

10-12-1999

07-20-1999



101166681

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

Conveying Party

Mark if additional names of conveying party

Name

Formerly

- Individual
- General Partnership
- Limited Partnership
- Corporation
- Association
- Other
- Citizenship/State of Incorporation/Organization

10-05-1999  
U.S. Patent & TMO/TM Mail Rpt Dt. #64

Receiving Party

Mark if additional names of receiving parties attached

Name

DBA/AKATA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)

- 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.)

07/19/1999 DNGUYEN 00000215 R1245562

FOR OFFICE USE ONLY

01 FC:481 40.00 DP  
02 FC:482 2700.00 DP

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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: 001967 FRAME: 0267

**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"/>	<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"/>	<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.*

Alan S. Kleiman

06/08/99

Name of Person Signing

Signature

Date Signed

## USPTO Summary Page

Trademark	Status	International Class(es)	Registration Number
1. JACQUIN'S	REGISTERED	33	R1245562
2. DEVONSHIRE	REGISTERED	33	R1283568
3. CHATELAINE	REGISTERED	33	R1265234
4. CHAMBORD	REGISTERED	30	R1281807
5. SAVORY & JAMES	REGISTERED	33	R1262623
6. PERIGORD	REGISTERED	33	R1290402
7. CAVENDISH	REGISTERED	33	R1266568
8. FRENCH SUMMER	REGISTERED	25	R1277114
9. BELCOUR	REGISTERED	33	R1283571
10. HAPSBURG	REGISTERED	33	R1280094
11. JACQUIN	RENEWED	33	R823726
12. DEVONSHIRE MEADOWS	REGISTERED	33	R1308269
13. CHAMBORD	REGISTERED	33	R1299054
14. ROYALE MONTAINE	REGISTERED	33	R1319745
15. STALINGRAD	REGISTERED	33	R1343143
16. CHANTAINE BRUT CORDON ROYAL	REGISTERED	33	R1313778
17. CHANTAINE	REGISTERED	33	R1328848
18. CHANTAINE BRUT CORDON ROYAL IMPORTED FROM FRANCE	REGISTERED	33	R1371627
19. BELCOUR	REGISTERED	33	R1343158
20. PERIGORD	REGISTERED	33	R1343159
21. BOND HALL	RENEWED	33	R847704
22. WITTENHEIM	REGISTERED	33	R1331205

CHATAM INTERNATIONAL INCORPORATED

Trademark	Status	International Class(es)	Registration Number
23. BRITANNIA	REGISTERED	33	R1341383
24. COURCHEVAL	REGISTERED	33	R1426778
25. CHEVERNAY	REGISTERED	32	R1368010
26. CHAMBORD	REGISTERED	29	R1389258
27. CHAMBORD FRANCE	REGISTERED	29	R1397788
28. CANTON	REGISTERED	33	R1376192
29. CHAMBORD PRESERVES IMPORTED FROM FRANCE ALL NATURAL FRENCH PRESERVES	REGISTERED	29	R1408730
30. CHAMBORD	REGISTERED	30	R1471544
31. SAVORY & JAMES	RENEWED	33	R975594
32. ** DESIGN ONLY **	REGISTERED	33	R1644573
33. ** DESIGN ONLY **	REGISTERED	29	R1616300
34. LONDON TOWER	RENEWED	33	R793469
35. JACQUIN'S LONDON TOWER	RENEWED	33	R793470
36. GREAT GLEN	RENEWED	33	R807872
37. JACQUIN'S PREMIUM	RENEWED	33	R813586
38. JOSE CORTEZ	RENEWED	33	R860664
39. ORIGINAL CANTON DELICATE GINGER LIQUEUR	REGISTERED	33	R1759223
40. STALINGRAD	REGISTERED	33	R1850824
41. RESERVE DU DOMAINE	RENEWED	33	R856158
42. PADDLE YOUR OWN CANOE	REGISTERED	33	R1907920
43. WILD SPIRIT	REGISTERED	33	R1909421

TRADEMARK

REEL: 001967 FRAME: 0270

CHATAM INTERNATIONAL INCORPORATED

Trademark	Status	International Class(es)	Registration Number
44. COVENTRY	RENEWED	33	R901893
45. WILD SPIRIT	REGISTERED	25	R1970397
46. GOLDLAKEN	REGISTERED	33	R1977729
47. LOST HORIZONS	REGISTERED	33	R2044352
48. GOOD FORTUNE	REGISTERED	33	R2173262
49. JACQUIN	RENEWED	33	R435863
50. WILD SPIRIT	REGISTERED	25	R2014838
51. TASTE THE ADVENTURE! WILD SPIRIT	REGISTERED	25	R2072331
52. HOT SEX	REGISTERED	33	R2103842
53. TASTE THE ADVENTURE!	REGISTERED	33	R1958811
54. FORBIDDEN FRUIT	RENEWED	33	R527335
55. ST. DALFOUR	REGISTERED	29	R2020598
56. BOCADOR	REGISTERED	33	R2020616
57. ** DESIGN ONLY **	REGISTERED	33	R2171662
58. ** DESIGN ONLY **	REGISTERED	33	R2159417
59. SAXONY	RENEWED	33	R903977
60. ST. DALFOUR	REGISTERED	30	R2192578
61. ** DESIGN ONLY **	REGISTERED	29	R2103033
62. CHATELAINE	RENEWED	33	R1028858
63. ORIGINAL BARTENDERS COCKTAILS	REGISTERED	33	R2161086
64. MAJESTIC RUBY RED	REGISTERED	33	R2179213
65. ANDY MACDUFF	RENEWED	33	R370862

TRADEMARK

REEL: 001967 FRAME: 0271

CHATAM INTERNATIONAL INCORPORATED

Trademark	Status	International Class(es)	Registration Number	Serial Number
66. ** DESIGN ONLY **	RENEWED	33	R1071921	
67. LE PASSAGE	REGISTERED	33	R2227455	
68. CHAMBORD LIQUEUR ROYALE	RENEWED	33	R1058675	
69. SAVORY & JAMES	RENEWED	33	R1056245	
70. BEST EVER KICK-ASS	REGISTERED	33	R2235525	
71. BOTTICELLI	RENEWED	33	R1088875	
72. LOND-BROOK	RENEWED	33	R716599	
73. CHAMBORD LIQUEUR ROYALE DE FRANCE	REGISTERED	33	R1220239	
74. HAPSBURG	REGISTERED	32	R1199010	
75. KANDANA	REGISTERED	33	R1224464	
76. CHAMBOARD LIQUEUR ROYALE	REGISTERED	33	R1230190	
77. SAVORY & JAMES	REGISTERED	33	R1242271	
78. BOTTICELLI	REGISTERED	33	R1221980	
79. JEAN BOULAIN	REGISTERED	33	R1228685	
80. OLD FLORIDA RUM COMPANY	REGISTERED	33	R1261878	
81. RON FLORIDITA	REGISTERED	33	R1215160	
82. OLD SOUTHERN	REGISTERED	33	R1242274	
83. RESERVE DU DOMAINE	REGISTERED	33	R1233857	
84. CHALFONTE	REGISTERED	33	R1243818	
85. ORIGINAL PENNSYLVANIA DUTCH	REGISTERED	33	R1300868	
86. JEAN BOULAIN	REGISTERED	33	R1209958	

TRADEMARK

REEL: 001967 FRAME: 0272

Trademark	Status	International Class(es)	Serial Number	F
87. GOLDSTRASSEN	PUBLISHED	33	74-584274	
88. ** DESIGN ONLY **	PUBLISHED	33	74-633831	
89. DREAM CATCHER	PUBLISHED	33	75-009925	
90. STEALTH BOMBER	PUBLISHED	33	75-206396	
91. CHAMBORD	PUBLISHED	29,30	75-277884	
92. ST. DALFOUR	PUBLISHED	29,30,31	75-295300	
93. HOT SEX	PUBLISHED	30	75-308711	
94. CHAMBORD ADRENALIN	PUBLISHED	33	75-320377	
95. NIRVANA	PUBLISHED	33	75-342525	
96. XANADU	PUBLISHED	33	75-342541	
97. SAVORY & JAMES SPECIAL RESERVE OLD SHERRY BRANDY	PUBLISHED	33	75-343408	
98. AN OLD TIME SPECIALTY OF THE HEMISPHERES	PENDING	33	75-358448	
99. BEST EVER MUDSLIDE	PENDING	33	75-402959	
100. PRIZE WINNING	PENDING	33	75-426017	
101. BLOWIN' IN THE WIND	PUBLISHED	33	75-426019	
102. HOT LOVE	PUBLISHED	33	75-481654	
103. CHAMBORD SPLASH	PENDING	33	75-516774	
104. MEAL IN A JAR	PENDING	30	75-516775	
105. HOT XXX	PENDING	33	75-520331	
106. PURPLE HAZE	PENDING	33	75-545481	
107. ONE MINUTE ALL NATURAL	PENDING	30	75-563637	
108. GUARDIAN	PENDING	33	75-623511	
109. GUARDIAN	PENDING	33	75-630686	

**TRADEMARK SECURITY AGREEMENT**

**THIS SECURITY AGREEMENT** (the "Security Agreement") is made as of June 8, 1999 by and between **CHATAM INTERNATIONAL INCORPORATED**, a Delaware corporation with an office located at 103 Springer Building, 3411 Silverside Road, Wilmington, Delaware 19810 ("Chatam"), **CHARLES JACQUIN ET CIE., INC.**, a Pennsylvania corporation with an office located at 2633 Trenton Avenue, Philadelphia, Pennsylvania 19125 ("Jacquin") (collectively and individually referred to as the "Borrower") in favor of Citicorp USA, Inc., a Delaware corporation with an office at 153 East 53<sup>rd</sup> Street, New York, New York 10043 (the "Lender").

**WHEREAS**, the Borrower is the owner of the trademarks described in Schedule A annexed hereto and made a part hereof; and

**WHEREAS**, the Borrower is the owner and holder of the Patents listed on Schedule B annexed hereto and made a part hereof; and

**WHEREAS**, the Borrower and the Lender are about to enter into a Credit Agreement of even date herewith (as it may be amended or modified, the "Credit Agreement") (any capitalized terms used, but not specifically defined, herein shall have the meaning provided for such terms in the Credit Agreement); and

**WHEREAS**, to further induce the Lender to enter into the Credit Agreement and to grant the loans, advances and extensions of credit to the Borrower in accordance with the Credit Agreement, the Borrower has offered to execute and deliver this Security Agreement to the Lender, granting the Lender a security interest, first in priority, upon the Collateral (as such term is hereinafter defined);

**NOW, THEREFORE**, in consideration of the foregoing, in consideration of the premises set forth in the Credit Agreement and in order to induce the Lender to grant the loans, advances and extensions of credit to the Borrower in accordance with the Credit Agreement, the Borrower hereby agrees with the Lender for its benefit as follows:

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



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

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

(a) "Collateral": Collectively and individually -

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

(ii) each of the Patents (as such term is hereinafter defined) listed on **Schedule B** annexed hereto and made a part hereof;

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

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

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

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

(b) "Licenses": Collectively and individually, any and all Trademark license agreements and Patent license agreements granted by the Borrower to third parties, whether now existing or hereafter arising, as any of same may from time to time be amended or supplemented, including, without limitation, (i) the Trademark and Tradename License Agreement between Chatam and Jacquin dated October 30, 1985, as amended by Amendment to Trademark

and Tradename License Agreement dated September 1, 1991, and (ii) the Licensing, Assignment, Bottling and Supply Agreement between Chatam and Todhunter International, Inc. dated May 31, 1989.

(c) "Obligations": All loans, advances, indebtedness, notes, liabilities, overdrafts, outstanding Letters of Credit not drawn upon, Letters of Credit drawn upon and not yet reimbursed, and other amounts, liquidated or unliquidated, each of every kind, nature and description, whether arising under the Credit Agreement or otherwise, including, without limitation, principal and interest, and whether secured or unsecured, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter contracted.

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

(i) utility, design and plant patents, utility models, industrial designs, interior certificates and statutory invention registrations of the United States, all whether now or hereafter owned or licensable by the Borrower, including, but not limited to, those described in Schedule B annexed hereto and made a part hereof; and

(ii) reissues, continuations, continuations-in-part, divisionals or term restorations and all extensions thereof and all licenses thereof.

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

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

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

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

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

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

(b) Use of the Trademarks. Except to the extent that (i) the Lender, upon prior written notice by the Borrower shall consent, or (ii) the Borrower determines in its reasonable business judgment that a Trademark of the Borrower has negligible economic value and such Trademark is no longer utilized in the ordinary course of the Borrower's business, the Borrower (either itself or through licensees) has used and will continue to use the Trademarks on each trademark class of goods applicable to its current line as reflected in its current catalogs, brochures and price lists in order to maintain the Trademarks in full force free from any claim of abandonment for nonuse and the Borrower will not (and will not permit any licensee thereof to), do any act or knowingly omit to do any act whereby any of the Trademarks may become invalidated, abandoned, unenforceable, avoided, avoidable or otherwise diminished in value, and shall notify the Lender immediately if they know of any reason or have reason to know of any ground under which any of the foregoing may occur.

(c) License or Assignment of Trademarks. The Borrower shall not license or assign any of the Trademarks to any party, other than the Trademark and Trade name License Agreement between Chatam and Jacquin dated October 30, 1985, as amended by a certain Amendment to Trademark and Trade name License Agreement dated September 1, 1991, and (ii) the Licensing, Assignment, Bottling and Supply Agreement between Chatam and Todhunter International, Inc. dated May 31, 1989.

(d) Existing Patents. The Borrower, as of the date hereof, owns no Patents or Patent applications, nor is it a party to any license agreement granting any right to use or practice any invention on which a Patent is in existence. In the event any Patent is developed or otherwise acquired by the Borrower, the Borrower shall pledge with the Lender and grant to the Lender a security interest in all of the Borrower's right, title and interest in and to the Patents, pursuant to a security agreement in form and substance similar to this Security Agreement and will execute any agreements, instruments, documents and papers as the Lender may reasonably request to evidence the Lender's interest in such Patent and the goodwill and general intangibles of the Borrower relating thereto or represented thereby.

(e) Further Assurances. The Borrower will perform all acts and execute all further instruments and documents, and take such further action reasonably requested by the Lender at any time to evidence, perfect, maintain, record and enforce the Lender's interest in the Collateral or otherwise in furtherance of the provisions of this Security Agreement, and the Borrower hereby authorizes the Lender to execute and file (with or without the signature of the Borrower) one or more financing statements and similar documents or copies thereof or this Security Agreement with respect to the Collateral signed only by the Lender.

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

(g) Pledge of Additional Patents and Trademarks. In the event the Borrower, either itself or through any agent, employee, licensee or designee shall:

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

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

the Borrower shall promptly, but in no event more than fifteen (15) days subsequent to such filing, notify the Lender thereof, and, upon request of the Lender shall promptly, but in no event more than twenty (20) days subsequent to such notice, execute and deliver any and all agreements, instruments, documents and papers as the Lender may reasonably request to evidence the Lender's interest in such patent or trademark and the goodwill and general intangibles of the Borrower relating thereto or represented thereby. The Borrower hereby grants the Lender a power-of-attorney, irrevocable until the Obligations of the Borrower to the Lender are fully paid and satisfied, to modify this Security Agreement by amending **Schedule A and Schedule B** annexed hereto, as applicable, to include any future Trademarks and Patents, including, without limitation, registrations or applications appurtenant thereto, covered by this Security Agreement.

(h) Borrower's Authority, Etc. The Borrower has the right and power to pledge the Collateral and, to grant the security interest in the Collateral herein granted; and the Collateral is not now, and at all times hereafter will not, except as set forth in subparagraph 3 (c) of this Security Agreement, be subject to any liens, licenses, pledges, assignments, registered license agreement, covenants not to sue by the Borrower or other encumbrances of any nature whatsoever, and, other than with respect to Goldstrassen, Kick Ass, Xanadu, and the blue bottle for Lost Horizon, the Borrower has not received any notice from any third party claiming any right or interest in and to any of the Collateral or that the Borrower's use thereof infringes the rights of any third party.

(i) Negative Pledge of Trademarks. Except as set forth in subparagraph 3(c) of this Security Agreement or to the extent that Lender, upon reasonable prior written notice by the Borrower, shall otherwise consent, which consent will not be unreasonably withheld, the Borrower will not assign (by operation of law or otherwise), sell, mortgage, lease, transfer,

pledge, hypothecate, grant a security interest in or lien upon, encumber, grant an exclusive or non-exclusive license, or otherwise encumber, grant rights to any other party or dispose of any of the Collateral and nothing in this Security Agreement shall be deemed a consent by the Lender to any such action except as expressly permitted herein. Notwithstanding the foregoing, if Borrower's request for consent is made substantially on the form attached as Schedule C hereto, the request will be deemed approved if not responded to in writing within sixty (60) days of Lender's receipt of the request. In addition, a sale for less than \$2,000,000 of any Trademark which was not included as part of the then most current Trademark Valuation (as defined in the Credit Agreement) delivered to Lender shall be deemed approved upon notice of such sale to Lender. Borrower shall defend the Collateral against and shall take such other action as is necessary to remove any lien, security interest, claim, right or other encumbrances of any nature whatsoever in or to the Collateral, and will defend the right, title and interest of the Lender in and to any of the Borrower's rights under the Collateral against the claims or demands of all persons.

(j) No Additional Patents or Trademarks. As of the date hereof, the Borrower does not own any Patents or Trademarks, or have any Patents or Trademarks registered in or the subject of pending applications in the United States Patent and Trademark Office, other than those grants, registrations or applications for registrations described in Schedules A and B annexed hereto and made a part hereof.

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

(l) Lender Not Liable. The Borrower assumes all responsibility and liability arising from the use of the Trademarks and the Patents and hereby agree to indemnify and hold harmless the Lender and each director, officer, employee, affiliate and agent thereof (each an "Indemnified Person") from and against any claims of and liabilities to third parties and losses, damages or other expenses in connection with such claims and liabilities ("Losses") arising out of, relating to or resulting from the use of, or licensing of, the Trademarks or the Patents (including, without limitation, from any alleged defect in any product manufactured, promoted or sold by the Borrower in connection with any of the Trademarks or Patents) which such Indemnified Person shall incur, as determined by a final decision of a court of competent jurisdiction, including, without limitation, Losses consisting of legal or other expenses incurred in connection with investigating or defending any legal proceeding relating to the foregoing; provided, however, that the foregoing will not apply to any Losses to the extent they arise out of or result from the negligence or willful misconduct of such Indemnified Person, the breach by the Lender of, or the Lender's acting unreasonably or in bad faith in connection with, this Security Agreement; and

provided further, that as a condition of this indemnity, any such Indemnified Person shall promptly notify the Borrower after the Indemnified Person becomes aware of the occurrence of an event giving rise to such claim of indemnity, in writing, of the occurrence of any event subject of this indemnity and that the Borrower may, in the Borrower's discretion, assume the defense of any such matter provided that the Borrower agrees not to settle or compromise with regard to any such Losses without such Indemnified Person's consent and that, further, if any Indemnified Person proposes to settle or compromise any Loss for which the Borrower may be liable for payment of indemnity hereunder, such Indemnified Person shall first give the Borrower written notice of all terms of such proposed settlement or compromise reasonably in advance of settling or compromising such matter and shall first obtain the Borrower's concurrence thereto in writing, however such Indemnified Person may settle or compromise such matter even if the Borrower reasonably objects by waiving its indemnification to the extent of such compromise or settlement with regard to the specific event giving rise to such indemnification. The Borrower's obligations under this subparagraph shall remain effective whether or not definitive documentation is executed and notwithstanding any termination of this Security Agreement.

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

(n) Protection of the Trademarks. If Borrower learns of any use by any person of any term or design likely to cause confusion with any Trademark, or of any claim of any lien, security interest, claim, right or other encumbrance of any nature in or to the Collateral, Borrower shall promptly notify Lender of such use, lien, security interest, claim, right or other encumbrances and, if requested by the Lender, shall join with the Lender, at the Borrower's expense, in such action as the Lender, in its reasonable discretion, may deem advisable for the protection of the Lender's interest in and to the Trademarks, it being understood that the foregoing shall not preclude the Borrower from bringing an action against a person for the protection of the Borrower's interest in and to such Trademarks. If the Lender exercises its rights and remedies under this Security Agreement, it shall act in a commercially reasonable manner to maintain the integrity of the Trademarks.

#### 4. Lender's Appointment as Attorney-in-Fact.

(a) Upon the occurrence of an Event of Default and following expiration of the Three Business Days Notice (as such terms are defined in the Credit Agreement), the Borrower irrevocably constitutes and appoints the Lender, and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Borrower and in the name of the Borrower or in its own

name, from time to time in the Lender's discretion, for the purposes of carrying out the terms of this Security Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Security Agreement and, without limiting the generality of the foregoing, hereby give the Lender the power and right, on behalf of the Borrower, to do the following:

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

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

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

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

(v) To commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any part thereof and to enforce any other right in respect of any Collateral;

(vi) To defend any suit, action or proceeding brought against the Borrower with respect to any Collateral;

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

(viii) Generally, to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Lender were the absolute owner thereof for all purposes, and to do, at the Lender's option, all acts and things which the Lender deems necessary to protect, preserve or realize upon the Collateral

and the Lender's security interest therein, in order to effect the intent of this Security Agreement, all as fully and effectively as the Borrower might do.

(b) The Borrower's agreement to appoint the Lender as attorney-in-fact in this paragraph 4 is irrevocable and the power of attorney, once effective, shall be coupled with an interest and shall, similarly, be irrevocable. Notwithstanding the foregoing, the Borrower further agrees to execute any additional documents which the Lender may reasonably require in order to confirm this power of attorney, or which the Lender may reasonably deem necessary to enforce any of its rights contained in this Security Agreement.

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

(d) Upon the occurrence of an Event Default and following expiration of the Three Business Days Notice, the Borrower also authorizes the Lender to execute, in connection with any sale provided for in this Security Agreement, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral.

(e) Pursuant to this paragraph 4, concurrently with the execution and delivery of this Security Agreement, the Borrower is executing and delivering to the Escrow Agent, as such term is hereinafter defined, certain Special Powers of Attorney, in the form of Schedule D annexed hereto and made a part hereof (collectively and individually referred to as the "Special Powers of Attorney"), for the implementation of the sale, assignment, licensing or other disposition of the Collateral pursuant to this Security Agreement, which said Special Powers of Attorney shall be held by the Escrow Agent, as such term is hereinafter defined, in accordance with the provisions of paragraph 7 of this Security Agreement.

(f) Notwithstanding anything in this Security Agreement or in the Special Powers of Attorney to the contrary, the Power of Attorney set forth in this paragraph 4, as well as in the Special Powers of Attorney, shall not be effective in the event that the Borrower files a petition in Bankruptcy, unless and until the Lender shall obtain an order of the bankruptcy court granting the Lender relief from the automatic stay or other relief specifically allowing the Lender to exercise the specific rights provided for in this paragraph 4 and in the Special Powers of Attorney. In any such bankruptcy proceeding or application seeking relief from the automatic stay of bankruptcy, the Lender shall not rely upon the grant of the Power of Attorney of this paragraph 4 or the Special Powers of Attorney by the Borrower as creating any special right or rights of the Lender to obtain relief from the automatic stay. Nothing contained in this subparagraph 4(f) shall prevent the Lender from seeking the ability to exercise the specific rights provided for in this Power of Attorney and in the Special Powers of Attorney provided the Lender



shall first obtain, on grounds independent of the existence of these Powers, an order of the bankruptcy court granting the Lender relief from the automatic stay or other relief authorizing the exercise of Lender's rights.

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

(a) The occurrence of any Default or Event of Default under the Credit Agreement;

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

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

6. Remedies. Upon the occurrence of an Event of Default, in addition to all other rights and remedies of the Lender, whether under law, the Credit Agreement or otherwise (all such rights and remedies being cumulative, not exclusive and enforceable alternatively, successively or concurrently), the Lender shall have the following rights and remedies which it may exercise, following the Three Business Days Notice, as such term is defined in the Credit Agreement, to the Borrower:

(a) exercise any of the rights and remedies of the Lender set forth in the Credit Agreement;

(b) immediately upon the Lender's request, the Borrower shall not make any further use of the Patents or the Trademarks or any mark similar thereto for any purposes;

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

(d) the Lender may (without assuming any obligations or liability thereunder), at any time, enforce (and shall have the exclusive right to enforce) against any licensee or sublicensee all rights and remedies of the Borrower in, to and under any one or more license agreements with respect to the Collateral, including, without limitation the license agreement set forth in subparagraph 3(c) of this Security Agreement, and take or refrain from taking any action under any license or sublicense thereof;

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

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

(g) whether or not the Lender forecloses upon the Collateral in accordance with subparagraph 6(e) of this Security Agreement, the Lender may, at any time after the occurrence of an Event of Default and expiration of the Three Business Days Notice, and from time to time thereafter, assign, sell, or otherwise dispose of, the Collateral or any of it either with or without special or other conditions or stipulations, with power to buy the Collateral, or any part of it, and with power also to execute assurances, and do all other acts and things for completing the assignment, sale or disposition which the Lender shall, in its sole discretion, deem appropriate or proper, all in a commercially reasonable manner; and

(h) in addition to the foregoing, in order to implement the assignment, sale or other disposal of any of the Collateral pursuant to subparagraphs 6(e) or 6(g) hereof, the Lender may, at any time after the occurrence of an Event of Default and expiration of the Three Business Days Notice, pursuant to the authority granted in the Special Powers of Attorney, subject, however, to subparagraph 4(e), subparagraph 4(f) and paragraph 7 of this Security Agreement, execute and deliver on behalf of the Borrower, one or more instruments of assignment of the Patents or the Trademarks (or any application or registration thereof), in form suitable for filing, recording or registration. The Borrower agrees to pay when due all reasonable costs and expenses incurred in any such transfer of the Patents or the Trademarks, including any taxes, fees and reasonable attorneys' fees, and all such costs shall be added to the obligations of the Borrower to the Lender. The Lender shall apply the proceeds actually received from any such license, assignment, sale or other disposition to the payment of the Obligations of the Borrower to the Lender as provided for in the Credit Agreement. The Borrower shall remain liable for any deficiency with respect to the Obligations of the Borrower to the Lender, which shall bear interest and be payable at the Default Rate as specified in the Credit Agreement. The Borrower shall have the right to receive any surplus subject, however, to any duty of the Lender imposed by law to the holder of any subordinate security interest in the Collateral known to the Lender. Nothing contained herein shall be construed as requiring the Lender to take any such action at any time.

## 7. Escrow Agreement.

(a) Camhy Karlinsky & Stein LLP (the "Escrow Agent") shall act as escrow agent for the purpose of and in accordance with the terms and conditions of this Security Agreement. The Special Powers of Attorney shall be held by the Escrow Agent in a security

deposit box with Citibank N.A. or other financial institution which may include the Lender, which the Lender and the Borrower hereby acknowledges and agrees to be a reasonable depository.

(b) The Escrow Agent shall hold the Special Powers of Attorney in escrow, pending notification from the Lender that:

(i) an Event of Default has occurred under the Credit Agreement, this Security Agreement, or any other documents, instruments, writings and agreements related thereto, and that any required notice has been properly delivered to the Borrower and, after such notice period has lapsed, the Escrow Agent shall be authorized to deliver the Special Powers of Attorney directly to the Lender; or

(ii) the Obligations (as such term is defined in the Credit Agreement) of the Borrower to the Lender have been fully paid and satisfied, at which time the Escrow Agent shall deliver the Special Powers of Attorney directly to the Borrower.

(c) The Escrow Agent will be obligated to perform only such duties as are expressly set forth in this paragraph 7. In case of conflicting demands, the Escrow Agent shall be entitled to refuse to comply with the instructions of the Lender to deliver the Special Powers of Attorney as long as such disagreement continues, to make no delivery of the Special Powers of Attorney then held (and the Escrow Agent shall not be or become liable in any way for such failure or refusal to comply with such conflicting or adverse claims or demands), and to continue to so refrain and to so refuse to act until all differences shall have been resolved by agreement and the Escrow Agent shall have been notified thereof in writing signed jointly by the Borrower and the Lender, or as decided by a court of competent jurisdiction.

(d) The Borrower and the Lender hereby acknowledge and agree that the Escrow Agent shall be under no obligation to take any legal action in connection with the Special Powers of Attorney and that the Escrow Agent's exercise of reasonable care does not require the Escrow Agent to take any actions relating to the Special Powers of Attorney, including, without limitation, (i) preserving or defending the Borrower's or the Lender's rights under the Special Powers of Attorney, whether against other parties or otherwise, or (ii) collecting royalties or license fees, if any, generated by use of the Special Powers of Attorney.

(e) The Borrower and the Lender acknowledge and agree that the Escrow Agent shall be under no obligation to take any legal action in connection with this Agreement or for its enforcement, or to appear in, prosecute, or defend any action or legal proceeding which, in its opinion, would or might involve it in any costs, expense, loss, or liability, unless and so often as required by the Escrow Agent, the Borrower shall furnish the Escrow Agent with security and indemnity satisfactory to the Escrow Agent against all such costs, expenses, losses, or liabilities.

(f) The Escrow Agent while acting as the escrow agent hereunder is to be considered and regarded as a depository only and its duties hereunder shall be limited to the safekeeping of the Special Powers of Attorney received by it as the escrow agent and for the disbursement of the same in accordance with the written escrow instructions given it in accordance with this Agreement.

(g) Liability. Escrow Agent shall not be liable with respect to its duties hereunder except in the event of its willful misconduct or gross negligence. Escrow Agent may rely on any document, instrument or signature believed by it to be genuine and signed by either of the parties or their successors and may assume that any person purporting to give any notice of instructions in accordance with the provisions hereof has been duly authorized to do so. Escrow Agent shall not be bound by any modification, cancellation or rescission of this Security Agreement unless in writing and signed by Borrower and the Lender.

(h) Indemnity. Borrower hereby agrees to indemnify and hold harmless Escrow Agent against any loss, liability, claim or expense in connection herewith, including reasonable attorneys' fees and disbursements, arising out of or in connection with the performance by Escrow Agent of its duties under this Security Agreement, unless such loss, liability, claim or expense results or arises in connection with the willful misconduct or gross negligence of Escrow Agent.

(i) Stakeholder Only. Escrow Agent is acting only as a stakeholder with respect to the Special Powers of Attorney held by it hereunder. If there is any dispute as to whether Escrow Agent is obligated to deliver the Special Powers of Attorney or any of them or as to whom the documents or any of them are to be delivered, Escrow Agent may hold the same until it is authorized in writing, signed by Borrower and the Lender or by a final order of a court of competent jurisdiction from which no appeal is or can be made, directing the disposition of the Special Powers of Attorney. If such a written authorization is not given or proceedings for such determination are not begun within thirty (30) days after written request by Escrow Agent and diligently continued, Escrow Agent may either continue to hold the Special Powers of Attorney or bring an appropriate action or proceeding for leave to deposit the Special Powers of Attorney in court pending such determination. Escrow Agent shall be reimbursed for all costs and expenses of such action or proceeding including, without limitation, reasonable attorneys' fees and disbursements, by all parties hereto, and upon such deposit of the Special Powers of Attorney in court, Escrow Agent shall have no further liability hereunder.

(j) No Conflict. Purchaser acknowledges that, notwithstanding that Escrow Agent is the escrow agent hereunder, Escrow Agent is the attorney for the Lender and neither its service as escrow agent hereunder nor any provision hereof shall restrict Escrow Agent from representing the Lender in any action, dispute, controversy, arbitration, Bankruptcy proceeding, suit or negotiation arising out of this Security Agreement, the escrow provision, the Credit Agreement, or otherwise.

(k) No Third Party Rights. The terms and provisions of these escrow provisions shall create no right in any person other than the Borrower and the Lender and their respective successors and assigns, and no third party shall have the right to enforce or benefit from the terms hereof.

(l) Borrower agrees to pay Escrow Agent a fee of \$3,000 per annum for Escrow Agent to perform its duties as Escrow Agent hereunder. Such fee shall be payable in advance at the Closing of the Loan and on the first day of April each year thereafter until all Obligations shall have been repaid in full. Notwithstanding the foregoing, Borrower shall have the right at any time, on notice to Escrow Agent and the Lender to request that Escrow Agent deliver the Special Powers of Attorney to the Lender, to be held by the Lender in accordance with the terms of the Credit Agreement unless and until an Event of Default has occurred and the three Business Days Notice has been given and expired.

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

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

10. GOVERNING LAW. THIS SECURITY AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO THE CONFLICT OF LAW PRINCIPLES THEREOF, EXCEPT TO THE EXTENT THAT THE VALIDITY OR PERFECTION OF THE SECURITY INTEREST HERE UNDER, OR REMEDIES HEREUNDER, IN RESPECT OF ANY PARTICULAR COLLATERAL ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK.

11. Notices/Three Business Days Notice and the Sale Notice.

(a) All notices and other communications (other than the Three Business Days Notice and the Sale Notice (as each is defined in Section 1.2 of the Credit Agreement and which notices shall be given in accordance with Subsection (b) below) shall be in writing and shall be personally delivered or sent by registered or certified mail, postage prepaid, return receipt requested, or by prepaid courier, and shall be deemed to be given, if by registered or certified mail, postage prepaid, three Business Days after mailing, and if by personal delivery or prepaid courier, on the day that such writing is delivered. Notices, demands and other communications shall be sent as follows, with a courtesy copy by FAX:

- If to Borrower:
1. Chatam International Incorporated  
103 Springer Building  
3411 Silverside Road  
Wilmington, Delaware 19810  
Attn: Mark Small  
TEL: 302 478-6160  
FAX:302 478-3667
  
  2. Chatam International Incorporated  
103 Springer Building  
3411 Silverside Road  
Wilmington, Delaware 19810  
Attn: Norton Cooper  
TEL: 302 478-6160  
FAX:302 478-3667
  
  3. Charles Jacquin et Cie., Inc  
2633 Trenton Avenue  
Philadelphia, PA 19125  
Attn: Mark Small  
TEL: 215 425-9300  
FAX: 215 425-9438
  
  4. Charles Jacquin et Cie., Inc  
2633 Trenton Avenue  
Philadelphia, PA 19125  
Attn: Norton Cooper  
TEL: 215 425-9300  
FAX: 215 425-9438
  
  5. Charles Jacquin et Cie., Inc  
2633 Trenton Avenue  
Philadelphia, PA 19125  
Attn: Geoffrey Smitt  
TEL: 215 425-9300  
FAX: 215 425-9438
  
  6. Charles Jacquin et Cie., Inc  
2633 Trenton Avenue  
Philadelphia, PA 19125  
Attn: Thomas Sullivan  
TEL: 215 425-9300

FAX: 215 425-9438

and a copy to: 7. Dilworth Paxson LLP  
3200 Mellon Bank Center  
1735 Market Street  
Philadelphia, PA 19103  
Attn: Paul Lewis, Esq.  
TEL: (215) 575-7188  
FAX: (215) 575-7200

If to Lender or Escrow Agent:

Citicorp USA, Inc.  
153 East 53<sup>rd</sup> Street, 56<sup>th</sup> Floor  
New York, New York 10043  
Attn: Tom Sullivan, VP  
TEL: (212) 559-1762  
FAX: (212) 793-7964

with a copy to: Camhy Karlinsky & Stein LLP  
1740 Broadway, 16th Floor  
New York, New York 10019-4315  
Attention: Alan S. Kleiman, Esq.  
TEL: (212) 830-5762  
FAX: (212) 977-8389

or at such other address as any of the parties may designate by written notice given as herein required.

(b) Three Business Days Notice and Sale Notice. The Three Business Days Notice and the Sale Notice shall be sent by prepaid courier, next business day delivery, addressed to Borrower at the addresses provided for Notice in **Subsection (a)** above. The Three Business Days Notice period shall commence the Business Day following the Borrower's "Receipt" of the written notice referred to herein, and shall end at 5:00 p.m. New York City time on the third Business Day following Receipt of that notice. As used herein, the term "Receipt" shall mean either:

(i) an acknowledgment by Fax to Lender from any of the addressees of the Three Business Days Notice acknowledging actual receipt of the Three Business Days Notice; or

(ii) personal delivery by an officer of Lender during the normal business hours of 9 a.m. to 5 p.m. on any Business Day (as defined in the Credit Agreement) to the office address of:

Charles Jacquin et Cie., Inc.  
2633 Trenton Avenue

If such office is closed or if the delivery is refused the envelope containing the Three Business Days Notice shall be left at such location, and in such case, "Receipt" shall mean such officer's attempt at delivery. The officer shall prepare a certification by affidavit, a statement of the date, time, and place of such delivery or attempted delivery.

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

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

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

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

16. No Waiver. No course of dealing between the Borrower and the Lender, and no delay or omission of the Lender in exercising or enforcing any of the Lender's rights and remedies hereunder shall constitute a waiver thereof; and no waiver by the Lender of any Event of Default should operate as a waiver of any other Event of Default.

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

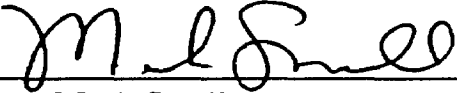


18. Granting of Security Interest Only. Notwithstanding any provision of this Security Agreement to the contrary, the Borrower is providing to the Lender, by entry into this Security Agreement, only a security interest in the Collateral and no other interest in the Collateral is intended to be created by the parties.


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

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

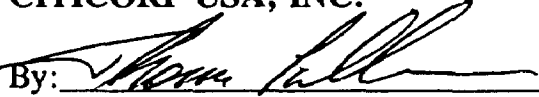
**CHATAM INTERNATIONAL INCORPORATED**

By:   
Name: Mark Small  
Title: Treasurer

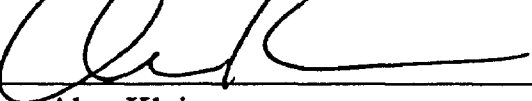
**CHARLES JACQUIN ET CIE., INC.**

By:   
Name: Mark Small  
Title: Treasurer

**CITICORP USA, INC.**

By:   
Name: Thomas Sullivan  
Title: Vice President

**CAMHY KARLINSKY & STEIN LLP**

By:   
Name: Alan Kleiman  
Title: Member

CORPORATE ACKNOWLEDGMENT  
As to Chatam International Incorporated

STATE OF NEW YORK            )  
  :ss.  
COUNTY OF NEW YORK        )

On the 8<sup>th</sup> day of June in the year 1999, before me, the undersigned, a notary public in and for said State, personally appeared Mark Small, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

*Paul K. Hargrove*  
\_\_\_\_\_  
Notary Public

PAUL K. HARGROVE  
Notary Public, State of New York  
No. 01HA4862679  
Qualified in ~~Greene~~ County OF NASSAU  
Certificate Filed in New York County  
Commission Expires Aug. 18, ~~1998~~  
2000

CORPORATE ACKNOWLEDGMENT  
As to Charles Jacquin et Cie., Inc.

STATE OF NEW YORK            )  
  :ss.  
COUNTY OF NEW YORK        )

On the 8<sup>th</sup> day of June in the year 1999, before me, the undersigned, a notary public in and for said State, personally appeared Mark Small, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

*Paul K. Hargrove*  
\_\_\_\_\_  
Notary Public

PAUL K. HARGROVE  
Notary Public, State of New York  
No. 01HA4862679  
Qualified in ~~Greene~~ County OF NASSAU  
Certificate Filed in New York County  
Commission Expires Aug. 18, ~~1998~~  
2000

**LENDER ACKNOWLEDGMENT**

As to Citicorp USA, Inc.

STATE OF NEW YORK            )  
  :ss.  
COUNTY OF NEW YORK        )

On the 8<sup>th</sup> day of June in the year 1999, before me, the undersigned, a notary public in and for said State, personally appeared Thomas Sullivan, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

*Paul K. Hargrove*  
\_\_\_\_\_  
Notary Public

PAUL K. HARGROVE  
Notary Public, State of New York  
No. 01HA4862679  
Qualified in ~~Queens~~ County OF NASSAU  
Certificate Filed in New York County  
Commission Expires Aug. 18, ~~1999~~  
2000

**ACKNOWLEDGMENT**

As to Camhy Karlinsky & Stein LLP

STATE OF NEW YORK            )  
  :ss.  
COUNTY OF NEW YORK        )

On the 8<sup>th</sup> day of June in the year 1999, before me, the undersigned, a notary public in and for said State, personally appeared Alan S. Kleiman, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

*Paul K. Hargrove*  
\_\_\_\_\_  
Notary Public

PAUL K. HARGROVE  
Notary Public, State of New York  
No. 01HA4862679  
Qualified in ~~Queens~~ County OF NASSAU  
Certificate Filed in New York County  
Commission Expires Aug. 18, ~~1999~~  
2000

Trademark	Status	International Class(es)	Registration Number
1. JACQUIN'S	REGISTERED	33	R1245562
2. DEVONSHIRE	REGISTERED	33	R1283568
3. CHATELAINE	REGISTERED	33	R1265234
4. CHAMBORD	REGISTERED	30	R1281807
5. SAVORY & JAMES	REGISTERED	33	R1262623
6. PERIGORD	REGISTERED	33	R1290402
7. CAVENDISH	REGISTERED	33	R1266568
8. FRENCH SUMMER	REGISTERED	25	R1277114
9. BELCOUR	REGISTERED	33	R1283571
10. HAPSBURG	REGISTERED	33	R1280094
11. JACQUIN	RENEWED	33	R823726
12. DEVONSHIRE MEADOWS	REGISTERED	33	R1308269
13. CHAMBORD	REGISTERED	33	R1299054
14. ROYALE MONTAINE	REGISTERED	33	R1319745
15. STALINGRAD	REGISTERED	33	R1343143
16. CHANTAINE BRUT CORDON ROYAL	REGISTERED	33	R1313778
17. CHANTAINE	REGISTERED	33	R1328848
18. CHANTAINE BRUT CORDON ROYAL IMPORTED FROM FRANCE	REGISTERED	33	R1371627
19. BELCOUR	REGISTERED	33	R1343158
20. PERIGORD	REGISTERED	33	R1343159
21. BOND HALL	RENEWED	33	R847704
22. WITTENHEIM	REGISTERED	33	R1331205

Trademark	Status	International Class(es)	Registration Number
23. BRITANNIA	REGISTERED	33	R1341383
24. COURCHEVAL	REGISTERED	33	R1426778
25. CHEVERNAY	REGISTERED	32	R1368010
26. CHAMBORD	REGISTERED	29	R1389258
27. CHAMBORD FRANCE	REGISTERED	29	R1397788
28. CANTON	REGISTERED	33	R1376192
29. CHAMBORD PRESERVES IMPORTED FROM FRANCE ALL NATURAL FRENCH PRESERVES	REGISTERED	29	R1408730
30. CHAMBORD	REGISTERED	30	R1471544
31. SAVORY & JAMES	RENEWED	33	R975594
32. ** DESIGN ONLY **	REGISTERED	33	R1644573
33. ** DESIGN ONLY **	REGISTERED	29	R1616300
34. LONDON TOWER	RENEWED	33	R793469
35. JACQUIN'S LONDON TOWER	RENEWED	33	R793470
36. GREAT GLEN	RENEWED	33	R807872
37. JACQUIN'S PREMIUM	RENEWED	33	R813586
38. JOSE CORTEZ	RENEWED	33	R860664
39. ORIGINAL CANTON DELICATE GINGER LIQUEUR	REGISTERED	33	R1759223
40. STALINGRAD	REGISTERED	33	R1850824
41. RESERVE DU DOMAINE	RENEWED	33	R856158
42. PADDLE YOUR OWN CANOE	REGISTERED	33	R1907920
43. WILD SPIRIT	REGISTERED	33	R1909421

Trademark	Status	International Class(es)	Registration Number
44. COVENTRY	RENEWED	33	R901893
45. WILD SPIRIT	REGISTERED	25	R1970397
46. GOLDLAKEN	REGISTERED	33	R1977729
47. LOST HORIZONS	REGISTERED	33	R2044352
48. GOOD FORTUNE	REGISTERED	33	R2173262
49. JACQUIN	RENEWED	33	R435863
50. WILD SPIRIT	REGISTERED	25	R2014838
51. TASTE THE ADVENTURE! WILD SPIRIT	REGISTERED	25	R2072331
52. HOT SEX	REGISTERED	33	R2103842
53. TASTE THE ADVENTURE!	REGISTERED	33	R1958811
54. FORBIDDEN FRUIT	RENEWED	33	R527335
55. ST. DALFOUR	REGISTERED	29	R2020598
56. BOCADOR	REGISTERED	33	R2020616
57. ** DESIGN ONLY **	REGISTERED	33	R2171662
58. ** DESIGN ONLY **	REGISTERED	33	R2159417
59. SAXONY	RENEWED	33	R903977
60. ST. DALFOUR	REGISTERED	30	R2192578
61. ** DESIGN ONLY **	REGISTERED	29	R2103033
62. CHATELAINE	RENEWED	33	R1028858
63. ORIGINAL BARTENDERS COCKTAILS	REGISTERED	33	R2161086
64. MAJESTIC RUBY RED	REGISTERED	33	R2179213
65. ANDY MACDUFF	RENEWED	33	R370862

CHATAM INTERNATIONAL INCORPORATEI

Trademark	Status	International Class(es)	Registration Number	Serial Number
66.	** DESIGN ONLY ** RENEWED	33	R1071921	
67.	LE PASSAGE REGISTERED	33	R2227455	
68.	CHAMBORD LIQUEUR ROYALE RENEWED	33	R1058675	
69.	SAVORY & JAMES RENEWED	33	R1056245	
70.	BEST EVER KICK-ASS REGISTERED	33	R2235525	
71.	BOTTICELLI RENEWED	33	R1088875	
72.	LOND-BROOK RENEWED	33	R716599	
73.	CHAMBORD LIQUEUR ROYALE DE FRANCE REGISTERED	33	R1220239	
74.	HAPSBURG REGISTERED	32	R1199010	
75.	KANDANA REGISTERED	33	R1224464	
76.	CHAMBOARD LIQUEUR ROYALE REGISTERED	33	R1230190	
77.	SAVORY & JAMES REGISTERED	33	R1242271	
78.	BOTTICELLI REGISTERED	33	R1221980	
79.	JEAN BOULAIN REGISTERED	33	R1228685	
80.	OLD FLORIDA RUM COMPANY REGISTERED	33	R1261878	
81.	RON FLORIDITA REGISTERED	33	R1215160	
82.	OLD SOUTHERN REGISTERED	33	R1242274	
83.	RESERVE DU DOMAINE REGISTERED	33	R1233857	
84.	CHALFONTE REGISTERED	33	R1243818	
85.	ORIGINAL PENNSYLVANIA DUTCH REGISTERED	33	R1300868	
86.	JEAN BOULAIN REGISTERED	33	R1209958	



Trademark	Status	International Class(es)	Serial Number	F
87. GOLDSTRASSEN	PUBLISHED	33	74-584274	
88. ** DESIGN ONLY **	PUBLISHED	33	74-633831	
89. DREAM CATCHER	PUBLISHED	33	75-009925	
90. STEALTH BOMBER	PUBLISHED	33	75-206396	
91. CHAMBORD	PUBLISHED	29,30	75-277884	
92. ST. DALFOUR	PUBLISHED	29,30,31	75-295300	
93. HOT SEX	PUBLISHED	30	75-308711	
94. CHAMBORD ADRENALIN	PUBLISHED	33	75-320377	
95. NIRVANA	PUBLISHED	33	75-342525	
96. XANADU	PUBLISHED	33	75-342541	
97. SAVORY & JAMES SPECIAL RESERVE OLD SHERRY BRANDY	PUBLISHED	33	75-343408	
98. AN OLD TIME SPECIALTY OF THE HEMISPHERES	PENDING	33	75-358448	
99. BEST EVER MUDSLIDE	PENDING	33	75-402959	
100. PRIZE WINNING	PENDING	33	75-426017	
101. BLOWIN' IN THE WIND	PUBLISHED	33	75-426019	
102. HOT LOVE	PUBLISHED	33	75-481654	
103. CHAMBORD SPLASH	PENDING	33	75-516774	
104. MEAL IN A JAR	PENDING	30	75-516775	
105. HOT XXX	PENDING	33	75-520331	
106. PURPLE HAZE	PENDING	33	75-545481	
107. ONE MINUTE ALL NATURAL	PENDING	30	75-563637	
108. GUARDIAN	PENDING	33	75-623511	
109. GUARDIAN	PENDING	33	75-630686	

Schedule B to Security Agreement

**PATENTS**

None

**FORM OF REQUEST FOR APPROVAL**

[Date]

Citicorp USA, Inc.  
153 East 53<sup>rd</sup> Street  
New York, New York 10043  
Attention: Tom Sullivan, VP

Re:Credit Agreement With Chatam International Incorporated  
and Charles Jacquin Et Cie, Inc. (collectively, "Borrower")

Gentlemen:

This letter is sent to you pursuant to Section 3 (i) of the Trademark Security Agreement entered into pursuant to the Credit Agreement with Borrower dated June 1, 1999.

We hereby request your consent to the [sale, granting of a license, etc. [describe transaction in detail]].

Pursuant to Section 3 (i), if you do not respond to this request within 60 days of your receipt of this letter your consent will be deemed granted.

Very truly yours,

[Borrower]



from the automatic stay specifically allowing the Lender to exercise the specific rights provided for in this Special Power of Attorney. In any such Bankruptcy proceeding or application seeking relief from the automatic stay of Bankruptcy, the Lender shall not rely upon the grant of the powers contained herein by Borrower as creating any special right or rights of the Lender to obtain relief from the automatic stay. Nothing contained in this paragraph shall prevent the Lender from seeking the ability to exercise the specific rights provided for in this special Power of Attorney provided the Lender shall first obtain, on grounds independent of the existence of these Powers, an order of the Bankruptcy court granting the Lender relief from the automatic stay.

Dated: June 8, 1999

**CHATAM INTERNATIONAL INCORPORATED**

By: Mark Small  
Name: Mark Small  
Title: Treasurer

**CHARLES JACQUIN ET CIE., INC.**

By: Mark Small  
Name: Mark Small  
Title: Treasurer

STATE OF NEW YORK )  
 ) ss.:  
COUNTY OF NEW YORK)

On the 8<sup>th</sup> day of June, in the year 1999, before me, the undersigned, a notary public in and for said state, personally appeared Mark Small, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity), and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Paul K. Hargrove  
Notary Public  
PAUL K. HARGROVE  
Notary Public State of New York  
No. 01144862679  
Qualified in ~~Queens~~ County OF NASSAU  
Certificate Filed in New York County  
Commission Expires Aug. 18, ~~1996~~  
2000

STATE OF NEW YORK )  
 ) ss.:  
COUNTY OF NEW YORK)

On the 8<sup>th</sup> day of June, in the year 1999, before me, the undersigned, a notary public in and for said state, personally appeared Mark Small, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity), and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Paul K. Hargrove  
Notary Public  
PAUL K. HARGROVE  
Notary Public State of New York  
No. 01144862679  
Qualified in ~~Queens~~ County OF NASSAU  
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