

08-12-1999



101115483

MRO
8/9/99

RECORDATION FORM COVER SHEET
TRADEMARKS ONLY

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/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 Assignment.)

08/11/1999 MTHAI1 00000171 75728444

FOR OFFICE USE ONLY

01 FC:481 40.00 OP
02 FC:482 650.00 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

REEL: 001942 FRAME: 0050

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)

<input type="text" value="75728444"/>	<input type="text" value="75325009"/>	<input type="text" value="75412376"/>	<input type="text" value="1777983"/>	<input type="text" value="1791735"/>	<input type="text" value="1910766"/>
<input type="text" value="75491192"/>	<input type="text" value="75550020"/>	<input type="text" value="75615747"/>	<input type="text" value="2021592"/>	<input type="text" value="2070704"/>	<input type="text" value="2070705"/>
<input type="text" value="75615746"/>	<input type="text" value="75615748"/>	<input type="text" value="75615745"/>	<input type="text" value="2014261"/>	<input type="text" value="1983101"/>	<input type="text" value="2048329"/>

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.

Robert E. Rosenthal

Name of Person Signing



Signature

Aug. 6, 1999

Date Signed

**RECORDATION FORM COVER SHEET
CONTINUATION
TRADEMARKS ONLY**

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

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

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/AKATA

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)

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)

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<input type="text" value="2100063"/>	<input type="text" value="2105982"/>	<input type="text" value="2232785"/>
<input type="text" value="2173995"/>	<input type="text" value="2173996"/>	<input type="text" value="2173997"/>
<input type="text" value="2181518"/>	<input type="text" value="2222047"/>	<input type="text" value="2031128"/>
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TRADEMARK SECURITY ASSIGNMENT

This TRADEMARK SECURITY ASSIGNMENT ("Agreement") is made and entered into as of the 30th day of July, 1999 between CONNECTOR SET LIMITED PARTNERSHIP, a Delaware Limited Partnership having a mailing address at 2990 Bergey Road, P.O. Box 700, Hatfield, PA 19440 (the "Assignor") and FIRST UNION NATIONAL BANK, having a mailing address at 1339 Chestnut Street, Philadelphia, PA 19107, as Agent (the "Assignee") for itself and for the other financial institutions identified now or at any time in the future as Lenders ("Lenders") in the Credit Agreement (as hereinafter defined).

BACKGROUND

A. In order to induce the Lenders to make loans to the Assignor pursuant to a certain Credit Agreement dated July 30, 1999 between the Assignor, the Assignee and the Lenders (the "Credit Agreement"), Assignor has agreed to assign to the Assignee a security interest in certain trademarks, service marks, tradenames, and the goodwill associated therewith, as herein provided.

B. Any term used but not defined herein shall have the meaning given to such term in the Credit Agreement.

NOW THEREFORE, in consideration of the premises and of the mutual covenants of the parties hereto, and intending to be legally bound hereby, it is hereby agreed as follows:

1. Assignment of Marks. To secure the complete and timely payment and satisfaction of all of the Obligations, the Assignor hereby grants, assigns and conveys to the Assignee a security interest in and to all of Assignor's trademark applications, trademarks (whether registered, unregistered or for which any application to register has been filed), service mark applications, service marks (whether registered, unregistered or for which any application to register has been filed) and tradenames, all of which are listed in Schedule A hereto (as the same may be amended pursuant hereto from time to time), including, without limitation, all renewals thereof and all proceeds thereof (such as, by way of example, license royalties and proceeds of infringement suits), the right to sue for past, present and future infringements, all rights owned by Assignor corresponding thereto throughout the world (all of the foregoing are collectively called the "Marks"), together with the goodwill of the business symbolized by each of the Marks and the registrations (if any) thereof.

2. Warranties and Representations. The Assignor covenants and warrants that: (a) it is the sole and exclusive owner of the entire right, title and interest in each of the Marks, free and clear of any liens, pledges, assignments or other encumbrances, subject only to existing licenses; (b) it has the unqualified right to enter into this Agreement and perform its terms; (c) the Marks (excluding trademark applications) are subsisting and have not been adjudged invalid or unenforceable; (d) to the best of Assignor's knowledge, each of the Marks is valid and enforceable; (e) no claim has been made that the use of any of the Marks does or may violate the

rights of any third person; (f) Assignor has used, and will continue to use for the duration of this Agreement, proper statutory notice in connection with its use of the Marks; and (g) Assignor has used, and will continue to use for the duration of this Agreement, consistent standards of quality in its manufacture of products and delivery of services sold or provided under the Marks. The Assignor shall, in any event, for as long as Assignor retains legal and equitable title to the Marks, indemnify and hold the Assignee harmless from all losses, damages, costs and expenses, including legal costs and counsel fees, incurred by Assignee as the direct or indirect result of any action, claim or demand, whether or not groundless, alleging that the Marks infringe any trademarks held by third parties.

3. Right To Inspect. Assignor hereby grants to Assignee and its employees and agents the right to visit Assignor's plants and facilities where products sold or services provided under any of the Marks are manufactured, inspected stored, or provided, and to inspect and review the products and quality control records relating thereto at reasonable times. Assignor shall do any and all acts required by Assignee to ensure Assignor's compliance with paragraph 2(g).

4. Right to Benefits. If, before the Obligations shall have been satisfied in full, the Assignor shall become entitled to the benefit of any additional trademark or service mark registration, or any renewal or affidavit of any Mark, the provisions of paragraph 1 shall automatically apply thereto.

5. Future Marks. The Assignor shall notify Agent promptly upon filing any additional applications for Marks or receiving any additional Marks and shall execute such further security assignments thereof or amendments of this Agreement as Assignee may request in order to assign the same to Assignee on the terms of this Agreement, provided that no recordings of such amendments shall be required in any office other than the U.S. Patent and Trademark Office and recordings of such amendments with the U.S. Patent and Trademark Office shall only be made upon the Bank's request and shall not occur more frequently than once during each period of six (6) months following the Closing Date. The Assignor authorizes the Assignee to modify this Agreement by amending Schedule A to include any future trademarks, service marks or tradenames which are Marks under paragraph 1 or paragraph 4 hereof.

6. Events of Default. The term "Event of Default", as used herein, shall mean: (a) any Event of Default under this Agreement or the Credit Agreement; and (b) any violation by the Assignor of any representation, warranty or covenant contained in this Agreement and any modification or amendment hereof which is not waived or cured and remedied within fifteen (15) calendar days after notice thereof to the Assignor.

7. Assignor's Right to Use Marks. Unless and until an Event of Default shall occur and be continuing, the Assignor shall retain the legal and equitable title to the Marks and shall have the right to use the Marks in the ordinary course of its business but shall not be permitted to sell, assign, transfer or otherwise encumber the Marks or any part thereof; provided, however, that nothing herein contained shall prohibit the Assignor from failing to renew or otherwise

abandoning any item included within the Marks if, in the Assignor's good judgment, the retention of such item is not material to the proper conduct of its business, provided, however, that Assignor shall give the Assignee ten (10) days' prior written notice of any abandonment or failure to renew of any item included within the Marks.

8. Assignee's Rights As Secured Party. If any Event of Default shall have occurred and be continuing, the Assignee shall have, in addition to all other rights and remedies given it by this Agreement and the Credit Agreement, those 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 Marks may be located and, without limiting the generality of the foregoing, the Assignee may immediately, without demand of performance and without advertisement, sell at public or private sale or otherwise realize upon, in Pennsylvania or elsewhere, the whole or from time to time any part of the Marks, the goodwill and equipment associated therewith, or any interest which the Assignor has therein, and after deducting from the proceeds of said sale or other disposition of the Marks all expenses (including all reasonable expenses for brokers' fees and legal services), shall apply the residue of such proceeds for the payment of the Obligations. Notice of any sale or other disposition of the Marks shall be given to Assignor at least ten (10) calendar days before the time of any intended public or private sale or other disposition of the Marks is to be made, which the Assignor hereby agrees shall be reasonable notice of such sale or other disposition. At any such sale or other disposition, the Assignee may, to the extent permissible under applicable law, purchase the whole or any part of the Marks sold, free from any right of redemption on the part of the Assignor, which right is hereby waived and released. Anything else herein to the contrary notwithstanding, upon the occurrence of an Event of Default, Assignee shall not sell or license the Marks or any interest therein for a period of 90 days ("Grace Period") during which time Assignor shall use its best efforts to sell in a commercially reasonable manner the whole or any part of the Marks or any interest the Assignor may have therein. Any sale of the Marks shall be subject to the Assignee's approval, in its sole discretion, unless the proceeds of sale will pay the Obligations in full. The proceeds of any sale, after payment of the expenses of sale, shall be applied only to the payment of the Obligations until the Obligations have been paid in full, and thereafter as directed by Assignor. If, after such Grace Period, any part of the Obligations remains unpaid, Assignee may exercise its right to sell or dispose of the remainder of the whole or any part of the Marks or any interest the Assignee may have therein in the manner set forth above.

9. Power of Attorney. If any Event of Default shall have occurred and be continuing, the Assignor hereby authorizes and empowers the Assignee to make, constitute and appoint any officer or agent of the Assignee as the Assignee may select in its exclusive discretion, as the Assignor's true and lawful attorney-in-fact, with the power to endorse the Assignor's names on all applications, documents, papers and instruments necessary for the Assignee to use the Marks, or to grant or issue any exclusive or non-exclusive license under the Marks to any third person, or necessary for the Assignee to assign, pledge, convey or otherwise transfer title in or dispose of the Marks, the goodwill and equipment associated therewith, to any third person. The Assignor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable for the life of this Agreement.

10. Termination. At such time as the Assignor shall completely satisfy all of the Obligations and all other liabilities of the Assignor to the Assignee under the Credit Agreement and the obligations of the Assignee under the Credit Agreement have terminated, or any agreement executed in connection therewith, this Agreement shall terminate and the Assignee shall execute and deliver to the Assignor all deeds, assignments and other instruments as may be necessary or proper to re-vest in the Assignor the full unencumbered title to the Marks, and the goodwill associated therewith, subject to any disposition thereof which may have been made by the Assignee pursuant hereto.

11. Fees and Expenses of Assignee. If an Event of Default shall have occurred and be continuing, any and all fees, costs and expenses, of whatever kind or nature, including reasonable attorneys' fees and legal expenses, incurred by the Assignee in connection with the payment or discharge of any taxes, counsel fees, maintenance fees, encumbrances or otherwise protecting, maintaining or preserving the Marks, or in defending or prosecuting any actions or proceedings arising out of or related to the Marks, shall be borne and paid by the Assignor on demand by the Assignee, and until so paid shall be added to the principal amount of the Obligations and shall bear interest at the highest rate prescribed in the Credit Agreement.

12. Protection of Marks.

(a) The Assignor shall take all actions reasonably necessary to protect and defend the Marks and shall institute such proceedings to enforce the Marks as it, in its reasonable business judgment, deems appropriate. The Assignee shall, upon the reasonable request of the Assignor, do any and all lawful acts and execute any and all proper documents in aid of such protection, defense and enforcement, and the Assignor shall promptly, upon demand, reimburse and indemnify the Assignee for all costs and expenses incurred by the Assignee in connection therewith.

(b) If an Event of Default shall have occurred and be continuing, the Assignee shall have the right but shall in no way be obligated to bring suit in its own name to enforce the Marks, in which event the Assignor shall at the request of the Assignee do any and all lawful acts and execute any and all proper documents required by the Assignee in aid of such enforcement, and the Assignor shall promptly, upon demand, reimburse and indemnify the Assignee for all costs and expenses incurred by the Assignee in the exercise of its rights under this paragraph 12, so long as such costs and expenses do not arise from gross negligence or willful misconduct of Assignee..

13. No Waiver. No course of dealing between the Assignor and the Assignee nor any failure to exercise, nor any delay in exercising, on the part of the Assignee, any right, power or privilege hereunder or under the Credit 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 or the exercise of any other right, power or privilege.

14. 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.

15. Manufacture and Sale. The parties understand and agree that the collateral security assignment of the Marks as provided for in this Agreement, together with other collateral provided to the Assignee pursuant to the Credit Agreement and the other loan documents referred to therein, will permit the Assignee, upon the happening of an Event of Default as provided herein, to make use of all rights to the Marks, the goodwill associated therewith and certain equipment and machinery as set forth in the Credit Documents, all of which will permit the Assignee to manufacture and sell the products for which the use of the Marks is associated and maintain substantially the same product specifications and quality as maintained by Assignor.

16. Amendment. This Agreement is subject to modification only by a writing signed by the parties, except as provided in paragraph 4.

17. Successors and Assigns. The benefits and burdens of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties.

18. Governing Law. The validity and interpretation of this Agreement and the rights and obligations of the parties shall be governed by the laws of the Commonwealth of Pennsylvania.

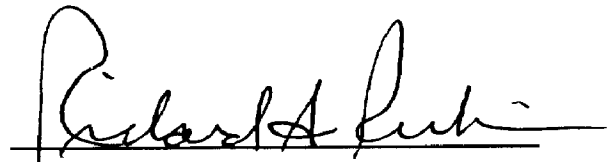
19. Judicial Proceedings. Each party to this Agreement agrees that any suit, action, or proceeding, whether claim or counterclaim, brought or instituted by any party hereto or any successor or assign of any party, on or with respect to this Agreement or the dealings of the parties with respect hereto, shall be tried only by a court and not by a jury. EACH PARTY HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY SUCH SUIT, ACTION OR PROCEEDING. Further, the Assignor waives any right it may have to claim or recover, in any such suit, action or proceeding, any special, exemplary, punitive or consequential damages or any damages other than, or in addition to, actual damages. THE ASSIGNOR ACKNOWLEDGES AND AGREES THAT THIS PARAGRAPH IS A SPECIFIC AND MATERIAL ASPECT OF THIS AGREEMENT AND THAT THE ASSIGNEE WOULD NOT EXTEND CREDIT TO THE ASSIGNOR IF THE WAIVERS SET FORTH IN THIS PARAGRAPH WERE NOT A PART OF THIS AGREEMENT.


IN WITNESS WHEREOF, and intending to be legally bound hereby, the parties hereto have executed this Agreement the day and year first above written.

CONNECTOR SET LIMITED PARTNERSHIP

By its general partner
K'NEX Industries, Inc.


ATTEST:


Richard A. Perkins

By: 
Name: ~~ROBERT~~ JAY GUCKMAN
Title: VICE CHAIRMAN & General Counsel

ATTEST:

FIRST UNION NATIONAL BANK,
Agent

By: 
Name: CHARLES H. O'DONNELL
Title: VICE PRESIDENT

CERTIFICATE OF ACKNOWLEDGMENT

COMMONWEALTH OF PENNSYLVANIA :
: SS.
COUNTY OF :

Before me, the undersigned, a Notary Public in and for the county aforesaid, on this 30th day of July, 1999, personally appeared

Robert Jay Cheek
to me known personally, and who, being by me duly sworn, deposes and says that (s)he is the President and General Counsel of K'NEX Industries, Inc., a Delaware corporation, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and that (s)he acknowledged said instrument to be the free act and deed of said corporation.

Helen O. Fillman
Notary Public

My Commission Expires:

NOTARIAL SEAL
Helen O. Fillman, Notary Public
Hatfield Township
Montgomery County, PA
Commission Expires November 9, 2002

CERTIFICATE OF ACKNOWLEDGMENT

COMMONWEALTH OF PENNSYLVANIA :
:
COUNTY OF :

SS

Before me, the undersigned, a Notary Public in and for the county aforesaid, on this 30th day of July, 1999, personally appeared Helen O. Fillman to me known personally, and who, being by me duly sworn, deposes and says that (s)he is the One President of FIRST UNION NATIONAL BANK, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and that (a)he acknowledged said instrument to be the free act and deed of said corporation.

Helen O. Fillman
Notary Public

My Commission Expires:

NOTARIAL SEAL
Helen O. Fillman, Notary Public
Hatfield Township
Montgomery County, PA
Commission Expires November 9, 2002

CONNECTOR SET LIMITED PARTNERSHIP

TRADEMARK REGISTRATIONS

<u>TRADEMARK/ SERVICE MARK TRADE NAME</u>	<u>REGISTRATION NO. OR SERIAL NO. IF AN APPLICATION IS PENDING</u>	<u>COUNTRY</u>	<u>REGISTRATION DATE OR FILING DATE IF AN APPLICATION IS PENDING</u>	<u>RENEWAL DATE</u>
K'NEX	1,777,983	USA	06/22/93	06/22/03
K'Nex + Design	1,791,735	USA	09/07/93	09/07/03
K'Nex (Class 25)	1,910,766	USA	08/08/95	08/08/05
Suitcase Box	2,021,592	USA	12/10/96	12/10/06
Antera	2,070,704	USA	06/10/97	06/10/07
Wormoid	2,070,705	USA	06/10/97	06/10/07
Creative Construction for Kids	2,014,261	USA	11/05/96	11/05/06
Big Ball Factory	1,983,101	USA	06/25/96	06/25/06
Wampus	2,031,128	USA	01/14/97	01/14/07
Micropower	75/325,009	USA	07/15/97	Pending
K'Nexploration	2,048,329	USA	03/25/97	03/25/07
Cyberbug	2,100,063	USA	09/23/97	09/23/07
Turn Story Time Into Adventure Time	2,105,982	USA	10/14/97	10/14/07
Megasurus	2,232,785	USA	03/16/99	03/16/09
Hyperspace	2,173,995	USA	07/14/98	07/14/08
Hyperspace Gravity Accelerator	2,173,996	USA	07/14/98	07/14/08
Hyperspace Training Tower	2,173,997	USA	07/14/98	07/14/08

<u>TRADEMARK/ SERVICE MARK TRADE NAME</u>	<u>REGISTRATION NO. OR SERIAL NO. IF AN APPLICATION IS PENDING</u>	<u>COUNTRY</u>	<u>REGISTRATION DATE OR FILING DATE IF AN APPLICATION IS PENDING</u>	<u>RENEWAL DATE</u>
Hyperspace Commando Outpost	2,181,518	USA	08/11/98	08/11/08
Rip N Go	2,222,047	USA	02/02/99	02/02/09
Master Builder	75/412,376	USA	12/30/97	Pending
Robotworld	75/491,192	USA	05/27/98	Pending
Greedy Grabber	75/550,020	USA	09/09/98	Pending
Official Construction Set of the Millennium	75/615,747	USA	01/05/99	Pending
Official Building Toy of the Millennium	75/615,746	USA	01/05/99	Pending
Official Building Set of the Millennium	75/615,748	USA	01/05/99	Pending
Millennium Edition	75/615,745	USA	01/05/99	Pending
Cool Machines	75/728,444	USA	6/14/99	Pending