

05-30-2001

Form PTO-1594
(Rev. 03/01)
OMB No. 0651-0027 (exp. 5/31/2002)
Tab settings ⇌ ⇌ ⇌ ▼



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

101733824 ▼ ▼ ▼

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):

S-2101

Network Elements, Inc.

- Individual(s)
- Association
- General Partnership
- Limited Partnership
- Corporation-State OR.
- Other _____

Additional name(s) of conveying party(ies) attached? Yes No

3. Nature of conveyance:

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

Execution Date: _____

2. Name and address of receiving party(ies)

Name: Venture Lending & Leasing III, Inc., as

Internal Agent

Address: _____

Street Address: 2010 North First Street 21 2001

City: San Jose State: CA Zip: 95131

- Individual(s) citizenship _____
- Association _____
- General Partnership _____
- Limited Partnership _____
- Corporation-State MD
- Other _____

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No
(Designations must be a separate document from assignment)
Additional name(s) & address(es) attached? Yes No

4. Application number(s) or registration number(s):

A. Trademark Application No.(s)

75/617,583 76/103,660 76/103,364

B. Trademark Registration No.(s)

Additional number(s) attached Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: Russell D. Pollock

Internal Address: _____

Street Address: c/o Greene Radovsky et al

Four Embarcadero Center, Suite 4000

City: San Francisco State: CA Zip: 94111

6. Total number of applications and registrations involved: _____

3

7. Total fee (37 CFR 3.41).....\$ 90.00

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number: _____

(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

9. 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.

Russell D. Pollock

Name of Person Signing

Signature

5/17/01

Date

Total number of pages including cover sheet, attachments, and document: 7

Mail documents to be recorded with required cover sheet information to:
Commissioner of Patent & Trademarks, Box Assignments
Washington, D.C. 20231

TRADEMARK
REEL: 002305 FRAME: 0863

INTELLECTUAL PROPERTY SECURITY AGREEMENT

This Intellectual Property Security Agreement is entered into as of December 11, 2000 by and between Venture Lending & Leasing III, Inc. ("Agent", a "Lender", and "VLL") and Network Elements, Inc. ("Grantor"). Each Lender is sometimes referred to collectively as Lenders.

RECITALS

A. Lenders have agreed to make certain advances of money and to extend certain financial accommodation to Grantor (the "Loans") in the amounts and manner set forth in that certain Loan and Security Agreement by and between Lenders, Agent, and Grantor dated of even date herewith (as the same may be amended, modified or supplemented from time to time, the "Loan Agreement"; capitalized terms used herein are used as defined in the Loan Agreement).

B. Lenders are willing to make the Loans to Grantor, but only upon the condition, among others, that Grantor shall grant to Lender a security interest in certain Copyrights, Trademarks and Patents to secure the obligations of Grantor under the Loan Agreement.

C. Pursuant to the terms of the Loan Agreement, Grantor has granted to Agent, for the benefit of Lenders, a security interest in all of 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 Loan Agreement and all other agreements now existing or hereafter arising between Grantor and Lender, Grantor hereby represents, warrants, covenants and agrees as follows:

AGREEMENT

To secure its obligations under the Loan Agreement and under any other agreement now existing or hereafter arising between Lender and Grantor, Grantor grants and pledges to Agent, for the benefit of Lenders, a security interest in all of Grantor's right, title and interest in, to and under its Intellectual Property collateral (including without limitation those Copyrights, Patents and Trademarks listed on Exhibits A, B and 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 and all goodwill associated therewith.

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

Grantor represents and warrants that Exhibits A, B, and C attached hereto set forth any and all Intellectual Property in which Grantor has an interest. Grantor shall register or cause to be registered on an expedited basis with the United States Patent and Trademark Office or the United States Copyright Office, as applicable, the Intellectual Property rights listed on such exhibits. From time to time hereafter, Grantor shall register on an expedited basis

such additional Intellectual Property developed or acquired by Grantor in connection with any product prior to the sale or licensing of such product to any third party or inclusion of such product in any other product sold or licensed to any third party.

IN WITNESS WHEREOF, the parties have caused 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:

9560 SW Nimbus Ave
Beaverton, OR 97008

NETWORK ELEMENTS, INC.

By: Barbara Chiapuzio

Title: VICE PRESIDENT, FINANCE

Address of Agent:

2010 North First Street, Suite 310
San Jose, CA 95131
Attn: Chief Financial Officer

VENTURE LENDING & LEASING III, INC., as Agent

By: [Signature]

Title: CEO

Address of Lender:

2010 North First Street, Suite 310
San Jose, CA 95131
Attn: Chief Financial Officer

VENTURE LENDING & LEASING III, INC., as a Lender

By: [Signature]

Title: CEO

EXHIBIT A

Copyrights

Registration
Number

Registration
Date

Description

EXHIBIT B

Patents

Description

Registration/
Application
Number

Registration/
Application
Date

EXHIBIT C

Trademarks

<u>Description</u>	<u>Registration/ Application Number</u>	<u>Registration/ Application Date</u>
NETWORK ELEMENTS (0221) ITU, C19	75/617583	1/7/99
MISCELLANEOUS DESIGN (0262), C19	76/103660	8/4/00
NETWORK ELEMENTS and DESIGN 90440), C19	76/103364	8/4/00