

MRD 10-26-99

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

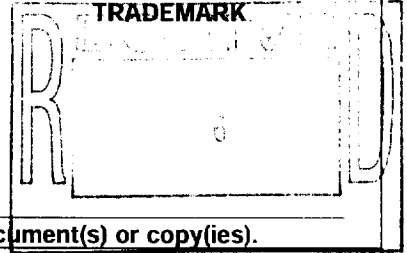
10-28-1999



101186642

U.S. Department of Commerce  
Patent and Trademark Office

TRADEMARK



### 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  
10/12/ 99

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)

- 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.)

10/28/1999 NTHA11 00000033 2150658

#### FOR OFFICE USE ONLY

01 FC:481 40.00 OP  
02 FC:482 25.00 OP

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

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

TRADEMARK  
REEL: 001980 FRAME: 0713

**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" value="2,158,658"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="2,158,657"/>	<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.

Adam D. Resnick

10/26/99

Name of Person Signing

Signature

Date Signed

# PATENT AND TRADEMARK SECURITY AGREEMENT

THIS PATENT AND TRADEMARK SECURITY AGREEMENT (this "Agreement") is made as of October 12, 1999 by and between Prism Crafts, Inc., an Indiana corporation (the "Debtor"), and Prism Crafts, Inc., a Maryland corporation (the "Secured Party").

## Recitals

A. Debtor has agreed to purchase certain assets of Secured Party upon the terms and conditions set forth in the Asset Purchase Agreement dated and effective as of September 30, 1999 (the "Purchase Agreement") by and among Debtor, Secured Party, Stephen Schulhoff, and Michael Wohl.

B. Pursuant to the provisions of the Purchase Agreement, Debtor will (i) deliver to Secured Party the "Original Note" and the "Additional Note" (as those terms are defined in the Purchase Agreement), and (ii) make certain payments to Secured Party in accordance with the terms of Section 2.4(c) of the Purchase Agreement (collectively, the "Deferred Payments"). The Original Note and the Additional Note are sometimes hereinafter referred to individually as a "Note" and collectively as the "Notes."

C. Debtor has agreed to secure the payment and performance of the obligations of Debtor (i) under each of the Original Note and the Additional Note, and (ii) in connection with the Deferred Payments, by the liens and security interests granted pursuant to this Agreement.

NOW, THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt, adequacy, and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

### 1. Definitions; Construction

1.1 Definitions. The following terms, as used in this Agreement, have the following meanings:

"*Code.*" The term "Code" means the Uniform Commercial Code, as adopted and amended in the State of Maryland, and any successor statute.

"*Collateral.*" The term "Collateral" means all of the following property of the Debtor, whether now owned or hereafter acquired:

(i) Each of the trademark rights and interests that are capable of being protected as trademarks (including trademarks, service marks, designs, logos, indicia, tradenames, corporate names, company names, business names, fictitious business names, trade styles, and other source or

business identifiers, and applications pertaining thereto), that are presently, or in the future may be, owned, created, or acquired by Debtor, in whole or in part, and all trademark rights with respect thereto throughout the world, including all proceeds thereof (including license royalties and proceeds of infringement suits), and rights to renew and extend such trademarks and trademark rights;

(ii) Each of the patents and patent applications which are presently, or in the future may be, owned, issued, or acquired by Debtor, in whole or in part, and all patent rights with respect thereto throughout the world, including all proceeds thereof (including license royalties and proceeds of infringement suits), foreign filing rights, and rights to extend such patents and patent rights;

(iii) All of Debtor's right, title, and interest in and to the trademarks and trademark registrations listed on Exhibit A attached hereto, as the same may be updated hereafter from time to time;

(iv) All of Debtor's right, title, and interest in and to the patents and patent applications listed on Exhibit B attached hereto, as the same may be updated hereafter from time to time;

(v) All of Debtor's right, title and interest to register trademark claims under any state or federal trademark law or law or regulation of any foreign country and to apply for, renew, and extend the trademark registrations and trademark rights, the right (without obligation) to sue or bring opposition or cancellation proceedings in the name of Debtor or in the name of Secured Party for past, present, and future infringements of the trademarks, registrations, or trademark rights and all rights (but not obligations) corresponding thereto in the United States and any foreign country;

(vi) All of Debtor's right, title, and interest in all patentable inventions owned by Debtor, and to file applications for patents under patent law or regulations of the United States or of any foreign country, and to request reexamination and/or reissue of the patents, the right (without obligation) to sue or bring interference proceedings in the name of Debtor or in the name of Secured Party for past, present, and future infringements of the patents, and all rights (but not obligations) corresponding thereto in the United States and any foreign country;

(vii) The entire goodwill of or associated with the businesses now or hereafter conducted by Debtor connected with and symbolized by any of the aforementioned properties and assets;

(viii) All general intangibles relating to any of the foregoing and all other intangible intellectual or other similar property owned by Debtor of any kind or nature, associated with or arising out of any of the aforementioned properties and assets and not otherwise described above:  
and

(ix) All products and proceeds of any and all of the foregoing (including, without limitation, license royalties and proceeds of infringement suits) and, to the extent not otherwise included, all payments under insurance policies, or any indemnity, warranty, or guaranty payable by reason of loss or damage to or otherwise with respect to any of the foregoing.

“*First Union.*” The term “First Union” means First Union National Bank, a national banking association.

“*Obligations.*” The term “Obligations” means, collectively: (a) the full, complete and prompt payment by Debtor (subject to the terms of the Subordination Agreement) of any principal, interest, fees, premiums, charges or other amounts of any nature whatsoever due under the Notes (or either of them); and (b) the prompt remittance by Debtor to Secured Party of any Deferred Payments that become due and payable on or before the date on which the Notes are paid in full (subject to the terms of the Subordination Agreement).

“*Subordination Agreement.*” The term “Subordination Agreement” has the meaning given to such term in the Original Note.

1.2 Construction. Unless the context of this Agreement clearly requires otherwise, references to the plural include the singular, references to the singular include the plural, and the term “including” is not limiting. The words “hereof,” “herein,” “hereby,” “hereunder,” and other similar terms refer to this Agreement as a whole and not to any particular provision of this Agreement. Headings have been set forth herein for convenience only, and shall not be used in the construction of this Agreement.

2. Grant Of Security Interest. To secure the complete and timely payment and performance of all of the Obligations (subject to the terms of the Subordination Agreement), Debtor hereby grants, assigns, and conveys to Secured Party a lien and security interest in and to the Collateral.

3. Covenants of Debtor. Debtor hereby covenants and agrees that, until the Obligations are satisfied in full:

3.1 Notice. Debtor will use, if and where applicable, proper statutory notice in connection with its use of each of the patents and trademarks, consistent with the past practices of Prism Crafts, Inc., a Maryland corporation.

3.2 Quality. Debtor will use consistent standards of high quality (in Debtor’s reasonable discretion and consistent with the past practices of Prism Crafts, Inc., a Maryland corporation) in the manufacture, sale, and delivery of products and services sold or delivered under or in connection with the trademarks owned by Debtor, including, to the extent applicable, in the operation and maintenance of its merchandising operations, and will maintain the validity of the trademarks.

4. After-Acquired Patent Or Trademark Rights. If Debtor shall obtain ownership rights to any new trademarks, any new patentable inventions or become entitled to the benefit of any patent application or patent for any reissue, division, or continuation, of any patent, the provisions of this Agreement shall automatically apply thereto. Debtor shall give notice in writing to Secured Party

with respect to any such new trademarks or patents, or renewal or extension of any trademark registration. Without limiting Debtor's obligation under this Section 4, Debtor authorizes Secured Party to modify this Agreement by amending Exhibit A or Exhibit B, as applicable, to include any such new patent or trademark rights. Notwithstanding the foregoing, no failure to so modify this Agreement or amend Exhibit A or Exhibit B shall in any way affect, invalidate or detract from Secured Party's continuing security interest in all Collateral, whether or not such Collateral is listed on Exhibit A or Exhibit B.

5. Litigation and Proceedings. Debtor shall commence and diligently prosecute in its own name, as the real party in interest, for its own benefit, and at its own expense, such suits, administrative proceedings, or other actions for infringement or other damages as Debtor believes (in its reasonable discretion) are necessary, appropriate, or desirable to protect the Collateral. Debtor shall provide to Secured Party any information with respect thereto reasonably requested by Secured Party. Secured Party shall provide at Debtor's expense all necessary cooperation in connection with any such suits, proceedings, or action, including, without limitation, joining as a necessary party. Promptly, following Debtor's becoming aware thereof, Debtor shall notify Secured Party of the institution of, or any adverse determination in, any proceeding in the United States Patent and Trademark Office, or any United States, state, or foreign court regarding Debtor's claim of ownership in any of the patents or trademarks, its right to apply for the same, or its right to keep and maintain such patent or trademark rights.

6. Power Of Attorney. Debtor hereby appoints Secured Party as Debtor's true and lawful attorney-in-fact, with full power of substitution, to do any or all of the following, in the name, place and stead of Debtor, as the case may be: (a) file this Agreement (or an abstract hereof) or any other document describing Secured Party's interest in the Collateral with the United States Patent and Trademark Office; (b) execute any modification of this Agreement pursuant to Section 4 of this Agreement; (c) take any action and execute any instrument which Secured Party reasonably may deem necessary or advisable to accomplish the security interest purposes of this Agreement; and (d) while any "Event of Default" (as that term is defined below) is continuing, (i) endorse Debtor's name on all applications, documents, papers and instruments necessary for Secured Party to use or maintain the Collateral; (ii) ask, demand, collect, sue for, recover, impound, receive, and give acquittance and receipts for money due or to become due under or in respect of any of the Collateral; (iii) file any claims or take any action or institute any proceedings that Secured Party reasonably may deem necessary or desirable for the collection of any of the Collateral or otherwise enforce Secured Party's rights with respect to any of the Collateral, and (iv) assign, pledge, convey, or otherwise transfer title in or dispose of the Collateral to any person, but only to the extent permitted by this Agreement or applicable law.

7. Right To Inspect. Debtor grants to Secured Party and its employees and agents the right to visit Debtor's plants, corporate offices and facilities which manufacture, inspect, or store products sold under any of the patents or trademarks, and to inspect the products and quality control records relating thereto at reasonable times during regular business hours upon forty-eight hours prior written notice.

8. Events of Default. The occurrence of any one or more of the following events shall constitute an event of default under this Agreement (each an "Event of Default"):

8.1 Original Note, Additional Note, Obligations, Etc. The occurrence of an "Event of Default" under the Original Note and/or the Additional Note, or any other failure by Debtor to pay or perform any of the Obligations; or

8.2 Covenant or Agreement. The failure by Debtor to fulfill any covenant or agreement contained in this Agreement, if such failure (i) impairs or adversely affects Debtor's ability to enforce its various rights with respect to the Collateral (or any portion thereof) in any material respect, and/or (ii) otherwise reduces the value of the Collateral (or any portion thereof) in any material respect.

Notwithstanding the foregoing, no "Event of Default" shall be deemed to have occurred hereunder if Debtor fails to make a payment with respect to any of the Obligations and such payment was prohibited under the provisions of the Subordination Agreement.

9. Rights and Remedies. Upon the occurrence of an Event of Default, Secured Party shall have, in addition to any other rights under this Agreement or applicable law, all of the rights and remedies of a secured party under the Code, including, without limitation, the following rights and remedies:

9.1 Notification. Secured Party may notify licensees to make royalty payments on trademark and patent license agreements directly to Secured Party; and

9.2 Sale. Secured Party may sell or otherwise dispose of the Collateral (or any part thereof) and any associated goodwill at public or private sale or otherwise for cash, upon credit or for future delivery as Secured Party shall deem appropriate and, upon consummation of any such sale, Secured Party shall have the right to assign, transfer and deliver to the purchaser or purchasers thereof the Collateral so sold and any associated goodwill. Each such purchaser at any such sale shall hold the property sold absolutely, free from any claim or right on the part of Debtor, and Debtor hereby waives (to the extent permitted by law) all rights of redemption, stay and appraisal which Debtor now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted. Secured Party shall give Debtor at least ten (10) days' written notice (which each Debtor agrees is reasonable notice within the meaning of Section 9-504(3) of the Code) of Secured Party's intention to make any sale of Collateral. Such notice, in the case of a public sale, shall state the time and place for such sale. Any such public sale shall be held at such time or times within ordinary business hours and at such place or places as Secured Party may fix and state in the notice of such sale, and at any such sale, the Collateral, or portion thereof, to be sold may be sold in one lot as an entirety or in separate parcels, as Secured Party may (in its sole and absolute discretion) determine, and Secured Party shall not be obligated to make any sale of any Collateral if Secured Party shall determine not to do so, regardless of the fact that notice of sale of such Collateral shall have been given, and Secured Party may, without notice or publication, adjourn any public or private

sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for sale, and such sale may, without further notice, to Debtor or anyone else, be made at the time and place to which the same was so adjourned. In case any sale of all or any part of the Collateral is made on credit or for future delivery, the Collateral so sold may be retained by Secured Party until the sale price is paid by the purchaser or purchasers thereof, but Secured Party shall not incur any liability in case any such purchaser or purchasers shall fail to take up and pay for Collateral so sold and, in case of any such failure, such of the Collateral may be sold again upon notice to Debtor as set forth in this Section.

At any public sale made pursuant to this Section, Secured Party may bid for or purchase, free (to the extent permitted by law) from any right of redemption, stay or appraisal on the part of Debtor (all said rights being also hereby waived and released to the extent permitted by law), the Collateral or any part thereof offered for sale and may make payment on account thereof by using any claim then due and payable to Secured Party from Debtor as a credit against the purchase price, and Secured Party may, upon compliance with the terms of sale, hold, retain and dispose of such property without further accountability to Debtor therefor. For purposes hereof, a written agreement to purchase the Collateral or any portion thereof shall be treated as a sale thereof; Secured Party shall be free to carry out such sale pursuant to such agreement, and Debtor shall not be entitled to the return of the Collateral or any portion thereof subject thereto, notwithstanding the fact that, after Secured Party shall have entered into such an agreement, all Events of Default shall have been remedied and the Obligations paid in full. As an alternative to exercising the power of sale herein conferred upon Secured Party, Secured Party may proceed by a suit or suits at law or in equity to foreclose this Agreement and to sell the Collateral or any portion thereof pursuant to a judgment or decree of a court or courts having competent jurisdiction or pursuant to a proceeding by a court-appointed receiver.

To the extent permitted by applicable law, Secured Party shall have absolute discretion as to the time of application of any proceeds, moneys or balances received by or on behalf of Secured Party in connection with this Agreement, first, to the settlement of all liens and security interests on the Collateral prior to Secured Party's liens and security interests; second, to the payment of all costs, expenses, and fees owed by Debtor to Secured Party pursuant to this Agreement; and third, to the payment of all Obligations, and, in case of any deficiency, Debtor shall remain liable for such deficiency, and Secured Party shall be entitled to collect such deficiency from Debtor. Upon any sale of Collateral by Secured Party (including a sale pursuant to a power of sale granted by statute or under a judicial proceeding), the receipt of Secured Party or of the officer making the sale shall be a sufficient discharge to the purchaser or purchasers of the Collateral being sold, and such purchaser or purchasers shall not be obligated to see to the application of any part of the purchase money paid over to Secured Party or such officer or be answerable in any way for the misapplication thereof.

Notwithstanding the foregoing, the Secured Party shall not be entitled to exercise any of its rights and remedies under this Section until the occurrence of an Event of Default under this Agreement.



10. Rights Are Cumulative. All of Secured Party's rights and remedies with respect to the Collateral, whether established by this Agreement or applicable law, shall be cumulative and may be exercised concurrently or in any order.

11. Grant of License. Secured Party hereby authorizes Debtor to grant unto First Union a non-exclusive, limited, royalty-free license with respect to the Collateral for the sole purpose of foreclosing the security interests granted by Debtor to First Union in connection with the "Indebtedness of Borrower to Bank" (as that term is defined in the Subordination Agreement). The terms of any such license arrangement shall be acceptable to Secured Party in its reasonable discretion.

12. Fees and Expenses. Debtor shall pay to Secured Party on demand all documented reasonable costs and expenses that Secured Party may pay or incur in connection with the administration, enforcement, and termination of this Agreement, including, without limitation: (a) reasonable attorneys' fees and disbursements of counsel to Secured Party; (b) reasonable costs and expenses (including reasonable attorneys' fees and disbursements) for any amendment, supplement, waiver, consent, or subsequent closing in connection with this Agreement and the transactions contemplated hereby; (c) reasonable costs and expenses of lien and title searches; (d) taxes, fees, and other reasonable charges for filing this Agreement at the United States Patent and Trademark Office, or for filing financing statements, and continuations, and other actions to perfect, protect, and continue the security interest created hereunder; (e) reasonable sums paid or incurred to pay any amount or take any action required of Debtor under this Agreement that Debtor fails to pay or take; (f) reasonable costs and expenses of preserving and protecting the Collateral; and (g) reasonable costs and expenses (including reasonable attorneys' fees and disbursements) paid or incurred to enforce the security interest created hereunder, sell or otherwise realize upon the Collateral, and otherwise enforce the provisions of this Agreement, or to defend any claims made or threatened against Secured Party arising out of the transactions contemplated hereby. The parties agree that reasonable attorneys' fees and costs incurred in enforcing any judgment are recoverable as a separate item in addition to fees and costs incurred in obtaining the judgment and that the recovery of such attorneys' fees and costs is intended to survive any judgment, and is not to be deemed merged into any judgment.

13. Indemnity. Debtor shall protect, defend, indemnify, and hold harmless Secured Party and its assigns from all liabilities, losses, and costs (including without limitation reasonable attorneys' fees) incurred or imposed on Secured Party as a result of Debtor's breach in any material respect of its covenants, or any material inaccuracy in Debtor's representations, under this Agreement. Secured Party shall provide prompt notice to Debtor of any claim for which indemnification will be sought under this Agreement and shall reasonably cooperate with Debtor in the defense of such action. If Secured Party wishes to be represented by its own counsel in the prosecution of any such claims, Secured Party may do so at its own expense.

14. Further Assurances. At Secured Party's request, Debtor shall execute and deliver to Secured Party any further instruments or documentation, and perform any acts, that reasonably may

be necessary or appropriate to implement this Agreement or any other agreement of Debtor and Secured Party, and the documents relating thereto, including without limitation any instrument or documentation reasonably necessary or appropriate to create, maintain, perfect, or effectuate Secured Party's security interests in the Collateral.

15. Release. At such time as Debtor shall completely satisfy all of the Obligations, Secured Party shall promptly execute and deliver to Debtor all assignments and other instruments as reasonably may be necessary or proper to terminate Secured Party's security interest in the Collateral, subject to any disposition of the Collateral that may have been made by Secured Party pursuant to this Agreement. For the purpose of this Agreement, the Obligations shall be deemed to continue if Debtor enters into any bankruptcy or similar proceeding at a time when any amount paid to Secured Party could be ordered to be repaid as a preference or pursuant to a similar theory, and shall continue until it is finally determined that no such repayment can be ordered.

16. Entire Agreement; Amendment. This Agreement contains the entire agreement among the parties hereto with respect to the subject matter hereof, and supersedes all prior discussions and understandings between them with respect thereto. No amendment or modification of any of the terms of this Agreement shall be valid unless in writing signed by the party against whom such modification or change is sought.

17. Waiver. Secured Party may waive Debtor's breach or non-performance of any representation, warranty, covenant, or agreement contained in this Agreement, but any such waiver by Secured Party shall be in writing, shall be limited to the particular breach so waived, and shall not be deemed to waive any other breach by Debtor under this Agreement. No failure or delay in exercising any right or remedy pursuant to this Agreement shall constitute a waiver of such right or remedy or of any other right or remedy pursuant hereto. Resort to one form of remedy shall not constitute a waiver of other alternative remedies.

18. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

19. Assignment. The obligations of the Debtor under this Agreement shall not be assigned without the prior written consent of Secured Party (which consent may be granted or withheld in Secured Party's sole and absolute discretion).

20. Notices. All notices, requests, instructions and demands which may be given by any party hereto to any other party in the course of the transactions herein contemplated shall be given in accordance with the notice provisions set forth in Section 10.3 of the Purchase Agreement.

21. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Maryland, without giving effect to its conflicts of laws provisions.

22. Severability. If any provision hereof is or shall at any time be invalid and unenforceable in any jurisdiction, then, to the fullest extent permitted by law, (i) the other provisions hereof shall remain in full force and effect in such jurisdiction and shall be liberally construed in favor of Secured Party in order to carry out the intentions of the parties hereto as nearly as may be possible; and (ii) the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction.

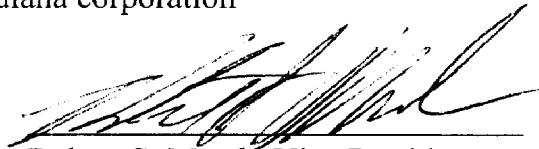
23. Waiver of Trial By Jury. EACH PARTY, ON BEHALF OF THEMSELVES AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS AND AFFILIATES, HEREBY WAIVES ALL RIGHT TO TRIAL BY JURY OF ANY AND ALL CLAIMS OF ANY TYPE BETWEEN THEM ARISING UNDER THIS AGREEMENT AND/OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. ANY SUCH DISPUTE SHALL BE DECIDED SOLELY BY A JUDGE (WITHOUT THE USE OF A JURY). EACH PARTY ACKNOWLEDGES THAT THIS IS A WAIVER OF A LEGAL RIGHT AND THAT THIS WAIVER IS MADE KNOWINGLY AND VOLUNTARILY AFTER CONSULTATION WITH COUNSEL OF ITS CHOICE.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement under seal as of the date first above written.

DEBTOR:

Prism Crafts, Inc.,  
an Indiana corporation

By:



Robert S. Marsh, Vice President

SECURED PARTY:

Prism Crafts, Inc.,  
a Maryland corporation

By:

\_\_\_\_\_  
Name:

\_\_\_\_\_  
Title:

22. Severability. If any provision hereof is or shall at any time be invalid and unenforceable in any jurisdiction, then, to the fullest extent permitted by law, (i) the other provisions hereof shall remain in full force and effect in such jurisdiction and shall be liberally construed in favor of Secured Party in order to carry out the intentions of the parties hereto as nearly as may be possible; and (ii) the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction.

23. Waiver of Trial By Jury. EACH PARTY, ON BEHALF OF THEMSELVES AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS AND AFFILIATES, HEREBY WAIVES ALL RIGHT TO TRIAL BY JURY OF ANY AND ALL CLAIMS OF ANY TYPE BETWEEN THEM ARISING UNDER THIS AGREEMENT AND/OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. ANY SUCH DISPUTE SHALL BE DECIDED SOLELY BY A JUDGE (WITHOUT THE USE OF A JURY). EACH PARTY ACKNOWLEDGES THAT THIS IS A WAIVER OF A LEGAL RIGHT AND THAT THIS WAIVER IS MADE KNOWINGLY AND VOLUNTARILY AFTER CONSULTATION WITH COUNSEL OF ITS CHOICE.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement under seal as of the date first above written.


DEBTOR:

Prism Crafts, Inc.,  
an Indiana corporation

By: \_\_\_\_\_  
Robert S. Marsh, Vice President

SECURED PARTY:

Prism Crafts, Inc.,  
a Maryland corporation

By:  \_\_\_\_\_  
Name: Michael Wohl  
Title: President

**Exhibit A**  
**(Registered Trademarks and Trademark Applications)**

**Registered Trademarks**

<u>Trademark</u>	<u>Registration Date</u>	<u>Serial No.</u>	<u>Country</u>
ARTSCAPE CANDLES	May 19, 1998	2,158,658	U.S.A.
EARTHSCAPE CANDLES	May 19, 1998	2,158,657	U.S.A.

**Trademark Applications**

<u>Mark</u>	<u>Application Date</u>	<u>Serial Number</u>	<u>Country</u>
SOUNDS & SCENTS	September 8, 1998	75/549,451	U.S.A.

**Exhibit B**  
**(Patents and Patent Applications)**

**Patents**

<u>Patent Description/Title</u>	<u>Issue Date</u>	<u>Patent No.</u>	<u>Country</u>
CANDLE AND PROCESS FOR ITS MANUFACTURE	January 28, 1997	5,597,300	U.S.A.

**Patent Applications**

<u>Title</u>	<u>Application Date</u>	<u>Docket #</u>	<u>Country</u>
OBJECT AND AUDIO MEDIUM ARRANGEMENT AND FORMATION PROCESS	July 28, 1998	59226	U.S.A.