

10-17-2005



U.S. DEPARTMENT OF COMMERCE
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Form PTO-1594
(Rev. 03/01)
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To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):

PROSTOR SYSTEMS, INC.

- Individual(s)
- General Partnership
- Corporation-State
- 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: 9/29/05

2. Name and address of receiving party(ies)

Name: Venture Lending & Leasing IV, Inc.

Internal

Address: _____

Street Address: 2010 North First Street

City: San Jose State: CA Zip: 95131

- Individual(s) citizenship _____
- Association _____
- General Partnership _____
- Limited Partnership _____
- Corporation-State Maryland
- 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) 78/522,940;
78/410,281; 78/705,584; 78/663,977

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, Esq.

Internal Address: _____

Street Address: Greene Radovsky Maloney & Share LLP
Four Embarcadero Center, Suite 4000

City: San Francisco State: CA Zip: 94111

6. Total number of applications and registrations involved: _____

4

7. Total fee (37 CFR 3.41).....\$ 115.00

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number: _____

O.P.R./FINANCE
27 OCT 11 AM 12:23

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9. Signature.

Jeffrey T. Klugman

Name of Person Signing

Signature

10/6/05

Date

9

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10/14/2005 DRYRNF 00000030 78522940

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Mail documents to be recorded with required cover sheet information to:
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Refund Ref: 0000140120
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TRADEMARK
REEL: 003235 FRAME: 0341

INTELLECTUAL PROPERTY SECURITY AGREEMENT

This Intellectual Property Security Agreement (this "Agreement") is made as of September 29, 2005, by and between PROSTOR SYSTEMS, INC., a Delaware corporation ("Grantor"), and VENTURE LENDING & LEASING IV, INC. ("Secured Party").

RECITALS

A. Pursuant to a Loan and Security Agreement of even date herewith (the "Loan Agreement") between Grantor, as borrower, and Secured Party, as lender, Secured Party has agreed to make certain advances of money and to extend certain financial accommodations to Grantor (the "Loans") in the amounts and manner set forth in the Loan Agreement. All capitalized terms used herein without definition shall have the meanings ascribed to them in the Loan Agreement.

B. Secured Party is willing to make the Loans to Grantor, but only upon the condition, among others, that Grantor shall grant to Secured Party a security interest in substantially all of Grantor's personal property whether presently existing or hereafter acquired. To that end, Grantor has executed in favor of Secured Party the Loan Agreement granting a security interest in all Collateral, and is executing this Agreement with respect to certain items of Intellectual Property, in particular.

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

1. Grant of Security Interest. As collateral security for the prompt and complete payment and performance of all of Grantor's present or future Obligations, Grantor hereby grants a security interest and mortgage to Secured Party, as security, in and to Grantor's entire right, title and interest in, to and under the following Intellectual Property, now owned or hereafter acquired by Grantor or in which Grantor now holds or hereafter acquires any interest (all of which shall collectively be called the "IP Collateral" for purposes of this Agreement):

(a) Any and all copyrights, whether registered or unregistered, held pursuant to the laws of the United States, any State thereof or of any other country; all registrations, applications and recordings in the United States Copyright Office or in any similar office or agency of the United States, and State thereof or any other country; all continuations, renewals, or extensions thereof; and any registrations to be issued under any pending applications, including without limitation those set forth on Exhibit A attached hereto (collectively, the "Copyrights");

(b) All letters patent of, or rights corresponding thereto in, the United States or any other country, all registrations and recordings thereof, and all applications for letters patent of, or rights corresponding thereto in, the United States or any other country, including, without limitation, registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country; all reissues, continuations, continuations-in-part or extensions thereof; all petty patents, divisionals, and patents of addition; and all patents to be issued under any such applications, including without limitation the patents and patent applications set forth on Exhibit B attached hereto (collectively, the "Patents");

(c) All trademarks, trade names, corporate names, business names, trade styles, service marks, logos, other source or business identifiers, prints and labels on which any of the foregoing have appeared or appear, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and any applications in connection therewith, including, without limitation, registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof, and reissues, extensions or renewals thereof, and the entire goodwill of the business of Grantor connected with and symbolized by such trademarks, including without limitation those set forth on Exhibit C attached hereto (collectively, the "Trademarks");

(d) Any and all claims for damages by way of past, present and future infringement of any of the rights included above, with the right, but not the obligation, to sue for and collect such damages for said use or infringement of the intellectual property rights identified above;

- (e) All licenses or other rights to use any of the Copyrights, Patents or Trademarks, and all license fees and royalties arising from such use to the extent permitted by such license or rights;
- (f) All amendments, renewals and extensions of any of the Copyrights, Trademarks or Patents; and
- (g) All proceeds and products of the foregoing, including without limitation all payments under insurance or any indemnity or warranty payable in respect of any of the foregoing.

2. Covenants and Warranties. Grantor represents, warrants, covenants and agrees as follows:

- (a) Grantor is now the sole owner of, or possesses the right to use, the IP Collateral, except for Permitted Liens;
- (b) During the term of this Agreement, Grantor will not transfer or otherwise encumber any interest in the IP Collateral, except as permitted by Section 6.5(i) of the Loan Agreement or for Permitted Liens;
- (c) To its knowledge, each of the Patents is valid and enforceable, and no part of the IP Collateral has been judged invalid or unenforceable, in whole or in part, and no claim has been made that any part of the IP Collateral violates the rights of any third party;
- (d) **Grantor shall deliver to Secured Party within thirty (30) days of the last day of each fiscal quarter in which there is a change or update to the reported contents from the previous fiscal quarter, a report signed by Grantor, in form reasonably acceptable to Secured Party, listing any applications or registrations that Grantor has made or filed in respect of any patents, copyrights or trademarks and the status of any outstanding applications or registrations. Grantor shall promptly advise Secured Party of any material change in the composition of the IP Collateral, including but not limited to any subsequent ownership right of the Grantor in or to any Trademark, Patent or Copyright not specified in this Agreement;**
- (e) Grantor shall use reasonable commercial efforts to (i) protect, defend and maintain the validity and enforceability of the Trademarks, Patents and Copyrights (ii) detect infringements of the Trademarks, Patents and Copyrights and promptly advise Secured Party in writing of material infringements detected and (iii) not allow any material Trademarks, Patents or Copyrights to be abandoned, forfeited or dedicated to the public without the written consent of Secured Party, which consent shall not be unreasonably withheld, except where any such abandonment or forfeiture would not, in Grantor's sole but reasonable commercial judgment, impair its ability to protect its own business interests;
- (f) Grantor shall apply for registration (to the extent not already registered) with the United States Patent and Trademark Office or the United States Copyright Office, as applicable: (i) those intellectual property rights listed on Exhibits A, B and C hereto within thirty (30) days of the date of this Agreement; and (ii) those additional material intellectual property rights developed or acquired by Grantor from time to time in connection with any product or service, prior to the sale or licensing of such product or the rendering of such service to any third party (including without limitation revisions or additions to the intellectual property rights listed on such Exhibits A, B and C), except with respect to such rights that Grantor determines in its sole but reasonable commercial judgment need not be registered to protect its own business interests. Grantor shall, from time to time, execute and file such other instruments, and take such further actions as Secured Party may reasonably request from time to time to perfect or continue the perfection of Secured Party's interest in the IP Collateral. Grantor shall give Secured Party notice of all such applications or registrations; and
- (g) Grantor shall not enter into any agreement that would materially impair or conflict with Grantor's obligations hereunder without Secured Party's prior written consent, which consent shall not be unreasonably withheld. Grantor shall not permit the inclusion in any material contract to which it becomes a party of any provisions that could or might in any way prevent the creation of a security interest in Grantor's rights and interests in any property included within the definition of the IP Collateral acquired under such contracts.

3. Further Assurances; Attorney in Fact.

(a) On a continuing basis, Grantor will make, execute, acknowledge and deliver, and file and record in the proper filing and recording places in the United States, all such instruments, including appropriate financing and continuation statements and collateral agreements and filings with the United States Patent and Trademark Office and the Register of Copyrights, and take all such action as may reasonably be deemed necessary or advisable, or as reasonably requested by Secured Party, to perfect Secured Party's security interest in all Copyrights, Patents and Trademarks and otherwise to carry out the intent and purposes of this Agreement, or for assuring and confirming to Secured Party the grant or perfection of a security interest in all IP Collateral.

(b) Grantor hereby irrevocably appoints Secured Party as Grantor's attorney-in-fact, with full authority in the place and stead of Grantor and in the name of Grantor, from time to time 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 (i) to modify, in its sole discretion, this Agreement without first obtaining Grantor's approval of or signature to such modification by amending Exhibits A, B and C, hereof, as appropriate, to include reference to any right, title or interest in any Copyrights, Patents or Trademarks acquired by Grantor after the execution hereof or to delete any reference to any right, title or interest in any Copyrights, Patents or Trademarks in which Grantor no longer has or claims any right, title or interest, (ii) to file, in its sole discretion, one or more financing or continuation statements and amendments thereto, relative to any of the IP Collateral without the signature of Grantor where permitted by law, and (iii) after the occurrence of an Event of Default, to transfer the IP Collateral into the name of Secured Party or a third party to the extent permitted under the California Uniform Commercial Code.

4. Events of Default. The occurrence of any of the following shall constitute an Event of Default under this Agreement:

(a) An Event of Default under the Loan Agreement; or

(b) Grantor breaches any warranty or agreement made by Grantor in this Agreement and, as to any breach that is capable of cure, Grantor fails to cure such breach within thirty (30) days of the sooner to occur of Grantor's receipt of notice of such breach from Secured Party or the date on which such breach first becomes known to Grantor.

5. Amendments. This Agreement may be amended only by a written instrument signed by both parties hereto, except for amendments permitted under Section 3(b)(i) hereof to be made by Secured Party alone, notice of which shall be promptly delivered to Grantor.

6. Termination. This Agreement shall terminate automatically and be of no further force and effect, and Secured Party's security interest in the IP Collateral shall terminate and be released, without further action on the part of Grantor, as of the date on which Grantor achieves the New Equity Milestone, as such term is defined in the Supplement to the Loan Agreement. Following such termination, Secured Party shall promptly execute and deliver to Borrower such termination statements, amendments to any filed financing statements, instruments and other documents, and make such filings, at Borrower's expense, as Borrower may request to reflect the termination of this Agreement and Grantor's security interest in the IP Collateral.

7. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute the same instrument.

Remainder of this page intentionally left blank; signature page follows

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

GRANTOR:

Address of Grantor:

5555 Central Avenue, Suite 100
Boulder, CO 80301
Attn: CFO

PROSTOR SYSTEMS, INC.

By: Merle McCreey
Name: Merle McCreey
Its: Chief Financial Officer

SECURED PARTY:

Address of Secured Party:

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

VENTURE LENDING & LEASING IV, INC.

By: _____
Name: _____
Its: _____

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

GRANTOR:

Address of Grantor:

PROSTOR SYSTEMS, INC.

5555 Central Avenue, Suite 100
Boulder, CO 80301
Attn: CFO

By: _____

Name: _____


Its: _____

SECURED PARTY:

Address of Secured Party:

VENTURE LENDING & LEASING IV, INC.

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

By:  _____

Name: Ronald W. Swenson

Its: Chief Executive Officer

EXHIBIT A

Copyrights

NONE.

EXHIBIT B**Patents**

Country	Title	Application No. Filing Date	Status Remarks
US	Electronic Storage Cartridge	60/586087 07/06/2004	Inactive Expired
US	Electronic Storage Cartridge	11/149623 06/10/2005	Pending
US	Removable Cartridge Disk Device and Methods	60/586085 07/06/2004	Inactive Expired
US	Removable Cartridge Storage Devices and Methods	11/121760 05/03/2005	Pending
US	Data Replication System for Removable Data Cartridges	60/586086 07/06/2004	Inactive Expired
US	Data Replication Systems and Methods	11/122322 05/03/2005	Pending
US	Virtual Storage for Removable Storage Media	60/586080 07/06/2004	Inactive Expired
US	Virtual Storage for Removable Storage Media	11/149919 06/10/2005	Pending
US	Archival Disk Cartridge	60/604362 08/24/2004	Inactive Expired
US	Archival Data Format for Removable Disk Cartridge	60/617124 10/07/2004	Pending Foreign Filing Deadline: 10/07/2005
US	Extendable Virtual Autoloader Systems and Methods	60/629012 11/17/2004	Pending Foreign Filing Deadline: 11/17/2005
US	Archival Management System	60/626267 11/08/2004	Pending Foreign Filing Deadline: 11/08/2005
US	Adaptive Archival Format	11/194137 07/28/2005	Pending Foreign Filing Deadline: 07/28/2006
US	Secure Data Cartridge		Not yet filed
US	Removable Data Cartridge		Not yet filed
PC	Electronic Storage Cartridge	PCT/US05/20966 06/14/2005	Pending Int'l Filing Deadline (Final): 07/06/2005 **Completed** Chapter 2 Demand (Due): 02/06/2006 Chapter 2 National Phase Deadline: 01/06/2007
PC	Removable Cartridge Storage Devices and Methods	PCT/US05/021292 06/15/2005	Pending Int'l Filing Deadline (Final): 07/06/2005 **Completed** Chapter 2 Demand (Due): 02/06/2006 Chapter 2 National Phase Deadline: 01/06/2007
PC	Data Replication Systems and Methods	PCT/US05/21190 06/15/2005	Pending Int'l Filing Deadline (Final): 07/06/2005 **Completed** Chapter 2 Demand (Due): 02/06/2006 Chapter 2 National Phase Deadline: 01/06/2007
PC	Virtual Storage for Removable Storage Media	PCT/US05/20970 06/14/2005	Pending Int'l Filing Deadline (Final): 07/06/2005 **Completed** Chapter 2 Demand (Due): 02/06/2006 Chapter 2 National Phase Deadline: 01/06/2007

EXHIBIT C**Trademarks**

COUNTRY	TRADEMARK	APPL. NO FILING DATE	STATUS AND REMARKS
Australia	RDX	1051591 04/19/2005	Pending (Published) Publication Date: 08/18/2005
Australia	VTX		Not yet filed
China	RDX Stylized	4643019 05/08/2005	Pending
European Union	RDX	4395208 04/19/2005	Pending
European Union	VTX	4528659 07/06/2005	Pending
India	RDX	1352452 04/21/2005	Pending
Japan	RDX Stylized	2005-35672 04/21/2005	Pending
Japan	VTX	2005-60723 07/04/2005	Pending
<u>United States</u>			
US	PROSTOR	78/522940 11/24/2004	Pending
US	RDX	78/410281 04/29/2004	Pending
US	RDXPRO	78/705584 09/01/2005	Pending Next Due Date: Priority Filing Deadline 03/01/2006
US	VTX	78/663977 07/05/2005	Pending Next Due Date: Priority Filing Deadline 01/05/2006