

12-22-1999

MAD 12.7.99



Form PTO-1594 (Rev. 6-93)

RECORD

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U.S. DEPARTMENT OF COMMERCE

OMB No. 0651-0011 (exp. 4/94)

101230133

Patent and Trademark Office

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original document or copy thereof

1. Name of conveying party(ies):

Grow Biz International, Inc.

Individual(s) Association
 General Partnership Limited Partnership
 Corporation: State of Minnesota
 Other _____

Additional name(s) of conveying party(ies) attached? Yes No

2. Name and address of receiving party(ies):

TCF National Bank Minnesota
801 Marquette Avenue
Minneapolis, Minnesota 55402

Individual(s) Association
 General Partnership Limited Partnership
 Corporation: of
 Other a national banking association

3. Nature of conveyance:

Assignment Merger
 Security Agreement Change of Name
 Other _____

Execution Date: November 24, 1999

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No
(Designations must be a separate document from assignment)

4. Application number(s) or trademark number(s):

A. Trademark Application No(s). B. Trademark Registration No(s).

See Exhibit A See Exhibit A

5. Name and address of party to whom correspondence concerning document should be mailed:

Stephen C. Lee
FAEGRE & BENSON LLP
2200 Norwest Center
90 South Seventh Street
Minneapolis, MN 55402-3901
(612) 336-3000

6. Total number of applications and registrations involved: 34

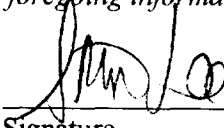
7. Total fee (37 CFR 3.41)865.00

Enclosed
 Authorized to be charged to deposit account for underpayment

8. Deposit Account number: 06-0029

DO NOT USE THIS SPACE

9. Statement and signature.
To the best of my knowledge and believe, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Stephen C. Lee  December 3, 1999
Name of person signing Signature Date

Total number of pages including cover sheet, attachments, and document: 13

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

M2:20281094.01

12/21/1999 TTOM11 00000157 1216009

01 FC:481
02 FC:482

40.00 DP
825.00 DP

TRADEMARK
REEL: 002002 FRAME: 0351

Recordation Form Cover Sheet

EXHIBIT A

Registration Nos.

1,216,009
1,562,785
1,573,973
1,668,930
1,738,778
1,811,232
1,821,841
1,856,440
1,856,930
1,857,397
1,859,937
1,872,459
1,874,326
1,897,696
1,918,636
1,926,022
1,933,637
1,938,398
1,950,617
1,953,197
1,956,690
1,968,686
1,975,949
2,101,003
2,164,203
2,211,282
2,235,090
2,264,553
2,264,554
2,267,043

Serial Nos.

74/638,321
74/662,893
75/461,860
75/709,530

TRADEMARK SECURITY AGREEMENT

This Agreement, dated as of November 27, 1999, is made by and between GROW BIZ INTERNATIONAL, INC., a Minnesota corporation whose address and principal place of business is 4200 Dahlberg Drive, Golden Valley, Minnesota 55422 (the "Debtor"), and TCF NATIONAL BANK MINNESOTA, a national banking association whose address and principal place of business is 801 Marquette Avenue, Minneapolis, Minnesota 55402 (the "Secured Party").

Recitals

The Debtor, Grow Biz Games, Inc., a Minnesota corporation, and the Secured Party have entered into an Amended and Restated Credit Agreement dated as of October 14, 1998, as amended by a letter agreement amendment dated as of July 29, 1999, and as amended by Second Amendment to Amended and Restated Credit Agreement (the "Second Amendment"), dated as of August 31, 1999 (as so amended, and as it may hereafter from time to time be amended, restated or otherwise modified, the "Credit Agreement") setting forth the terms on which the Secured Party has made and may hereafter make certain loans or other financial accommodations to or for the account of the Debtor.

Pursuant to the Second Amendment, the Credit Agreement now requires as a condition to each Advance from and after October 31, 1999, that, among other things, the Debtor execute and deliver to the Secured Party such documents as may be necessary in order for the Secured Party to possess first and prior security interest in the Debtor's trademarks. Accordingly, the Secured Party has required the execution and delivery of this Agreement by the Debtor.

ACCORDINGLY, in consideration of the mutual covenants contained in the Credit Agreement and herein, the parties hereby agree as follows:

1. Definitions. All terms defined in the Recitals hereto or in the Credit Agreement that are not otherwise defined herein shall have the meanings given to them therein. In addition, the following terms have the meanings set forth below:

"Licenses" means collectively all licenses, franchise agreements, development agreements, and other agreements, whether now existing or hereafter arising, under which the Debtor has granted to a third party a license to use one or more of the Trademarks in connection with the operation of the third party's retail business under one or more of the Debtor's franchise concepts.

"Obligations" means each and every debt, liability and obligation of every type and description arising under or in connection with any Loan Document (as defined in the Credit Agreement) which the Debtor may now or at any time hereafter owe to the

Secured Party, whether such debt, liability or obligation now exists or is hereafter created or incurred and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, independent, joint, several or joint and several, and including specifically, but not limited to, the Obligations (as defined in the Credit Agreement).

“Trademarks” means all of the Debtor’s right, title and interest in and to U.S. and Canadian trademarks, service marks, collective membership marks, the respective goodwill associated with each, the registrations and applications for each, and licenses thereunder, and including without limitation (i) the right to sue for past infringement and damages therefor, (ii) licenses thereunder (including the Licenses) and (iii) all proceeds and products of the foregoing, including without limitation all payments under insurance or any indemnity or warranty payable in respect of the foregoing, all as presently existing or hereafter arising or acquired, including, without limitation, the marks listed on Exhibit A.

“Principal Trademarks” means collectively those Trademarks listed on Exhibit A that are identified with an asterisk (*) in the “Mark” column, and all Trademarks acquired by the Debtor after the date of this Agreement that are identified by the Debtor as Principal Trademarks by written notice to the Secured Party.

2. Grant of Security Interest. As collateral security for the prompt and complete payment and performance of the Obligations, the Debtor hereby grants to the Secured Party a security interest in the Trademarks (the “Security Interest”). The Secured Party acknowledges and agrees that this grant of and any enforcement of the Security Interest in the Trademarks will not affect the franchisees’ rights to use any of the Trademarks as provided in the Licenses.

3. Representations, Warranties and Agreements. The Debtor hereby represents, warrants and agrees as follows:

(a) ***Existence; Authority.*** The Debtor is a corporation, having full power and authority to make and deliver this Agreement. The execution, delivery and performance of this Agreement by the Debtor has been duly authorized by all necessary action of the Debtor’s board of directors, and, if necessary, its stockholders, and does not and will not violate the provisions of, or constitute a default under, any presently applicable law or the Debtor’s articles of incorporation or bylaws or any agreement presently binding on the Debtor. This Agreement has been duly executed and delivered by the Debtor and constitutes the Debtor’s lawful, binding and legally enforceable obligation. The correct name of the Debtor is Grow Biz International, Inc. The authorization, execution, delivery and performance of this Agreement do not require notification to, registration with, or consent or approval by, any federal, state or local regulatory body or administrative agency.

(b) **Trademarks.** Exhibit A accurately lists all Trademarks owned by the Debtor as of the date hereof and accurately reflects the existence of the Trademarks and all registrations pertaining thereto as of the date hereof. Each Trademark that presently constitutes a material element of one or more of the Debtor's franchise concepts is indicated as a Principal Trademark on Exhibit A. The Debtor agrees to give the Secured Party prompt written notice of each application for U.S. or Canadian registration of a Trademark (if any) the Debtor files during the effectiveness of this Agreement, which notice shall include a statement as to whether such Trademark constitutes a material element of one or more of the Debtor's then existing franchise concepts. If such Trademark does constitute a material element of one or more of the Debtor's then existing franchise concepts, such Trademark shall be deemed to be a Principal Trademark.

(c) **Title.** With respect to each Trademark listed on Exhibit A, the Debtor has absolute title, free and clear of all security interests, liens and encumbrances, except the Security Interest and except the franchisees' rights to use the Trademarks as provided in the Licenses. Each Debtor (i) will have, at the time such Debtor acquires any rights in Trademarks hereafter arising, absolute title to each such Trademark free and clear of all security interests, liens and encumbrances, except the Security Interest and except the franchisees' rights to use the Trademarks as provided in the Licenses, and (ii) will keep all Trademarks free and clear of all security interests, liens and encumbrances except the Security Interest and except the franchisees' rights to use the Trademarks as provided in the Licenses.

(d) **No Sale.** The Debtor will not sell, pledge or grant a security interest in, or otherwise transfer its ownership interest or title to any of the Trademarks without the Secured Party's prior written consent. The Debtor will not abandon any of the Principal Trademarks without the Secured Party's prior written consent.

(e) **Defense.** The Debtor will at its own expense, and using its best efforts, protect and defend the existence, validity and ownership of the Principal Trademarks against all claims or demands of all persons other than the Secured Party.

(f) **Maintenance.** The Debtor will at its own expense maintain the registration of the Principal Trademarks to the extent reasonably advisable in its business including, but not limited to, filing all applications to register and all affidavits and renewals possible with respect to issued registrations. The Debtor covenants that it will not abandon nor fail to pay any maintenance fee or annuity due and payable on any Principal Trademark, nor fail to file any required affidavit or other document in support thereof, without first providing the Secured Party: (i) sufficient written notice, as provided in the Credit Agreement, to allow the Secured Party to timely pay any such maintenance fees or annuity which may become due on any of said Principal Trademarks, or to file any affidavit or other document with respect thereto, and (ii) a separate written power of attorney or other authorization to pay such

fees, or annuities, or to file such affidavit or other documents, should such be necessary or desirable.

(g) ***Secured Party's Right to Take Action.*** If the Debtor fails to perform or observe any of its covenants or agreements set forth in paragraphs (e) or (f) of this Section 3, and if such failure continues for a period of ten (10) calendar days after the Secured Party gives the Debtor written notice thereof (or, in the case of the agreements contained in subsection (f), immediately upon the occurrence of such failure, without notice or lapse of time), or if the Debtor notifies the Secured Party that it intends to abandon a Principal Trademark, the Secured Party may (but need not) perform or observe such covenant or agreement on behalf and in the name, place and stead of the Debtor (or, at the Secured Party's option, in the Secured Party's own name) and may (but need not) take any and all other actions which the Secured Party may reasonably deem necessary to cure or correct such failure.

(h) ***Costs and Expenses.*** Except to the extent that the effect of such payment would be to render any loan or forbearance of money usurious or otherwise illegal under any applicable law, the Debtor shall pay the Secured Party on demand the amount of all moneys expended and all costs and expenses (including reasonable attorneys' fees) incurred by the Secured Party in connection with or as a result of the Secured Party's taking action under subsection (g) or exercising its rights under Section 6 of this Agreement, together with interest thereon from the date expended or incurred by the Secured Party at the highest rate then applicable to any of the Obligations.

(i) ***Power of Attorney.*** To facilitate the Secured Party's taking reasonable actions under subsection (g) and exercising its rights under Section 6, the Debtor hereby irrevocably appoints (which appointment is coupled with an interest) the Secured Party, or its delegate, as the attorney-in-fact of the Debtor with the right (but not the duty) from time to time to create, prepare, complete, execute, deliver, endorse or file, in the name and on behalf of the Debtor, any and all instruments, documents, applications, financing statements, and other agreements and writings required to be obtained, executed, delivered or endorsed by the Debtor under paragraphs (e) or (f) of this Section 3, or, necessary for the Secured Party, after an Event of Default and to the extent not in violation of any of the franchisees' rights to use any of the Trademarks as provided in the Licenses, to enforce or use the Trademarks or to grant or issue any exclusive or non-exclusive license under the Trademarks to any third party, or to sell, assign, transfer, pledge, encumber or otherwise transfer title in or dispose of the Trademarks to any third party. The Debtor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. The power of attorney granted herein shall terminate upon the termination of the Credit Agreement as provided therein and the payment and performance of all Obligations (as defined therein).

4. Debtor's Use of the Trademarks. So long as no Event of Default occurs and remains uncured, the Debtor shall be permitted to control and manage the Trademarks in the same manner and with the same effect as if this Agreement had not been entered into including but not limited to:

- (a) The right to enter into, modify, amend, enforce, or terminate any License with respect to any Trademark;
- (b) The right to receive all payments due or to become due under any License;
- (c) The right to use the Trademarks and to make, use or sell products, and services covered by the Trademarks; and
- (d) The right to exclude others from using the Trademarks or making, using or selling products and services covered by the Trademarks.

5. Events of Default. Each of the following occurrences shall constitute an event of default under this Agreement (herein called "Event of Default"): (a) an Event of Default, as defined in the Credit Agreement, shall occur; or (b) the Debtor shall fail promptly to observe or perform any covenant or agreement herein binding on it; or (c) any of the representations or warranties contained in Section 3 shall prove to have been incorrect in any material respect when made.

6. Remedies. Upon the occurrence of an Event of Default and at any time thereafter, the Secured Party may, at its option, take any or all of the following actions to the extent such actions are not in violation of any of the franchisees' rights to use any of the Trademarks as provided in the Licenses:

- (a) The Secured Party may exercise any or all remedies available under the Credit Agreement.
- (b) The Secured Party may sell, assign, transfer, pledge, encumber or otherwise dispose of the Trademarks.
- (c) The Secured Party may enforce the Trademarks and any licenses thereunder, and if Secured Party shall commence any suit for such enforcement, the Debtor shall, at the request of Secured Party, do any and all lawful acts and execute any and all proper documents required by Secured Party in aid of such enforcement.

7. Counterparts. This Assignment may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute the same instrument.

8. Miscellaneous. This Agreement has been duly and validly authorized by all necessary action, corporate or otherwise. This Agreement can be waived, modified, amended, terminated or discharged, and the Security Interest can be released, only explicitly in a writing signed by the Secured Party. A waiver signed by the Secured Party shall be effective only in the specific instance and for the specific purpose given. Mere delay or failure to act shall not preclude the exercise or enforcement of any of the Secured Party's rights or remedies. All rights and remedies of the Secured Party shall be cumulative and may be exercised singularly or concurrently, at the Secured Party's option, and the exercise or enforcement of any one such right or remedy shall neither be a condition to nor bar the exercise or enforcement of any other. The Secured Party shall not be obligated to preserve any rights the Debtor may have against prior parties, to realize on the Trademarks at all or in any particular manner or order, or to apply any cash proceeds of Trademarks in any particular order of application. This Agreement shall be binding upon and inure to the benefit of the Debtor and the Secured Party and their respective participants, successors and assigns and shall take effect when signed by the Debtor and delivered to the Secured Party, and the Debtor waives notice of the Secured Party's acceptance hereof. The Secured Party may execute this Agreement if appropriate for the purpose of filing, but the failure of the Secured Party to execute this Agreement shall not affect or impair the validity or effectiveness of this Agreement. A carbon, photographic or other reproduction of this Agreement or of any financing statement signed by the Debtor shall have the same force and effect as the original for all purposes of a financing statement. This Agreement shall be governed by the internal law of Minnesota and applicable Federal Law without regard to conflicts of law provisions. If any provision or application of this Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications which can be given effect and this Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby. All representations and warranties contained in this Agreement shall survive the execution, delivery and performance of this Agreement and the creation and payment of the Obligations.

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THE PARTIES WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED ON OR PERTAINING TO THIS AGREEMENT.

IN WITNESS WHEREOF, the parties have executed this Trademark Security Agreement as of the date written above.

GROW BIZ INTERNATIONAL, INC.

By 

David J. Osdoba Jr.

Its Vice President of Finance and Chief
Financial Officer

TCF NATIONAL BANK MINNESOTA

By 

Its Vice President

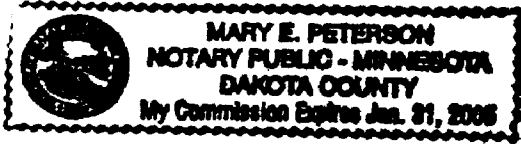
By 

Its Sr. U.P.

MI:551058.04

STATE OF MINNESOTA)
)
COUNTY OF HENNEPIN)

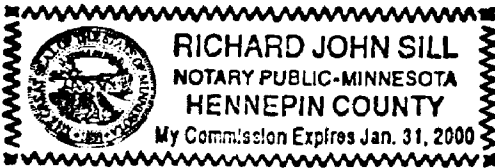
The foregoing instrument was acknowledged before me this 24 day of November, 1999, by David J. Osdoba, the Vice President of Finance and Chief Financial Officer of Grow Biz International, Inc., a Minnesota corporation, on behalf of the corporation.



Mary E. Peterson
Notary Public

STATE OF MINNESOTA)
)
COUNTY OF HENNEPIN)

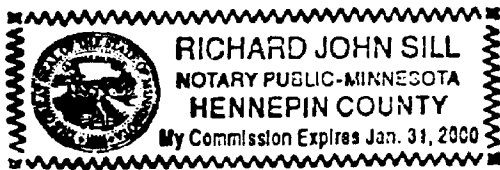
The foregoing instrument was acknowledged before me this 29th day of November, 1999, by R. James Hancock, a Vice President of TCF National Bank Minnesota, a national banking association, on behalf of the association.



Richard John Sill
Notary Public

STATE OF MINNESOTA)
)
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this 29th day of November, 1999, by Steve E. Rykkel, a Senior Vice President of TCF National Bank Minnesota, a national banking association, on behalf of the association.



Richard John Sill
Notary Public

EXHIBIT AUNITED STATES ISSUED TRADEMARKSREGISTRATIONS

<u>Mark</u>	<u>Registration Number</u>	<u>Registration Date</u>
*Computer Renaissance	1,856,440	09/27/94
*Computer Renaissance and design	1,975,949	05/28/96
*Plato's Closet	2,211,282	12/15/98
ABC Once Upon A Child A Children's Resale Shop and design	1,573,973	12/26/89
*Once Upon a Child and design	1,856,930	10/04/94
Kids' Stuff with Previous Experience	1,926,022	10/10/95
Play It Again Kids	1,956,690	02/13/96
*Play It Again Sports	1,562,785	10/24/89
*Play It Again Sports and design	1,738,778	12/08/92
Sports Equipment That's Used. But Not Used Up.	1,874,326	01/17/95
Play Safe. Play Hard. Play It Again. Play It Again Sports	1,950,617	01/23/96
Pro Custom	1,216,009	11/09/82
*Music Go Round	1,857,397	10/04/94
Music Equipment That's Used But Not Used Up	2,164,203	06/09/98
*Music Go Round and design	1,938,398	11/28/95

ReTool logo	2,267,043	08/3/99
Design – person	2,264,554	07/27/99
Design – person	2,264,553	07/27/99
Value to the Extreme	2,235,090	03/23/99
Design – jack-in-the-box	2,101,003	09/30/97
Grow Biz	1,953,197	01/30/96
*Computer Renaissance	1,918,636	09/12/95
*Music Go Round	1,933,637	11/07/95
Grow Biz	1,897,696	06/06/95
*Once Upon A Child	1,668,930	12/17/91
*Once Upon A Child and design	1,872,459	01/10/95
Grow Biz	1,859,937	10/25/94
*Once Upon A Child and design	1,821,841	02/15/94
Sports Traders	1,811,232	12/14/93
Grow Biz and design	1,968,686	04/16/96
*ReTool	2,267,043	08/03/99

UNITED STATES TRADEMARK APPLICATIONS

*Plato's Closet and design	Serial No. 75/709,530	Date of filing: 05/19/99
We Keep the Music Moving	Serial No. 75/461,860	Date of filing: 04/3/98
*Design – recycle logo	Serial No. 74/662,893	Date of filing: 4/19/95

Pro Custom

Serial No. 74/638,321

Date of filing:
2/27/95CANADIAN ISSUED TRADEMARKSREGISTRATIONS

<u>Mark</u>	<u>Registration Number</u>	<u>Registration Date</u>
*Play It Again Sports	407,459	1/29/93
*Music Go Round	472,787	3/18/97
*Computer Renaissance	496,479	6/19/98
*Computer Renaissance	778,836	4/7/97
*Computer Renaissance & Design	474,198	4/7/97
*Once Upon A Child & Design	447,289	9/8/98
*Once Upon A Child & Design	447,287	9/8/95

CANADIAN TRADEMARK APPLICATIONS

*ReTool and Design	Appl. #882,608	6/26/98
*ReTool	Appl. #882,609	6/26/98

Principal Trademarks are indicated by "*"

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