

03-26-1999

DEPARTMENT OF COMMERCE

Patent and Trademark Office

To the Honorable Commissioner of Patents and Trademark

100994842

ments or copy thereof.

1. Name of conveying party(ies):

Royal Lubricants, Inc. / FINANCE

- ☐ Individual ☐ Association
☐ General Partnership ☐ Limited Partnership
☒ Corporation-State
☒ Other: New Jersey

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

3. Nature of conveyance:

- ☐ Assignment ☐ Merger
☐ Security Agreement ☐ Change of Name
☒ Other: Mortgage and Security Agreement

Execution Date: January 22, 1999

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

Name: PNC Bank, National Association and First Union National bankAddress: Two Tower Center Blvd.City: East Brunswick State: NJ Zip: 08016

- ☐ Individual(s) citizenship
☒ Association
☐ General Partnership
☐ Limited Partnership
☒ Corporation-State
☐ 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).

74/589435

B. Trademark Registration No(s).

1,096,424	1,313,006	1,549,762
2,050,404	1,637,239	1,572,700
1,744,221	1,749,959	

Additional numbers attached? ☐ Yes ☒ No

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

Name: Linda S. CooperREED SMITH SHAW & McCLAY LLPAddress: P.O. Box 7839City: Princeton State: NJ Zip: 08543

6. Total number of applications and registrations involved:

9

7. Total fee (37 CFR 2.6(b)(6)): \$240.00

- ☐ Enclosed
☐ Authorized to be charged to deposit account
☒ Charge any deficiency to deposit account

8. Deposit account number:

18-0582

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

03/25/1999 DNGUYEN 00000216 1096424

01 FC:4A1

40.00 OP

02 FC:4B2

200.00 OP

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 and copy of the original document.

Linda S. Cooper

Name of Person Signing

Signature

March 23, 1999

Date

Total number of pages including cover sheet, attachments, and document: 18

TRADEMARK
REEL: 1874 FRAME: 0373

PRCLUB-0078843.01-LSCOOOPER
 March 23, 1999 12:17 PM

Schedule A
to Security Agreement and Mortgage

<u>Trademark Number</u>	<u>Application or Registration Date</u>	<u>Application, Serial or Registration</u>
Anderol	July 18, 1978	1,096,424
Aosyn (Stylized)	January 8, 1985	1,313,006
PQ	August 1, 1989	1,549,762
Triple Drop Device	October 16, 1995	2,050,404
Airborne Design		1,637,239
Royco		1,572,700
Royco		1,744,221
Vis-Probe		1,749,959
Guardian 360		74/589435

SECURITY AGREEMENT AND MORTGAGE
(TRADEMARKS)

THIS SECURITY AGREEMENT AND MORTGAGE (the "Security Agreement") is made as of this 26 day of January, 1999 by Royal Lubricants, Inc., a New Jersey corporation with its principal place of business located at 215 Merry Lane, East Hanover, New Jersey (the "Grantor") in favor of PNC BANK, N.A., a national banking association having an office located at Two Tower Center Boulevard, 16th Floor, East Brunswick, New Jersey 08816, and FIRST UNION NATIONAL BANK, a national banking association having an office at 190 River Road, Summit, New Jersey 07901, (collectively and individually referred to as the "Lenders").

WHEREAS, the Grantor is the owner and holder of the Trademarks listed on Schedule A annexed hereto and made a part hereof; and

WHEREAS, the Grantor together with Hatco Corporation, a New Jersey corporation (collectively and individually referred to as the "Borrowers"), and the Lenders are about to enter into a certain Loan and Security Agreement of even date herewith (said Agreement, as it may hereafter be amended, supplemented, restated or otherwise modified from time to time being the "Loan Agreement") (any capitalized terms used, but not specifically defined, herein shall have the meaning provided for such terms in the Loan Agreement); and

WHEREAS, to induce the Lenders to enter into the Loan Agreement and to grant the loans, advances and extensions of credit to the Borrowers in accordance with the Loan Agreement, the Grantor has offered to execute and deliver this Security Agreement to the Lenders, granting and conveying to the Lenders a mortgage and security interest, first in priority, upon the Collateral (as such term is hereinafter defined);

NOW, THEREFORE, in consideration of the foregoing, in consideration of the premises set forth in the Loan Agreement and in order to induce the Lenders to grant the loans, advances and extensions of credit to the Grantor in accordance with the Loan Agreement, the Grantor hereby agrees with the Lenders for their benefit as follows:

1. Grant of Security. To secure payment and performance of all of the Obligations (as such term is hereinafter defined) of the Grantor to the Lenders, the Grantor hereby mortgages to and pledges with the Lenders and grants and conveys to the Lenders a security interest in all of the Grantor's right, title and interest in and to the Collateral (as such term is hereinafter defined), which security interest shall remain in full force and effect until all of the obligations of the Grantor to the Lenders are fully paid and satisfied; provided, however, anything herein, in the Loan Agreement or in any other document, instrument, writing or agreement related thereto to the contrary

notwithstanding, the maximum liability of the Grantor secured by the Collateral hereunder and under the Loan Agreement shall in no event exceed an amount equal to the largest amount that would not render the Grantor's obligations hereunder subject to avoidance under Section 548 of the Title 11 of the U.S. Code, as amended (the "Bankruptcy Code") or any equivalent provision of the law of any state.

2. Certain Defined Terms. As used in this Security Agreement, unless the context otherwise requires:

(a) "Collateral": Shall mean, collectively and individually:

(i) each of the Trademarks (as such term is hereinafter defined) and the goodwill of the business symbolized by each of the Trademarks, listed on Schedule A annexed hereto and made a part hereof;

(ii) each of the Licenses (as such term is hereinafter defined);

(iii) all accounts, contract rights and general intangibles of the Grantor arising under or relating to the Licenses, whether now existing or hereafter arising, including, without limitation, (1) all moneys due and to become due under any License, (2) any damages arising out of or for breach or default in respect of any such License, (3) all other amounts from time to time paid or payable under or in connection with any such License, and (4) the right of the Grantor to terminate any such License or to perform and to exercise all remedies thereunder;

(iv) any claims by the Grantor against third parties, and all proceeds of suits, for infringement of the Trademarks, and the rights to sue for past, present and future infringements and all rights corresponding thereto in the United States; and

(v) as to all of the foregoing (i) through (iv) inclusive, and any and all cash proceeds, non-cash proceeds and products thereof, additions and accessions thereto, replacements and substitutions therefor, and all related books, records, journals, computer print-outs and data, of the Grantor.

(b) "Licenses": Collectively and individually, any and all Trademark license agreements granted by the Grantor to third parties, whether now existing or hereafter arising, as any of same may from time to time be amended or supplemented, including, but not limited to, the license agreements listed on Schedule B annexed hereto and made a part hereof.

(c) "Obligations": All loans, advances, indebtedness, notes, liabilities, overdrafts, and other amounts,

liquidated or unliquidated, each of every kind, nature and description, whether arising under this Agreement or otherwise, including, without limitation, principal and interest, and whether secured or unsecured, direct or indirect, absolute or contingent, due or to become due, now existing, presently intended or contemplated, or hereafter contracted.

(d) "Trademarks": Collectively and individually, all:

(i) trademarks, trade names, trade dress, service marks, prints and labels on which said trademarks, trade names, trade dress and service marks have appeared or appear, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, all right, title and interest therein and thereto, and all registrations and recordings thereof, including, without limitation, applications, registrations and recordings 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, all whether now or hereafter owned or licensable by the Grantor, including, but not limited to, those listed on Schedule A annexed hereto and made a part hereof; and

(ii) trademarks, trade names, trade dress and service marks, whether now or hereafter owned by the Grantor which has not or is not required to be registered or recorded in any jurisdiction; and

(iii) reissues, extensions or renewals thereof and all licenses thereof (including, without limitation, all license agreements).

3. Representations, Warranties and Covenants of the Grantor. The Grantor hereby represents, warrants, covenants and agrees as follows:

(a) Title to the Trademarks. The Grantor has sole, exclusive, full, clear and unencumbered right, title and interest in and to the Trademarks and the registrations of the Trademarks are valid and subsisting and in full force and effect. The Trademarks have not been abandoned, suspended, voluntarily terminated or cancelled by the Grantor and, to the best of the Grantor's knowledge, have not been adjudged invalid or unenforceable.

(b) Use of the Trademarks. Except to the extent that (i) the Lenders, upon prior written notice by the Grantor shall consent, or (ii) the Grantor determines in its reasonable business judgment that a Trademark of the Grantor has negligible economic value and such Trademark is no longer utilized in the ordinary course of the Grantor's business, the Grantor (either itself or through licensees) has used and will continue to use the Trademarks on each and every trademark class of goods applicable to its current line as reflected in its, current

catalogs, brochures and price lists in order to maintain the Trademarks in full force free from any claim of abandonment for nonuse and the Grantor will not (and will not permit any licensee thereof to) do any act or knowingly omit to do any, act whereby any of the Trademarks may become invalidated, abandoned, unenforceable, avoided, avoidable or otherwise diminished in value, and shall notify the Lenders immediately if it knows of any reason or has reason to know of any ground under which any of the foregoing may occur.

(c) License or Assignment of Trademarks. Without the prior written consent of the Lenders, the Grantor shall not license or assign any of the Trademarks to any party.

(d) Further Assurances. The Grantor will perform all acts and execute all further instruments and documents, including, without limitation, assignments for security in form suitable for filing with the United States Patent and Trademark Office, reasonably requested by the Lenders at any, time to evidence, perfect, maintain, record and enforce the Lenders' interest in the Collateral or otherwise in furtherance of the provisions of this Security Agreement, and the Grantor hereby authorizes the Lenders to execute and file (with or without the signature of the Grantor) one or more financing statements (and similar documents) or copies thereof or this Security Agreement with respect to the Collateral signed only by the Lenders.

(e) Costs and Expenses. The Grantor shall pay on demand all reasonable and necessary expenses and expenditures of the Lenders, including, without limitation, reasonable attorney's fees and expenses, incurred or paid by the Lenders in protecting, enforcing or exercising their interests, rights or remedies created by, connected with or provided in this Security Agreement, or performance pursuant to this Security Agreement.

(f) Pledge of Additional Trademarks. In the event the Grantor, either itself or through any agent, employee, licensee or designee shall:

(i) file an application for the registration of any Trademark with the United States Patent and Trademark Office or any similar office or agency of the United states, any State thereof, or any other country or any political subdivision thereof; or

(ii) file any assignment of any Trademark which the Grantor may acquire, own or license from a third party, with the United States Patent and Trademark Office or any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof;

the Grantor shall promptly, but in no event more than fifteen (15) days subsequent to such filing, notify the Lenders thereof, and, upon request of the Lenders shall promptly, but in no event

more than twenty (20) days subsequent to such notice, execute and deliver any and all assignments, agreements, instruments, documents and papers as the Lenders may reasonably request to evidence the Lenders's interest in such patent or trademark and the goodwill and general intangibles of the Grantor relating thereto or represented thereby. The Grantor hereby grants the Lenders a power of attorney, irrevocable until the obligations of the Grantor to the Lenders are fully paid and satisfied, to modify this Security Agreement by amending Schedule A and Schedule B, as applicable, to include any future Trademarks or Licenses, including, without limitation, registrations or applications appurtenant thereto, covered by this Security Agreement.

(g) Grantor's Authority, Etc. The Grantor has the right and power to mortgage and pledge the Collateral and to grant the security interest in the Collateral herein granted; and the Collateral is not now, and at all times hereafter will not be subject to any liens, licenses (other than as permitted under subparagraph 3(c) of this Security Agreement), pledges, assignments, registered license agreement, covenants not to sue by the Grantor or other encumbrance of any nature whatsoever, and the Grantor has not received any notice from any third party claiming any right or interest in and to any of the Collateral or that the Grantor's use thereof infringes the rights of any third party.

(h) Negative Pledge. The Grantor will not, without the prior written consent of the Lenders, assign (by operation of law or otherwise), sell, mortgage, lease, transfer, pledge, hypothecate, grant a security interest in or lien upon, grant an exclusive or non-exclusive license upon (other than those existing Licenses listed on Schedule B annexed hereto and made a part hereof), or otherwise encumber, grant rights to any other person upon or dispose of any of the Collateral, and nothing in this Security Agreement shall be deemed a consent by the Lenders to any such action except as expressly permitted herein. The Grantor shall defend the Collateral against and shall take such other action as is necessary to remove any lien, security interest, claim, right or other encumbrance of any nature whatsoever in or to the Collateral, and will defend the right, title and interest of the Lenders in and to any of the Grantor's rights under the Collateral against the claims or demands of all persons whomsoever.

(i) No Additional Trademarks. As of the date hereof, the Grantor does not own any Trademarks, or have any Trademarks registered in or the subject of pending applications in the United States Patent and Trademark Office or any similar office or agency in any other country or any political subdivision thereof, other than those grants, registrations or applications for registrations listed on Schedules A and B annexed hereto and made a part hereof.

(j) Additional Further Assurances. The Grantor will take all necessary steps in any proceeding before the United States Patent and Trademark office or any similar office or agency in any other country, or any political subdivision thereof, (i) to maintain each registration and grant of the Trademarks and Licenses, and (ii) in accordance with its reasonable business judgment and at its expense, to halt any infringement of the Trademarks and shall properly exercise its duty to control the nature and quality of the goods offered by any licensees in connection with the Licenses.

(k) Responsibility and Liability. The Grantor assumes all responsibility and liability arising from the use of the Trademarks and Licenses, and hereby indemnifies and holds the Lenders and each director, officer, employee, affiliate and agent thereof, harmless from and against any claim, suit, loss, damage or expense (including attorneys, fees and expenses) arising out of any alleged defect in any product manufactured, promoted or sold by the Grantor in connection with any of the Trademarks or otherwise arising out of the Grantor's operation of its business from the use of the Trademarks. In any suit, proceeding or action brought by the Lenders under any License for any sum owing thereunder, or to enforce any provisions of such License, the Grantor will indemnify and keep the Lenders harmless from and against all expense, loss or damage suffered by reason of any defense, set off, recoupment, claim, counterclaim, reduction or liability whatsoever of the obligee thereunder or arising out of a breach of the Grantor of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of such obligee or its successors from the Grantor, and all such obligations of the Grantor shall be and remain enforceable against and only against the Grantor and shall not be enforceable against the Lenders.

(l) Lenders's Rights. The Lenders may, in their sole discretion, pay any amount or do any act required of the Grantor hereunder or requested by the Lenders to preserve, defend, protect, maintain, record or enforce the Grantor's obligations contained herein, the Obligations of the Grantor to the Lenders, the Collateral, or the right, title and interest granted the Lenders herein, and which the Grantor fails to do or pay, and any such payment shall be deemed an advance by the Lenders to the Grantor and shall be payable on demand together with interest thereon at the Default Rate of Interest as specified in the Loan Agreement.

(m) Protection of the Trademarks. The Grantor agrees that if it learns of any use by any person of any term or design likely to cause confusion with any Trademark, or of any claim of any lien, security interest, claim, right or other encumbrance of any nature whatsoever in or to the Collateral, the Grantor shall promptly notify the Lenders of such use, lien, security interest, claim, right or other encumbrance and, if requested by the Lenders, shall join with the Lenders, at the Grantor's expense,

in such action as the Lenders, in their reasonable discretion, may deem advisable for the protection of the Lenders's interest in and to the Trademarks, it being understood that the foregoing shall not preclude the Grantor from bringing an action against a person for the protection of the Grantor's interests in and to such Trademarks.

4. Lenders's Appointment as Attorney-in-Fact.

(a) The Grantor hereby irrevocably constitutes and appoints the Lenders, and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Grantor and in the name of the Grantor or in their own name, from time to time in the Lenders's discretion, for the purposes of carrying out the terms of this Security Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Security Agreement and, without limiting the generality of the foregoing, hereby gives the Lenders the power and right, on behalf of the Grantor, to do the following:

(i) To pay or discharge taxes, liens, security interests or other encumbrances levied or placed on or threatened against the Collateral, to effect any repairs or any insurance called for by the terms of this Security Agreement or the Loan Agreement and to pay all or any part of the premiums therefor and the costs thereof;

(ii) Upon the occurrence of an Event of Default:

(1) to ask, demand, collect, receive and give acquittances and receipts for any and all moneys due and to become due under any Licenses and, in the name of the Grantor or in their own name or otherwise, to take possession of and endorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due under any License and to file any claim or to take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by the Lenders for the purpose of collecting any and all such moneys due under any License whatsoever;

(2) to direct any party liable for any payment under any of the Licenses to make payment of any and all moneys due and to become due thereunder directly to the Lenders or as the Lenders shall direct;

(3) to receive payment of and receipt for any and all moneys, claims and other amounts due and to become due at any time in respect of or arising out of any Collateral;

(4) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of

competent jurisdiction to collect the Collateral or any part thereof and to enforce any other right in respect of any Collateral;

(5) to defend any suit, action or proceeding brought against the Grantor with respect to any Collateral;

(6) to settle, compromise, or adjust any suit, action or proceeding described above and, in connection therewith, to give such discharges or releases as the Lenders may deem appropriate;

(7) generally, to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Lenders were the absolute owner thereof for all purposes, and to do, at the Lenders's option, all acts and things which the Lenders deems necessary to protect, preserve or realize upon the Collateral and the Lenders's security interest therein, in order to effect the intent of this Security Agreement, all as fully and effectively as the Grantor might do.

(b) This power of attorney is a power coupled with an interest and shall be irrevocable. Notwithstanding the foregoing, the Grantor further agrees to execute any additional documents which the Lenders may require in order to confirm this power of attorney, or which the Lenders may deem necessary to enforce any of their rights contained in this Security Agreement.

(c) The powers conferred on the Lenders hereunder are solely to protect the Lenders's interests in the Collateral and shall not impose any duty upon the Lenders to exercise any such powers. The Lenders shall be accountable only for amounts that it actually receives as a result of the exercise of such powers and neither the Lenders nor any of their officers, directors, employees or agents shall be responsible to the Grantor for any act or failure to act, except for the Lenders's own gross negligence or willful misconduct.

(d) The Grantor also authorizes the Lenders to execute, in connection with any sale provided for in this Security Agreement, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral.

5. Event of Default. The occurrence of any one or more of the following shall constitute an Event of Default under this Agreement:

(a) The occurrence of any Default or Event of Default under the Loan Agreement.

(b) A breach by the Grantor of any covenant contained in this Security Agreement;

(c) If any warranty or representation contained in this Security Agreement, including, without limitation, the warranties and representations contained in Section 3 of this Security Agreement, shall be incorrect in any material respect.

6. Remedies.

(a) Upon the occurrence of an Event of Default, in addition to all other rights and remedies of the Lenders, whether under law, in equity or otherwise (all such rights and remedies being cumulative, not exclusive and enforceable alternatively, successively or concurrently):

(i) the Lenders shall have all of the rights and remedies set forth in the Loan Agreement;

(ii) immediately upon the Lenders's written request, the Grantor shall not make any further use of the Trademarks or any mark similar thereto for any purposes;

(iii) the Lenders may, at any time and from time to time, license, whether general, special or otherwise, and whether on an exclusive or nonexclusive basis, any of the Trademarks, throughout the world for such term or terms, on such conditions, and in such manner, as the Lenders shall in their sole discretion determine;

(iv) the Lenders may (without assuming any obligations or liability thereunder), at any time, enforce (and shall have the exclusive right to enforce) against any licensee or sublicensee all rights and remedies of the Grantor in, to and under any one or more license agreements with respect to the Collateral, including, without limitation the Licenses, and take or refrain from taking any action under any license or sublicense thereof, and the Grantor hereby releases the Lenders from, and agrees to hold the Lenders free and harmless from and against, any claims arising out of any action taken or omitted to be taken with respect to any such license agreements;

(v) the Lenders may foreclose upon the Collateral for the purpose of using, assigning, selling or otherwise disposing of the Collateral or any of it, either with or without special or other conditions or stipulations, and record any documents with the United States Patent and Trademark Office necessary to evidence the Lenders's ownership in the Collateral;

(vi) the Lenders may appear before the United States Patent and Trademark Office as owner of the Collateral, without recording or filing any documents to evidence the Lenders's ownership in the Collateral;

(vii) whether or not the Lenders forecloses upon the Collateral in accordance with this Security Agreement, the

Lenders may, at any time and from time to time, assign, sell, or otherwise dispose of, the Collateral or any of it either with or without special or other conditions or stipulations, with power to buy the Collateral or any part of it, and with power also to execute assurances, and do all other acts and things for completing the assignment, sale or disposition which the Lenders shall, in their sole discretion, deems appropriate or proper; and

(viii) in addition to the foregoing, in order to implement the assignment, sale or other disposal of any of the Collateral, the Lenders may, at any time, pursuant to the authority granted in the Power of Attorney in the form of Schedule C annexed hereto and made a part hereof (such authority becoming effective on the occurrence of an Event of Default), execute and deliver on behalf of the Grantor, one or more instruments of assignment of the Trademarks (or any application or registration thereof), in form suitable for filing, recording or registration in any country. The Grantor agrees to pay when due all reasonable costs and expenses incurred in any such transfer of the Trademarks, including any taxes, fees and reasonable attorneys, fees, and all such costs shall be added to the Obligations of the Grantor to the Lenders. The Lenders may apply the proceeds actually received from any such license, assignment, sale or other disposition to the payment of the Obligations of the Grantor to the Lenders as provided for in the Loan Agreement. The Grantor shall remain liable for any deficiency with respect to the Obligations of the Grantor to the Lenders, which shall bear interest and be payable at the Default Rate under the Loan Agreement. The rights of the Grantor to receive any surplus shall be subject to any duty of the Lenders imposed by law to the holder of any subordinate security interest in the Collateral known to the Lenders. Nothing contained herein shall be construed as requiring the Lenders to take any such action at any time.

(b) Notwithstanding anything contained in this Security Agreement to the contrary, the Lenders shall not foreclose upon, dispose of or be deemed the owner of any Trademark unless and until the Lenders has provided the Grantor with advance written notice of their intent to foreclose upon, dispose of or take an ownership interest in any Trademark. Any writing given by the Lenders to the Grantor under this paragraph 6 must make explicit reference to this Security Agreement and of the Lenders's intent to exercise their rights and remedies hereunder.

7. Execution of Special Power of Attorney. Concurrently with the execution and delivery of this Security Agreement, the Grantor is executing and delivering to the Lenders a certain Power of Attorney, in the form of Schedule C annexed hereto and made a part hereof, for the implementation of the sale, assignment, licensing or other disposition of the Collateral pursuant to this Security Agreement.

8. Amendments and Modification. No provision hereof shall be modified, altered, waived or limited except by a written instrument expressly referring to this Security Agreement and executed by the party to be charged.

9. Binding Nature. This Security Agreement shall be binding upon and inure to the benefit of the successors, assigns or other legal representatives of the Grantor, and shall, together with the rights and remedies of the Lenders hereunder, be binding upon and inure to the benefit of the Lenders, their successors, assigns or other legal representatives.,

10. GOVERNING LAW. THIS SECURITY AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW JERSEY WITHOUT GIVING EFFECT TO THE CONFLICT OF LAW PRINCIPLES THEREOF.

11. Notices. All notices, requests, demands and other communications provided for hereunder shall be in writing (unless otherwise expressly provided herein) and shall be sent and deemed to have been received as set forth in the Loan Agreement.

12. Continuing Security Interest; Assignment. This Security Agreement shall create a continuing security interest in the Collateral and shall (a) remain in full force and effect until payment in full in cash or in another manner acceptable to Lenders and termination of the Obligations of the Grantor to the Lenders, (b) be binding upon and inure to the benefit of, and be enforceable by, the Grantor, its successors and assigns, and (c) be binding upon and inure to the benefit of, and be enforceable by, the Lenders and their successors, transferees and assigns. Upon the payment in full in cash or in another manner acceptable to Lenders and termination of the obligations of the Grantor to the Lenders then outstanding, the security interest granted hereby shall terminate and all rights granted as security in the Collateral to the Lenders shall revert to the Grantor. Upon any such termination, the Lenders will, at Grantor's expense, execute and deliver to the Grantor such documents as the Grantor shall reasonably request to evidence such termination.

13. Counterparts. This Security Agreement may be executed in counterparts, each of which, when taken together, shall be deemed one and the same instrument.

14. Headings. Section headings herein are included for convenience of reference only and shall not constitute a part of this Security Agreement for any other purpose.

15. Acknowledgment of Receipt. The Grantor acknowledges receipt of a copy of this Security Agreement.

16. No Waiver. No course of dealing between the Grantor and the Lenders, and no delay or omission of the Lenders in

exercising or enforcing any of the Lenders's rights and remedies hereunder shall constitute a waiver thereof; and no waiver by the Lenders of any Event of Default shall operate as a waiver of any other Event of Default.

17. Severability. If any of the provisions of this Security Agreement shall contravene or be held invalid under the laws of any jurisdiction, this Security Agreement ;shall be construed as if not containing such provisions and the rights, remedies, warranties, representations, covenants, and provisions hereof shall be construed and enforced accordingly in such jurisdiction and shall not in any manner affect such provision in any other jurisdiction, or any other provisions of this Security Agreement in any jurisdiction.

18. Interest Granted to Lenders. Notwithstanding any provision of this Security Agreement to the contrary, the interest granted to the Lenders under this Security Agreement is intended to be a pledge and a security interest only, and the execution of this Security Agreement is not intended to create an assignment or a transfer of title or any other property rights to the Trademarks.

19. WAIVER OF JURY TRIAL. THE GRANTOR WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT ON ANY MATTER WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS SECURITY AGREEMENT.

IN WITNESS WHEREOF, the Grantor has caused this Security Agreement to be duly executed as of the day and year first above written.

WITNESS:

Royal Lubricants, Inc.



By: 
Gerard F. Rubin, President

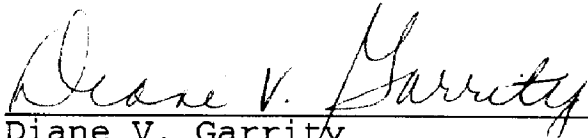
CORPORATE ACKNOWLEDGMENT

STATE OF NEW JERSEY)
 : ss.
COUNTY OF MIDDLESEX)

I certify that on January 12, 1999, Gerard F. Rubin personally came before me and this person acknowledged under oath, to my satisfaction, that:

(a) this person signed and delivered this document as the President of Royal Lubricants, Inc., the corporation named in this document; and

(b) this document was signed and delivered by the corporation as its voluntary act duly authorized by a proper resolution of its Board of Directors.


Diane V. Garrity
Attorney-at-Law of the State
of New Jersey

Schedule B
Security Agreement and Mortgage

LICENSES

PRCLJB-0068772.02-LSCOOPER
January 21, 1999 5:10 PM

January 22, 1999 9:48 AM

TRADEMARK

RECORDED: 03/24/1999

REEL: 1874 FRAME: 0389