

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

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|----------------------------------|--|------------------------|-----------------------|
| SUBMISSION TYPE: | NEW ASSIGNMENT | | |
| NATURE OF CONVEYANCE: | Intellectual Property Security Agreement | | |
| CONVEYING PARTY DATA | | | |
| Name | Formerly | Execution Date | Entity Type |
| Applied Digital Solutions, Inc. | | 08/31/2007 | CORPORATION: DELAWARE |
| RECEIVING PARTY DATA | | | |
| Name: | Laurus Master Fund, Ltd. | | |
| Street Address: | 335 Madison Avenue | | |
| City: | New York | | |
| State/Country: | NEW YORK | | |
| Postal Code: | 10017 | | |
| Entity Type: | CORPORATION: CAYMAN ISLANDS | | |
| PROPERTY NUMBERS Total: 2 | | | |
| Property Type | Number | Word Mark | |
| Registration Number: | 2995680 | THERMO LIFE | |
| Serial Number: | 78625563 | POWERED BY THERMO LIFE | |
| CORRESPONDENCE DATA | | | |
| Fax Number: | (312)896-5678 | | |
| | <i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i> | | |
| Phone: | 312/464-3135 | | |
| Email: | msmolucka@loeb.com | | |
| Correspondent Name: | Scott J. Giordano/Loeb & Loeb LLP | | |
| Address Line 1: | 345 Park Avenue | | |
| Address Line 4: | New York, NEW YORK 10154 | | |
| ATTORNEY DOCKET NUMBER: | 203891-10014 | | |
| NAME OF SUBMITTER: | Mary Ann Smolucka | | |
| Signature: | /s/ Mary Ann Smolucka | | |
| Date: | 11/30/2007 | | |

CH \$65.00 2995680

Total Attachments: 12

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INTELLECTUAL PROPERTY SECURITY AGREEMENT

THIS INTELLECTUAL PROPERTY SECURITY AGREEMENT (the "Agreement"), dated as of August 31, 2007, is made by APPLIED DIGITAL SOLUTIONS, INC., a Delaware corporation ("Grantor"), in favor of LAURUS MASTER FUND, LTD. ("Laurus").

WHEREAS, pursuant to that certain Securities Purchase Agreement dated as of the date hereof by and between Grantor and Laurus (as from time to time amended, restated, supplemented or otherwise modified, the "Purchase Agreement"), Laurus has agreed to provide financial accommodations to Grantor;

WHEREAS, Laurus is willing to enter into the Purchase Agreement, but only upon the condition, among others, that Grantor shall have executed and delivered to Laurus this Agreement;

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor hereby agrees as follows:

Section 1. DEFINED TERMS.

(a) When used herein the following terms shall have the following meanings:

"Copyrights" means all copyrights arising under the laws of the United States, any other country or any political subdivision thereof, whether registered or unregistered and whether published or unpublished, all registrations and recordings thereof, and all applications in connection therewith, including all registrations, recordings and applications in the United States Copyright Office, and the right to obtain all renewals of any of the foregoing.

"Copyright Licenses" means all written agreements naming any Grantor as licensor or licensee granting any right under any Copyright, including the grant of rights to manufacture, distribute, exploit and sell materials derived from any Copyright.

"General Intangibles" shall have the meaning provided thereto in Section 9-102 of the UCC, as amended, restated or otherwise modified from time to time.

"Master Security Agreement" shall have the meaning provided thereto in Section 5 hereof.

"Obligations" shall have the meaning provided thereto in the Master Security Agreement.

"Patents" means (a) all letters patent of the United States, any other country or any political subdivision thereof, and all reissues and extensions of such letters patent, (b) all applications for letters patent of the United States or any other country and all divisions, continuations and continuations-in-part thereof, and (c) all rights to obtain any reissues or extensions of the foregoing.

"Patent Licenses" means all agreements, whether written or oral, providing for the grant by or to any Grantor of any right to manufacture, use or sell any invention covered in whole or in part by a Patent.

"Trademarks" means (a) all trademarks, trade names, corporate names, business names, fictitious business names, trade styles, services marks, logos and other source or business identifiers, and all goodwill associated therewith, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, whether 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 political subdivision thereof, or otherwise, and all common-law rights therein, and (b) the right to obtain all renewals thereof.

"Trademark Licenses" means, collectively, each agreement, whether written or oral, providing for the grant by or to any Grantor of any right to use any Trademark.

"UCC" shall have the meaning provided thereto in the Master Security Agreement.

(b) All capitalized terms used but not otherwise defined herein have the meanings given to them in the Security Agreement.

Section 2. GRANT OF SECURITY INTEREST IN INTELLECTUAL PROPERTY COLLATERAL. To secure the complete and timely payment of all the Obligations of the Grantor now or hereafter existing from time to time, Grantor hereby grants to Laurus a continuing first priority security interest in all of Grantor's right, title and interest in, to and under the following, whether presently existing or hereafter created or acquired (collectively, the "Collateral"):

(a) all of its Patents and Patent Licenses to which it is a party including those referred to on Schedule I hereto;

(b) all of its Trademarks and Trademark Licenses to which it is a party including those referred to on Schedule II hereto;

(c) all of its Copyrights and Copyright Licenses to which it is a party including those referred to on Schedule III hereto;

(d) all reissues, continuations or extensions of the foregoing;

(e) all goodwill of the business connected with the use of, and symbolized by, each Patent, each Patent License, each Trademark, each Trademark License, each Copyright and each Copyright License; and

(f) all products and proceeds of the foregoing, including, without limitation, any claim by Grantor against third parties for past, present or future (i) infringement or dilution of any Patent or Patent licensed under any Patent License, (ii) injury to the goodwill associated with any Patent or any Patent licensed under any Patent License, (iii) infringement or dilution of any Trademark or Trademark licensed under any Trademark License, (iv) injury to the goodwill

associated with any Trademark or any Trademark licensed under any Trademark License, (v) infringement or dilution of any Copyright or Copyrights licensed under any Copyright License, and (vi) injury to the goodwill associated with any Copyright or any Copyright licensed under any Copyright License.

Section 3. REPRESENTATIONS AND WARRANTIES. Grantor represents and warrants that Grantor does not have any interest in, or title to, any Patent, Trademark or Copyright except as set forth in Schedule I, Schedule II and Schedule III, respectively, hereto. Grantor's Patents, Trademarks and Copyrights are valid and enforceable, are solely owned by Grantor and there is no claim that the use of any of them violates the rights of any third person. Subject to any previously perfected security agreements previously recorded at the U.S. Patent and Trademark Office, this Agreement is effective to create a valid and continuing lien on and perfected security interests in favor of Laurus in all of Grantor's Patents, Trademarks and Copyrights and such perfected security interests are enforceable as such as against any and all creditors of, and purchasers from, Grantor. Upon filing of this Intellectual Property Security Agreement with the United States Patent and Trademark Office and the United States Copyright Office and the filing of appropriate financing statements, all action necessary or desirable to protect and perfect Laurus' Lien on each Grantor's Patents, Trademarks and Copyrights shall have been duly taken.

Section 4. COVENANTS. Grantor covenants and agrees with Laurus that from and after the date of this Agreement:

(a) Grantor shall notify Laurus promptly if it knows or has reason to know that any application or registration relating to any Patent, Trademark or Copyright (now or hereafter existing) may become abandoned or dedicated, or of any adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, the United States Copyright Office or any court) regarding Grantor's ownership of any Patent, Trademark or Copyright, its right to register the same, or to keep and maintain the same.

(b) In no event shall Grantor, either directly or through any agent, employee, licensee or designee, file an application for the registration of any Patent, Trademark or Copyright with the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency without giving Laurus prior written notice thereof, and, upon request of Laurus, Grantor shall execute and deliver a supplement hereto (in form and substance satisfactory to Laurus) to evidence Laurus' Lien on such Patent, Trademark or Copyright, and the General Intangibles of Grantor relating thereto or represented thereby.

(c) Grantor shall take all actions necessary or requested by Laurus to maintain and pursue each application, to obtain the relevant registration and to maintain the registration of each of the Patents or Trademarks (now or hereafter existing), including the filing of applications for renewal, affidavits of use, affidavits of noncontestability and opposition and interference and cancellation proceedings.

(d) In the event that any of the Collateral is infringed upon, or misappropriated or diluted by a third party, Grantor shall notify Laurus promptly after Grantor learns thereof. Grantor shall, unless it shall reasonably determine that such Collateral is in no way material to the conduct of its business or operations, promptly sue for infringement, misappropriation or dilution and to recover any and all damages for such infringement, misappropriation or dilution, and shall take such other actions as Laurus shall deem appropriate under the circumstances to protect such Collateral.

Section 5. MASTER SECURITY AGREEMENT. The security interests granted pursuant to this Agreement are granted in conjunction with the security interests granted to Laurus by Grantor pursuant to the Master Security Agreement. Grantor hereby acknowledges and affirms that the rights and remedies of Laurus with respect to the security interest in the Collateral made and granted hereby are more fully set forth in the Master Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

Section 6. REINSTATEMENT. This Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against Grantor for liquidation or reorganization, should Grantor become insolvent or make an assignment for the benefit of any creditor or creditors or should a receiver or trustee be appointed for all or any significant part of Grantor's assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Obligations, whether as a "voidable preference," "fraudulent conveyance," or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

Section 7. INDEMNIFICATION. (A) Grantor assumes all responsibility and liability arising from the use of the Patents, Trademarks and/or Copyrights and Grantor hereby indemnifies and holds Laurus harmless from and against any claim, suit, loss, damage or expense (including reasonable attorneys' fees) arising out of Grantor's operations of its business from the use of the Patents, Trademarks and/or Copyrights. (B) In any suit, proceeding or action brought by Laurus under any Patent License, Trademark License or Copyright License for any sum owing thereunder, or to enforce any provisions of such license, Grantor will indemnify and keep Laurus harmless from and against all expense, loss or damage suffered by reason of any defense, set off, counterclaim, recoupment or reduction or liability whatsoever of the obligee thereunder, arising out of a breach of Grantor of any obligation thereunder or arising out of any other agreements, indebtedness or liability at any time owing to or in favor of such obligee or its successors from Grantor, and all such obligations of Grantor shall be and remain enforceable against and only against Grantor and shall not be enforceable against Laurus.

Section 8. NOTICES. Whenever it is provided herein that any notice, demand, request, consent, approval, declaration or other communication shall or may be given to or served upon any of the parties by any other party, or whenever any of the parties desires to give and serve upon any other party any communication with respect to this Agreement, each such

notice, demand, request, consent, approval, declaration or other communication shall be in writing and shall be given in the manner, and deemed received, as provided for in the Purchase Agreement.

Section 9. TERMINATION OF THIS AGREEMENT. Subject to Section 6 hereof, this Agreement shall terminate upon payment in full in cash of all Obligations and irrevocable termination of the Purchase Agreement.

Section 10. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which shall constitute one instrument. It is understood and agreed that if facsimile copies of this Agreement bearing facsimile signatures are exchanged between the parties hereto, such copies shall in all respects have the same weight, force and legal effect and shall be fully as valid, binding, and enforceable as if such signed facsimile copies were original documents bearing original signature.

{Signature Page to Follow}

IN WITNESS WHEREOF, Grantor has caused this Intellectual Property Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

APPLIED DIGITAL SOLUTIONS, INC.

By: _____
Name: _____
Title: _____

ACCEPTED and ACKNOWLEDGED by:

LAURUS MASTER FUND, LTD.

By: _____
Name: _____
Title: _____

SCHEDULE I
TO
INTELLECTUAL PROPERTY SECURITY AGREEMENT

I. PATENT REGISTRATIONS

| <u>Patent</u> | <u>Reg. No.</u> | <u>Date</u> |
|------------------------------------|-----------------|------------------|
| Low Power Thermoelectric Generator | 6,958,443 | October 25, 2005 |

II. PATENT APPLICATIONS

| <u>Patent</u> | <u>Reg. No.</u> | <u>Date</u> |
|--|--------------------------------|---------------|
| Thermoelectric generator having a foil segment of a specific material composition and geometry | PCT/US04/14879 (International) | May 13, 2004 |
| Thermoelectric generator having a foil segment of a specific material composition and geometry | 10-440,992 (Australia) | May 13, 2004 |
| Thermoelectric generator having a foil segment of a specific material composition and geometry | 2,526,270 (Canada) | Nov. 19, 2005 |
| Thermoelectric generator having a foil segment of a specific material composition and geometry | 04752017.6 (Europe) | Nov 18, 2005 |
| Thermoelectric generator having a foil segment of a specific material composition and geometry | PA/9/3005/012477 (Mexico) | Nov 18, 2005 |
| Thermoelectric generator having a foil segment of a specific material composition and geometry | (unknown) (India) | Nov 18, 2005 |
| Thermoelectric generator having a foil segment of a specific material composition and geometry | (unknown) (Japan) | Nov 18, 2005 |
| Thermoelectric generator having a foil segment of a specific material composition and geometry | (unknown) (China) | Nov 19, 2005 |
| Improved Low Power Thermoelectric Generator | 11-352,113 (United States) | Feb. 10, 2006 |

| | | |
|--|--------------------------------|---------------|
| Improved Low Power Thermoelectric Generator | PCT/US07/03272 (International) | Feb. 7, 2007 |
| Thermoelectric Power Supply | 60/814,648 (United States) | May 31, 2006 |
| Thermoelectric Power Supply | 11/511,563 (United States) | Aug. 29, 2006 |
| Thermoelectric Power Supply | Unknown (International) | May 31, 2007 |
| Thermoelectric Generator with Micro-Electrostatic Energy Converter | 60/809,479 (United States) | May 31, 2006 |
| Thermoelectric Generator With Micro-Electrostatic Energy Converter | 11/518,441 (United States) | Sept. 8, 2006 |
| Thermoelectric Generator With Micro-Electrostatic Energy Converter | Unknown (International) | May 31, 2007 |

III. PATENT LICENSES⁽¹⁾

| <u>Patent</u> | <u>Rev. No.</u> | <u>Date</u> |
|---------------------------------------|-----------------|------------------------|
| Personal Tracking and Recovery System | 5,629,678 | Issued on May 13, 1997 |

(1) Patent License Agreement between Paul A. Gargano and Grantor dated December 10, 1999 relating to the license of Patent No. 5,629,678, a copy of which has been provided to Lauris.

SCHEDULE II
TO
INTELLECTUAL PROPERTY SECURITY AGREEMENT

I. TRADEMARK REGISTRATIONS

| <u>REG. NO.</u> | <u>MARK</u> | <u>COUNTRY</u> | <u>REG. DATE</u> |
|-----------------|-------------|----------------|------------------|
| 2995680 | THERMO LIFE | USA | 9/13/2005 |

II. TRADEMARK APPLICATIONS

| <u>APPLICATION NUMBER</u> | <u>MARK</u> | <u>COUNTRY</u> | <u>APPLICATION DATE</u> |
|---------------------------|---------------------------|----------------|-------------------------|
| 78625563 (Serial No.) | POWERED BY THERMO LIFE | USA | 5/9/2005 |

III. TRADEMARK LICENSES -- N/A

| <u>REG. NO.</u> | <u>MARK</u> | <u>COUNTRY</u> | <u>REG. DATE</u> |
|-----------------|-------------|----------------|------------------|
|-----------------|-------------|----------------|------------------|

SCHEDULE III
TO
INTELLECTUAL PROPERTY SECURITY AGREEMENT

I. COPYRIGHT REGISTRATIONS - N/A

| <u>Copyright</u> | <u>Reg. No.</u> | <u>Date</u> |
|------------------|-----------------|-------------|
|------------------|-----------------|-------------|

II. COPYRIGHT APPLICATIONS - N/A


| <u>Copyright</u> | <u>Reg. No.</u> | <u>Date</u> |
|------------------|-----------------|-------------|
|------------------|-----------------|-------------|

III. COPYRIGHT LICENSES - N/A

| <u>Copyright</u> | <u>Reg. No.</u> | <u>Date</u> |
|------------------|-----------------|-------------|
|------------------|-----------------|-------------|

IN WITNESS WHEREOF, Grantor has caused this Intellectual Property Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

APPLIED DIGITAL SOLUTIONS, INC

By: 
Name: David M. Brown
Title: CEO, A.D.S.

ACCEPTED and ACKNOWLEDGED by:

LAURUS MASTER FUND, LTD.

By: _____
Name
Title

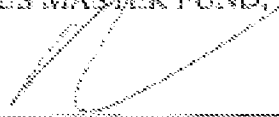
IN WITNESS WHEREOF, Grantor has caused this Intellectual Property Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

APPLIED DIGITAL SOLUTIONS, INC.

By: _____
Name: _____
Title: _____

ACCEPTED and ACKNOWLEDGED by:

LAURUS MASTER FUND, LTD.

By:  _____
Name:
Title: