

RECORDATION FORM  
TRADEMARK

03-30-1999

DEPARTMENT OF COMMERCE  
Patent and Trademark Office



100997377

Tab settings

To the Honorable Commissioner of Patents and Trademarks: Please

copy thereof.

1. Name of conveying party(ies):

LION RIBBON COMPANY, INC.

3.25.99

- Individual(s)
- General Partnership
- Corporation-State New York
- Other
- Association
- Limited Partnership

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

3. Nature of conveyance:

- Assignment
- Security Agreement
- Other (TRADEMARK)
- Merger
- Change of Name

Execution Date: February 16, 1999

2. Name and address of receiving party(ies)

NATIONSCREDIT COMMERCIAL CORPORATION,  
Name: through its NATIONSCREDIT COMMERCIAL  
FUNDING DIVISION

Internal Address: 36th Floor

Street Address: 1177 AVENUE OF THE AMERICAS

City: NEW YORK State: NY ZIP: 10036

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

B. Trademark Registration No.(s) 830,464;

859,520; 904,975; 1,109,485;

1,238,543; 1,562,342; 1,630,046

Additional numbers attached?  Yes  No

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

Name: KELLEY DRYE & WARREN LLP

Internal Address: MARIEE PILKINGTON

LEGAL ASSISTANT

Street Address: 101 PARK AVENUE

City: NEW YORK State: NY ZIP: 10178

6. Total number of applications and registrations involved: 7

7. Total fee (37 CFR 3.41).....\$ 190.00

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number:

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

03/29/1999 JSHABAZZ 00000147 830464

DO NOT USE THIS SPACE

01 FC:481

40.00 OP

02 FC:482

150.00 OP

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.

LORI POTTS

Name of Person Signing

Signature

3/22/99

Date

Total number of pages including cover sheet, attachments, and document: 9

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

Commissioner of Patents & Trademarks, Box Assignments

TRADEMARK

REEL: 1875 FRAME: 0068

LIST OF DEBTOR'S TRADEMARKS

<u>Name</u>	<u>Serial No.</u>	<u>Date</u>
Stay-Put®	830,464	6/20/67
Sea Maid®	1,109,485	12/19/78
Stem-Tex(a stylization of)	1,630,046	01/01/91
Velvette®	904,975	12/29/70
Stem-Tex®	859,520	11/05/68
Lion Cub(a stylization of)	1,238,543	5/17/83
Quick Bow®	1,562,342	10/94

## TRADEMARK SECURITY AGREEMENT

TRADEMARK SECURITY AGREEMENT, dated as of February 16, 1999, between LION RIBBON COMPANY, INC., whose chief executive office is located at Route 24, Chester, NJ 07930 ("Debtor"), and NATIONSCREDIT COMMERCIAL CORPORATION, through its NATIONSCREDIT COMMERCIAL FUNDING DIVISION, having an address at 1177 Avenue of the Americas, 36<sup>th</sup> Floor, New York, New York 10036 ("Secured Party").

### W I T N E S S E T H:

WHEREAS, Secured Party, Debtor and C.M. Offray & Son, Inc. have entered into a Loan and Security Agreement dated the date hereof (together with all supplements and amendments thereto and all extensions, renewals, restatements and replacements thereof, the "Loan Agreement," and such Loan Agreement together with all agreements, instruments and documents now or hereafter entered into or delivered in connection therewith, collectively, the "Loan Documents"), pursuant to which Secured Party may make loans and advances and provide other financial arrangements to Debtor, subject to the terms and provisions of the Loan Documents;

WHEREAS, Debtor has granted to Secured Party a security interest in all of its property pursuant to the Loan Agreement;

WHEREAS, Debtor owns all right, title, and interest in and to, among other things, certain trademarks, trademark applications and trade names, including, but not limited to, those set forth on Exhibit A hereto (the "Trademarks");

WHEREAS, pursuant to the Loan Agreement, in order to secure the Obligations (as defined in the Loan Agreement), Debtor has granted to Secured Party a security interest in the Trademarks and the goodwill and certain other assets with respect to the Trademarks, as further set forth herein, and Secured Party has requested Debtor to enter into this Agreement to evidence further such security interest.

NOW THEREFORE, KNOW ALL MEN BY THESE PRESENTS, that for valuable consideration received and to be received, as security for the full payment and performance of the Obligations, and to induce Secured Party to make loans and advances to Debtor, Debtor hereby grants to Secured Party a security interest in:

- (a) the Trademarks;
- (b) all registrations of the Trademarks in any state of the United States and any foreign countries and localities;

- (c) all trade names, trademarks and trademark registrations hereafter adopted or acquired and used by Debtor, including, but not limited to, those which are based upon or derived from the Trademarks or any variations thereof (the “Future Trademarks”);
- (d) all extensions, renewals, and continuations of the Trademarks and Future Trademarks and the registrations referred to in clause (b) above;
- (e) all rights to sue for past, present and future infringements of the Trademarks and Future Trademarks;
- (f) all packaging, labeling, trade names, service marks, logos, and trade dress including or containing the Trademarks and Future Trademarks, or a representation thereof, or any variation thereof;
- (g) all licenses and other agreements under which Debtor is licensor, and all fees, rents, royalties, proceeds or monies thereunder, relating to the Trademarks and Future Trademarks, and the use thereof; and
- (h) all goodwill of Debtor’s business connected with, symbolized by or in any way related to the items set forth in clauses (a) through (g) above.

All of the foregoing items set forth in clauses (a) through (h) are hereinafter referred to collectively as the “Collateral.”

Debtor hereby covenants with Secured Party as follows:

1. Debtor’s Obligations. Debtor agrees that, notwithstanding this Agreement, it will perform and discharge and remain liable for all its covenants, duties, and obligations arising in connection with the Collateral and any licenses and agreements related thereto. Secured Party shall have no obligation or liability in connection with the Collateral or any licenses or agreements relating thereto by reason of this Agreement or any payment received by Secured Party relating to the Collateral and Secured Party shall not be required to perform any covenant, duty or obligation of Debtor arising in connection with the Collateral or any license or agreement related thereto or to take any other action regarding the Collateral or any such licenses or agreement.

2. Representations and Warranties. Debtor represents and warrants to Secured Party that: (a) Debtor is the beneficial and record owner of the Collateral, and no adverse claims have been made with respect to its title to or the validity of the Collateral; (b) the Trademarks are the only trademarks, trademark registrations, trademark applications and trade names in which Debtor has any or all right, title and interest; (c) none of the Collateral is subject to any mortgage, pledge, lien, security interest, lease, charge, encumbrance or license (by Debtor as licensor); and (d) when this Agreement is filed in the United States Patent and Trademark Office (the “Trademark Office”) and the Secured Party has taken the other actions contemplated

by the Loan Agreement and in this Agreement, this Agreement will create a legal and valid perfected and continuing lien on and security interest in the Collateral in favor of Secured Party, enforceable against Debtor and all third parties, subject to no other mortgage, lien, charge, encumbrance, or security or other interest except as expressly permitted by the Loan Agreement.

3. Covenants. Debtor will maintain and renew all items of Collateral and all registrations of the Collateral and will defend the Collateral against the claims of all persons. Without limiting the generality of the foregoing, Debtor shall not permit the expiration, termination or abandonment of any Trademark or Future Trademark without the prior written consent of Secured Party. If, before the Obligations have been satisfied in full and the Loan Documents have been terminated, Debtor shall obtain rights to or be licensed to use any new trademark, or become entitled to the benefit of any trademark application or trademark registration, the provisions of Section 1 hereof shall automatically apply thereto and Debtor shall give Secured Party prompt notice thereof in writing.

4. Use Prior to Default. Effective until Secured Party's exercise of its rights and remedies upon an Event of Default under and as defined in the Loan Agreement (an "Event of Default"), Debtor shall have the right to use the Collateral in the ordinary course of its business, subject to the terms and covenants of the Loan Agreement and this Agreement.

5. Remedies Upon Default. Whenever any Event of Default shall occur and be continuing, Debtor's rights pursuant to Section 4 hereof shall, at Secured Party's option, terminate and be null and void, and Secured Party shall have all the rights and remedies granted to it in such event by the Loan Agreement, which rights and remedies are specifically incorporated herein by reference and made a part hereof. Secured Party in such event may collect directly any payments due to Debtor in respect of the Collateral and may sell, license, lease, assign, or otherwise dispose of the Collateral in the manner set forth in the Loan Agreement. Debtor agrees that, in the event of any disposition of the Collateral upon any such Event of Default, it will duly execute, acknowledge, and deliver all documents necessary or advisable to record title to the Collateral in any transferee or transferees thereof, including, without limitation, valid, recordable assignments of the Trademarks and Future Trademarks. In the event Debtor fails or refuses to execute and deliver such documents, Debtor hereby irrevocably appoints Secured Party as its attorney-in-fact, with power of substitution, to execute, deliver, and record any such documents on Debtor's behalf. Notwithstanding any provision hereof to the contrary, during the continuance of an Event of Default, Debtor may sell merchandise or services bearing the Trademarks and Future Trademarks in the ordinary course of its business and in a manner consistent with its past practices, until it receives written notice from Secured Party to the contrary. The preceding sentence shall not limit any right or remedy granted to Secured Party with respect to Debtor's inventory under the Loan Agreement or any other agreement now or hereinafter in effect.

6. Power of Attorney. Concurrently with the execution and delivery hereof, Debtor shall execute and deliver to the Secured Party, in the form of Exhibit B hereto, five (5) originals of a Special Power of Attorney for the implementation of the assignment, sale or other disposal of the Trademarks and Future Trademarks pursuant to Section 5. Debtor hereby releases Secured Party from any claims, causes of action and demands at any time arising out of

or with respect to any actions taken or omitted to be taken by Secured Party in accordance with Section 5 under the powers of attorney granted therein, other than actions taken or omitted to be taken through the bad faith, willful misconduct or gross negligence of Secured Party, as determined by a final, non-appealable order of a court of competent jurisdiction.

7. Cumulative Remedies. The rights and remedies provided herein are cumulative and not exclusive of any other rights or remedies provided by law. The rights and remedies provided herein are intended to be in addition to and not in substitution of the rights and remedies provided by the Loan Agreement.

8. Amendments and Waivers. This Agreement may not be modified, supplemented, or amended, or any of its provisions waived at the request of Debtor, without the prior written consent of Secured Party. Debtor hereby authorizes Secured Party to modify this Agreement by amending Exhibit A hereto to include any Future Trademarks or additional licenses.

9. Waiver of Rights. No course of dealing between the parties to this Agreement or any failure or delay on the part of any such party in exercising any rights or remedies hereunder shall operate as a waiver of any rights and remedies of such party or any other party, and no single or partial exercise of any rights or remedies by one party hereunder shall operate as a waiver or preclude the exercise of any other rights and remedies of such party or any other party. No waiver by Secured Party of any breach or default by Debtor shall be deemed a waiver of any other previous breach or default or of any breach or default occurring thereafter.

10. Assignment. The provisions of this Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the parties hereto; provided, however, that no interest herein or in or to the Collateral may be assigned by Debtor without the prior written consent of Secured Party; and, provided further, that the Secured Party may assign the rights and benefits hereof to any party acquiring any interest in the Obligations or any part thereof.

11. Further Acts. Debtor shall have the duty to prosecute diligently any application for the Trademarks and Future Trademarks pending as of the date of this Agreement or thereafter, until the Obligations shall have been paid in full, and to make applications on material unregistered but registrable trademarks in any location where Debtor does business and to preserve and maintain all rights in the Trademarks and the other Collateral. Any expenses incurred in connection with such applications shall be borne by Debtor. Debtor shall not abandon any right to file a trademark application or registration for any trademark material to its business, or abandon any such pending trademark application or registration, without the consent of Secured Party.

12. Enforcement. Upon Debtor's failure to do so after Secured Party's demand, or upon an Event of Default, Secured Party shall have the right but shall in no way be obligated to bring suit in Debtor's or Secured Party's name to enforce the Trademarks, Future Trademarks, and any license under any of the foregoing, in which event Debtor shall at the

request of Secured Party do any and all lawful acts and execute any and all proper documents required by Secured Party in aid of such enforcement and Debtor shall promptly, upon demand, reimburse and indemnify Secured Party or its agents for all reasonable costs and expenses incurred by Secured Party in the exercise of its rights under this Section 12.

13. Release of Security Interest. At such time as Debtor shall completely satisfy all of the Obligations, and the Loan Documents have been terminated, other than upon enforcement of Secured Party's remedies under the Loan Documents after an Event of Default, Secured Party will execute and deliver to Debtor all deeds, assignments and other instruments as may be necessary or proper to release Debtor's lien in the Collateral, subject to any dispositions thereof which may have been made by Secured Party pursuant hereto.

14. Severability. If any clause or provision of this Agreement shall be held invalid or unenforceable, in whole or in part, in any jurisdiction, such invalidity or unenforceability shall attach only to such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect any other clause or provision in any other jurisdiction.

15. Notices. All notices, requests and demands to or upon Debtor or Secured Party under this Agreement shall be given in the manner prescribed by the Loan Agreement.

16. Governing Law. This Agreement shall be governed by and construed, applied, and enforced in accordance with the federal laws of the United States of America applicable to trademarks and the laws of the State of New York, except that no doctrine of choice of law shall be used to apply the laws of any other state or jurisdiction.

17. Loan Document. This Agreement is one of the Loan Documents.

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the date first above written.

LION RIBBON COMPANY, INC.  
Debtor

By: Daniel P. Barron  
Name: Daniel P. Barron  
Title: V.P. - Finance

NATIONSCREDIT COMMERCIAL  
CORPORATION, through its NATIONSCREDIT  
COMMERCIAL FUNDING DIVISION,  
Secured Party

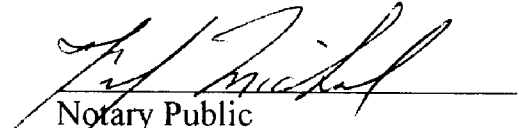
By: Christopher S. Hudik  
Name: Christopher S. Hudik  
Title: V/P

[Security Agreement (Trademark) – Lion Ribbon Company, Inc.]



STATE OF New York )  
 ) ss:  
COUNTY OF New York )

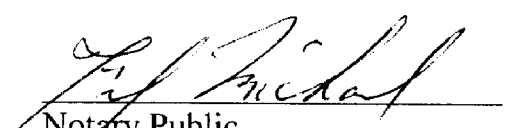
On the 12 day of February 1999 before me personally came Daniel P. Barron, to me known, who being by me duly sworn, did depose and say that he is the V.P. - Finance of LION RIBBON COMPANY, INC., the corporation described in and which executed the foregoing instrument; and that he signed his name thereto by order of the Board of Directors of said corporation.

  
Notary Public

FRANTZ MICHAUD  
Notary Public, State of New York  
No. 01M15064959  
Qualified in Kings County  
Certificate filed in New York County  
Commission Expires Aug. 26, 2000

STATE OF New York )  
 ) ss:  
COUNTY OF New York )

On the 25 day of February 1999, before me personally came Christopher S. Hudik, to me known, who being by me duly sworn, did depose and say that he is a Vice President of NATIONSCREDIT COMMERCIAL CORPORATION, through its NATIONSCREDIT COMMERCIAL FUNDING DIVISION, the corporation described in and which executed the foregoing instrument; and that he signed his name thereto by order of the board of directors of said corporation.

  
Notary Public

FRANTZ MICHAUD  
Notary Public, State of New York  
No. 01M15064959  
Qualified in Kings County  
Certificate filed in New York County  
Commission Expires Aug. 26, 2000

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