

08-05-2002



102178998

To the Honorable Commissioner of Patents

original documents or copy thereof.

1. Name of conveying party(ies):

Merlin Software Technologies, Inc.

7-30-02

- Individual(s)
- General Partnership
- Corporation-Nevada
- Other
- Association
- Limited Partnership

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

3. Nature of Conveyance:

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

Execution Date: June 4, 2002

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

SDS Merchant Fund, L.P.
53 Forest Avenue, 2nd Floor
Old Greenwich, Connecticut 06870

(See Schedule B)

- Individual(s) citizenship:
- Association:
- General Partnership:
- Limited Partnership: Delaware
- Corporation:
- Other:

If assignee is not domiciled in the United States, a domestic representative designation is attached Yes No

(Designation must be a separate document from Assignment)

Additional name(s) & addresses attached? Yes No

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

A. Trademark Application No.(s): See Schedule A

B. Trademark Reg. No.(s): See Schedule A

Additional numbers attached Yes No

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

Cheryl L. Slipski, Esq.
Drinker Biddle & Reath LLP
One Logan Square
18th & Cherry Streets
Philadelphia, PA 19103-6996

6. Total number of applications and registrations involved:

8

7. Total fee (37 CFR 3.41) \$215.00

- Enclosed
- Authorized to be charged to deposit account

8. Deposit Account Number:

Attorney Docket No. 42944-166722

DO NOT USE THIS SPACE

9. 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.

Cheryl L. Slipski
Name of Person Signing

Signature

June 11, 2002
Date

Total number of pages including cover sheet, attachments and document: 5

OMB No. 0651-0011 (exp. 4/94)

Do not detach this portion

Mail documents to be recorded with required cover sheet information to:

08/02/2002 TDIAZ1 00000160 76195056

01 FC:481 40.00 OP
02 FC:482 175.00 OP

Commissioner of Patents and Trademarks
Box Assignments
Washington, D.C. 20231

PHIP3263351

TRADEMARK
REEL: 002554 FRAME: 0589

SCHEDULE A

<u>Trademark</u>	<u>Serial/Registration No.</u>	<u>Filing Date</u>	<u>Date of First Use</u>
BRIGADE	76/195,056	January 17, 2001	ITU
OPTION SOURCE	76/057,513	May 26, 2000	ITU
LINUX FOR THE MASSES	76/008,115	March 23, 2000	ITU
SOFTWARE THAT'S PURE MAGIC	2,525,734	July 20, 1999	January 2000
PERFECTBACKUP+	2,542,164	October 22, 1999	July 1999
MERLIN SOFTECH	75/775,538	September 10, 1999	ITU
MERLIN SOFTWARE TECHNOLOGIES	75/755,753	July 20, 1999	ITU
PENGUIN WIZARD Design	75/755,755	July 20, 1999	ITU

GRANT OF SECURITY INTEREST

WHEREAS, MERLIN SOFTWARE TECHNOLOGIES, INC., a Nevada corporation (herein referred to as "Debtor"), owns all right, title and interest in and to the trademarks listed on the annexed Schedule A (the "Trademarks");

WHEREAS, Debtor is obligated to the entities identified on the annexed Schedule B (herein collectively referred to as "Secured Parties"), and has entered into an Amended and Restated Intellectual Property Security Agreement (the "Agreement") in favor of the Secured Parties; and


WHEREAS, Pursuant to the Agreement, Debtor granted to Secured Parties a security interest in, and mortgage on, all right, title and interest of Debtor in and to the Trademarks, together with the goodwill of the business symbolized by the Trademarks and the applications and registrations thereof, and all proceeds thereof, including, without limitation, any and all past, present and future causes of action which may exist by reason of infringement thereof (the "Collateral"), to secure the payment, performance and observance of the obligations, as defined in the Agreement;

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, Debtor does hereby grant to Secured Parties a security interest in, and mortgage on, the Collateral to secure the prompt payment, performance and observance of its obligations.

Debtor does hereby further acknowledge and affirm that the rights and remedies of Secured Parties with respect to the security interest in and mortgage on the Collateral made and granted hereby are more fully set forth in the Agreement, the terms and provisions of which are hereby incorporated herein by reference as if fully set forth herein.

IN WITNESS WHEREOF, Debtor has caused this Grant of Security Interest to be duly executed by its officer thereunto duly authorized as of the 4th day of June 2002.

By: Merlin Software Technologies, Inc.

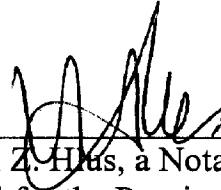
Name: 
Robert Heller

Title: Chief Executive Officer

PROVINCE OF BRITISH COLUMBIA)
)
CANADA)

ss.:

On this 4th day of June 2002, before me personally appeared Robert Heller, to me known, who, being by me duly sworn, did depose and say that he is Chief Executive Officer, of Merlin Software Technologies, Inc., the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was affixed pursuant to authority of the Board of Directors of said corporation, and that he signed his name thereto pursuant to such authority.



Virgil Z. Hlus, a Notary Public
in and for the Province of British
Columbia, Canada.

VIRGIL Z. HLUS
Barrister & Solicitor
800 - 885 WEST GEORGIA STREET
VANCOUVER, B.C. V6C 3H1
TELEPHONE: (604) 687-5700

SCHEDULE B

SDS Merchant Fund, L.P., a Delaware limited partnership
53 Forest Avenue
2nd Floor
Old Greenwich, Connecticut 06870

Pequot Scout Fund, L.P., a Delaware limited partnership
c/o Pequot Capital Management, Inc.
500 Nyala Farm Road
Westport, Connecticut 06880

Narragansett Offshore, Ltd., a Cayman Island corporation
c/o Narragansett Asset Management LLC
153 East 53rd Street
26th Floor
New York, NY 10022

Narragansett I, L.P., a Delaware limited partnership
c/o Narragansett Asset Management LLC
153 East 53rd Street
26th Floor
New York, NY 10022