

12-01-1999



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RECORDATION FORM COVER SHEET
TRADEMARKS ONLY

MED 11/9/99

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

Submission Type

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

Conveyance Type

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

Conveying Party

Mark if additional names of conveying parties attached

Execution Date
Month Day Year

Name

Formerly

- Individual General Partnership Limited Partnership Corporation Association

Other

Citizenship/State of Incorporation/Organization

11-09-1999

Receiving Party

Mark if additional names of receiving parties a

U.S. Patent & TMO/c/TM Mail Rcpt Dt. #64

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.)

11/30/1999 TT0N11 00000145 1553347

FOR OFFICE USE ONLY

01 FC:481
02 FC:482

40.00 OP
125.00 DP

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

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

TRADEMARK

REEL: 001994 FRAME: 0361

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="1,553,347"/>	<input type="text" value="1,815,585"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="1,974,890"/>	<input type="text" value="1,806,095"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="1,840,651"/>	<input type="text" value="1,811,298"/>	<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.

Patricia A. Conner

November 9, 1999

Name of Person Signing

Signature

Date Signed

PATENT, TRADEMARK AND COPYRIGHT COLLATERAL ASSIGNMENT

(Parent)

This Patent, Trademark and Copyright Collateral Assignment (this "Assignment"), dated August 12, 1999, is entered into by and between PARTY CITY CORPORATION, a Delaware corporation (the "Assignor"), and ENHANCED RETAIL FUNDING, LLC, a Massachusetts limited liability company, in its capacity as agent (the "Assignee") for the purchasers (the "Noteholders") of Securities (as defined in the Purchase Agreement) under the Securities Purchase Agreement dated as of August 12, 1999 (as the same may be restated, amended, modified or supplemented, the "Purchase Agreement").

WHEREAS, pursuant to the Purchase Agreement, the Noteholders have agreed to purchase certain Securities from the Assignor and the Assignor has agreed, among other things, to assign to the Assignee certain patents, trademarks, copyrights and other property as security for such loans and other obligations as more fully described herein.

NOW, THEREFORE, intending to be legally bound hereby, the parties hereto agree as follows:

1. Except as otherwise expressly provided herein, capitalized terms used in this Assignment shall have the respective meanings given to them in the Purchase Agreement.

2. To secure the payment and performance of all Debt and other obligations of the Assignor now or hereafter existing under the Purchase Agreement and the other Operative Agreements, including, without limitation, principal, interest, fees, expenses, costs and expenses of enforcement, reasonable attorney's fees and expenses, and obligations under indemnification provisions in the Operative Agreements, together with all other obligations or liabilities of the Assignor to the Noteholders, howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, now or hereafter existing, or due or to become due, under or in connection with the Purchase Agreement, the Notes or any other Operative Agreement (collectively, the "Secured Obligations"), Assignor hereby grants, assigns and conveys to Assignee the entire right, title and interest subject to prior assignment pursuant to the Loan Documents of Assignor in and to all trade names, patent applications, patents, service marks, trademark applications, trademarks and copyrights whether now owned or hereafter acquired by Assignor, including, without limitation, those listed on Schedule A hereto (which schedule does not list copyrights not registered in the United States Copyright Office), including all proceeds thereof (such as, by way of example, license royalties and proceeds of infringement suits), the right to sue for past, present and future infringements, all rights corresponding thereto throughout the world and all reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof, and the goodwill of the business to which any of the patents, service marks, trademarks and copyrights relate (collectively, the "Patents, Trademarks and Copyrights").

3. Assignor covenants and warrants that:

(a) The Patents, Trademarks and Copyrights are subsisting and have not been adjudged invalid or unenforceable, in whole or in part;

(b) To the best of Assignor's knowledge, each of the Patents, Trademarks and Copyrights is valid and enforceable;

(c) Except for the Liens described in Section 9.4(a)-(f) of the Purchase Agreement, the Lien granted under and created pursuant to the Credit Agreement and other Loan Documents in favor of the Banks (as such term is defined in the Credit Agreement) and licenses granted to Franchisees of Assignor now existing or as may be existing in the future, Assignor has an unencumbered right, title, interest and license in and to each of the Patents, Trademarks and Copyrights, free and clear of any liens, charges and encumbrances, including without limitation pledges, assignments, licenses, shop rights and covenants by Assignor not to sue third persons;

(d) Assignor has the corporate power and authority to enter into this Assignment and perform its terms;

(e) No claim has been made to Assignor or, to the knowledge of Assignor, any other person that the use of any of the Patents, Trademarks and Copyrights does or may violate the rights of any third party;

(f) Assignor shall, in order to protect the goodwill associated with the Patents, Trademarks and Copyrights, and in order to prevent any deception to the public, operate its business in accordance with the requirements of product and service in relationship to the goods and services as heretofore conducted by Assignor and agrees to maintain the quality and standards of the goods and services sold under the Patents, Trademarks and Copyrights at least equal to the prior quality and standards set by the Assignor; and

(g) Assignor has used, and will continue to use for the duration of this Assignment, proper statutory notice in connection with its use of the Patents, Trademarks and Copyrights.

4. Assignor agrees that, until all of the Secured Obligations shall have been satisfied in full, it will not enter into any agreement (for example, a license agreement) which is inconsistent with Assignor's obligations under this Assignment, without Assignee's prior written consent which shall not be unreasonably withheld. Nothing contained herein, however, shall prohibit agreements entered into by Assignor with Persons who operate the franchises of "Party City" stores and the business operations of the stores pursuant to an effective franchise agreement ("Franchisees") not otherwise prohibited by the Loan Documents.

5. If, before the Secured Obligations shall have been satisfied in full, Assignor shall own any new trademarks or any new copyrightable or patentable inventions, or any patent application or patent for any reissue, division, continuation, renewal, extension, or continuation in part of any Patent, Trademark or Copyright or any improvement on any Patent, Trademark or Copyright, the provisions of this Assignment shall automatically apply thereto and Assignor shall give to Assignee prompt notice thereof in writing. Assignor and Assignee agree to modify

this Assignment by amending Schedule A to include any future patents, patent applications, trademark applications, trademarks, service marks, registered copyrights or copyright applications for registration in the United States Copyright Office, and the provisions of this Assignment shall apply thereto.

6. Unless and until the Secured Obligations are declared due and payable pursuant to the Purchase Agreement, Assignee hereby grants to Assignor the exclusive, nontransferable right and license under the Patents, Trademarks and Copyrights to make, have made for it, use and sell the inventions and products disclosed and claimed in the Patents, Trademarks and Copyrights in accordance with any specifications provided by Assignee for Assignor's own benefit and account and for none other. All use by Assignor of the trademarks which are part of the Patents, Trademarks and Copyrights shall inure to the benefit of Assignee. Except as provided above, Assignor agrees not to sell or assign its interest in, or grant any sublicense under, the license granted to Assignor in this Paragraph 6, without the prior written consent of Assignee which shall not be unreasonably withheld. Assignee reserves the right upon reasonable notice during normal business hours to inspect the operations and facilities of Assignor from time to time for the purpose of ensuring that the standards and quality requirements of Assignee are met.

7. If and during the period that the Secured Obligations are declared due and payable pursuant to the Purchase Agreement, Assignor's license under the Patents, Trademarks and Copyrights as set forth in Paragraph 6 shall terminate, the Noteholders shall have, in addition to all other rights and remedies given them by this Assignment, those allowed by Law and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in any jurisdiction in which the Patents, Trademarks and Copyrights may be located and, without limiting the generality of the foregoing, Assignee may immediately, without demand of performance and without other notice (except as set forth below) or demand whatsoever to Assignor, all of which are hereby expressly waived, and without advertisement, sell at public or private sale or otherwise realize upon, in Princeton, New Jersey, or elsewhere, the whole or from time to time any part of the Patents, Trademarks and Copyrights, or any interest which Assignor may have therein, and after deducting from the proceeds of sale or other disposition of the Patents, Trademarks and Copyrights all expenses (including fees and expenses for brokers and attorneys), shall apply the remainder of such proceeds toward the payment of the Secured Obligations as the Assignee, in its sole discretion, shall determine. Any remainder of the proceeds after payment in full of the Secured Obligations shall be paid over to Assignor. Notice of any sale or other disposition of the Patents, Trademarks and Copyrights shall be given to Assignor at least ten (10) days before the time of any intended public or private sale or other disposition of the Patents, Trademarks and Copyrights is to be made, which Assignor hereby agrees shall be reasonable notice of such sale or other disposition. At any such sale or other disposition, Assignee may, to the extent permissible under applicable Law, purchase the whole or any part of the Patents, Trademarks and Copyrights sold, free from any right of redemption on the part of Assignor, which right is hereby waived and released.

8. If any Event of Default shall have occurred and be continuing, Assignor hereby authorizes and empowers Assignee to make, constitute and appoint any officer or agent of Assignee, as Assignee may select in its exclusive discretion, as Assignor's true and lawful attorney-in-fact, with the power to endorse Assignor's name on all applications, documents, papers and instruments necessary for Assignee to use the Patents, Trademarks and Copyrights, or

to grant or issue, on commercially reasonable terms, any exclusive or nonexclusive license under the Patents, Trademarks and Copyrights to any third person, or necessary for Assignee to assign, pledge, convey or otherwise transfer title in or dispose, on commercially reasonable terms, of the Patents, Trademarks and Copyrights to any third Person. Assignor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney, being coupled with an interest, shall be irrevocable for the life of this Assignment.

9. At such time as Assignor shall have indefeasibly paid in full all of the Secured Obligations, this Assignment shall terminate and Assignee shall execute and deliver to Assignor all deeds, assignments and other instruments as may be necessary or proper to re-vest in Assignor full title to the Patents, Trademarks and Copyrights, subject to any disposition thereof which may have been made by Assignee pursuant hereto.

10. Any and all fees, costs and expenses, of whatever kind or nature, including reasonable attorney's fees and expenses incurred by Assignee in connection with the preparation of this Assignment and all other documents relating hereto and the consummation of this transaction, the filing or recording of any documents (including all taxes in connection therewith) in public offices, the payment or discharge of any taxes, counsel fees, maintenance fees, encumbrances, the protection, maintenance or preservation of the Patents, Trademarks and Copyrights, or the defense or prosecution of any actions or proceedings arising out of or related to the Patents, Trademarks and Copyrights, shall be borne and paid by Assignor within fifteen (15) days of demand by Assignee, and if not paid within such time, shall be added to the principal amount of the Secured Obligations and shall bear interest at the highest rate prescribed in the Purchase Agreement.

11. Assignor shall have the duty, through counsel reasonably acceptable to Assignee, to prosecute diligently any patent applications of the Patents, Trademarks and Copyrights pending as of the date of this Assignment or thereafter until the Secured Obligations shall have been indefeasibly paid in full, to make application on unpatented but patentable inventions (whenever it is commercially reasonable in the reasonable judgment of Assignor to do so) and to preserve and maintain all rights in patent applications and patents of the Patents, including without limitation the payment of all maintenance fees. Any expenses incurred in connection with such an application shall be borne by Assignor. Assignor shall not abandon any Patent, Trademark or Copyright except for such Patents, Trademarks and Copyrights which are no longer necessary for the ownership and operation of any properties and business of the Assignor or Party City Michigan, Inc., without the consent of Assignee, which shall not be unreasonably withheld.

12. Assignor shall have the right, with the consent of Assignee, which shall not be unreasonably withheld, to bring suit, action or other proceeding in its own name, and to join Assignee, if necessary, as a party to such suit so long as Assignee is satisfied that such joinder will not subject it to any risk of liability, to enforce the Patents, Trademarks and Copyrights and any licenses thereunder. Assignor shall promptly, upon demand, reimburse and indemnify Assignee for all damages, costs and expenses, including reasonable legal fees, incurred by Assignee as a result of such suit or joinder by Assignor.

13. No course of dealing between Assignor and Assignee, nor any failure to exercise nor any delay in exercising, on the part of Assignee, any right, power or privilege hereunder or under the Purchase Agreement or other Operative Agreements shall operate as a waiver of such right, power or privilege, nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

14. All of the Noteholders' rights and remedies with respect to the Patents, Trademarks and Copyrights, whether established hereby or by the Purchase Agreement or by any other agreements or by Law, shall be cumulative and may be exercised singularly or concurrently.

15. The provisions of this Assignment are severable, and if any clause or provision shall be held invalid and unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction, or any clause or provision of this Assignment in any jurisdiction.

16. This Assignment is subject to modification only by a writing signed by the parties, except as provided in Paragraph 5.

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

18. This Assignment shall be governed by and construed in accordance with the internal Laws of the State of New Jersey without regard to its conflicts of law principles.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment to be executed by their respective officers or agents thereunto duly authorized, as of the date first above written.

ENHANCED RETAIL FUNDING, LLC

By: Bradley W. Snyder

Name: Bradley W. Snyder

Title: Vice President

ATTEST:

PARTY CITY CORPORATION

By: _____

Name: _____

Title: _____

13. No course of dealing between Assignor and Assignee, nor any failure to exercise nor any delay in exercising, on the part of Assignee, any right, power or privilege hereunder or under the Purchase Agreement or other Operative Agreements shall operate as a waiver of such right, power or privilege, nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

14. All of the Noteholders' rights and remedies with respect to the Patents, Trademarks and Copyrights, whether established hereby or by the Purchase Agreement or by any other agreements or by Law, shall be cumulative and may be exercised singularly or concurrently.

15. The provisions of this Assignment are severable, and if any clause or provision shall be held invalid and unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction, or any clause or provision of this Assignment in any jurisdiction.

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IN WITNESS WHEREOF, the parties hereto have caused this Assignment to be executed by their respective officers or agents thereunto duly authorized, as of the date first above written.

ENHANCED RETAIL FUNDING, LLC

By: _____

Name: _____

Title: _____

ATTEST:

PARTY CITY CORPORATION

By: _____

Name: *Jack Felt*

Title: _____

By: _____

Name: *Thomas E. Helman*

Title: *CFO*

Schedule A
to Patent, Trademark and Copyright Collateral Assignment (Parent)

See attached.

The Company has entered into franchise agreements with each of the franchisees listed on the attached Franchisee List. These franchise agreements grant the franchisees a license to the trademarks and/or service marks of the Company for the term of the agreement.

				MARK	ACT DUE	DUE DATE
PARTYC 10.1-001	APPLICATION: REGISTRATION:	771,790 1,553,347	27DE1988 22AU1989	PARTY CITY (LOGO)	LATERENEWL RENEWAL	22NO2009 22AU2009
PARTYC 10.1-001 CANADA	APPLICATION: REGISTRATION:	723,011 TMA 451,735	19FE1993 15DE1995	PARTY CITY (LOGO)	RENEWAL LATERENEWL	15DE2010 15JE2011
PARTYC 10.1-001 MEXICO	APPLICATION: REGISTRATION:	216241 518108	25OC1994 28FE1996	PARTY CITY (LOGO)	RENEWALAFF LATERENEWL RENEWAL USE	25OC2004 25AP2005 25OC2004 28FE1999
PARTYC 10.1-002 II	APPLICATION: REGISTRATION:	669,732 1,974,890	04MY1995 21MY1996	DISCOUNT PARTY SUPER STORE, THE	SEC 8 & 15 RENEWAL LATERENEWL	21MY2002 21MY2006 21AU2006
PARTYC 10.1-002	APPLICATION: REGISTRATION:	231,419 1,697,223	17DE1991 23JE1992	DISCOUNT PARTY SUPER STORE, THE	SECTION 08 LATERENEWL RENEWAL	23JE1998 23SE2002 23JE2002
PARTYC 10.1-002 CANADA	APPLICATION: REGISTRATION:	766,534	19OC1994	DISCOUNT PARTY SUPER STORE, THE		
PARTYC 10.1-002 MEXICO*	APPLICATION: REGISTRATION:	216242 522866	25OC1994 28MY1996	DISCOUNT PARTY SUPER STORE, THE	RENEWALAFF LATERENEWL RENEWAL USE	25OC2004 25AP2005 25OC2004 28MY1999
PARTYC 10.1-002 SPAIN	APPLICATION: REGISTRATION:	1935059 1,935,059	05OE1994 05JL1995	DISCOUNT PARTY SUPER STORE, THE	TAXES RENEWAL RENEWALAFF LATERENEWL	31DE1999 05OE2004 05OE2004 05JE2005
PARTYC 10.1-003	APPLICATION: REGISTRATION:	342,519 1,815,585	21DE1992 04JA1994	HALLOWEEN COSTUME WAREHOUSE	SECTION 08 RENEWAL LATERENEWL	04JA2000 04JA2004 04AP2004
PARTYC 10.1-004	APPLICATION: REGISTRATION:	427,838 1,840,651	23AU1993 21JE1994	CREATE A FAVOR	SEC 8 & 15 RENEWAL LATERENEWL	21JE2000 21JE2004 21SE2004
PARTYC 10.1-005	APPLICATION: REGISTRATION:	371,000 1,806,095	23MR1993 23NO1993	PARTY CITY	SEC 8 & 15 RENEWAL LATERENEWL	23NO1999 23NO2003 23FE2004

ALL PARTYC TRADEMARKS
AS OF APRIL 6, 1998

			MARK	ACT DUE	DUE DATE
PARTYC 10.1-005 CANADA	APPLICATION: REGISTRATION:	723,014 TMA 451,736	19FE1993 15DE1995	PARTY CITY	RENEWAL LATERENEWL 15DE2010 15JE2011
PARTYC 10.1-005 GR. BRITAIN	APPLICATION: REGISTRATION:	2158781	20FE1998	PARTY CITY	CONF RECD? RESPONSE 05SE1998 05SE1998
PARTYC 10.1-005 MEXICO I	APPLICATION: REGISTRATION:	218329 508,809	23NO1994 30OC1995	PARTY CITY (TRADEMARK)	RENEWALAFF LATERENEWL RENEWAL USE 23NO2004 23MY2005 23NO2004 30OC1998
PARTYC 10.1-005 MEXICO II	APPLICATION: REGISTRATION:	216240 496,515	25OC1994 30JE1996	PARTY CITY (SERVICE MARK)	RENEWALAFF LATERENEWL RENEWAL USE 25OC2004 25AP2005 25OC2004 30JE1999
PARTYC 10.1-005 SPAIN I	APPLICATION: REGISTRATION:	1,935,477	09DE1994	PARTY CITY (TRADEMARK)	ABANDONED
PARTYC 10.1-006	APPLICATION: REGISTRATION:	370,998 1,811,298	23MR1993 14DE1993	PARTY CITY (LOGO)	SEC 8 & 15 RENEWAL LATERENEWL 14DE1999 14DE2003 14MR2004
PARTYC 10.1-006 CANADA	APPLICATION: REGISTRATION:	766,535 TMA457,884	19OC1994 24MY1996	PARTY CITY COLOR LOGO	RENEWAL LATERENEWL 24MY2011 24NO2011
PARTYC 10.1-006 MEXICO	APPLICATION: REGISTRATION:	216355 518109	26OC1994 28FE1996	PARTY CITY COLOR LOGO	RENEWALAFF LATERENEWL RENEWAL USE 26OC2004 26AP2005 26OC2004 28FE1999