

MRD 6-23-99

FORM PTO-1618A
Expires 06/30/99
OMB 0651-0027

U.S. Department of Commerce
Patent and Trademark Office
TRADEMARK

06-28-1999



101077049

COVER SHEET

OFFICE OF TRADEMARKS

TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type

- New
- Resubmission (Non-Recordation)
Document ID #
- Correction of PTO Error
Reel # Frame #
- Corrective Document
Reel # Frame #

Conveyance Type

- Assignment License
- Security Agreement Nunc Pro Tunc Assignment
Effective Date
Month Day Year
- Merger
- Change of Name
- Other

Conveying Party

Mark if additional names of conveying parties attached

Execution Date
Month Day Year

Name

Formerly

- Individual General Partnership Limited Partnership Corporation Association

Other

Citizenship/State of Incorporation/Organization

Receiving Party

Mark if additional names of receiving parties attached

Name

DBA/AKATA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)

City

State/Country

Zip Code

- Individual General Partnership Limited Partnership If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. (Designation must be a separate document from Assignment.)
- Corporation Association
- Other

Citizenship/State of Incorporation/Organization

06/25/1999 NTHA11 00000206 75514075

FOR OFFICE USE ONLY

01 FC:481
02 FC:482

40.00 OP
325.00 OP

Public burden reporting for this collection of information is estimated to average approximately 30 minutes per Cover Sheet to be recorded, including time for reviewing the document and gathering the data needed to complete the Cover Sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Chief Information Officer, Washington, D.C. 20231 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0651-0027), Washington, D.C. 20503. See OMB Information Collection Budget Package 0651-0027, Patent and Trademark Assignment Practice. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.

Mail documents to be recorded with required cover sheet(s) information to:
Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231

TRADEMARK
REEL: 001919 FRAME: 0764

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Correspondent Name and Address

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Pages

Enter the total number of pages of the attached conveyance document including any attachments.

#

Trademark Application Number(s) or Registration Number(s)

Mark if additional numbers attached

Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

Trademark Application Number(s)

Registration Number(s)

Number of Properties

Enter the total number of properties involved.

#

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41):

\$

Method of Payment:

Enclosed

Deposit Account

Deposit Account

(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number:

#

Authorization to charge additional fees:

Yes

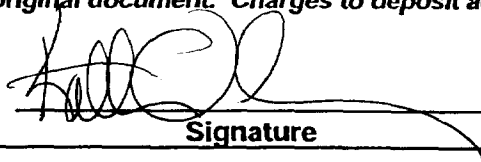
No

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. Charges to deposit account are authorized, as indicated herein.

Kathleen O. Currey

Name of Person Signing



Signature

6.16.99

Date Signed

RECORDATION FORM COVER SHEET CONTINUATION TRADEMARKS ONLY

Conveying Party

Enter Additional Conveying Party

Mark if additional names of conveying parties attached

Execution Date
Month Day Year

Name

Formerly

Individual General Partnership Limited Partnership Corporation Association

Other

Citizenship State of Incorporation/Organization

Receiving Party

Enter Additional Receiving Party

Mark if additional names of receiving parties attached

Name

DBA/AKA/TA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)

City

State/Country

Zip Code

Individual General Partnership Limited Partnership

Corporation Association

Other

Citizenship/State of Incorporation/Organization

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached (Designation must be a separate document from the Assignment.)

Trademark Application Number(s) or Registration Number(s)

Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

Mark if additional numbers attached

Trademark Application Number(s)

Registration Number(s)

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TRADEMARK SECURITY AGREEMENT

This TRADEMARK SECURITY AGREEMENT (this "Agreement") is made as of November 3, 1998, by and between World Bazaars, Inc., a California corporation (the "Borrower"), and Suntrust Bank, Atlanta (the "Agent"), as agent for the Lenders (as defined below) and the Issuing Bank (as defined below).

WITNESSETH:

WHEREAS, the Borrower, the lenders party thereto (the "Lenders"), Suntrust Bank, Atlanta, as Issuing Bank (together with any other Person who hereafter may be designated as an Issuing Bank pursuant to the Credit Agreement (as defined below), the "Issuing Banks") and the Agent are parties to that certain Credit Agreement of even date herewith (as the same may hereafter be modified, amended, restated or supplemented from time to time, the "Credit Agreement"), pursuant to which the Lenders have agreed to extend credit to the Borrower from time to time and the Borrower has granted a security interest in all of its assets to the Agent for the benefit of the Agent, the Lenders and the Issuing Banks (the "Lender Group"); and

WHEREAS, the Lender Group has required that the Borrower execute and deliver this Agreement (i) in order to secure the prompt and complete payment, observance and performance of all of the Obligations (as defined in the Credit Agreement) and (ii) as a condition precedent to any extension of credit under the Credit Agreement;

NOW, THEREFORE, for and in consideration of the premises set forth above and for other good and valuable consideration, the receipt, sufficiency and adequacy of which are hereby acknowledged, the Borrower hereby agrees as follows:

1. Defined Terms.

(a) Unless otherwise defined herein, each capitalized term used herein that is defined in the Credit Agreement shall have the meaning specified for such term in the Credit Agreement.

(b) The words "hereof", "herein" and "hereunder" and words of like import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and paragraph references are to this Agreement unless otherwise specified.

(c) All terms defined in this Agreement in the singular shall have comparable meanings when used in the plural, and vice versa, unless otherwise specified.

2. Incorporation of Premises. The premises set forth above are incorporated into this Agreement by this reference thereto and are made a part hereof.

3. Incorporation of the Credit Agreement. The Credit Agreement and the terms and provisions thereof are hereby incorporated herein in their entirety by this reference thereto.

4. Security Interest in Trademarks. To secure the complete and timely payment, performance and satisfaction of all of the Obligations, the Borrower hereby grants to the Agent for the benefit of the Lender Group a security interest in, as and by way of a first mortgage and security interest having priority over all other security interests, with power of sale to the extent permitted by applicable law, all of the Borrower's now owned or existing and hereafter acquired or arising: (i) trademarks, trade names, registered trademarks, trademark applications, service marks, registered service marks and service mark applications, including, without limitation, the trademarks, trade names, registered trademarks, trademark applications, service marks, registered service marks and service mark applications listed on Schedule 1 attached hereto and made a part hereof, and (a) all renewals thereof, (b) all income, royalties, damages and payments now and hereafter due and/or payable under and with respect thereto, including, without limitation, payments under all licenses entered into in connection therewith and damages and payments for past or future infringements or dilutions thereof, (c) the right to sue for past, present and future infringements and dilutions thereof, (d) the goodwill of the Borrower's business symbolized by the foregoing and connected therewith and (e) all of the Borrower's rights corresponding thereto throughout the world (all of the foregoing trademarks, trade names, registered trademarks and trademark applications, service marks, registered service marks and service mark applications, together with the items described in clauses (a)-(e) in this paragraph 4(j), are sometimes hereinafter individually and/or collectively referred to as the "Trademarks"); and (ii) the goodwill of the Borrower's business connected with and symbolized by the Trademarks.

5. Restrictions on Future Agreements. The Borrower agrees that it will not, without the Agent's prior written consent, enter into any agreement, including, without limitation, any license agreement, which is inconsistent with this Agreement, and the Borrower further agrees that it will not take any action, and will use its best efforts not to permit any action to be taken by others subject to its control, including, without limitation, licensees, or fail to take any action, which would in any material respect affect the validity or enforcement of the rights transferred to the Agent under this Agreement or the rights associated with the Trademarks.

6. New Trademarks. The Borrower represents and warrants that, from and after the Agreement Date, (a) the Trademarks listed on Schedule 1 include all of the trademarks, trade names, registered trademarks, trademark applications, service marks, registered service marks and service mark applications now owned or held by the Borrower, and (b) no liens, claims or security interests in such Trademarks have been granted by the Borrower to any Person other than the Agent and except as disclosed in the Credit Agreement. If, prior to the termination of this Agreement, the Borrower shall (i) obtain rights to any new trademarks, trade names, registered trademarks, trademark applications, service marks, registered service marks or service mark applications or (ii) become entitled to the benefit of any trademarks, trade names, registered trademarks, trademark applications, trademark licenses, trademark license renewals, service marks, registered service marks, service mark applications, service

mark licenses or service mark license renewals or license agreements whether as licensee or licensor, the provisions of paragraph 4 above shall automatically apply thereto (to the extent permitted by licensors under agreements in connection with the granting of such licenses). The Borrower shall give to the Agent written notice of events described in clauses (i) and (ii) of the preceding sentence promptly after the occurrence thereof. The Borrower may, and hereby authorizes the Agent to, modify this Agreement unilaterally (i) by amending Schedule 1 to include any future trademarks, trade names, registered trademarks, trademark applications, service marks, registered service marks and service mark applications, which are Trademarks under paragraph 4 above or under this paragraph 6 and (ii) by filing, in addition to and not in substitution for this Agreement, a duplicate original of this Agreement containing on Schedule 1 thereto, as the case may be, such future trademarks, trade names, registered trademarks, trademark applications, service marks, registered service marks and service mark applications.

7. Royalties. The Borrower hereby agrees that the use by the Agent of the Trademarks as authorized hereunder in connection with the Agent's exercise of its rights and remedies under paragraph 15 or pursuant to any Loan Document shall be coextensive with the Borrower's rights thereunder and with respect thereto and without any liability for royalties or other related charges from the Lender Group to the Borrower.

8. Right to Inspect; Further Assignments and Security Interest. The Agent may from time to time hereafter (during normal business hours if no Event of Default then exists or at any time if an Event of Default then exists), have access to, examine, audit, make copies (at the Borrower's expense) and extracts from and inspect the Borrower's premises and examine the Borrower's books, records and operations relating to the Trademarks. The Borrower agrees not to sell or assign its respective interests in, or grant any license under, the Trademarks without the prior and express written consent of the Agent.

9. Nature and Continuation of the Agent's Security Interest; Termination of the Agent's Security Interest. This Agreement is made for collateral security purposes only. This Agreement shall create a continuing security interest in the Trademarks and shall terminate only when the Obligations have been paid in full and the Commitments and Letter of Credit Commitment have been terminated. When this Agreement has terminated, the Agent shall promptly execute and deliver to the Borrower, at the Borrower's expense, all termination statements and other instruments as may be necessary or proper to terminate the Agent's security interest in the Trademarks, subject to any disposition thereof which may have been made by the Agent pursuant to this Agreement or the Credit Agreement.

10. Duties of the Borrower. The Borrower shall have the duty, to the extent desirable in the normal conduct of its business, to prosecute diligently any trademark application or service mark application that is part of the Trademarks pending as of the date hereof or hereafter until the termination of this Agreement. The Borrower further agrees (i) not to abandon any Trademark material to its business without the prior written consent of the Agent, and (ii) to use its best efforts to maintain in full force and effect the Trademarks that are or shall be necessary or

economically desirable in the operation of its business. Any expenses incurred in connection with the foregoing shall be borne by the Borrower. The Agent shall not have any duty, other than any duty imposed by law, with respect to the Trademarks. Without limiting the generality of the foregoing, neither the Agent nor any of the Lenders or the Issuing Banks shall be under any obligation to take any steps necessary to preserve rights in the Trademarks against any other parties, but the Agent may do so at its option from and after the occurrence of an Event of Default, and all expenses incurred in connection therewith shall be for the sole account of the Borrower and shall be added to the Obligations secured hereby.

11. The Agent's Right to Sue. From and after the occurrence of an Event of Default, the Agent shall have the right, but shall not be obligated, to bring suit in its own name to enforce the Trademarks and, if the Agent shall commence any such suit, the Borrower shall, at the request of the Agent, do any and all lawful acts and execute any and all proper documents reasonably required by the Agent in aid of such enforcement. The Borrower shall, upon demand, promptly reimburse the Agent for all reasonable costs and expenses incurred by the Agent in the exercise of its rights under this paragraph 11 (including, without limitation, fees and expenses of attorneys and paralegals for the Agent).

12. Waivers. The Agent's failure, at any time or times hereafter, to require strict performance by the Borrower of any provision of this Agreement shall not waive, affect or diminish any right of the Agent thereafter to demand strict compliance and performance therewith nor shall any course of dealing between the Borrower and the Agent have such effect. No single or partial exercise of any right hereunder shall preclude any other or further exercise thereof or the exercise of any other right. None of the undertakings, agreements, warranties, covenants and representations of the Borrower contained in this Agreement shall be deemed to have been suspended or waived by the Agent unless such suspension or waiver is in writing signed by an officer of the Agent and directed to the Borrower specifying such suspension or waiver.

13. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but the provisions of this Agreement are severable, and if any clause or provision shall be held invalid and unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part hereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Agreement in any jurisdiction.

14. Modification. This Agreement cannot be altered, amended or modified in any way, except as specifically provided in paragraph 6 hereof or by a writing signed by the parties hereto.

15. Power of Attorney: Cumulative Remedies. (a) The Borrower hereby irrevocably designates, constitutes and appoints the Agent (and all officers and agents of the Agent designated by the Agent in its sole and absolute discretion) as the Borrower's true and lawful attorney-in-fact, and authorizes the Agent and any of the

Agent's designees, in the Borrower's or the Agent's name, upon the occurrence and during the continuation of an Event of Default to take any action and execute any instrument necessary or reasonably advisable to accomplish the purposes of this Agreement, including, without limitation, to (i) endorse the Borrower's name on all applications, documents, papers and instruments necessary or reasonably desirable for the Agent in the use of the Trademarks, (ii) assign, pledge, convey or otherwise transfer title in or dispose of the Trademarks to anyone, (iii) grant or issue any exclusive or nonexclusive license under the Trademarks to anyone, and (iv) take any other actions with respect to the Trademarks as the Agent reasonably deems in the best interest of the Lender Group. The Borrower hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney is coupled with an interest and shall be irrevocable until this Agreement is terminated. The Borrower acknowledges and agrees that this Agreement is not intended to limit or restrict in any way the rights and remedies of the Agent under the Credit Agreement or any other Loan Document, but rather is intended to facilitate the exercise of such rights and remedies.

(b) The Agent shall have, in addition to all other rights and remedies given it by the terms of this Agreement, all rights and remedies allowed by law and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in any jurisdiction in which the Trademarks may be located or deemed located. Upon the occurrence of an Event of Default and the election by the Agent to exercise any of its remedies under Section 9-504 or Section 9-505 of the Uniform Commercial Code as in effect in the State of Georgia with respect to the Trademarks, the Borrower agrees to assign, convey and otherwise transfer title in and to the Trademarks to the Agent or any transferee of the Agent and to execute and deliver to the Agent or any such transferee all such agreements, documents and instruments as may be necessary, in the Agent's sole discretion, to effect such assignment, conveyance and transfer. All of the Agent's rights and remedies with respect to the Trademarks, whether established hereby, by the Credit Agreement or by any other agreements or by law, shall be cumulative and may be exercised separately or concurrently. Notwithstanding anything set forth herein to the contrary, it is hereby expressly agreed that upon the occurrence of an Event of Default, the Agent may exercise any of the rights and remedies provided in this Agreement, the Credit Agreement or any of the other Loan Documents. The Borrower agrees that any notification of intended disposition of any of the Trademarks required by law shall be deemed reasonably and properly given if given at least five (5) days, if such notice is given by facsimile or eight (8) days, if such notice is given by mail, before such disposition; provided, however, that the Agent may give any shorter notice that is commercially reasonable under the circumstances.

16. Successors and Assigns. This Agreement shall be binding upon the Borrower and its successors and assigns, and shall inure to the benefit of each of the Agent, the Lenders and the Issuing Banks and their respective nominees, successors and assigns. The Borrower's successors and assigns shall include, without limitation, a receiver or a trustee of the Borrower; provided, however, that the Borrower shall not voluntarily assign or transfer its rights or obligations hereunder without the Agent's prior written consent.

17. Governing Law. This Agreement shall be construed and enforced and the rights and duties of the parties shall be governed by in all respects in accordance with the laws and decisions of the State of Georgia without reference to the conflicts or choice of law principles thereof.

18. Notices. All notices or other communications hereunder shall be given in the manner and to the addresses set forth in the Credit Agreement.

19. Paragraph Titles. The paragraph titles herein are for convenience of reference only, and shall not affect in any way the interpretation of any of the provisions hereof.

20. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of a counterpart hereof by facsimile transmission shall be as effective as delivery of a manually executed counterpart hereof.

21. Merger. This Agreement represents the final agreement of the Borrower, the Lenders, the Issuing Banks and the Agent with respect to the matters contained herein and may not be contradicted by evidence of prior or contemporaneous agreements, or subsequent oral agreements, between the Borrower and the Agent or any Lender.

22. Effectiveness. This Agreement shall become effective on the Agreement Date.

[Remainder of this page intentionally left blank]

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

Sworn to and subscribed before me this ___ day of November, 1998.

see attached

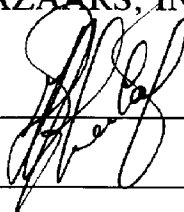
NOTARY PUBLIC

My Commission Expires

WORLD BAZAARS, INC.

By: _____

Its: _____



Accepted and agreed to as of the day and year first above written:

Sworn to and subscribed before me this ___ day of November, 1998.

SUNTRUST BANK, ATLANTA, as Agent

By: _____

Its: _____

NOTARY PUBLIC

My Commission Expires

By: _____

Its: _____

NOTARY PUBLIC

My Commission Expires

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

Sworn to and subscribed before me this ___ day of November, 1998.

WORLD BAZAARS, INC.

By: _____

Its: _____

NOTARY PUBLIC

My Commission Expires

Accepted and agreed to as of the day and year first above written:

SUNTRUST BANK, ATLANTA, as Agent

By: [Signature]

Its: [Signature]

Sworn to and subscribed before me this 2nd day of November, 1998.

Daria
NOTARY PUBLIC
MARCH 9, 2001
FAYETTE COUNTY

My Commission Expires
Sworn to and subscribed before me this 2nd day of November, 1998.

By: [Signature]

Its: Susan M. Hall

Daria D. Giebler

NOTARY PUBLIC

My Commission Expires
DARIA D. GIEBLER
NOTARY PUBLIC
EXPIRES
GEORGIA
MARCH 9, 2001
FAYETTE COUNTY

SCHEDULE 1
to
Trademark Security Agreement

Dated as of November 2, 1998

Tradenames

The Borrower distributes merchandise under the fictitious name, HGSM Concepts. The name was advertised but not officially filed with the Los Angeles County Recorder's Office.

Current Trademarks

<u>Name</u>	<u>Record Owner</u>	<u>Registration No.</u>
Bathroom Friends	World Bazaars, Inc.	1,987,837
Heavenly Angels	World Bazaars, Inc.	1,884,993
Snow Angel	World Bazaars, Inc.	1,914,035
Teddy & Me	World Bazaars, Inc.	1,991,492

Pending PTO Trademark Applications

<u>Name</u>	<u>Applicant</u>	<u>Application Serial No.</u>
Cook's Choice	World Bazaars, Inc.	75/514,075
Craft Master	World Bazaars, Inc.	75/514,082
For Keeps	World Bazaars, Inc.	75/514,094
Grime Busters	World Bazaars, Inc.	75/514,080
Home Town Express	World Bazaars, Inc.	75/433,353
Home Value Emporium	World Bazaars, Inc.	75/335,790
Main Street Home Collection	World Bazaars, Inc.	75/198,250

<u>Name</u>	<u>Applicant</u>	<u>Application Serial No.</u>
Noteworthy	World Bazaars, Inc.	75/514,093
Pet's Choice	World Bazaars, Inc.	75/514,099
Spectrum	World Bazaars, Inc.	75/514,095

LA983020.124/1+

Commissioner of Patents and Trademarks

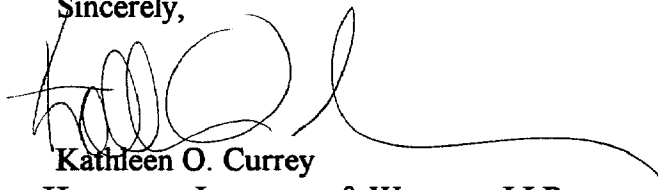
BOX ASSIGNMENTS

June 23, 1999

Page 2

Please call me if you have any questions regarding the requested filing.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kathleen O. Currey', with a long horizontal flourish extending to the right.

Kathleen O. Currey
for PAUL, HASTINGS, JANOFSKY & WALKER, LLP

Enclosures

cc: Chris D. Molen, Esq. (w/o encl.)

ATL/628945.1

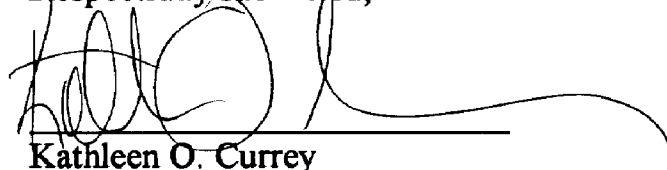
CERTIFICATE OF EXPRESS MAILING

“Express Mail” mailing label number: EL337083029US

Date of Deposit: June 23, 1999

I hereby certify that the attached Trademark Recordation Form Cover Sheet, Trademark Security Agreement, filing fee and transmittal letter are being deposited with the United States Postal Service “Express Mail Post Office to Addressee” service under 37 C.F.R. 1.10 on the date indicated above and is addressed to the Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C., 20231.

Respectfully submitted,



Kathleen O. Currey
PAUL, HASTINGS, JANOFSKY & WALKER LLP
600 Peachtree Street, N.E., Suite 2400
Atlanta, Georgia 30308
(404) 815-2277