

01-16-2004

ET



TR



12-29-2003

OMB No. 0651-0011 (exp. 4/94)  
Tab settings → → → ↓

102648758

U.S. Patent & TMO/c/TM Mail Rcpt Dt: #74

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

1. Name of conveying party(ies):

**Data Systems Worldwide, Inc.**  
**6110 Variel Avenue, 2<sup>nd</sup> Floor**  
**Woodland Hills, California 91367**

- Individuals(s)
- General Partnership
- Association
- Limited Partnership

Corporation-State **California**

Other \_\_\_\_\_

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

3. Nature of conveyance:

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

Execution Date: **July 11, 2003**

Name and address of receiving party(ies)

Name: **Rosenthal & Rosenthal, Inc.**  
Internal Address:

Street Address: **1370 Broadway**

City: **New York** State: **New York** ZIP: **91101**

- Individual(s) citizenship \_\_\_\_\_
- Association \_\_\_\_\_
- General Partnership \_\_\_\_\_
- Limited Partnership \_\_\_\_\_

Corporation-State **New York**

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 patent number(s):

A. Trademark Application No.(s)

**78/112733**

Additional numbers attached?  Yes  No

B. Trademark Registration No.(s)

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

**Mr. Michael Wright**

Name: **Buchalter, Nemer, Fields & Younger**

Internal Address:

Street Address: **601 South Figueroa Street, 24th Floor**

City: **Los Angeles** State: **California** ZIP: **90017**

6. Total number of applications and registrations involved: **1**

7. Total fee (37 CFR 3.41) ..... \$ **40<sup>00</sup>**

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number:

**20-0052**  
(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.

*Christine E. Wilson*  
*Michael Wright*

**MR. MICHAEL WRIGHT**

Date:

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

01/15/2004 LMUELLER 00000165 200052 78112733

01 FC:8521 40.00 DA

LA 121619v1 12/23/2003

# INTELLECTUAL PROPERTY SECURITY AGREEMENT

THIS INTELLECTUAL PROPERTY SECURITY AGREEMENT (this "Agreement"), dated as of July 11, 2003, is made between DATA SYSTEMS WORLDWIDE, INC., a corporation organized under the laws of the State of California, having its chief place of business at 6110 Variel Avenue, 2<sup>nd</sup> Floor, Woodland Hills, California 91367 (hereinafter referred to as the "Grantor"), and ROSENTHAL & ROSENTHAL, INC., a corporation organized under the laws of the State of New York, with a place of business at 1370 Broadway, New York, New York, 10018 (hereinafter referred to as the "Secured Party"), with respect to the following:

A. Grantor and Secured Party are, contemporaneously herewith, entering into that certain Financing Agreement ("Financing Agreement") and other instruments, documents and agreements contemplated thereby or related thereto (collectively, together with the Financing Agreement, the "Loan Documents"); and

B. Grantor is the owner of certain intellectual property, identified below, in which Grantor is granting a security interest to Secured Party.

NOW THEREFORE, in consideration of the mutual promises, covenants, conditions, representations, and warranties hereinafter set forth and for other good and valuable consideration, the parties hereto mutually agree as follows:

## 1. DEFINITIONS AND CONSTRUCTION.

### 1.1 Definitions. The following terms, as used in this Agreement, have the following meanings:

"Code" means the California Uniform Commercial Code, as amended and supplemented from time to time, and any successor statute.

"Collateral" means:

(i) Each of the copyrights and rights and interests capable of being protected as copyrights, which are presently, or in the future may be, owned, authored, acquired, or used (whether pursuant to a license or otherwise) by Grantor, in whole or in part, and all copyright rights with respect thereto throughout the world, including all proceeds thereof (including license royalties and proceeds of infringement suits), and all tangible property embodying the copyrights (including books, records, films, computer tapes or disks, photographs, specification sheets, source codes, object codes, and other physical manifestations of the foregoing);

(ii) Each of the trademarks and rights and interest which are capable of being protected as trademarks (including trademarks, service marks, designs, logos, indicia, tradenames, corporate names, company names, business names, fictitious business names, trade styles, and other source or business identifiers, and applications pertaining thereto), which are presently, or in the future may be, owned, created, acquired, or used (whether pursuant to a license or otherwise) by Grantor, in whole or in part, and all trademark rights with respect thereto throughout the world, including all proceeds thereof (including license royalties and proceeds of infringement suits), and rights to renew and extend such trademarks and trademark rights;

(iii) Each of the patents and patent applications which are presently, or in the future may be, owned, issued, acquired, or used (whether pursuant to a license or otherwise) by Grantor, in whole or in part, and all patent rights with respect thereto throughout the world, including all proceeds thereof (including license royalties and proceeds of infringement suits), foreign filing rights, and rights to extend such patents and patent rights;

(iv) All of Grantor's right, title, and interest, in and to the copyrights and copyright registrations listed on Schedule A, attached hereto, as the same may be updated hereafter from time to time;

(v) All of Grantor's right to the trademarks and trademark registrations listed on Schedule B, attached hereto, as the same may be updated hereafter from time to time;

(vi) All of Grantor's right, title, and interest, in and to the patents and patent applications listed on Schedule C, attached hereto, as the same may be updated hereafter from time to time;

(vii) All of Grantor's right to register copyright claims under any federal copyright law or regulation of any foreign country and to apply for registrations on original works, compilations, derivative works, collective works, and works for hire, the right (without obligation) to sue in the name of Grantor or in the name of Secured Party for past, present, and future infringements of the copyrights, and all rights (but not obligations) corresponding thereto in the United States and any foreign country;

(viii) All of Grantor's right, title and interest to register trademark claims under any state or federal trademark law or regulation of any foreign country and to apply for, renew, and extend the trademark registrations and trademark rights, the right (without obligation) to sue or bring opposition or cancellation proceedings in the name of Grantor or in the name of Secured Party for past, present, and future infringements of the trademarks, registrations, or trademark rights and all rights (but not obligations) corresponding thereto in the United States and any foreign country, and the associated goodwill;

(ix) All of Grantor's right, title, and interest in all patentable inventions, and to file applications for patent under federal patent law or regulation of any foreign country, and to request reexamination and/or reissue of the patents, the right (without obligation) to sue or bring interference proceedings in the name of Grantor or in the name of Secured Party for past, present, and future infringements of the patents, and all rights (but not obligations) corresponding thereto in the United States and any foreign country;

(x) All general intangibles relating to the foregoing; and

(xi) All proceeds of any and all of the foregoing (including, without limitation, license royalties and proceeds of infringement suits) and, to the extent not otherwise included, all payments under insurance, or any indemnity, warranty, or guaranty payable by reason of loss or damage to or otherwise with respect to the Collateral.

"Obligations" means all obligations, liabilities, and indebtedness of Grantor to Secured Party, whether direct, indirect, liquidated, or contingent, and whether arising under this Agreement, the Financing Agreement, any other of the Loan Documents, or otherwise, including all costs and expenses described in Section 11.8 hereof.

1.2 Construction. Unless the context of this Agreement clearly requires otherwise, references to the plural include the singular, references to the singular include the plural, and the term "including" is not limiting. The words "hereof," "herein," "hereby," "hereunder," and other similar terms refer to this Agreement as a whole and not to any particular provision of this Agreement. Any initially capitalized terms used but not defined herein shall have the meaning set forth in the Financing Agreement. Any reference herein to any of the Loan Documents includes any and all alterations, amendments, extensions, modifications, renewals, or supplements thereto or thereof, as applicable. Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against Secured Party or Grantor, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by Grantor, Secured Party, and their respective counsel, and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of Secured Party and Grantor.

## 2. GRANT OF SECURITY INTEREST.

2.1 Grant of Security Interest. Grantor hereby grants to Secured Party a first-priority security interest in all of Grantor's right, title, and interest in and to the Collateral to secure the Obligations.

## 3. REPRESENTATIONS, WARRANTIES AND COVENANTS.

Grantor hereby represents, warrants, and covenants that:

### 3.1 Collateral

(i) A true and complete schedule setting forth all federal copyright registrations owned or controlled by Grantor or licensed to Grantor, together with a summary description and full information in respect of the filing or issuance thereof and expiration dates is set forth on Schedule A;

(ii) A true and complete schedule setting forth all federal and state trademark registrations owned or controlled by Grantor or licensed to Grantor, together with a summary description and full information in respect of the filing or issuance thereof and expiration dates is set forth on Schedule B;

(iii) A true and complete schedule setting forth all patent and patent applications owned or controlled by Grantor or licensed to Grantor, together with a summary description and full information in respect of the filing or issuance thereof and expiration dates is set forth on Schedule C;

3.2 Validity; Enforceability. Each of the copyrights, patents and trademarks is valid and enforceable, and Grantor is not presently aware of any past, present, or prospective claim by any third party that any of the copyrights, patents or trademarks are invalid or unenforceable, or that the use of any copyrights, patents or trademarks violates the rights of any third person, or of any basis for any such claims;

3.3 Title. Grantor is the sole and exclusive owner of the entire and unencumbered right, title, and interest in and to each of the copyrights, copyright registrations, patents, patent applications, trademarks, and trademark registrations, free and clear of any liens, charges, and encumbrances, including pledges, assignments, licenses, shop rights, and covenants by Grantor not to sue third persons;

3.4 Notice. Grantor has used and will continue to use proper statutory notice in connection with its use of each of the copyrights, patents and trademarks;

3.5 Quality. Grantor has used and will continue to use consistent standards of high quality (which may be consistent with Grantor's past practices) in the manufacture, design, sale, and lease of products and the delivery of services under or in connection with the trademarks, including, to the extent applicable, in the operation and maintenance of its merchandising operations, and will continue to maintain the validity of the trademarks;

3.6 Perfection of Security Interest. Except for the filing of a financing statement with the Secretary of State of California and filings with the United States Patent and Trademark Office and the United States Copyright Office necessary to perfect the security interests created hereunder, no authorization, approval, or other action by, and no notice to or filing with, any governmental authority or regulatory body is required either for the grant by Grantor of the security interest hereunder or for the execution, delivery, or performance of this Agreement by Grantor or for the perfection of or the exercise by Secured Party of its rights hereunder to the Collateral in the United States.

## 4. AFTER-ACQUIRED COPYRIGHT, PATENT OR TRADEMARK RIGHTS.

4.1 After-Acquired Copyright, Patent or Trademark Rights. If Grantor shall obtain rights to any new copyrights, trademarks, any new patentable inventions or become entitled to the benefit of any patent application or patent for any reissue, division, or continuation, of any patent, the provisions of this Agreement shall automatically apply thereto. Grantor shall give prompt notice in writing to Secured Party with respect to any such new copyrights, trademarks or patents, or renewal or extension of any trademark registration. Grantor shall bear any expenses incurred in connection with future copyright registrations, patent applications or trademark registrations.

## 5. LITIGATION AND PROCEEDINGS.

5.1 Litigation and Proceedings. Grantor shall commence and diligently prosecute in its own name, as the real party in interest, for its own benefit, and its own expense, such suits, administrative proceedings, or other action for infringement or other damages as are in its reasonable business judgment necessary to protect the Collateral. Grantor shall provide to Secured

Party any information with respect thereto requested by Secured Party. Secured Party shall provide at Grantor's expense all necessary cooperation in connection with any such suits, proceedings, or action, including, without limitation, joining as a necessary party. Following Grantor's becoming aware thereof, Grantor shall notify Secured Party of the institution of, or any adverse determination in, any proceeding in the United States Patent and Trademark Office or United States Copyright Office, or any United States, state, or foreign court regarding Grantor's claim of ownership in any of the copyrights, patents or trademarks, its right to apply for the same, or its right to keep and maintain such copyright, patent or trademark rights.

## 6. POWER OF ATTORNEY.

6.1 Power of Attorney. Grantor grants Secured Party power of attorney, having the full authority, and in the place of Grantor and in the name of Grantor, from time to time following a Default in Secured Party's discretion, to take any action and to execute any instrument which Secured Party may deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation, as may be subject to the provisions of this Agreement: to endorse Grantor's name on all applications, documents, papers, and instruments necessary for Secured Party to use or maintain the Collateral; to ask, demand, collect, sue for, recover, impound, receive, and give acquittance and receipts for money due or to become due under or in respect of any of the Collateral; to file any claims or take any action or institute any proceedings that Secured Party may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce Secured Party's rights with respect to any of the Collateral and to assign, pledge, convey, or otherwise transfer title in or dispose of the Collateral to any person.

## 7. RIGHT TO INSPECT.

7.1 Right to Inspect. Grantor grants to Secured Party and its employees and agents the right to visit Grantor's plants and facilities which manufacture, inspect, or store products sold or leased under any of the copyrights, patents or trademarks, and to inspect the products and quality control records relating thereto at reasonable times during regular business hours.

## 8. EVENTS OF DEFAULT.

Any of the following events shall be a Default:

8.1 Financing Agreement. A Default shall occur as defined in the Financing Agreement;

8.2 Misrepresentation. Any representation or warranty made herein by Grantor or in any document furnished to Secured Party by Grantor under this Agreement is incorrect in any material respect when made or when reaffirmed; and

8.3 Breach. Grantor fails to observe or perform any covenant, condition, or agreement to be observed or performed pursuant to the terms hereof, which materially and adversely affects Secured Party.

## 9. SPECIFIC REMEDIES.

Upon the occurrence of any Default, Secured Party shall have, in addition to, other rights given by law or in this Agreement, the Financing Agreement, or in any other Loan Document, all of the rights and remedies with respect to the Collateral of a secured party under the Code, including the following:

9.1 Notification. Secured Party may notify licensees to make royalty payments on license agreements directly to Secured Party;

9.2 Sale. Secured Party may sell or assign the Collateral and associated goodwill at public or private sale for such amounts, and at such time or times as Secured Party deems advisable. Any requirement of reasonable notice of any disposition of the Collateral shall be satisfied if such notice is sent to Grantor five (5) days prior to such disposition. Grantor shall be credited with the net proceeds of such sale only when they are actually received by Secured Party, and Grantor shall continue to be liable for any deficiency remaining after the Collateral is sold or collected. If the sale is to be a public sale, Secured Party shall also give notice of the time and place by publishing a notice one time at least five (5) days before the date of the sale in a newspaper of general circulation in the county in which the sale is to be held. To the maximum extent permitted by applicable

law, Secured Party may be the purchaser of any or all of the Collateral and associated goodwill at any public sale and shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at any public sale, to use and apply all or any part of the Obligations as a credit on account of the purchase price of any collateral payable by Secured Party at such sale.

10. CHOICE OF LAW AND VENUE; JURY TRIAL WAIVER.

10.1 CHOICE OF LAW AND VENUE. THE VALIDITY OF THIS AGREEMENT, ITS CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT, AND THE RIGHTS OF THE PARTIES HERETO WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR RELATED HERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT GIVING EFFECT TO ITS CONFLICT OF LAWS PRINCIPLES. THE PARTIES AGREE THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS AGREEMENT SHALL BE TRIED AND LITIGATED ONLY IN THE STATE AND FEDERAL COURTS LOCATED IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA OR, AT THE SOLE OPTION OF SECURED PARTY, IN ANY OTHER COURT IN WHICH SECURED PARTY SHALL INITIATE LEGAL OR EQUITABLE PROCEEDINGS AND WHICH HAS SUBJECT MATTER JURISDICTION OVER THE MATTER IN CONTROVERSY. EACH OF GRANTOR AND SECURED PARTY WAIVES, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, ANY RIGHT EACH MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION 10.

10.2 JURY TRIAL WAIVER. GRANTOR AND SECURED PARTY HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF ANY OF THE LOAN DOCUMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED THEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. GRANTOR AND SECURED PARTY REPRESENT THAT EACH HAS REVIEWED THIS WAIVER AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

11. GENERAL PROVISIONS

11.1 Effectiveness. This Agreement shall be binding and deemed effective when executed by Grantor and Secured Party.

11.2 Successors and Assigns. This Agreement shall bind and inure to the benefit of the respective successors and assigns of each of the parties; provided, however, that Grantor may not assign this Agreement or any rights or duties hereunder without Secured Party's prior written consent and any prohibited assignment shall be absolutely void. Secured Party may assign this Agreement and its rights and duties hereunder and no consent or approval by Grantor is required in connection with any such assignment.

11.3 Section Headings. Headings and numbers have been set forth herein for convenience only. Unless the contrary is compelled by the context, everything contained in each section applies equally to this entire Agreement.

11.4 Interpretation. Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against Secured Party or Grantor, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of all parties hereto.

11.5 Severability of Provisions. Each provision of this Agreement shall be severable from every other provision of this Agreement for the purpose of determining the legal enforceability of any specific provision.

11.6 Amendments in Writing. This Agreement can only be amended by a writing signed by both Secured Party and Grantor.

11.7 Counterparts; Telefacsimile Execution. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Agreement. Delivery of an executed counterpart of this Agreement by telefacsimile shall be equally as effective as delivery of a manually executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by telefacsimile also shall deliver a manually executed counterpart of this Agreement but the failure to deliver a manually executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement.

11.8 Fees and Expenses. Grantor shall pay to Secured Party on demand all costs and expenses that Secured Party pays or incurs in connection with the negotiation, preparation, consummation, administration, enforcement, and termination of this Agreement, including: (a) reasonable attorneys' and paralegals' fees and disbursements of counsel to Secured Party; (b) costs and expenses (including reasonable attorneys' and paralegals' fees and disbursements) for any amendment, supplement, waiver, consent, or subsequent closing in connection with this Agreement and the transactions contemplated hereby; (c) costs and expenses of lien and title searches; (d) taxes, fees, and other charges for filing this Agreement at the United States Patent and Trademark Office and the United States Copyright Office, or for filing financing statements, and continuations, and other actions to perfect, protect, and continue the security interest created hereunder; (e) sums paid or incurred to pay any amount or take any action required of Grantor under this Agreement that Grantor fails to pay or take; (f) costs and expenses of preserving and protecting the Collateral; and (g) costs and expenses (including reasonable attorneys' and paralegals' fees and disbursements) paid or incurred to enforce the security interest created hereunder, sell or otherwise realize upon the Collateral, and otherwise enforce the provisions of this Agreement, or to defend any claims made or threatened against Secured Party arising out of the transactions contemplated hereby (including preparations for the consultations concerning any such matters). The foregoing shall not be construed to limit any other provisions of this Agreement or the Loan Documents regarding costs and expenses to be paid by Grantor. The parties agree that reasonable attorneys' and paralegals' fees and costs incurred in enforcing any judgment are recoverable as a separate item in addition to fees and costs incurred in obtaining the judgment and that the recovery of such attorneys' and paralegals' fees and costs is intended to survive any judgment, and is not to be deemed merged into any judgment.

11.9 Notices. Except as otherwise provided herein, all notices, demands, and requests that either party is required or elects to give to the other shall be in writing and shall be governed by the provisions of Section 11.5 of the Financing Agreement.


11.10 Integration. This Agreement, together with the other Loan Documents, reflect the entire understanding of the parties with respect to the transactions contemplated hereby and shall not be contradicted or qualified by any other agreement, oral or written, before the date hereof.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first written above.

SECURED PARTY:


ROSENTHAL & ROSENTHAL,  
a New York corporation

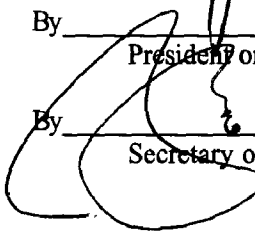
By: 

Title: VP

GRANTOR:

DATE SYSTEMS WORLDWIDE, INC.,  
a California corporation

By:   
President or Vice President

By:   
Secretary or Ass't Secretary



SCHEDULE A

REGISTERED COPYRIGHTS

Copyright

Country

Registration Date

Registration No.

SCHEDULE B

REGISTERED TRADEMARKS

Trademark

Registration Date

Registration No.

PENDING TRADEMARKS

Trademark

Filing Date

Serial No.

SCHEDULE C

PATENTS

<u>Patent Description/Title</u>	<u>Issue Date</u>	<u>Patent No.</u>	<u>Name of Inventor</u>
---------------------------------	-------------------	-------------------	-------------------------

PATENT APPLICATIONS

<u>Description</u>	<u>Filing Date</u>	<u>Serial No.</u>	<u>Name of Inventor</u>
--------------------	--------------------	-------------------	-------------------------