

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY INTEREST

CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
Advanced Chemisty & Technology, Inc.		05/23/2006	CORPORATION: DELAWARE

RECEIVING PARTY DATA

Name:	Business Alliance Capital Company, division of Sovereign Bank, a federal savings bank
Street Address:	800 Wilshire Blvd., Suite 700
City:	Los Angeles
State/Country:	CALIFORNIA
Postal Code:	90017
Entity Type:	federal savings bank:

PROPERTY NUMBERS Total: 8

Property Type	Number	Word Mark
Registration Number:	2986781	A C TECH
Registration Number:	2307839	
Registration Number:	2309761	
Registration Number:	2300601	AC-
Registration Number:	2355782	A-C-TECH
Serial Number:	78649703	AEROSPACE SEALANTS OF CHOICE
Serial Number:	78649669	DISTINCTIVE BY DESIGN
Serial Number:	78686940	ADVANCED CHEMISTRY & TECHNOLOGY, INC.

CORRESPONDENCE DATA

Fax Number: (213)443-2926
Correspondence will be sent via US Mail when the fax attempt is unsuccessful.
 Phone: 213-617-5493
 Email: jcravitz@sheppardmullin.com
 Correspondent Name: Sheppard, Mullin, Richter & Hampton LLP

CH \$215.00 2986781

Address Line 1: 333 S. Hope St., 48th Floor
Address Line 2: Attn: J. Cravitz
Address Line 4: Los Angeles, CALIFORNIA 90071

ATTORNEY DOCKET NUMBER:	10FK-123519
NAME OF SUBMITTER:	Julie Cravitz
Signature:	/julie cravitz/
Date:	07/27/2006

Total Attachments: 7

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PATENT AND TRADEMARK SECURITY AGREEMENT

This Agreement, dated as of May 23, 2006, is made by and between Advanced Chemistry & Technology, Inc., a Delaware corporation having a business location at the address set forth below next to its signature (the "Debtor"), and Business Alliance Capital Company, division of Sovereign Bank, a federal savings bank, having a business location at the address set forth below next to its signature (the "Secured Party").

Recitals

The Debtor and the Secured Party are parties to a Loan and Security Agreement of even date herewith (as the same may hereafter be amended, supplemented or restated from time to time, the "Loan Agreement") setting forth the terms on which the Secured Party may now or hereafter extend credit to or for the account of the Debtor.

As a condition to extending credit to or for the account of the Debtor, the Secured Party has required the execution and delivery of this Agreement by the Debtor.

ACCORDINGLY, in consideration of the mutual covenants contained in the Loan Documents and herein, the parties hereby agree as follows:

1. Definitions. All terms defined in the Recitals hereto or in the Loan Agreement that are not otherwise defined herein shall have the meanings given to them therein. In addition, the following terms have the meanings set forth below:

"Obligations" means each and every debt, liability and obligation of every type and description arising under or in connection with any Loan Document (as defined in the Loan Agreement) which the Debtor may now or at any time hereafter owe to the Secured Party, whether such debt, liability or obligation now exists or is hereafter created or incurred and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, independent, joint, several or joint and several, and including specifically, but not limited to, the Obligations (as defined in the Loan Agreement).

"Patents" means all of the Debtor's right, title and interest in and to patents or applications for patents, fees or royalties with respect to each, and including without limitation the right to sue for past infringement and damages therefor, and licenses thereunder, all as presently existing or hereafter arising or acquired, including without limitation the patents listed on Exhibit A.

"Security Interest" has the meaning given in Section 2.

"Trademarks" means all of the Debtor's right, title and interest in and to: (i) trademarks, service marks, collective membership marks, registrations and applications for registration for each, and the respective goodwill associated with each, (ii) licenses, fees or royalties with respect to each, (iii) the right to sue for past, present and future infringement, dilution and damages therefor, (iv) and licenses thereunder, all as presently existing or hereafter arising or acquired, including, without limitation, the marks listed on Exhibit B.

2. Security Interest. The Debtor hereby irrevocably pledges and assigns to, and grants the Secured Party a security interest (the "Security Interest"), with power of sale to the extent permitted by law, in the Patents and in the Trademarks to secure payment of the Obligations. As set forth in the Loan Agreement, the Security Interest is coupled with a security interest in substantially all of the personal property of the Debtor.

3. Representations, Warranties and Agreements. The Debtor represents, warrants and agrees as follows:

(a) Existence; Authority. The Debtor is a corporation duly organized, validly existing and in good standing under the laws of its state of incorporation, and this Agreement has been duly and validly authorized by all necessary corporate action on the part of the Debtor.

(b) Patents. Exhibit A accurately lists all Patents owned or controlled by the Debtor as of the date hereof, or to which the Debtor has a right as of the date hereof to have assigned to it, and accurately reflects the existence and status of applications and letters patent pertaining to the Patents as of the date hereof. If after the date hereof, the Debtor owns, controls or has a right to have assigned to it any Patents not listed on Exhibit A, or if Exhibit A ceases to accurately reflect the existence and status of applications and letters patent pertaining to the Patents, then the Debtor shall promptly provide written notice to the Secured Party with a replacement Exhibit A, which upon acceptance by the Secured Party shall become part of this Agreement.

(c) Trademarks. Exhibit B accurately lists all Trademarks owned or controlled by the Debtor as of the date hereof and accurately reflects the existence and status of Trademarks and all applications and registrations pertaining thereto as of the date hereof; provided, however, that Exhibit B need not list common law marks (i.e., Trademarks for which there are no applications or registrations) which are not material to the Debtor's or any affiliate's business(es). If after the date hereof, the Debtor owns or controls any Trademarks not listed on Exhibit B (other than common law marks which are not material to the Debtor's or any Affiliate's business(es)), or if Exhibit B ceases to accurately reflect the existence and status of applications and registrations pertaining to the Trademarks, then the Debtor shall promptly provide written notice to the Secured Party with a replacement Exhibit B, which upon acceptance by the Secured Party shall become part of this Agreement.

(d) Affiliates. As of the date hereof, no affiliate owns, controls, or has a right to have assigned to it any intellectual property rights that are used by Debtor and which, if such item were owned by the Debtor, constitute Patents or Trademarks.

(e) Title. The Debtor has absolute title to each Patent and each Trademark listed on Exhibits A and B, free and clear of all Liens. The Debtor (i) will have, at the time the Debtor acquires any rights in Patents or Trademarks hereafter arising, absolute title to each such Patent or Trademark free and clear of all Liens, and (ii) will keep all Patents and Trademarks free and clear of all Liens, except in each case for Permitted Liens.

(f) No Sale. Except as permitted in the Loan Agreement, and except for Permitted Liens, the Debtor will not assign, transfer, encumber or otherwise dispose of the Patents or Trademarks, or any interest therein, without the Secured Party's prior written consent.

(g) Defense. The Debtor will at its own expense and using commercially reasonable efforts, protect and defend the Patents and Trademarks against all claims or demands of all persons.

(h) Maintenance. The Debtor will at its own expense maintain the Patents and the Trademarks to the extent reasonably advisable in its business including, but not limited to, filing all applications to obtain letters patent or trademark registrations and all affidavits, maintenance fees, annuities, and renewals possible with respect to letters patent, trademark registrations and applications therefor. The Debtor covenants that it will not abandon nor fail to pay any maintenance fee or annuity due and payable on any Patent or Trademark, nor fail to file any required affidavit or renewal in support thereof except to the extent the maintenance of any such Patent or Trademark is not, in the good faith determination of Debtor, reasonably advisable in, or necessary, to the conduct of its ongoing business, without first providing the Secured Party: (i) sufficient written notice, of at least 30 days, to allow the Secured Party to timely pay any such maintenance fees or annuities which may become due on any Patents or Trademarks, or to file any affidavit or renewal with respect thereto, and (ii) a separate written power of

attorney or other authorization to pay such maintenance fees or annuities, or to file such affidavit or renewal, should such be necessary or desirable.

(i) Secured Party's Right to Take Action. If the Debtor fails to perform or observe any of its covenants or agreements set forth in this Section 3, and if such failure continues for a period of ten (10) Business Days after the Secured Party gives the Debtor written notice thereof (or, in the case of the agreements contained in subsection (h), immediately upon the occurrence of such failure, without notice or lapse of time), or if the Debtor notifies the Secured Party that it intends to abandon a Patent or Trademark, other than a Patent or Trademark the maintenance of which is not, , in the good faith determination of Debtor, reasonably advisable in, or necessary, to the conduct of its ongoing business, the Secured Party may (but need not) perform or observe such covenant or agreement or take steps to prevent such intended abandonment on behalf and in the name, place and stead of the Debtor (or, at the Secured Party's option, in the Secured Party's own name) and may (but need not) take any and all other actions which the Secured Party may reasonably deem necessary to cure or correct such failure or prevent such intended abandonment.

(j) Costs and Expenses. Except to the extent that the effect of such payment would be to render any loan or forbearance of money usurious or otherwise illegal under any applicable law, the Debtor shall pay the Secured Party on demand the amount of all moneys expended and all costs and expenses to the extent such expenditures, costs and expenses are reasonable and documented (including reasonable and documented attorneys' fees and disbursements) incurred by the Secured Party in connection with or as a result of the Secured Party's taking action under subsection (i) or exercising its rights under Section 6, together with interest thereon from the date expended or incurred by the Secured Party at the Default Rate.

(k) Power of Attorney. To facilitate the Secured Party's taking action under subsection (i) and exercising its rights under Section 6, the Debtor hereby irrevocably appoints (which appointment is coupled with an interest) the Secured Party, or its delegate, as the attorney-in-fact of the Debtor with the right (but not the duty) from time to time to create, prepare, complete, execute, deliver, endorse or file, in the name and on behalf of the Debtor, any and all instruments, documents, applications, financing statements, and other agreements and writings required to be obtained, executed, delivered or endorsed by the Debtor under this Section 3, or, necessary for the Secured Party, after an Event of Default, to enforce or use the Patents or Trademarks or to grant or issue any exclusive or non-exclusive license under the Patents or Trademarks to any third party, or to sell, assign, transfer, pledge, encumber or otherwise transfer title in or dispose of the Patents or Trademarks to any third party. The Debtor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. The power of attorney granted herein shall terminate upon the termination of the Loan Agreement as provided therein and the payment and performance of all Obligations.

4. Debtor's Use of the Patents and Trademarks. The Debtor shall be permitted to control and manage the Patents and Trademarks, including the right to exclude others from making, using or selling items covered by the Patents and Trademarks and any licenses thereunder, in the same manner and with the same effect as if this Agreement had not been entered into, so long as no Event of Default occurs and remains uncured.

5. Events of Default. Each of the following occurrences shall constitute an event of default under this Agreement (herein called "Event of Default"): (a) an Event of Default, as defined in the Loan Agreement, shall occur; or (b) the Debtor shall fail promptly to observe or perform any covenant or agreement herein binding on it; or (c) any of the representations or warranties contained in Section 3 shall prove to have been incorrect in any material respect when made.

6. Remedies. Upon the existence of an Event of Default, the Secured Party may, at its option, take any or all of the following actions:

(a) The Secured Party may exercise any or all remedies available under the Loan Agreement.

(b) The Secured Party may sell, assign, transfer, pledge, encumber or otherwise dispose of the Patents and Trademarks.

(c) The Secured Party may enforce the Patents and Trademarks and any licenses thereunder, and if Secured Party shall commence any suit for such enforcement, the Debtor shall, at the request of Secured Party, do any and all lawful acts and execute any and all proper documents required by Secured Party in aid of such enforcement.

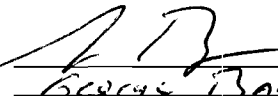
7. Miscellaneous. This Agreement can be waived, modified, amended, terminated or discharged, and the Security Interest can be released, only explicitly in a writing signed by the Secured Party. A waiver signed by the Secured Party shall be effective only in the specific instance and for the specific purpose given. Mere delay or failure to act shall not preclude the exercise or enforcement of any of the Secured Party's rights or remedies. All rights and remedies of the Secured Party shall be cumulative and may be exercised singularly or concurrently, at the Secured Party's option, and the exercise or enforcement of any one such right or remedy shall neither be a condition to nor bar the exercise or enforcement of any other. All notices to be given to Debtor under this Agreement shall be given in the manner and with the effect provided in the Loan Agreement. The Secured Party shall not be obligated to preserve any rights the Debtor may have against prior parties, to realize on the Patents and Trademarks at all or in any particular manner or order, or to apply any cash proceeds of Patents and Trademarks in any particular order of application. This Agreement shall be binding upon and inure to the benefit of the Debtor and the Secured Party and their respective participants, successors and assigns and shall take effect when signed by the Debtor and delivered to the Secured Party, and the Debtor waives notice of the Secured Party's acceptance hereof. A carbon, photographic or other reproduction of this Agreement or of any financing statement signed by the Debtor shall have the same force and effect as the original for all purposes of a financing statement. This Agreement shall be governed by the internal law of California without regard to conflicts of law provisions. If any provision or application of this Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications which can be given effect and this Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby. All representations and warranties contained in this Agreement shall survive the execution, delivery and performance of this Agreement and the creation and payment of the Obligations.

TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, THE PARTIES WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED ON OR PERTAINING TO THIS AGREEMENT. IN THE EVENT THAT SUCH JURY TRIAL WAIVER IS NOT PERMITTED UNDER APPLICABLE LAW, THE REFERENCE PROVISIONS OF SECTION 16 OF THE LOAN AGREEMENT ARE HEREBY INCORPORATED BY REFERENCE AND SHALL BE APPLICABLE TO ANY ACTION OR PROCEEDING BASED ON OR PERTAINING TO THIS AGREEMENT.

IN WITNESS WHEREOF, the parties have executed this Patent and Trademark Security Agreement as of the date written above.

Advanced Chemistry & Technology, Inc.
7341 Anaconda Avenue
Garden Grove, California 92841

ADVANCED CHEMISTRY & TECHNOLOGY, INC.,
a Delaware corporation

By 
George Baccara
Its President

Business Alliance Capital Company
800 Wilshire Boulevard, Suite 700
Los Angeles, California 90017

BUSINESS ALLIANCE CAPITAL COMPANY
division of Sovereign Bank, a federal savings bank

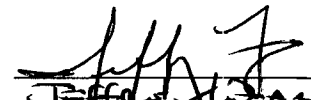
By 
Jeffery
Its SVP

EXHIBIT A

UNITED STATES ISSUED PATENTS

<u>Title</u>	<u>Patent Number</u>	<u>Issue Date</u>
Sealants Containing Multimodal Polymer Blends	6,486,268	
Curable Polythiol Cyclopolyene Sealant Compounds	6,486,269	
High Strength Polymers and Aerospace Sealants Therefrom	6,486,297	
Chemically Resistant Polythioethers and Formation Thereof	6,525,168	
Frozen, Preformed Curable Seal	6,881,462	

FOREIGN ISSUED PATENTS

<u>Title</u>	<u>Country</u>	<u>Patent Number</u>	<u>Issue Date</u>
None.			

EXHIBIT B

UNITED STATES ISSUED TRADEMARKS, SERVICE MARKS
AND COLLECTIVE MEMBERSHIP MARKS

REGISTRATIONS

<u>Mark</u>	<u>Registration Number</u>	<u>Registration Date</u>
A C TECH	2,986,781	August 23, 2005
DESIGN ONLY	2,307,839	January 11, 2000
DESIGN ONLY	2,309,761	January 18, 2000
AC-	2,300,601	December 14, 1999
A-C-TECH	2,355,782	June 6, 2000

APPLICATIONS

<u>Mark</u>	<u>Serial Number</u>	<u>Filing Date</u>
ADVANCED CHEMISTRY & TECHNOLOGY, INC.	78-686,940	August 5, 2005
AEROSPACE SEALANTS OF CHOICE	78-649,703	June 13, 2005
DISTINCTIVE BY DESIGN	78-649,669	June 13, 2005

COLLECTIVE MEMBERSHIP MARKS

None.

UNREGISTERED MARKS

None.