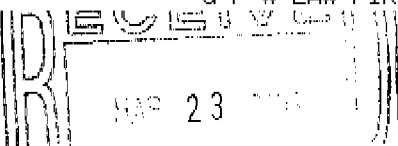


3/23/09

Form PTO-1594 (Rev. 01-09)  
OMB Collection 0651-0027 (exp. 02/28/2009)



03-24-2009

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

<b>REC T</b>		<b>103553706</b>
To the Director of the U. S. Patent and Trademark Office		Transmit this document to the new address(es) below.

<b>1. Name of conveying party(ies):</b> Apani Networks  <input type="checkbox"/> Individual(s) <input type="checkbox"/> Association <input type="checkbox"/> General Partnership <input type="checkbox"/> Limited Partnership <input checked="" type="checkbox"/> Corporation- State: <u>California</u> <input type="checkbox"/> Other _____ Citizenship (see guidelines) _____ Additional names of conveying parties attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<b>2. Name and address of receiving party(ies)</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Additional names, addresses, or citizenship attached? Name: <u>Takahara Kikin Kabushiki Kosan</u> Internal Address: _____ Street Address: <u>1712 Kawano-cho, Shikoku</u> City: <u>Chuo-shi, Ehime-Ken</u> State: _____ Country: <u>Japan</u> Zip: <u>799-0101</u> <input type="checkbox"/> Association      Citizenship _____ <input type="checkbox"/> General Partnership      Citizenship _____ <input type="checkbox"/> Limited Partnership      Citizenship _____ <input checked="" type="checkbox"/> Corporation      Citizenship <u>Japan</u> <input type="checkbox"/> Other _____      Citizenship _____ If assignee is not domiciled in the United States, a domestic representative designation is attached: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (Designations must be a separate document from assignment)
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<b>3. Nature of conveyance /Execution Date(s) :</b> Execution Date(s) <u>March 10, 2009</u> <input type="checkbox"/> Assignment <input type="checkbox"/> Merger <input checked="" type="checkbox"/> Security Agreement <input type="checkbox"/> Change of Name <input type="checkbox"/> Other _____	<b>4. Application number(s) or registration number(s) and Identification or description of the Trademark.</b> A. Trademark Application No.(s) B. Trademark Registration No.(s) <u>3,330,453</u> <u>3,267,474</u> Additional sheet(s) attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
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**C. Identification or Description of Trademark(s) (and Filing Date if Application or Registration Number is unknown):**  
 "Apani" registered November 6, 2007 (3,330,453)  
 "EpiForce" registered July 24, 2007 (3,267,474)

<b>5. Name &amp; address of party to whom correspondence concerning document should be mailed:</b> Name: <u>Derrick K. Takeuchi</u> Internal Address: <u>Greenberg, Fields &amp; Whitcombe, LLP</u> Street Address: <u>21515 Hawthorne Blvd., Ste. 450</u> City: <u>Torrance</u> State: <u>CA</u> Zip: <u>90503</u> Phone Number: <u>310/540-2000</u> Fax Number: <u>310/540-6609</u> Email Address: <u>dtakeuchi@gfwlaw.com</u>	<b>6. Total number of applications and registrations involved:</b> <span style="border: 1px solid black; padding: 2px;">2</span>  <b>7. Total fee (37 CFR 2.6(b)(6) &amp; 3.41)</b> \$ <u>80.00</u> <input type="checkbox"/> Authorized to be charged to deposit account <input checked="" type="checkbox"/> Enclosed
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<b>9. Signature:</b> <u>Derrick K. Takeuchi</u> Signature Name of Person Signing	<b>8. Payment Information:</b> Refund Ref: <u>03/23/2009 NJANA1 0000061 3330453</u> Deposit Account Number Authorized User Name CHECK Refund Total:      \$ <u>15.00</u> Date: <u>March 16, 2009</u> Total number of pages including cover sheet, attachments, and document: <span style="border: 1px solid black; padding: 2px;">3</span>
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Documents to be recorded (including cover sheet) should be faxed to (571) 273-0140, or mailed to: Mail Stop Assignment Recordation Services, Director of the USPTO, P.O. Box 1450, Alexandria, VA 22313-1450

46.00 OP  
25.00 OP

## 2. Name and address of receiving party(ies)

Name: Kabushiki Kaisha Takahara Kosan  
Street Address: 1712 Kawanoe-cho, Shikoku  
City: Chuo-shi, Ehime-Ken  
Country: Japan  
Zip: 799-0101  
Corporation, Citizenship - Japan

2. Name and address of receiving party(ies)

Name: Keiichiro Takahara  
Street Address: 1712 Kawano-cho, Shikoku  
City: Chuo-shi, Ehime-Ken  
Country: Japan  
Zip: 799-0101  
Individual - Citizenship - Japan

## SECURITY AGREEMENT

THIS SECURITY AGREEMENT ("Security Agreement") is made and entered into as of this 10<sup>th</sup> day of March, 2009, by and between Apani Networks, a California corporation ("Debtor") and (i) Takahara Kikin Kabushiki Kaisha, a Japanese corporation, (ii) Kabushiki Kaisha Takahara Kosan, a Japanese corporation, and (iii) Keiichiro Takahara, an individual and resident of Japan, (collectively, "Secured Party").

Debtor and Secured Party agree as follows:

1. Security for Bonds.

(a) Debtor, in consideration of the agreement of Secured Party to purchase secured convertible bonds ("Bonds") from Debtor pursuant to that certain Secured Convertible Bond Purchase Agreement, of even date herewith, between Debtor and Secured Party (the "Bond Purchase Agreement"), and for other good and sufficient consideration, hereby grants to Secured Party a first priority security interest in all of Debtor's right, title and interest in and to all of the Debtor's personal property and assets including without limitation the following property (except as set forth herein), and including without limitation any and all additions, accessions and substitutions thereto or therefore, whether now held or hereafter acquired (hereinafter called the "Collateral"): (a) Accounts; (b) Instruments; (c) Documents; (d) Chattel Paper; (e) Supporting Obligations; (f) Letter of Credit Rights; (g) Equipment; (h) Fixtures; (i) General Intangibles; (j) Inventory; (k) Investment Property; (l) Deposit Accounts; (m) cash, money, currency, and liquid funds, wherever held; (n) Goods; (o) Intellectual Property; and (p) all Proceeds of each of the foregoing, to secure payment of the unpaid principal amount of and interest on the Bonds (as defined in the Bond Purchase Agreement) and all other obligations and liabilities of Debtor to Secured Party, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with the Bond Purchase Agreement or this Security Agreement and any other document executed and delivered in connection therewith or herewith and each other obligation and liability, whether direct or indirect, absolute or contingent, due or to become due, or now or hereafter existing, of the Debtor to Secured Party, whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses or otherwise (the "Obligations"). For purposes of this Security Agreement, the Bonds of each Secured Party will rank *pari passu*, without any rank or priority among themselves, and the rights and remedies arising hereunder to each Secured Party shall be applied, as necessary, on a pro rata basis for each Secured Party on the basis of its respective ownership percentage interest as calculated based on such Secured Party's Bond Pro Rata Share (as defined in Section 2.4(a) of the Bond Purchase Agreement).

(b) Capitalized terms used herein and not otherwise defined shall have the meaning set forth in the Uniform Commercial Code of the State of California (the "UCC"). For purposes hereof, the following definitions shall apply:

"Intellectual Property" means, collectively, all rights, priorities and privileges of the Debtor relating to intellectual property, whether arising under United States, multinational or foreign laws or otherwise, including copyrights, copyright licenses, inventions, patents, patent licenses, trademarks, trademark licenses and trade secrets (including customer lists), domain

names, Web sites and know-how, including, without limitation, the patents, trademarks and copyrights set forth on Schedule SA-1 hereto.

2. **Representations, Warranties and Covenants.** Debtor expressly represents, warrants and covenants that:

(a) Except for the permitted liens listed on Schedule SA-2 hereto (the "Permitted Liens"), Debtor is the owner of the Collateral free from any adverse lien, security interest or encumbrances; and that Debtor will defend the Collateral against all claims and demands of all persons at anytime claiming the same or any interest therein. The security interest granted pursuant to this Security Agreement will constitute a valid and continuing first priority perfected security interest in favor of Secured Party in the Collateral for which perfection is governed by the UCC or filing with the United States Copyright Office or United States Patent and Trademark Office. Such security interest will be prior to all other liens on the Collateral, except for the Permitted Liens.

(b) Debtor has the full power and authority to enter into this Security Agreement, this Security Agreement has been duly authorized, executed, and delivered by Debtor, and Debtor's obligations under this Security Agreement are legal, valid, binding, absolute and unconditional.

(c) Debtor's location is as stated above and the Collateral will be kept at that location or at the locations of Debtor's subsidiaries.

(d) Debtor will promptly notify Secured Party of any change in the location of the Collateral.

(e) Debtor will pay all taxes and assessments of any nature which may be levied or assessed against the Collateral.

(f) Except for the Permitted Liens, Debtor will not permit or allow any adverse lien, security interest or encumbrance whatsoever upon the Collateral and will not permit the same to be attached or replevined.

(g) Debtor has used, and will continue to use for the duration of this Security Agreement, consistent standards of quality in its provision of services sold under Debtor's service marks. Debtor will use its best efforts to do any and all acts required by Secured Party to ensure Debtor's compliance with this subparagraph.

(h) The Collateral is in good condition, and that Secured Party may examine and inspect the Collateral at any time, wherever located. Without limiting the generality of the foregoing, Debtor hereby grants to Secured Party and its employees and agents the right to visit Debtor's offices from which services are provided under any of Debtor's service marks, and to inspect the quality control relating thereto at reasonable times during regular business hours.

(i) Debtor will not do any act, or omit to do any act, whereby Debtor's service marks or any registration or application appurtenant thereto may become abandoned, invalidated, unenforceable, avoided, avoidable, or will otherwise diminish in value, and shall notify Secured Party immediately if it knows of any reason or has reason to know of any ground under which

this result may occur. Debtor will take appropriate action at its expense to halt the infringement of Debtor's service marks and shall properly exercise its duty to control the nature and quality of the goods offered by any licensees in connection therewith.

(j) Debtor will not use the Collateral in violation of any applicable statutes, regulations or ordinances or rights to any third parties.

(k) Debtor will keep the Collateral at all times insured against risks of loss or damage by fire, theft and such other casualties as Secured Party may reasonably require, all in such amounts, under such forms of policies, upon such terms, for such periods, and written by such companies or underwriters as Secured Party may approve, losses in all cases to be payable to Secured Party and Debtor as their interest may appear. Secured Party may act as attorney for Debtor in making, adjusting and settling claims under or canceling such insurance and endorsing Debtor's name on any drafts drawn by insurers of the Collateral.

(l) At any time and from time to time, upon the request of Secured Party, Debtor will promptly and duly execute and deliver any and all such further instruments and documents and take such further action as Secured Party may reasonably deem desirable in obtaining the full benefits of this Security Agreement, including, without limitation, the filing of any financing or continuation statement under the UCC with respect to the liens and security interests granted hereby. Debtor hereby authorizes Secured Party to file any such financing or continuation statement without the signature of Debtor to the extent permitted by applicable law.

(m) Debtor hereby indemnifies and holds Secured Party, its officers, directors, employees, affiliates, partners and shareholders, harmless from and against any claim, suit, loss, damage or expense (including reasonable attorneys' fees) arising out of this Security Agreement, the Bond Purchase Agreement, or Debtor's operation of its business from the use of the Collateral.

(n) Debtor hereby irrevocably appoints Secured Party, and its successors and assigns, Debtor's true and lawful attorney, with full power (in the name of Debtor or otherwise), after the occurrence and during the continuance of an Event of Default (defined in Section 4 below), to ask, require, demand, receive, compound and give acquittance for any and all moneys, claims and other amounts due and to become due at any time under, or arising out of, the Collateral; to endorse any checks or other instruments or orders in connection therewith; to enforce all Secured Party's rights hereunder; to enter into all agreements or instruments required to carry out the terms hereof which are required to be performed by Debtor; and to execute such other assignments and mortgages of the Collateral as Secured Party may deem to be necessary or advisable. Such power of attorney shall be deemed a power coupled with an interest and, therefore, irrevocable.

(o) Without thirty (30) days' prior written notice to and prior written consent from Secured Party, Debtor shall not change Debtor's name, state of incorporation or organization, organizational identification number or place of business (or, if Debtor has more than one place of business, its chief executive office).

(p) In no event shall Debtor, either itself 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 Secured Party prior written notice thereof, and, upon request of Secured Party, Debtor shall execute and deliver any and all security documents as Secured Party may request to evidence Secured Party's Lien on such Intellectual Property and the general intangibles of Debtor relating thereto or represented thereby. Debtor hereby authorizes Secured Party to amend this Agreement (without any further action or consent from the Debtor) to include any such patent, trademark or copyright as Collateral hereunder.

3. **Secured Party Possession and Inspection.**

(a) Until an Event of Default, Debtor may have possession of the Collateral and use it in any lawful manner, and upon an Event of Default, Secured Party shall have the immediate right to the possession of the Collateral. The powers conferred on Secured Party by this Section 3 are solely to protect Secured Party's interests in the Collateral and shall not impose any duty upon it to exercise any such powers. Secured Party shall be accountable only for amounts that it actually receives as a result of the exercise of such powers, and neither Secured Party nor any of its officers, directors, employees or agents shall, in the absence of willful misconduct or gross negligence, be responsible to Debtor for any act or failure to act pursuant to this Section 3.

(b) Secured Party (through any of its officers, employees, or agents) shall have the right, upon reasonable prior notice, from time to time during Debtor's usual business hours, to inspect Debtor's Books, facilities and activities, and to check, test, inspect, value and appraise the Collateral in order to verify Debtor's financial condition or the amount, condition of, or any other matter relating to, the Collateral. Debtor will cause its officers and employees to give their full cooperation and assistance in connection therewith.

4. **Event of Default.** Debtor shall be in default under this Security Agreement upon the happening of any of the following events or conditions (each an "Event of Default"):

(a) default in the payment or performance of any obligation, covenant or liability contained or referred to herein or in any Bond evidencing the same;

(b) the making or furnishing of any warranty, representation or statement to Secured Party by or on behalf of Debtor which proves to have been false in any material respect when made or furnished;

(c) loss, theft, damage, destruction, sale or encumbrance to or of any of the Collateral, or the making of any levy seizure or attachment thereof or thereon and, if capable of being remedied, such default continues unremedied for a period of 30 days;

(d) dissolution, termination of existence, insolvency, business failure, appointment of a receiver of any part of the property of, assignment for the benefit of creditors by, or the commencement of any proceeding under any bankruptcy or insolvency laws of, by or against Debtor or any guarantor or surety for Debtor; and

(e) any Event of Default under the Bond Purchase Agreement.

Debtor shall give Secured Party immediate notice of the occurrence of any matter referred to in clause (d) of this paragraph.

5. **Remedies.** Secured Party may declare all obligations secured hereby immediately due and payable and shall have the remedies of a secured party under Article 9 of the Uniform Commercial Code. Secured Party may require Debtor to assemble the Collateral and deliver or make it available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to both parties. Expenses of taking, holding, preparing for sale, or selling the Collateral or the like shall include Secured Party's reasonable attorney's fees and legal expenses. If an Event of Default has occurred and is continuing, the Secured Party may exercise, in addition to all other rights and remedies granted to it in this Agreement and in any other instrument or agreement relating to the Obligations, all rights and remedies of a secured party under the UCC. Without limiting the foregoing, Secured Party, without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required by law) to or upon Debtor or any other person (all of which demands, defenses, advertisements and notices are hereby waived), may in such circumstances collect, receive, appropriate and realize upon any or all of the Collateral, or may sell, lease, assign, give an option or options to purchase, or otherwise dispose of and deliver any or all of the Collateral (or contract to do any of the foregoing), in one or more parcels at a public or private sale or sales, at any exchange, broker's board or office of Secured Party or elsewhere upon such terms and conditions as Secured Party may deem advisable, for cash or on credit or for future delivery without assumption of any credit risk. Secured Party shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale, after deducting all reasonable expenses incurred therein or in connection with the care or safekeeping of any of the Collateral (including, without limitation, reasonable attorneys' fees and expenses) to the payment in whole or in part of the Obligations, in such order as Secured Party may elect, and only after such application and after the payment by Secured Party of any other amount required by any provision of law, need Secured Party account for the surplus, if any, to Debtor. To the extent permitted by applicable law, Debtor waives all claims, damages and demands it may acquire against Secured Party arising out of the exercise by Secured Party of any of its rights hereunder. If any notice of a proposed sale or other disposition of Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least ten (10) days before such sale or other disposition. Debtor shall remain liable for any deficiency if the proceeds of any sale or other disposition of the Collateral are insufficient to pay the Obligations and the fees and disbursements of any attorneys employed by Secured Party to collect such deficiency. In furtherance of Secured Party's rights hereunder, while an Event of Default has occurred and is continuing, Debtor hereby grants to Secured Party an irrevocable, non-exclusive license (exercisable without royalty or other payment by Secured Party) to use, license or sublicense any patent, trademark, trade name, copyright or other Intellectual Property in which Debtor now or hereafter has any right, title or interest together with the right of access to all media in which any of the foregoing may be recorded or stored.

6. **No Waiver.** No waiver by Secured Party of any Event of Default shall operate as a waiver of any other Event of Default or of the same Event of Default on a future occasion. The execution of this Security Agreement shall not waive or impair any other security said Secured Party may have or hereafter acquire for the payment of the above indebtedness, nor shall the execution of any such additional security waive or impair this Security Agreement; but said Secured Party may resort to any security it may have in the order it may deem proper, and



notwithstanding any collateral security, Secured Party shall retain its rights of set-off against Debtor.

7. **Priority.** Secured Party's rights hereunder shall be senior to the rights of any other person except as listed on Schedule SA-2 hereto.

8. **Successors and Assigns.** All rights of Secured Party hereunder shall inure to the benefit of its successors and assigns; and all promises and duties of Debtor shall bind his heirs, executors or administrators or his or its successors or assigns. If there be more than one Debtor, their liabilities hereunder shall be joint and several.

9. **Governing Law.** THIS SECURITY AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF CALIFORNIA, EXCLUDING CONFLICT OF LAWS PRINCIPLES THAT WOULD CAUSE THE APPLICATION OF LAWS OF ANY OTHER JURISDICTION.

10. **Counterparts.** This Security Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Security Agreement as of the date first set forth above.

Debtor:

Apani Networks,  
a California corporation

By *Koichi Takazawa*  
Name: Koichi Takazawa  
Title: President and COO

Secured Party:

Takahara Kikin Kabushiki Kaisha,  
a Japanese corporation

By *Yasuhiko Sato*  
Name: Yasuhiko Sato  
Title: Representative Director

Kabushiki Kaisha Takahara Kosan,  
a Japanese corporation

By *Fumiko Takahara*  
Name: Fumiko Takahara  
Title: Representative Director

*Keiichiro Takahara*  
Keiichiro Takahara, an individual

**Schedule SA-1****Patents, Trademarks & Copyrights****U.S. Patents:****Patent No.**

5,010,522 issued April 23, 1991

5,825,300 issued October 20, 1998

**Foreign Patents:**

Protect Distribution Protocol For Keying and Certificate Material: (Australia, Canada, Europe, Japan, Korea, Norway, PCT)

Distributed Information System Having Automatic Invocation Or Key Management Negotiations Protocol And Method: (Canada, Europe, Japan, Norway, PCT)

**U.S. Trademarks:**

"Apani" (Reg. No. 3,330,453) registered November 6, 2007

"EpiForce" (Reg. No. 3,267,474) registered July 24, 2007

**U.S. Copyrights:**

Apani Networks' website (unregistered copyright) (2009)

NetLOCK Agent (March 19, 2003)

NetLOCK Manager (March 19, 2003)

NetLOCK Gateway (March 19, 2004)

**Schedule SA-2**

**Permitted Liens**

Secured Party's security interest in any Collateral subject to a purchase money security interest shall be subordinated to such purchase money security interest.

Liens for taxes not yet due and payable, materialman's, warehouseman's and mechanics' liens for amounts not yet due and payable, liens created by statute for amounts not yet due and payable.

Liens in connection with equipment leases.

SecurityAgreement.Final.doc