

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
ARCOT SYSTEMS, INC.		08/01/2006	CORPORATION: CALIFORNIA
RECEIVING PARTY DATA			
Name:	SAND HILL VENTURE DEBT III, LLC		
Street Address:	3000 Sand Hill Road		
Internal Address:	Bldg 1, Suite 240		
City:	Menlo Park		
State/Country:	CALIFORNIA		
Postal Code:	94025		
Entity Type:	LIMITED LIABILITY COMPANY: CALIFORNIA		
PROPERTY NUMBERS Total: 5			
Property Type	Number	Word Mark	
Registration Number:	2552343	WEBFORT	
Registration Number:	2504322	ARCOT	
Serial Number:	76083678	ARCOT DIGITAL IDENTITY	
Serial Number:	76081641	ARCOTID	
Registration Number:	2457370	ARCOT WEBFORT	
CORRESPONDENCE DATA			
Fax Number:	(858)550-6420		
	<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>		
Phone:	858-550-6403		
Email:	erin.obrien@cooley.com		
Correspondent Name:	Erin O'Brien		
Address Line 1:	4401 Eastgate Mall		
Address Line 4:	San Diego, CALIFORNIA 92121		
ATTORNEY DOCKET NUMBER:	305954-115 ARCOT TM		

CH \$140.00 2552343

NAME OF SUBMITTER:	Erin O'Brien
Signature:	/Erin O'Brien/
Date:	08/21/2006
Total Attachments: 4 source=Arcot signed IPSA#page1.tif source=Arcot signed IPSA#page2.tif source=Arcot signed IPSA#page3.tif source=Arcot signed IPSA#page4.tif	

INTELLECTUAL PROPERTY SECURITY AGREEMENT

This Intellectual Property Security Agreement is entered into as of August 1, 2006 by and among SAND HILL VENTURE DEBT III, LLC ("Agent") and ARCOT SYSTEMS, INC., a California corporation ("Borrower"), with reference to the following facts:

RECITALS

Agent and Borrower are parties to that certain Loan and Security Agreement of even date (as amended from time to time, the "Loan Agreement"). Capitalized terms used herein have the meaning assigned in the Loan Agreement.

NOW, THEREFORE, Borrower agrees as follows:

AGREEMENT

To secure performance of its "Obligations" as defined in the Loan Agreement, Borrower grants to Agent a security interest in all of Borrower's right, title and interest in Borrower's intellectual property (including without limitation those Copyrights, Patents and Trademarks listed on Schedules A, B and C hereto), including without limitation all proceeds thereof (such as, by way of example but not by way of limitation, license royalties and proceeds of infringement suits). Borrower represents and warrants that (i) listed on Schedule A hereto are all trademark registrations and pending registrations owned or controlled by Borrower or licensed to Borrower, (ii) listed on Schedule B are all patents and patent applications owned or controlled by Borrower or licensed to Borrower, and (iii) listed on Schedule C are all of Borrower's material works of authorship subject to United States copyright protection (other than off-the-shelf software licensed to Borrower on a non-exclusive basis), including, without limitation, those for which the sale, licensing or other disposition results in royalties receivable, license fees receivable, accounts receivable or other sums owing to Borrower.

IN WITNESS WHEREOF, the parties have caused this Intellectual Property Security Agreement to be duly executed as of the first date written above.

Address of Borrower:

ARCOT SYSTEMS, INC.

455 West Maude Ave.
Sunnyvale, CA 94085

By  _____

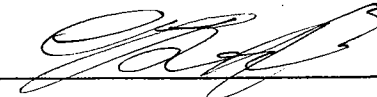
Name: Randall Bolten
Title: Chief Financial Officer

Attn: _____

Address of Agent:

SAND HILL VENTURE DEBT III, LLC

3000 Sand Hill Road, Bldg 1 Suite 240
Menlo Park, CA 94025

By  _____
Title Managing Member

SCHEDULE A

Trademarks

<u>Description</u>	<u>Serial/Registration Number</u>	<u>Application/Registration Date</u>
Webfort	2,552,343	3/26/02
Arcot	2,504,322	11/06/01
Arcot Digital Identity	76/083,678	7/05/00
Arcot ID	76/081,641	9/14/04
Arcot WebFort	2,457,370	6/05/01

SCHEDULE B

Patents

<u>Description</u>	<u>Serial/ Registration Number</u>	<u>Application/ Registration Date</u>
Method and Apparatus for Cryptographically Camouflaged Key Storage, Certification and Use	6,170,058	1/2/01
Method and Apparatus for Secure Entry of Access Codes in a Computer Environment	6,209,102	3/27/01
Efficient Techniques for Sharing a Secret	09/853913	5/11/01
Method and Apparatus for Secure Cryptographic Key Generation, Certification and Use	09/874795	6/5/01
Apparatus for Pre-Authentication of Users One-Time Passwords	09/896163	6/28/01
Method and Apparatus for Secure Distribution of Authentication Credentials to Roaming Users	6,263,446	7/17/01
Method and Apparatus for Camouflaging of Data, Information and Functional Transformations	10/015902	10/30/01
Method and Apparatus for Cryptographic Key Storage Wherein Key Servers are Authenticated By Possession and Secure...	10/093881	3/8/02
Techniques for Searching Encrypted Files	10/096086	3/11/02
Enhancements to Multi-Party Authentication and Other Protocols	10/225935	8/22/02
Non-Textual Representation of Access Activities Regarding a Resource	10/453979	6/4/03
Cross-Domain Transactions Through Simulated Pop-Ups	10/739825	12/17/03
Auditing Secret Key Cryptographic Operations	10/803457	3/17/04
Method and Apparatus for Securing Pass Codes During Transmission from Capture to Delivery	10/843681	5/10/04
Account Protection With One Sided Access	11/011875	12/13/04
Nonredirected Authentication	11/016248	12/17/04
Browser User-Interface Security Application	11/046207	1/28/05
Audit Records for Digitally Signed Documents	11/090329	3/24/05
Method and System for Secure Authenticated Payment on a Computer Network	6,895,391	5/17/05
One-Time Credit Card Number Generator and Single Round-Trip Authentication	6,908,030	6/21/05
Efficient Computational Techniques for Authorization Control	6,928,427	8/9/05
Computer-Readable Medium Having a Private Key Encryption Program	6,956,950	10/18/05
Efficient Searching Techniques	6,959,303	10/25/05
Methods for Pre-Authentication of Users Using One-Time Passwords	6,983,381	1/3/06
Size-Dependent Hashing for Credit Card Verification and Other Applications	7,020,782	3/28/06

SCHEDULE C

Copyrights

Title

Registration Number

Registration Date

MP1:985012.3

RECORDED: 08/21/2006

TRADEMARK
REEL: 003373 FRAME: 0969