

09-21-1999

OMB 0651-0027



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**RECORDATION FORM COVER SHEET
TRADEMARKS ONLY**

MRD
9-17-99

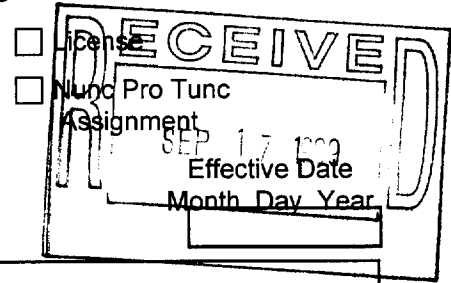
TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type

- New
- Resubmission (Non-Recordation)
Document ID #
- Correction of PTO Error
Reel # Frame #
- Corrective Document
Reel # Frame #

Conveyance Type

- Assignment
- Security Agreement
- Merger
- Change of Name
- Other



Conveying Party

Mark if additional names of conveying parties attached

Execution Date
Month Day Year

Name

Formerly

- Individual
- General Partnership
- Limited Partnership
- Corporation
- Association
- Other

Citizenship/State of Incorporation/Organization

Receiving Party

Mark if additional names of receiving parties attached

Name

DBA/AKA/TA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)

City

State/Country

Zip Code

- Individual
- General Partnership
- Limited Partnership
- Corporation
- Association
- Other

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. (Designation must be a separate document attached. from Assignment.)

Citizenship/State of Incorporation/Organization

09/20/1999 KTHM11 00000003 75526938

FOR OFFICE USE ONLY

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Public burden reporting for this collection of information is estimated to average approximately 30 minutes per Cover Sheet to be recorded, including time for reviewing the document and gathering the data needed to complete the Cover Sheet. Send comments regarding this burden estimate to U.S. Patent and Trademark Office, Chief Information Officer, Washington, D.C. 20231 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0651-0027),

Mail documents to be recorded with required cover sheet(s) information to:
Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231

TRADEMARK
REEL: 001960 FRAME: 0105

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Correspondent Name and Address

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Pages Enter the total number of pages of the attached conveyance document including any attachments.

6

Trademark Application Number(s) or Registration Number(s)

Mark if additional numbers attached

Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

Trademark Application Number(s)

Registration Number(s)

Number of Properties

Enter the total number of properties involved.

1

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41):

\$

Method of Payment:

Enclosed

Deposit Account

Deposit Account

(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number:

Authorization to charge additional fees:

Yes

No

Statement and Signature

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. Charges to deposit account are authorized, as indicated herein.

Robert L. Vitale

Name of Person Signing



Signature

7/16/99

Date Signed

INTELLECTUAL PROPERTY SECURITY AGREEMENT

This Intellectual Property Security Agreement (this "Agreement") is entered into as of September 13, 1999 by and among Innovation Associates, Inc., a New York corporation (the "Grantor"), and the parties listed on Schedule I hereto (collectively, the "Lenders").

RECITALS

A. The Lenders have agreed to make certain advances of money and to extend certain financial accommodation to the Grantor (the "Loans") in the amounts and manner set forth in that certain Unit Purchase Agreement dated of even date herewith by and between the Grantor and the parties listed on Schedule I thereto (as the same may be amended, modified or supplemented from time to time, the "Unit Purchase Agreement"). Capitalized terms used herein are used as defined in the Unit Purchase Agreement. The Lenders are willing to make the Loans to the Grantor, but only upon the condition, among others, that the Grantor shall grant to the Lenders a security interest in certain Copyrights, Trademarks and Patents to secure the obligations of the Grantor under the Unit Purchase Agreement.

B. Pursuant to the terms of the Unit Purchase Agreement, the Grantor has granted to the Lenders a security interest in all of the Grantor's right, title and interest, whether presently existing or hereafter acquired, in, to and under all of the Collateral.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, and intending to be legally bound, as collateral security for the prompt and complete payment when due of its obligations under the Unit Purchase Agreement, the Grantor hereby represents, warrants, covenants and agrees as follows:

AGREEMENT

To secure its obligations under the Unit Purchase Agreement, the Grantor grants and pledges to the Lenders a security interest in all of the Grantor's right, title and interest in, to and under its Intellectual Property (including without limitation those Copyrights listed on Exhibit A hereto, those Patents listed on Exhibit B hereto and those Trademarks listed on Exhibit C hereto), and 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), the right to sue for past, present and future infringements, all rights corresponding thereto throughout the world and all re-issues, divisions, continuations, renewals, extensions and continuations-in-part thereof.

This security interest is granted in conjunction with the security interest granted to the Lenders under the Unit Purchase Agreement. The rights and remedies of the Lenders with respect to the security interest granted hereby are in addition to those set forth in the Unit Purchase Agreement and the other Transaction Documents, and those which are now or hereafter available to the Lenders as a matter of law or equity. Each right, power and remedy of the Lenders provided for herein or in the Unit Purchase Agreement or any of the Transaction Documents, now or hereafter existing at law or in equity shall be cumulative and concurrent and shall be in addition to every right, power or remedy provided for herein and the exercise by the Lenders of any one or more of the rights, powers or remedies provided for in this Agreement, the Unit Purchase Agreement or any of the other Transaction Documents, now or hereafter existing at law or in equity, shall not preclude the simultaneous or later exercise by any person, including the Lenders, of any or all other rights, powers or remedies.

IN WITNESS WHEREOF, the parties have cause this Intellectual Property Security Agreement to be duly executed by its officers thereunto duly authorized as of the first date written above.

Address of Grantor:

Innovation Associates, Inc.
627 Field Street
Johnson City, NY 13790
Attention: Mary Reno, Chief Executive Officer

GRANTOR:

INNOVATION ASSOCIATES, INC.

By: Mary Reno

Title: Chief Executive Officer

Address of Lender:

StoneGate Partners, LLC
265 Franklin Street, Suite 1700
Boston, MA 02110

LENDER:

STONEGATE PARTNERS, LLC*

By: Brian W. Bernier

Name: BRIAN W. BERNIER

Title: MANAGING Director

*An attorney in fact and agent for the several Purchasers listed on Schedule I to this Agreement.

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SCHEDULE I

Name and Address of Lenders

As listed on Schedule I to the Unit Purchase Agreement by and between the Company and each of the several purchasers listed thereto dated as of September 13, 1999, as amended.

EXHIBIT A

Copyrights

Description

PharmASSIST™ Computer Disks

Computer Code

Operating Manuals

Service Manuals

Advertising Brochures



All copyrightable materials include appropriate copyright notices.

EXHIBIT B

Patents

<u>Description</u>	<u>Patent / Serial Number</u>	<u>Issue / Filing Date</u>
System for Pill and Capsule Counting and Dispensing	5,638, 417	June 10, 1997
Method for Counting and Dispensing Tablets, Capsules, and Pills	5,671,262	September 23, 1997
Device that Counts and Dispenses Pills	5,884,806	March 23, 1999
Pharmaceutical Dispensing System	5,907,493	May 25, 1999
Automated Pharmacy	09/379891	August 23, 1999

EXHIBIT C

Trademarks

<u>Description</u>	<u>Serial Number</u>	<u>Filing Date</u>
PharmASSIST	75/526,938	July 29, 1998
SmartCabinet	Pending	N/A
SmartCell	Pending	N/A