

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
ClearCount Medical Solutions, Inc.		01/05/2010	CORPORATION: DELAWARE
RECEIVING PARTY DATA			
Name:	Medline Industries, Inc.		
Street Address:	One Medline Place		
City:	Mundelein		
State/Country:	ILLINOIS		
Postal Code:	60060		
Entity Type:	CORPORATION: ILLINOIS		
PROPERTY NUMBERS Total: 1			
Property Type	Number	Word Mark	
Registration Number:	3427977	SMARTSPONGE	
CORRESPONDENCE DATA			
Fax Number:	(312)521-2875		
	<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>		
Phone:	312-521-2775		
Email:	ipdocket@muchshelist.com		
Correspondent Name:	Much Shelist		
Address Line 1:	191 N. Wacker Drive, Suite 1800		
Address Line 2:	Adam K. Sacharoff		
Address Line 4:	Chicago, ILLINOIS 60606		
ATTORNEY DOCKET NUMBER:	6053100.0008		
NAME OF SUBMITTER:	Adam K. Sacharoff		
Signature:	/aks/		
Date:	01/05/2010		

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Total Attachments: 8

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INTELLECTUAL PROPERTY SECURITY AGREEMENT

This INTELLECTUAL PROPERTY SECURITY AGREEMENT (the "Security Agreement") dated as of January 5, 2010 (the "Effective Date"), is executed by ClearCount Medical Solutions, Inc., a Delaware corporation ("Debtor") in favor of Medline Industries, Inc., an Illinois corporation ("Secured Party").

RECITALS

A. Secured Party has extended credit to Debtor pursuant to a certain Secured Convertible Note dated as of this date in the original principal amount of \$1,500,000 (the "Note").

B. As a condition to extending the credit contemplated by the Note, Secured Party has required that Debtor execute and deliver this Security Agreement and pledge to the Secured Party, and grant to the Secured Party a security interest in, the Pledged Collateral (as defined herein) in order to secure the payment and performance by the Debtor of all of its liabilities and obligations under the Note (the "Obligations").

AGREEMENT

In consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Grant of Security Interests. To secure the complete and timely payment, performance and observance of the Obligations, Debtor hereby grants to the Secured Party a continuing security interest in all of the following property of Debtor (collectively, the "Pledged Collateral"), whether now owned or existing or hereafter acquired:

(a) Trademarks and service marks, all registrations and recordings thereof and all applications in connection therewith, and all trademark licenses including, without limitation, those listed on Exhibit A attached hereto; and (i) all renewals thereof, (ii) all products, proceeds, income, royalties, damages and payments now or hereafter due or payable under or with respect to any of the foregoing, including, without limitation, damages and payments for past, present and future infringements of any of the foregoing, (iii) all goodwill of Debtor's business symbolized by the foregoing and connected therewith and (iv) the right to sue for past, present and future infringements of any of the foregoing (all of the foregoing in this subsection (a) are collectively referred to as the "Trademarks");

(b) Copyrights, whether or not the underlying works of authorship have been published, all registrations and recordings thereof and all applications in connection therewith, including, without limitation, the copyrights listed on Exhibit B attached hereto; and (i) all renewals thereof, (ii) all products, proceeds, income, royalties, damages and payments now or hereafter due or payable under or with respect to any of the foregoing, including, without limitation, damages and payments for past, present and future infringements of any of the foregoing, (iii) all goodwill of Debtor's business symbolized by the foregoing and connected therewith and (iv) the right to sue for past, present and future infringements of any of the

foregoing (all of the foregoing in this subsection (b) are collectively referred to as the "Copyrights"); and

(c) Patents and patent applications, and all patent licenses, including, without limitation, the patents listed on Exhibit C attached hereto; and (i) all renewals thereof, (ii) all products and proceeds, income, royalties, damages and payments now or hereafter due or payable under or with respect to any of the foregoing, including, without limitation, damages and payments for past, present and future infringements of any of the foregoing, (iii) all goodwill of Debtor's business symbolized by the foregoing and connected therewith and (iv) the right to sue for past, present and future infringements of any of the foregoing (all of the foregoing in this subsection (c) are collectively referred to as the "Patents").

2. Warranties and Representations. Debtor represents and warrants to the Secured Party that:

(a) None of the Pledged Collateral has been adjudged invalid or unenforceable by a court of competent jurisdiction nor has any such Pledged Collateral been cancelled in whole or in part and each such Trademark, Copyright and Patent is presently subsisting;

(b) The Debtor is to the best of Debtor's knowledge the sole and exclusive owner of the entire and unencumbered right, title and interest in and to the Pledged Collateral, free and clear of any liens, charges and encumbrances;

(c) The Debtor has no notice of any suits or actions commenced or, to the Debtor's knowledge, threatened with reference to the Pledged Collateral;

(d) The Debtor has the unqualified right to execute and deliver this Security Agreement and perform in accordance with its terms; and

(e) The Debtor warrants that this agreement is the first security interest granted by Debtor in the Pledged Collateral.

3. Restrictions on Future Agreements. Until the Obligations are paid in full, the Debtor will not, without the prior written consent of the Secured Party, which will not be unreasonably withheld, sell, assign or license its interest in the Pledged Collateral or enter into any other agreement with respect to the Pledged Collateral which would affect the validity or enforcement of the rights transferred to the Secured Party under this Security Agreement.

4. New Trademarks, Copyrights, Patents and Licenses. The Debtor represents and warrants to the Secured Party that, based on a diligent investigation by the Debtor, the Trademarks listed on Exhibit A, the Copyrights listed on Exhibit B, and the Patents listed on Exhibit C constitute all of the Trademarks, Copyrights and Patents now owned by any Debtor. If, before the Obligations are paid in full, Debtor (a) becomes aware of any existing Trademark, Copyright or Patent of which the Debtor has not previously informed the Secured Party or (b) becomes entitled to the benefit of any Trademark, Copyright or Patent which benefit is not in existence on the date hereof, then the provisions of this Security Agreement will automatically apply thereto and the Debtor will give to Secured Party written notice thereof within 30 days of filing. The Debtor hereby authorizes the Secured Party to modify this Security Agreement by

amending the Exhibits hereto to include any such Trademark, Copyright or Patent and to file a duplicate original of this Security Agreement containing the amended Exhibits.

5. **Term.** The term of this Security Agreement will extend until the Obligations are indefeasibly paid in full.

6. **Release of Security Agreement.** This Security Agreement is made for collateral purposes only. Upon payment in full of the Obligations, the Secured Party will take such actions as may be reasonably necessary to terminate the security interests created hereby.

7. **Product Quality.** Debtor will maintain the quality of any and all products in connection with which the Pledged Collateral is used, consistent with commercially reasonable business practices. Upon the occurrence of a Default Event, Secured Party will have the right to establish such quality controls as Secured Party, in its reasonable discretion, may deem necessary to assume maintenance of the quality of such products.

8. **Duties of Debtor.** The Debtor will (a) diligently file and prosecute all pending applications relating to the Pledged Collateral, (b) preserve and maintain all of their rights in the Pledged Collateral and (c) ensure that the Pledged Collateral is and remains enforceable. Notwithstanding the foregoing, the Debtor will not be obligated to perform the duties set forth in the foregoing subsections (a) through (c) of this Section 8 if the Debtor determines in its reasonable discretion, in consultation with the Secured Party, that such duties are not practical and that the applicable Pledged Collateral is not of material benefit or does not have material value to the Debtor. Any expenses incurred under this Section 8 will be borne by the Debtor.

9. **Waivers.** No course of dealing between the Debtor and the Secured Party, nor any failure to exercise, nor any delay in exercising, on the part of the Secured Party, any right, power or privilege hereunder or under the Note will operate as a waiver thereof; nor will any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

10. **Modification.** No amendment, modification, termination, discharge or waiver of any provision of this Security Agreement or consent to any departure by the Debtor therefrom, shall in any event be effective unless the same shall be in writing and signed by the Secured Party, and then such waiver or consent shall be effective only for the specific purpose for which given.

11. **Default Events.** The occurrence of any of the events, acts, occurrences or conditions identified below shall constitute "Default Events" under this Agreement:

(a) The occurrence of an Event of Default (as defined in the Note); or

(b) Debtor fails to perform any covenant under this Agreement or breaches any representation or warranty contained in this Agreement and fails to cure the same within 15 days of its receipt of written notice of such breach from Secured Party.

Upon the occurrence of a Default Event, Secured Party's use of the Pledged Collateral will be commensurate with Debtor's rights and without any liability for royalties or other related charges from Secured Party to the Debtor.

12. Remedies. Upon occurrence of a Default Event, Secured Party will have, in addition to all other rights and remedies given it by the terms of this Security Agreement and the Note, all rights and remedies allowed by law and equity and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in Illinois, from time to time.

13. Expenses. All expenses incurred in connection with the performance of this Agreement will be borne by the Debtor. All fees, costs and expenses, of whatever kind or nature, including reasonable attorneys' fees and legal expenses, incurred by the Secured Party in connection with the filing or recording of any documents (including all taxes in connection therewith) in public offices, the payment or discharge of any taxes, including reasonable attorneys' fees and legal expenses, maintenance fees, encumbrances or otherwise in protecting, maintaining or preserving the Pledged Collateral or in defending or prosecuting any actions or proceedings arising out of or related to the Pledged Collateral will be borne by and paid by the Debtor and until paid will constitute Obligations.

14. Successors and Assigns. This Security Agreement will be binding upon the Debtor and its successors and assigns, and will inure to the benefit of the Secured Party, its successors, nominees and assigns. This Security Agreement may not be assigned by the Debtor without the prior written consent of the Secured Party, which will not be unreasonably withheld.

15. Enforceability. Wherever possible, each provision of this Security Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Security Agreement shall be prohibited by, unenforceable or invalid under any jurisdiction, such provision will, as to such jurisdiction, be severable and be ineffective to the extent of such prohibition or invalidity, without invalidating the remaining provisions of this Security Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

16. Survival. All covenants, agreements, representations and warranties made by the Debtor herein will, notwithstanding any investigation by the Secured Party, be deemed material and relied upon by the Secured Party and shall survive the making and execution of this Security Agreement and the issuance of the Notes, and shall be deemed to be continuing representations and warranties until such time as the Debtor has fulfilled all of their Obligations to the Secured Party, and the Secured Party has been paid in full. The Secured Party, in extending financial accommodations to the Debtor, is expressly acting and relying on the aforesaid representations and warranties.

17. Governing Law; Venue. This Security Agreement will be delivered and accepted in and will be deemed to be a contract made under and governed by the internal laws of the State of Illinois (but giving effect to federal laws applicable to national banks), and for all purposes will be construed in accordance with the laws of such State, without giving effect to the choice of law provisions of such State. THE PARTIES AGREE THAT ALL ACTIONS ARISING, DIRECTLY OR INDIRECTLY, AS A RESULT OR CONSEQUENCE OF THIS SECURITY

AGREEMENT, SHALL BE INSTITUTED AND LITIGATED ONLY IN COURTS HAVING THEIR SITUS IN THE CITY OF CHICAGO, ILLINOIS. EACH PARTY HEREBY CONSENTS TO THE EXCLUSIVE JURISDICTION AND VENUE OF ANY STATE OR FEDERAL COURT HAVING SITUS IN SAID CITY, AND WAIVES ANY OBJECTION BASED ON FORUM NON CONVENIENS.

18. Headings. Section headings used herein are for convenience only and will not modify the provisions which they precede.

19. Further Assurances. Debtor agrees to execute and deliver such further agreements, instruments and documents, and to perform such further acts, as the Secured Party may reasonably request from time to time in order to carry out the purpose of this Security Agreement and agreements set forth herein.

20. Counterparts. This Security Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one and the same instrument.

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

SECURED PARTY:

MEDLINE INDUSTRIES, INC.

By: 

Its: General Counsel

DEBTOR:

CLEARCOURT MEDICAL SOLUTIONS, INC.

By: 

Its: President & CEO

EXHIBIT A

TRADEMARKS

Trademarks Held by ClearCount Medical Solutions, Inc.

(1) U.S. Trademark Registration No. 3,427,977 issued May 13, 2008 for "SmartSponge" for surgical sponges in Class 10.

EXHIBIT B

COPYRIGHTS

All software used in connection with the ClearCount Sponge Counting and Detection Systems.

All engineering drawings illustrating the ClearCount Sponge Counting and Detection Systems and any components thereof.

All other engineering documents related to the ClearCount Sponge Counting and Detection Systems and any components thereof.

All manuals associated with the Clear Count Sponge and Detection Systems including but not limited to user manuals and repair manuals.

All marketing materials associated with the ClearCount Sponge Counting and Detection Systems including but not limited to brochures and PowerPoint presentations.

EXHIBIT C

PATENTS

Description of Technology

U.S. Patents Issued to ClearCount Medical Solutions, Inc.

- (1) U.S. Patent No. 5,650,596 (Filed 08/05/94) -- "Automatic Surgical Sponge Counter and Blood Loss Determination System".
- (2) U.S. Patent No. 5,923,001 (Filed 04/04/97) -- "Automatic Surgical Sponge Counter and Blood Loss Determination System".
- (3) U.S. Patent No. 6,998,541 (Filed 04/11/03) -- "Automatic Surgical Sponge Counter and Blood Loss Determination System".
- (4) U.S. Patent No. D557421 (Filed 09/13/06) -- "Medical Cart". Design patent covering the Generation 1 SmartSponge™ System.
- (5) U.S. Patent No. D603,048 (Filed 09/28/07) - "Medical Cart". Design Patent covering the Generation 2 SmartSponge™ System.

Patents Pending To ClearCount Medical Solutions, Inc.

- (1) U.S. Patent Application Serial No. 11/248,350 (Filed 10/12/2005) -- "Automatic Surgical Sponge Counter and Blood Loss Determination System".
- (2) U.S. Patent Application Serial No. 11/901,094 (Filed 9/13/2007) -- "Apparatus and methods for monitoring objects in a surgical field".
- (3) U.S. Patent Application Serial No. 29/344,785 (Filed 10/5/2009) - "Medical Cart". Design Patent covering the Generation 2 SmartSponge™ System. (Continuation of D603,048).
- (4) U.S. Patent Application Serial No. 12/637,352 (Filed 12/14/09) - "Radio Frequency Identification Tag for Use In Metal Objects".
- (5) Singapore Application Serial No. 200901728-6 (Filed 09/13/07) - "Apparatus and Methods for Monitoring Objects in a Surgical Field".