by notice to the Borrower may terminate or limit the Borrower's rights under this Section 6.

**SECTION 7**

**Lender's Actions To Protect Intellectual Property**

In the event of:

(a) the Borrower's failure, within five (5) days of written notice from the Lender, to cure any failure by the Borrower to observe or perform any of the Borrower's covenants, agreements or other obligations hereunder (after the expiration of any other applicable cure periods contained herein); and/or

(b) the occurrence and continuance of any other Event of Default,

the Lender, acting in its own name or in that of the Borrower, may (but shall not be required to) act in the Borrower's place and stead and/or in the Lender's own right in connection therewith.

**SECTION 8**

**Rights Upon Default**

Upon the occurrence of any Event of Default, in addition to all other rights and remedies of the Lender set forth in the other Loan Documents, the Lender shall be entitled to exercise all rights and remedies of a secured party under the Uniform Commercial Code as adopted in the Commonwealth of Massachusetts, with respect to the Intellectual Property, in addition to which the Lender may sell, license, assign, transfer, or otherwise dispose of the Intellectual Property.



Any person may conclusively rely upon an affidavit of an officer of the Lender that an Event of Default has occurred and that the Lender is authorized to exercise such rights and remedies.

## SECTION 9

### Lender As Attorney In Fact

9.1 The Borrower hereby irrevocably constitutes and designates the Lender, and any officer or agent of the Lender as the Lender may select in its sole discretion, as and for the Borrower's attorney in fact, effective following the occurrence and during the continuance of an Event of Default:

- (a) To supplement and amend from time to time Exhibits A, B and C of this Agreement to include any new or additional Intellectual Property of the Borrower.
- (b) To exercise any of the rights and powers referenced herein.
- (c) To execute all such instruments, documents, and papers as the Lender determines to be appropriate in connection with the exercise of such rights and remedies and to cause the sale, license, assignment, transfer, or other disposition of the Intellectual Property.

9.2 The power of attorney granted herein, being coupled with an interest, shall be irrevocable until this Agreement is terminated by a duly authorized officer of the Lender.

9.3 The Lender shall not be obligated to do any of the acts or to exercise any of the powers authorized by Section 9.1, but if the Lender elects to do any such act or to exercise any of such powers, it shall not be accountable for more than it actually receives as a result of such exercise of power, and shall not be responsible to Borrower for any act or omission to act except for any act or omission to act as to which there is a final determination made in a judicial proceeding (in which proceeding the Lender has had an opportunity to be heard) which determination includes a specific finding that the subject act or omission to act amount to willful misconduct or had been grossly negligent or in actual bad faith.

## SECTION 10

### Lender's Rights

Any use by the Lender of the Intellectual Property, as authorized hereunder in connection with the exercise of the Lender's rights and remedies under this Agreement and under the Credit Agreement, shall be coextensive with the Borrower's rights thereunder and with respect thereto and without any liability for royalties or other related charges.

## SECTION 11

### Intent

This Agreement is being executed and delivered by the Borrower for the purpose of registering and confirming the grant of the security interest of the Lender in the IP Collateral with the PTO and the Copyright Office. It is intended that the security interest granted pursuant to this Agreement is granted as a supplement to, and not in limitation of, the Security Interest (as defined in the Security Agreement) granted to the Lender under the Security Agreement. All provisions of the Security Agreement shall apply to the IP Collateral. The Lender shall have the same rights, remedies, powers, privileges and discretions with respect to the security interests created in the IP Collateral as in all other Collateral. In the event of a conflict between this Agreement and the Security Agreement, the terms of this Agreement shall control with respect to the IP Collateral and the Security Agreement with respect to all other Collateral.

## SECTION 12

### Further Assurances

Borrower will execute any and all further documents, agreements and instruments, and take all such further actions (including the filing and recording of documents), that may be required under any Applicable Law, or which the Lender may reasonably request, to grant, preserve, protect or perfect the Lien created or intended to be created hereby or the validity or priority of such Lien, all at the expense of Borrower. Borrower also agrees to provide to the Lender, from time to time upon request, evidence reasonably satisfactory to the Lender as to the perfection and priority of the Lien created or intended to be created hereby.

## SECTION 13

### Governing Law


THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF MASSACHUSETTS, WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAWS PRINCIPLES THEREOF.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement under as of the day and year first above written.

**BORROWER:**

**PROMA TECHNOLOGIES, INC.**

By:   
Name: Robert B. Kynoch  
Title: Chief Financial Officer

**LENDER:**

**SOVEREIGN BANK**

By:   
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A**

**List of Copyrights and Copyright Licenses**

**Copyright Registrations and Applications**

None.

**Copyright Licenses**

Licenses by holographic artists.

**EXHIBIT B**

**List of Patents and Patent Licenses**

**Patents and Patent Applications**

Applicant	Title	US Patent No.
Proma Technologies, Inc. (formerly named Van Leer Leasing, Inc.)	Decoration of Sheeting	4913858
		5164227
		5155604
	Covert Imagery	5825475

**Patent Licenses**

None.

**EXHIBIT C**

**List of Trademarks and Trademark Licenses**

**Trademark Registrations and Applications**

<b>Registered Owner of Trademark or Servicemark</b>	<b>Trademark or Servicemark</b>	<b>Country</b>	<b>Reg/App. Number</b>
Proma Technologies, Inc. (formerly named Van Leer Leasing, Inc.)	HoloPRISM	Australia	597215
		Austria	147645
		Benelux	526699
		Brazil	817703454
			817703446
		Canada	428698 (Application)
		China	721588
		Denmark	VR199704795
		Finland	130567
		France	93470232
		Germany	2102840
		Great Britain	1550161
			1527392
		India	592180(cl17)
		Ireland	162519
			155792
		Israel	86451
			95220
		Italy	659895
		Japan	4213745
	3336732		

		Mexico	476572
		New Zealand	225252
		Norway	191175
		Portugal	290213
		South Africa	93/1474
		South Korea	293237 (Cl24)
			320515 (Cl32)
			449028 (Cl16)
		Spain	1929564 (Application)
			1746564 (Application)
		Sweden	329730
		Switzerland	408789
		Taiwan	628602
		United States	1737630
	HoloSECURE	Austria	Intl 705365
		Benelux	607.770
		Brazil	820393673 (cl16)
			820393665 (cl17)
		Canada	511880 (Application)
		China	1732938
		Europe	452391
		France	Intl 705365
		Germany	Intl 705365
		Hungary	148824
		International	App 705365 (Application)
		Italy	Intl 705365
		Mexico	586308
		Switzerland	491772
		Taiwan	831121

		Turkey	183879
		United States	2162907
	The Third Dimension in Paper	United States	1980480

**Trademark Licenses**

None.