

07-06-1999

NRD
7/2/99



101085607

RECORDATION FORM COVER SHEET
TRADEMARKS ONLY

7/2/99

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
- Merger
- Change of Name
- Other

Effective Date
Month Day Year
06 29 1999

Conveying Party

Mark if additional names of conveying parties attached

Name

Execution Date
Month Day Year
06 29 1999

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/AKA/TA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)

- Individual General Partnership Limited Partnership
- Corporation Association
- Other

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.)

Citizenship/State of Incorporation/Organization

07/06/1999 DMBUYEN 00000017 1993728

FOR OFFICE USE ONLY

01 FC:481

40.00 DP

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: 001923 FRAME: 0194

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)

<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>

Registration Number(s)

<input type="text" value="1993728"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>

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

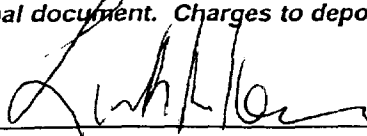
No

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.

Linda R. Kastner

Name of Person Signing



Signature

6/29/99

Date Signed

TRADEMARK SECURITY AGREEMENT

THIS TRADEMARK SECURITY AGREEMENT (this "Agreement") is made and entered into as of June 27, 1999 by A.R. CLARKE LIMITED, an Ontario corporation ("Debtor"), in favor of CONGRESS FINANCIAL CORPORATION (CANADA), an Ontario corporation, individually and as agent for itself and U.S. Lender (as hereinafter defined) ("Lender").

WITNESSETH:

WHEREAS, Debtor and Lender have entered into that certain Loan Agreement dated as of even date herewith (as amended or otherwise modified from time to time, the "Loan Agreement"), providing for the extension of credit by Lender to Debtor; and

WHEREAS, Debtor has executed a certain guarantee (as amended or otherwise modified from time to time, the "Guarantee") in favor of Congress Financial Corporation (Central) ("U.S. Lender") absolutely and unconditionally guaranteeing to U.S. Lender the payment and performance of all now existing and hereafter arising obligations, liabilities and indebtedness of Debtor's Parent, United States Leather, Inc., a Wisconsin corporation ("U.S. Borrower"), to U.S. Lender pursuant to that certain Loan and Security Agreement of even date herewith between U.S. Lender and U.S. Borrower (as amended or otherwise modified from time to time, the "U.S. Loan Agreement"); and

WHEREAS, Lender has required, as a condition to the extension of credit under the Loan Agreement, and U.S. Lender has required, as a condition to the extension of credit to U.S. Borrower under the U.S. Loan Agreement, that Debtor grant to Lender, individually and as agent for itself and U.S. Lender, a security interest in and to the Collateral (as defined herein). Capitalized terms used herein and not otherwise defined are used as they are defined in the Loan Agreement.

AGREEMENT

1. Creation of Security Interest. Debtor hereby grants to Lender, individually and as agent for itself and U.S. Lender, a security interest in all of Debtor's right, title and interest in and to the collateral described in Section 2 herein (the "Collateral") in order to secure the payment of the Obligations and obligations under this Agreement (collectively, the "Secured Obligations").

2. Collateral. The Collateral is:
 - (a) all of Debtor's trademarks, trademark registrations, tradenames and trademark applications, which, in each case, are owned by Debtor and are now or hereafter filed

with the United States Patent and Trademark Office, or, to the extent applicable, any similar office or agency of any state, territory or possession of the United States or any similar office or agency of any other countries or used in the United States, any state, territory or possession thereof or any other country, including, without limitation, the trademarks, tradenames, trademark registrations and trademark applications listed on Schedule A attached hereto and made a part hereof, and (i) renewals thereof, (ii) all income, royalties, damages and payments now and hereafter due or payable with respect thereto, including, without limitation, payments under all licenses entered into in connection therewith and damages and payments for past or future infringements thereof, (iii) the right to sue for past, present and future infringements thereof, and (iv) all rights corresponding thereto throughout the world (all of the foregoing trademarks, trademark registrations, tradenames and trademark applications, together with the items described in clauses (i)-(iv) in this subparagraph (a), are sometimes hereinafter referred to, either individually or collectively, as the "Trademarks"); and

(b) the goodwill of Debtor's business connected with and symbolized by the Trademarks.

3. License

(a) Grant of License. Debtor hereby grants to Lender, individually and as agent for itself and U.S. Lender, a non-exclusive, assignable right and license (i) under the Trademarks to use such Trademarks and (ii) under any license agreements held by Debtor with respect to trademarks owned by any person or entity other than Debtor, to the extent permitted under such agreements to use such Intellectual Property, and to sell any Collateral bearing any such Trademarks to the extent that such license is reasonably necessary to permit or to facilitate the collection of any accounts receivable of Debtor or the disposition of any Collateral (the "License"). The License shall be without royalty or any other payments or fees by Lender and the permitted use by Lender thereunder (i) shall be worldwide and (ii) shall be limited only by those restrictions to which Debtor is subject under the Trademarks. Notwithstanding anything herein to the contrary, Lender agrees that it shall not exercise the license granted to it pursuant to this Section 3(a) except following the occurrence and during the continuation of an Event of Default.

(b) Term of License. The term of the License (the "License Term") shall continue until the earlier of: (i) the expiration of all of the Trademarks; (ii) full and final payment and performance of all the Secured Obligations and the termination of the Loan Agreement, the other Financing Agreements, the U.S. Loan Agreement and the other U.S. Financing Agreements; or (iii) disposition of all Collateral and any proceeds thereof in connection with the enforcement of Lender's remedies under the Loan Agreement and the other Financing Agreements and application of the proceeds of such disposition to the satisfaction of the Secured Obligations.

4. Restrictions on Future Agreements. Until the Secured Obligations shall have been satisfied in full and the Loan Agreement, the other Financing Agreements, the U.S. Loan Agreement and the other U.S. Financing Agreements shall have been terminated, Debtor will not, without Lender's prior written consent, which consent shall not be unreasonably withheld,

(a) enter into any agreement, including, without limitation, any license agreement that is inconsistent with Debtor's obligations under this Agreement, the Loan Agreement and the other Financing Agreements to which Debtor is a party, (b) take any action, or permit any action to be taken by others subject to its control, including licensees, or fail to take any action (including, without limitation, the abandonment of any Trademark), that would affect the validity or enforceability of the rights transferred to Lender under this Agreement or (c) enter into any other contractual obligations which is reasonably likely to restrict or inhibit Lender's rights to sell or otherwise dispose of the Collateral or any part thereof after the occurrence and during the continuation of an Event of Default.

5. New Trademarks. Debtor represents and warrants that the Trademarks listed on Schedule A hereto constitute all of the registered trademarks, tradenames and applications which are as of the date hereof owned by or are pending on behalf of Debtor in the United States or any state of the United States (as set forth on Schedule A hereto). If, before the Secured Obligations shall have been satisfied in full, Debtor shall (i) (a) obtain any registration or apply for any registration after the date hereof in the United States Patent and Trademark Office or in any similar office or agency of a state, territory or possession of the United States or (b) obtain rights to any trademarks or tradenames used in the United States or any state, territory or possession thereof, or (ii) (a) become entitled to the benefit of any trademark application, trademark, tradename or trademark registration in the United States or any state, territory or possession thereof or (b) become entitled to the benefit of any trademark or tradenames used in the United States or any state, territory or possession thereof, the provisions of Section 1 hereof shall automatically apply thereto and Debtor shall give to Lender written notice thereof. Debtor hereby authorizes Lender to modify this Agreement by amending Schedule A hereto to include any future trademarks, trademark registrations, trademark applications and tradenames that are Trademarks, as applicable, under Section 2 hereof or under this Section 5.

6. Additional Representations and Warranties. Debtor hereby represents, warrants, covenants and agrees that:

(a) Except as otherwise provided herein or in the Loan Agreement, it is and will continue to be the owner of all its right, title and interest in the Collateral so long as the Trademarks shall continue in force, free from any lien in favor of any person or entity.

(b) It has the full right and power to grant the security interest in the Collateral made hereby.

(c) As of the date hereof, there is no assignment, transfer or agreement in conflict herewith or constituting a present or future assignment, transfer, or encumbrance on any of the Collateral.

(d) So long as any Secured Obligations remain outstanding or the Loan Agreement or any of the other Financing Agreements has not terminated, it will not execute, and there will not, except as otherwise provided in the Loan Agreement, be on file in any public office, any financing statement or other document or instruments evidencing or giving notice of liens affecting the Collateral.

(e) No material infringement or unauthorized use presently is being made of any of the Trademarks which would adversely affect the fair market value of the Collateral or the benefits of this Agreement granted to Lender, including, without limitation, the validity, priority or perfection of the security interest granted herein or the remedies of Lender hereunder and Debtor will continue to maintain monitoring and enforcement practices which fully and adequately protect the Collateral.

7. Royalties; Term. Debtor hereby agrees that the permitted use by Lender of all Trademarks shall be worldwide without any liability for royalties or other related charges from the Lender to Debtor. The term of the security interest granted herein shall extend until the earlier of (i) the expiration of each of the respective Trademarks, or (ii) the Secured Obligations have been paid in full and the Loan Agreement, the other Financing Agreements, the U.S. Loan Agreement and the other U.S. Financing Agreements have been terminated.

8. Lender's Right to Maintain Quality. Debtor agrees that after the occurrence and during the continuation of an Event of Default, Lender shall have the right to establish such additional product quality controls as Lender, in its sole judgment, deems reasonably necessary to assure maintenance of the quality of products sold by Debtor under the Trademarks. Debtor agrees (i) not to sell or assign its interest in, or to grant any license under, any Trademarks without the prior written consent of Lender, which consent shall not be unreasonably withheld; (ii) to maintain the quality of any and all products in connection with which the Trademarks are used, consistent with the quality of such products as of the date hereof; and (iii) to provide Lender, upon request, with a certificate of an officer of Debtor certifying Debtor's compliance with the foregoing.

9. Duties of Debtor. Debtor shall, unless Lender shall otherwise consent (which consent shall not be unreasonably withheld) (i) prosecute, in its best judgment, diligently any trademark application that is part of the Trademarks pending as of the date hereof or thereafter until the Secured Obligations shall have been paid in full and the Loan Agreement, the other Financing Agreements, the U.S. Loan Agreement and the other U.S. Financing Agreements shall have been terminated, (ii) make application for registration on trademarks, as appropriate, (iii) preserve and maintain all rights in trademark applications, trademarks, tradenames, and trademark registrations that are part of the Trademarks; (iv) not abandon any right to file a trademark application nor any pending trademark application if the value thereof could reasonably be expected to justify the cost of obtaining such trademark, and (v) not abandon any given Trademark. Any expenses incurred in connection with the applications referred to in this Section 9 shall be borne by Debtor. Debtor agrees to retain an experienced trademark attorney for the filing and prosecution of all such applications and other proceedings.

If Debtor fails to comply with any of the foregoing duties, Lender may so comply in Debtor's name to the extent permitted by law, but at Debtor's expense, and Debtor hereby agrees to reimburse Lender in full for all expenses, including the reasonable fees and disbursements of attorneys and paralegals (including charges for inside counsel) incurred by Lender in protecting, defending and maintaining the Collateral.

In the event that Debtor shall fail to pay when due any fees required to be paid by it hereunder, or shall fail to discharge any lien, prohibited hereby, or shall fail to comply with any other duty hereunder, Lender may, but shall not be required to, pay, satisfy, discharge or bond the same for the account of Debtor and all moneys so paid out shall be Secured Obligations of Debtor repayable on demand, together with interest at a rate equal to the Interest Rate applicable to Revolving Loans that are Prime Rate Loans from and after the occurrence of an Event of Default.

Except as otherwise provided in the Loan Agreement, Debtor shall take all action necessary to preserve and maintain the validity, perfection and first priority of the security interest granted herein in the Collateral to Lender, individually and as agent for itself and U.S. Lender.

10. Lender's Right to Sue. After the occurrence and during the continuation of an Event of Default, Lender shall have the right, but shall in no way be obligated, to bring suit in its own name to enforce the Collateral, and any licenses thereunder, and, if Lender shall commence any such suit, Debtor shall, at the request of Lender, do any and all lawful acts and execute any and all proper documents required by Lender in aid of such enforcement and Debtor shall indemnify and shall, upon demand, promptly reimburse Lender for all damages, costs and expenses, including attorneys' and paralegal fees and expenses, incurred by Lender in the commercially reasonable exercise of its rights under this Section 10. In the event that Lender shall commence any such enforcement action, Lender shall use good faith reasonable efforts to give Debtor prompt written notice thereof.

11. Waivers. No course of dealing between Debtor and Lender, nor any failure to exercise, nor any delay in exercising, on the part of Lender, any right, power or privilege hereunder or under the Loan Agreement or any other Financing Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

12. Severability. 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 thereof, 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. If any provision hereof shall render an otherwise valid Trademark invalid or ineffective, then such provision shall be void ab initio to the extent that the validity or effectiveness of the Trademark is thereby preserved and Debtor shall make suitable other valid arrangements to provide Lender with equivalent protections to that intended hereby.

13. Amendments and Waivers. Except as set forth in Section 5 hereof, neither this Agreement nor any provision hereof shall be amended, modified, waived or discharged orally or by course of conduct, but only by a written agreement signed by authorized officers of Lender and Debtor. Lender shall not, by any act, delay, omission or otherwise be deemed to have expressly or impliedly waived any of its rights, powers and/or remedies unless such waiver

shall be in writing and signed by an authorized officer of Lender. Any such waiver shall be enforceable only to the extent specifically set forth therein. A waiver by Lender of any right, power and/or remedy on any one occasion shall not be construed as a bar to or waiver of any such right, power and/or remedy which Lender would otherwise have on any future occasion, whether similar in kind or otherwise.

14. Remedies. If any Event of Default shall have occurred and be continuing, Lender shall be entitled to exercise in respect of the Collateral, in addition to other rights and remedies provided for herein, in the Loan Agreement and the other Financing Agreements or otherwise available to Lender, all of the rights and remedies of a secured party under the Uniform Commercial Code in effect in the State of Illinois (the "UCC") whether or not the UCC applies to the affected Collateral, and also may (i) require Debtor, and Debtor hereby agrees that it will upon the request of Lender, forthwith, (A) execute and deliver an assignment, substantially in the form of Exhibit A hereto, of all right, title and interest in and to the Collateral, and (B) take such other action as Lender may request to effectuate the outright assignment of such Collateral or to exercise, register or further perfect and protect their rights and remedies with respect to such assigned Collateral, and (ii) without notice except as specified below, sell the Trademarks and the goodwill of the businesses related thereto or any part thereof in one or more parcels at public or private sale, at any of Lender's offices or elsewhere, for cash, on credit or for future delivery, and upon such terms as are commercially reasonable. Debtor agrees that at least ten (10) days' prior notice to Debtor of the time and place of any public sale or the time which any private sale is to be made shall constitute reasonable notification. Lender shall not be obligated to make any sale of the Collateral regardless of notice of sale having been given. Lender may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. Lender may purchase all or any part of the Collateral at public or, if permitted by law, private sale and, in lieu of actual payment of such purchase price, may setoff the amount of such price against the Secured Obligations. The proceeds realized from the sale of any Collateral shall be, applied first to the reasonable costs, expenses and attorneys and paralegal fees and expenses incurred by Lender for collection and for acquisition, protection, and sale of the Collateral; second to interest due upon any of the Secured Obligations; and third to the principal of the Secured Obligations. If any deficiency shall arise, Debtor shall remain liable to Lender therefor. The commencement of any action, legal or equitable, or the rendering of any judgment or decree for deficiency shall not affect Lender's security interest in the Collateral until the Secured Obligations are fully paid. Debtor agrees that Lender has no obligation to preserve rights to Collateral against any other parties.

15. Cumulative Remedies; Power of Attorney; Effect on the Other Agreements.

All of Lender's rights and remedies with respect to the Collateral, whether established hereby, by the Loan Agreement, the other Financing Agreements or by law shall be cumulative and may be exercised singularly or concurrently. Debtor hereby authorizes Lender to make, constitute and appoint any officer or agent of Lender as Lender may select, in its sole discretion, as Debtor's true and lawful attorney-in-fact, with power, after the occurrence and during the continuation of an Event of Default to (a) endorse Debtor's name on all applications, documents, papers and instruments necessary or desirable for Lender in the use of the Collateral including, without limitation, if Debtor fails to execute and deliver within three (3) business days of Lender's

request therefor the assignment substantially in the form of Exhibit A hereto, (b) take any other actions with respect to the Collateral as Lender deems in the best interest of Lender or U.S. Lender, (c) grant or issue any exclusive or non-exclusive license under the Collateral to anyone, or (d) assign, pledge, convey or otherwise transfer title in or dispose of the Collateral to anyone. Debtor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney, being coupled with an interest, shall be irrevocable until all Secured Obligations shall have been paid in full and the Loan Agreement, the other Financing Agreements, the U.S. Loan Agreement and the other U.S. Financing Agreements have been terminated. Debtor acknowledges and agrees that this Agreement is not intended to limit or restrict in any way the rights and remedies of Lender under the Loan Agreement and the other Financing Agreements but rather is intended to facilitate the exercise of such rights and remedies.

16. Notice. Any notice, approval, consent or other communication to any party hereunder shall be in the form and manner, and to the addresses, set forth in the Loan Agreement.

17. Continuing Security Interest; Transfer of Obligations. This Agreement shall create a continuing security interest in the Collateral and shall (i) remain in full force and effect until payment in full of the Secured Obligations and termination of the Loan Agreement, the other Financing Agreements, the U.S. Loan Agreement and the other U.S. Financing Agreements, (ii) be binding upon Debtor, its successors and assigns, and (iii) inure, together with the rights and remedies of Lender hereunder, to the benefit of Lender and its successors, transferees and assigns. Without limiting the generality of the foregoing clause (iii) and subject to the provisions of the Loan Agreement, Lender may, assign or otherwise transfer any of the Secured Obligations and/or the "Obligations" as defined in the Loan Agreement to any other person or entity, and such other person or entity shall thereupon become vested with all the benefits in respect thereof granted to Lender herein or otherwise.

18. Authority of Lender. Lender shall have and be entitled to exercise all powers hereunder which are specifically delegated to Lender by the terms hereof, together with such powers as are reasonably incident thereto. Lender may perform any of its duties hereunder or in connection with the Collateral by or through agents or employees and shall be entitled to retain counsel and to act in reliance upon the advice of counsel concerning all such matters. Lender and its directors, officers, employees, attorneys and agents shall be entitled to rely on any communication, instrument or document believed by it or them to be genuine and correct and to have been signed or sent by the proper person or persons. Debtor agrees to indemnify and hold harmless Lender and any other person acting on behalf of Lender (excluding, for such purposes, employees of Lissner Associates Ltd.) from and against any and all costs, expenses, including reasonable fees and expenses of attorneys and paralegals (including charges of inside counsel), claims or liability incurred by Lender or such person hereunder, unless such claim or liability shall be due to willful misconduct or gross negligence on the part of Lender or such person.

19. Waiver. To the fullest extent it may lawfully so agree, Debtor agrees that it will not at any time insist upon, claim, plead, or take any benefit or advantage of any appraisal, valuation, stay, extension, moratorium, redemption or similar law now or hereafter

in force in order to prevent, delay, or hinder the enforcement hereof or the absolute sale of any part of the Collateral. Debtor for itself and all who claim through it, so far as it or they now or hereafter lawfully may do so, hereby waives the benefit of all such laws, and all right to have the Collateral marshaled upon any foreclosure hereof, and agrees that any court having jurisdiction to foreclose this Agreement may order the sale of the Collateral as an entirety. Without limiting the generality of the foregoing, Debtor hereby: (i) authorizes Lender in its sole discretion and without notice to or demand upon Debtor and without otherwise affecting the obligations of Debtor hereunder from time to time to take and hold other collateral (in addition to the Collateral) for payment of the Secured Obligations, or any part thereof, and to exchange, enforce or release such other collateral or any part thereof and to accept and hold any endorsement or guarantee of payment of the Secured Obligations, or any part thereof and to release or substitute any endorser or guarantor or any other person granting security for or in any other way obligated upon any Secured Obligations or any part thereof, and (ii) waives and releases any and all right to require Lender to collect any of the Secured Obligations from any specific item or items of the Collateral or from any other party liable as guarantor or in any other manner in respect of any of the Secured Obligations or from any collateral (other than the Collateral) for any of the Secured Obligations.

20. Interpretation of Agreement. Time is of the essence of this Agreement. All terms not defined herein shall have the meaning set forth in the UCC, except where the context otherwise requires. To the extent any term or provision of this Agreement conflicts with the Loan Agreement and the subject matter of such term or provision is not dealt with more specifically herein, the Loan Agreement shall control with respect to such term or provision.

21. Reinstatement. This Agreement shall continue to be effective or be reinstated, as the case may be, if at any time any amount received by Lender in respect of the Secured Obligations is rescinded or must otherwise be restored or returned by Lender upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of Debtor or upon the appointment of any intervenor or conservator of, or trustee or similar official for, Debtor or any substantial part of its assets, or otherwise, all as though such payments had not been made.

22. Final Expression. This Agreement, together with the other Financing Agreements to which Debtor is a party, is intended by the parties as a final expression of their agreement and is intended as a complete and exclusive statement of the terms and conditions thereof. Acceptance of or acquiescence in a course of performance rendered under this Agreement shall not be relevant to determine the meaning of this Agreement even though the accepting or acquiescing party had knowledge of the nature of the performance and opportunity for objection.

23. Survival of Provisions. All representations, warranties and covenants of Debtor contained herein shall survive the execution and delivery of this Agreement, and shall terminate only upon the full and final payment and performance by Debtor of the Secured Obligations and termination of the Loan Agreement, the other Financing Agreements, the U.S. Loan Agreement and the other U.S. Financing Agreements.

24. Termination of Agreement. This Agreement shall terminate upon full and final payment and performance of all the Secured Obligations and termination of the Loan Agreement, the other Financing Agreements, the U.S. Loan Agreement and the other U.S. Financing Agreements. At such time, Lender shall, at the request of Debtor and at no expense to itself, reassign and redeliver to Debtor all of the collateral of Debtor hereunder which has not been sold, disposed of, retained or applied by Lender in accordance with the terms hereof and execute and deliver a release of the security interest granted hereunder. Such reassignment and redelivery shall be without warranty by or recourse to Lender, except as to the absence of any prior assignments by Lender of its interest in the Collateral, and shall be at the expense of Debtor.

25. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which shall together constitute one and the same agreement.

26. GOVERNING LAW; SUBMISSION TO JURISDICTION; WAIVER OF JURY TRIAL; WAIVER OF DAMAGES

- (a) THIS AGREEMENT SHALL BE GOVERNED BY AND INTERPRETED UNDER THE INTERNAL LAWS (AS OPPOSED TO CONFLICT OF LAWS PROVISIONS) AND DECISIONS OF THE STATE OF ILLINOIS, AND ANY DISPUTE ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN DEBTOR AND LENDER IN CONNECTION WITH THIS AGREEMENT, AND WHETHER ARISING IN CONTRACT, TORT, EQUITY OR OTHERWISE, SHALL BE RESOLVED IN ACCORDANCE WITH THE INTERNAL LAWS (AS OPPOSED TO THE CONFLICTS OF LAWS PROVISIONS) AND DECISIONS OF THE STATE OF ILLINOIS.
- (b) EXCEPT AS PROVIDED IN THE NEXT PARAGRAPH, DEBTOR AND LENDER AGREE THAT ALL DISPUTES BETWEEN THEM ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN THEM IN CONNECTION WITH THIS AGREEMENT, AND WHETHER ARISING IN CONTRACT, TORT, EQUITY, OR OTHERWISE, SHALL BE RESOLVED ONLY BY STATE OR FEDERAL COURTS LOCATED IN CHICAGO, ILLINOIS, BUT DEBTOR AND LENDER ACKNOWLEDGE THAT ANY APPEALS FROM THOSE COURTS MAY HAVE TO BE HEARD BY A COURT LOCATED OUTSIDE OF CHICAGO, ILLINOIS. DEBTOR WAIVES ANY OBJECTION THAT IT MAY HAVE TO THE LOCATION OF THE COURT CONSIDERING THE DISPUTE INCLUDING, WITHOUT LIMITATION, ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS.
- (c) DEBTOR AGREES THAT LENDER SHALL HAVE THE RIGHT, TO THE EXTENT PERMITTED BY APPLICABLE LAW, TO PROCEED AGAINST DEBTOR OR THE COLLATERAL IN A COURT IN ANY LOCATION REASONABLY SELECTED IN

GOOD FAITH TO ENABLE LENDER TO REALIZE ON THE COLLATERAL, OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER ENTERED IN FAVOR OF LENDER. DEBTOR AGREES THAT IT WILL NOT ASSERT ANY PERMISSIVE COUNTERCLAIMS IN ANY PROCEEDING BROUGHT BY LENDER TO REALIZE ON THE COLLATERAL, OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER IN FAVOR OF LENDER. DEBTOR WAIVES ANY OBJECTION THAT IT MAY HAVE TO THE LOCATION OF THE COURT IN WHICH LENDER HAS COMMENCED A PROCEEDING DESCRIBED IN THIS PARAGRAPH INCLUDING, WITHOUT LIMITATION, ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS.

- (d) DEBTOR AND LENDER EACH WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE ARISING OUT OF, CONNECTED WITH, RELATED TO OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN THEM IN CONNECTION WITH THIS AGREEMENT. INSTEAD, ANY DISPUTES RESOLVED IN COURT WILL BE RESOLVED IN A BENCH TRIAL WITHOUT A JURY.
- (e) DEBTOR HEREBY WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS UPON IT AND CONSENTS THAT ALL SUCH SERVICE OF PROCESS MAY BE MADE BY CERTIFIED MAIL (RETURN RECEIPT REQUESTED) DIRECTED TO IT AND SERVICE SO MADE SHALL BE DEEMED TO BE COMPLETED FIVE (5) DAYS AFTER THE SAME SHALL HAVE BEEN SO DEPOSITED IN THE CANADIAN OR U.S. MAIL, OR, AT LENDER'S OPTION, BY SERVICE UPON DEBTOR IN ANY OTHER MANNER PROVIDED UNDER THE RULES OF ANY SUCH COURTS. WITHIN THIRTY (30) DAYS AFTER SUCH SERVICE, DEBTOR SHALL APPEAR IN ANSWER TO SUCH PROCESS, FAILING WHICH DEBTOR SHALL BE DEEMED IN DEFAULT AND JUDGMENT MAY BE ENTERED BY LENDER AGAINST DEBTOR FOR THE AMOUNT OF THE CLAIM AND OTHER RELIEF REQUESTED.
- (f) DEBTOR (i) AGREES THAT LENDER SHALL NOT HAVE ANY LIABILITY TO DEBTOR (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) FOR LOSSES SUFFERED BY DEBTOR IN CONNECTION WITH, ARISING OUT OF, OR IN ANY WAY RELATED TO, THE TRANSACTIONS CONTEMPLATED AND THE RELATIONSHIP ESTABLISHED BY THIS AGREEMENT, OR ANY ACT, OMISSION OR EVENT OCCURRING IN CONNECTION THEREWITH, UNLESS IT IS DETERMINED BY A JUDGMENT OF A COURT THAT IS BINDING ON LENDER (WHICH JUDGMENT SHALL BE FINAL AND NOT SUBJECT TO REVIEW ON APPEAL), THAT SUCH LOSSES WERE THE RESULT OF ACTS OR OMISSIONS ON THE PART OF LENDER CONSTITUTING GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AND (ii) WAIVES, RELEASES AND AGREES NOT TO SUE UPON ANY CLAIM AGAINST LENDER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE), EXCEPT A CLAIM BASED UPON GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. WHETHER OR NOT SUCH

DAMAGES ARE RELATED TO A CLAIM THAT IS SUBJECT TO THE WAIVER EFFECTED ABOVE AND WHETHER OR NOT SUCH WAIVER IS EFFECTIVE, NEITHER PARTY SHALL HAVE ANY LIABILITY WITH RESPECT TO ANY CLAIM FOR, ANY SPECIAL, INDIRECT, CONSEQUENTIAL OR PUNITIVE DAMAGES SUFFERED BY THE OTHER PARTY IN CONNECTION WITH, ARISING OUT OF, OR IN ANY WAY RELATED TO THE TRANSACTIONS CONTEMPLATED OR THE RELATIONSHIP ESTABLISHED BY THIS AGREEMENT, OR ANY ACT, OMISSION OR EVENT OCCURRING IN CONNECTION THEREWITH, UNLESS IT IS DETERMINED BY A JUDGMENT OF A COURT THAT IS BINDING ON SUCH PARTY (WHICH JUDGMENT SHALL BE FINAL AND NOT SUBJECT TO REVIEW ON APPEAL), THAT SUCH DAMAGES WERE THE RESULT OF ACTS OR OMISSIONS ON THE PART OF SUCH PARTY CONSTITUTING GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.


- (g) DEBTOR WAIVES ALL RIGHTS OF NOTICE AND HEARING OF ANY KIND PRIOR TO THE EXERCISE BY LENDER OF ITS RIGHTS AFTER THE OCCURRENCE AND DURING THE CONTINUATION OF AN EVENT OF DEFAULT TO REPOSSESS THE COLLATERAL WITH JUDICIAL PROCESS OR TO REPLEVY, ATTACH OR LEVY UPON THE COLLATERAL OR OTHER SECURITY FOR THE OBLIGATIONS. DEBTOR WAIVES THE POSTING OF ANY BOND OTHERWISE REQUIRED OF LENDER IN CONNECTION WITH ANY JUDICIAL PROCESS OR PROCEEDING TO OBTAIN POSSESSION OF, REPLEVY, ATTACH OR LEVY UPON COLLATERAL OR OTHER SECURITY FOR THE OBLIGATIONS, TO ENFORCE ANY JUDGMENT OR OTHER COURT ORDER ENTERED IN FAVOR OF LENDER, OR TO ENFORCE BY SPECIFIC PERFORMANCE, TEMPORARY RESTRAINING ORDER, PRELIMINARY OR PERMANENT INJUNCTION THIS AGREEMENT OR ANY OTHER AGREEMENT OR DOCUMENT BETWEEN DEBTOR AND LENDER.

27. Further Assurances. At any time and from time to time, upon the written request of Lender and at the sole expense of Debtor, Debtor shall promptly and duly execute and deliver any and all such further instruments, schedules and documents and take such further actions as Lender may reasonably deem desirable to obtain the full benefits of this Agreement and of the rights and powers herein granted, including, without limitation (a) using commercially reasonable efforts to secure all consents and approvals necessary or appropriate for the assignment to or for the benefit of Lender of any Collateral held by Debtor or in which Debtor has any rights not heretofore assigned, and (b) filing any additional security agreements with the United States Patent and Trademark Office.

[SIGNATURE PAGE FOLLOWS]


IN WITNESS WHEREOF, Debtor has duly executed and delivered this Agreement as of the day and year first above written.

A.R. CLARKE LIMITED,
an Ontario corporation

By: 
Name: KENNETH V BORDEN
Title: VICE PRESIDENT & GENERAL MANAGER

By acceptance hereof as of this 29 day of June, 1999, Lender agrees to be bound by the provisions hereof.

CONGRESS FINANCIAL CORPORATION
(CANADA), an Ontario corporation

By: 
Name: Wayne R. Engeltz
Title: President

SCHEDULE A

TO

TRADEMARK SECURITY AGREEMENT

Dated as of June 1, 1999

Trademarks Owned By A.R. Clarke Limited

TRADE MARK	DATE OF REGISTRATION OR APPLICATION	REGISTRATION NUMBER
Breakwater		1993728

EXHIBIT A

FORM OF ASSIGNMENT

ASSIGNMENT OF TRADEMARKS

THIS ASSIGNMENT OF TRADEMARKS ("Assignment") is made as of _____, _____ by and between A.R. CLARKE LIMITED, an Ontario corporation ("Assignor"), in favor of CONGRESS FINANCIAL CORPORATION (CANADA), an Ontario corporation, individually and as agent for itself and U.S. Lender (as such term is defined in the Agreement (as hereinafter defined)) ("Assignee").

Recitals

WHEREAS, Assignor and Assignee are parties to that certain Trademark Security Agreement dated as of June __, 1999 made by Assignor to Assignee (the "Agreement") providing that under certain conditions specified therein Assignor shall execute this Assignment; and

WHEREAS, the aforementioned conditions have been fulfilled;

NOW THEREFORE, Assignor hereby agrees as follows:

1. Assignment of Trademarks. Assignor hereby grants, assigns and conveys to Assignee its entire right, title and interest in and to (a) the trademarks, tradenames, trademark registrations and trademark applications listed on Schedule I attached hereto and made a part hereof, and (i) all renewals thereof, (ii) all income, royalties, damages, payments and other proceeds now and hereafter due or payable with respect thereto, including, without limitation, payments under all licenses entered into in connection therewith and damages and payments for past or future infringements thereof, (iii) the right to sue for past, present and future infringements thereof, and (iv) all rights corresponding thereto throughout the world (all of the foregoing are sometimes hereinafter referred to, either individually or collectively, as the "Trademarks"), and (b) the goodwill of Assignor's business connected with and symbolized by the Trademarks. The Trademarks and such goodwill are collectively referred to herein as the "Collateral".


2. Representations and Warranties. Assignor represents and warrants that it has the full right and power to make the assignment of the Collateral made hereby and that it has made no previous assignment, transfer, agreement in conflict herewith or constituting a present or future assignment or encumbrance of any or all of the Collateral, except as set forth in the Agreement.

3. Modification. This Assignment cannot be altered, amended or modified in any way, except by a writing signed by the parties hereto.

4. Binding Effect; Governing Law. This Assignment shall be binding upon Assignor and its successors and shall inure to the benefit of Assignee and its successors and assigns. This Assignment shall, except to the extent that federal law or laws of another state apply to the Collateral or any part thereof, be governed by and construed in accordance with the internal (as opposed to the conflict of laws provisions) and decisions laws of the State of Illinois.

IN WITNESS WHEREOF, Assignor has caused this Assignment to be executed and delivered as of the date first above written.

A.R.CLARKE LIMITED,
an Ontario corporation

By: 
Name: KENNETH V RADEN
Title: VICE PRESIDENT & GENERAL MANAGER

SCHEDULE I

Trademarks	Trademark Registration Number or Application Serial Number	Registration or Filing Date
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Exhibit A-