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12.22.99

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01-07-2000



101240726

Docket No.:

810022/028

Tab settings

To the Honorable Commissioner of Patents and Trademarks

Attached original documents or copy thereof.

1. Name of conveying party(ies):

Lechter's, Inc.

- Individual(s)
- General Partnership
- Corporation-State New Jersey
- Other

Additional names(s) of conveying party(ies)  Yes  No

3. Nature of conveyance:

- Assignment
- Security Agreement
- Other
- Merger
- Change of Name

Execution Date: November 30, 1999

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

Name: BankBoston Retail Finance Inc.

Internal Address:

Street Address: 40 Broad Street

City: Boston State: MA ZIP: 02109

- Individual(s) citizenship
- Association
- General Partnership
- Limited Partnership
- Corporation-State Delaware
- Other

If assignee is not domiciled in the United States, a domestic designation is  Yes  N  
(Designations must be a separate document from Additional name(s) & address(es)  Yes  N

4. Application number(s) or registration numbers(s):

A. Trademark Application No.(s)

75/506,860

B. Trademark Registration No.(s)

Additional numbers  Yes  No

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

Name: Laura E. Goldbard, Esq.

Internal Address: Stroock & Stroock & Lavan LLP

Street Address: 180 Maiden Lane

City: New York State: NY ZIP: 10038

6. Total number of applications and registrations involved:.....

1

7. Total fee (37 CFR 3.41):.....\$ \$40.00

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number:

19-4709

01/06/2000 TTON11 00000094 194709 75506860

01 FC:481 40.00 CH

DO NOT USE THIS SPACE

9. 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.

Laura E. Goldbard

Name of Person Signing

Signature

December 20, 1999

Date

Total number of pages including cover sheet, attachments, and

11

**TRADEMARK AND TRADEMARK  
APPLICATIONS SECURITY AGREEMENT**

This Trademark and Trademark Application Security Agreement (the "**TM Security Agreement**") is made as of this 30th day of November, 1999, by **Lechter's, Inc.** (hereinafter, the "**Borrower**"), a New Jersey corporation with a principal place of business at One Cape May Street, Harrison, New Jersey 07029 as the designated "Lead Borrower" for itself and each of its subsidiaries who are designated as additional Borrowers in the "Loan Agreement", as defined below (such subsidiary Borrowers being referred to herein as "**Subsidiary Borrowers**"), and **BankBoston Retail Finance Inc.**, (hereinafter the "**Agent**") a Delaware corporation with offices at 40 Broad Street, Boston, Massachusetts 02109 as agent for the ratable benefit of itself and each of the other "Lenders" as defined in that certain Loan and Security Agreement dated of even date herewith (as amended from time to time, the "**Loan Agreement**") among the Borrower, the Subsidiary Borrowers, the Agent and the Lenders.

**RECITALS**

WHEREAS, pursuant to the Loan Agreement, the Agent has agreed to make certain Loans from the Lenders, as defined in the Loan Agreement (hereinafter, the "**Loans**"), available to the Borrower and the Subsidiary Borrowers; and

WHEREAS, pursuant to the Loan Agreement the Borrower and the Subsidiary Borrowers have granted to the Agent a security interest in the Borrower's and the Subsidiary Borrowers' Collateral (as defined in the Loan Agreement) for the ratable benefit of the Lenders to secure the Liabilities (as defined in the Loan Agreement) of the Borrower to the Lenders; and

WHEREAS, as a condition to the establishment of the credit facilities contemplated by the Loan Agreement, and to further secure the Liabilities and to more fully vest the security

interest granted in the Loan Agreement, the Borrower has executed this TM Security Agreement for itself and for each of the Subsidiary Borrowers, pursuant to the power of attorney granted to the Borrower by the Subsidiary Borrowers in the Loan Agreement.

NOW THEREFORE, For good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Borrower and the Agent agree as follows:

1. Terms used herein which are defined in the Loan Agreement are used as so defined.
2. To secure the Liabilities, the Borrower hereby grants a security interest in favor of, and collaterally assigns to, the Agent, for the ratable benefit of the Lenders, with power of sale (which power of sale shall be exercisable only following the occurrence of an Event of Default, as such term is used herein as defined in the Loan Agreement), in and to the following and all proceeds thereof:

- a. All of the Borrower's and the Subsidiary Borrowers' now owned or existing or hereafter acquired or arising trademarks, registered trademarks, service marks, trademark applications, registered service marks and service mark applications including, without limitation, those listed on *EXHIBIT A* annexed hereto and made a part hereof. together with any goodwill connected with and symbolized by any such trademarks, registered trademarks, service marks, trademark applications, registered service marks, and service mark applications.

- b. All renewals of any of the foregoing.

- c. All income, royalties, damages and payments now and hereafter due and/or payable under and with respect to any of the foregoing, including, without limitation, payments under all licenses entered into in connection therewith (excluding licenses with any Borrower) and damages and payments for past or future infringements or dilutions thereof.

d. The right to sue for past, present and future infringements and dilutions of any of the foregoing.

e. All of Borrower's and the Subsidiary Borrowers' rights corresponding to any of the foregoing throughout the world.

All of the foregoing trademarks, registered trademarks and trademark applications, and service marks, registered service marks and service mark applications described in Subsection 2(a), together with the items respectively described in Subsections 2(b) through and including 2(e) are hereinafter individually and/or collectively referred to as the "**Marks**".

3. Until this TM Security Agreement is terminated in writing by a duly authorized officer of the Agent, the Borrower shall undertake the following with respect to each Mark:

a. Pay all renewal fees and other fees and costs associated with maintaining the registration for the Marks.

b. At the Borrower's sole cost, expense, and risk, pursue the prompt, diligent, processing of each application for registration which is the subject of the security interest created herein and not abandon or delay any such efforts, unless the respective service mark or trademark is abandoned (provided, however that the Borrower shall notify the Agent of any intent to abandon any servicemark or trademarks).

c. At the Borrower's sole cost, expense, and risk, take any and all action which Agent deems reasonably necessary or desirable to protect the Marks, including, without limitation, the prosecution and defense of infringement actions.

4. In the event of

a. the Borrower's failure, within Five (5) days of written notice from the Agent, to cure any failure by the Borrower to perform any of the Borrower's obligations set forth in Section 3, above, and/or

b. the occurrence of any Event of Default, the Agent acting in its own name or in that of the Borrower or any of the Subsidiary Borrowers may (but shall not be required to) act in the Borrower's or any of the Subsidiary Borrowers' place and stead and/or in the Agents' own right in connection therewith.

5. Borrower represents and warrants that:

a. **EXHIBIT A** includes all of the Federal registered trademarks, Federal trademark applications, registered service marks and Federal service mark applications now owned by the Borrower and the Subsidiary Borrowers.

b. No liens, claims or security interests have been granted in any Mark by the Borrower or any of the Subsidiary Borrowers to any Person other than to the Agent.

6. In order to further secure the Liabilities:

a. The Borrower shall give the Agent written notice (with reasonable detail) within ten (10) days following the occurrence of any of the following:

i. The Borrower or any of the Subsidiary Borrowers obtains rights to, and files applications for registration of, any new trademarks, or service marks, or otherwise acquires ownership of any newly registered trademarks, registered service marks, trademark applications, or service mark applications, (other than Borrower's or any of the Subsidiary Borrowers' right to sell products containing the trademarks of others in the ordinary course of Borrower's or any of the Subsidiary Borrowers' business).

ii. The Borrower or any of the Subsidiary Borrowers becomes entitled to the benefit of any registered trademarks, trademark applications, trademark licenses, trademark license renewals, registered service marks, service mark applications, service mark licenses or service mark license renewals whether as licensee or licensor (other than Borrower's or any of the Subsidiary Borrowers' right to sell products containing the trademarks of others in the ordinary course of Borrower's or any of the Subsidiary Borrowers' business).

iii. The Borrower or any of the Subsidiary Borrowers enters into any new trademark license agreement or service mark license agreement.

iv. The Borrower assigns any of its registered trademarks, trademark applications, trademark licenses, trademark license renewals, registered service marks, service mark applications, service mark licenses or service mark license renewals to Harrison Investment Corp., which assignment shall be permitted so long as the Agent's security interest therein is unaffected.

b. The provisions of this TM Security Agreement shall automatically apply to any such additional property or rights described in Section 6 (a), above, all of which shall be deemed to be and treated as "Marks" within the meaning of this TM Security Agreement.

c. The Borrower hereby authorizes the Agent to modify this TM Security Agreement by amending EXHIBIT A to include any future registered trademarks, trademark applications, registered service marks and service mark applications, written notice of which is so given, *provided, however*, the modification of said EXHIBIT shall not be a condition to the creation or perfection of the security interest created hereby.

7. Upon the occurrence of any Event of Default, the Agent may exercise all rights and remedies of a secured party upon default under the Uniform Commercial Code as adopted in the

State of New York with respect to the Marks, in addition to which the Agent, subject to the terms of the Loan Agreement, subject to ten (10) days prior notice, may sell, license, assign, transfer, or otherwise dispose of the Marks. Any person may conclusively rely upon an affidavit of an officer of the Agent that an Event of Default has occurred and that the Agent is authorized to exercise such rights and remedies.

8. The Borrower hereby irrevocably constitutes and designates the Agent as and for the Borrower's and the Subsidiary Borrowers' attorney in fact, effective with and upon the Agent's first exercise (the "**First Exercise**") of such powers following the occurrence of any Event of Default:

a. To exercise any of the rights and powers referenced in Section 3.

b. To execute all and singular such instruments and documents as the Agent

determines to be appropriate in connection with the exercise of such rights and remedies and, subject to ten (10) days prior notice, to cause the sale, license, assignment, transfer, or other disposition of the Marks.

The within grant of a power of attorney, being coupled with an interest, shall be irrevocable until the within TM Security Agreement is terminated by a duly authorized officer of the Agent, but shall be exercisable only following the occurrence of an Event of Default.

9. Any use by the Agent of the Marks as authorized hereunder in connection with the exercise of the Agent's rights and remedies under the within TM Security Agreement and the Loan Agreement shall be coextensive with Borrower's and the Subsidiary Borrowers' rights thereunder and with respect thereto and without any liability for royalties or other related charges from the Agent to the Borrower. Such use by the Agent shall be permitted only with and upon the First Exercise following the occurrence of an Event of Default.

10. Agent hereby acknowledges that the Borrower and the Subsidiary Borrowers shall continue to have the exclusive right, prior to notice from the Agent following the occurrence of an Event of Default, to sue for past, present and future infringement of the Marks including the right to seek injunctions and/or money damages, in an effort by Borrower or any of the Subsidiary Borrowers to protect the Marks against encroachment by third parties; provided, however, that Borrower first notifies Agent in writing of its intention to sue for enforcement of the Marks against a particular party. All costs arising in connection with any infringement shall be borne by Borrower.

11. Following the payment and satisfaction of all Liabilities, and the termination of any obligation of the Agent to provide loans or financial accommodations under the credit facility contemplated by the Loan Agreement, this TM Security Agreement shall terminate and the Agent shall execute and deliver to Borrower all such instruments as the Borrower reasonably may request to release any encumbrance in favor of the Agent created hereby or pursuant hereto, subject, however, to any disposition thereof which may have been made by Agent pursuant hereto or pursuant to the Loan Agreement.

12. The Borrower shall, at the request of the Agent, do any and all acts and execute any and all documents required by the Agent in connection with the protection, preservation, and enforcement of the Agent's rights hereunder.

13. The Borrower shall, upon demand, reimburse the Agent for all costs and expenses incurred by the Agent in the exercise of any rights hereunder (including, without limitation, fees and expenses of counsel).

14. Neither anything contained in the within TM Security Agreement or in the Loan Agreement nor any act, omission, or circumstance may be construed as directly or indirectly



conveying to the Agent any rights in and to the Marks, except following the occurrence of any Event of Default (and in such circumstances, only with and upon the First Exercise).


15. This TM Security Agreement is intended to supplement the Loan Agreement. All provisions of the Loan Agreement shall apply to the Marks and the Agent shall have the same rights with respect to any and all security interests in the Marks granted the Agent to secure the Liabilities hereunder as thereunder. In the event of a conflict between this TM Security Agreement and the Loan Agreement, the terms of this TM Security Agreement shall control with respect to the Marks and the Loan Agreement shall control with respect to all other Collateral and all other matters.

16. Pursuant to Section 5-1401 of the New York General Obligations Law, this Trademark Security Agreement shall be governed, construed and interpreted in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the Borrower and the Agent respectively have caused this TM Security Agreement to be executed by officers duly authorized so to do on the date first above written.

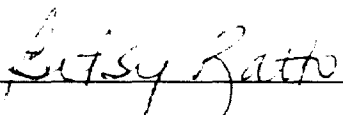
The "Borrower", on behalf of itself and each "Subsidiary Borrower" that is a party to the Loan Agreement.:

LECHTER'S, INC.

By   
Title: SVP - CFO

The "Agent":

BANKBOSTON RETAIL FINANCE INC..

By   
Title: VP

STATE OF NEW YORK  
COUNTY OF NEW YORK, SS

Then personally appeared before me James Sheppard, an individual whose address is Cap May Rd, Hammonton NJ and known to me or proved to me to be the duly authorized Senior Vice President of Lechters, Inc. and that such person acknowledged that he has executed the foregoing instrument on behalf of Lechters, Inc.

Witness my hand and seal this 30th day of November, 1999.

*Margaret Fuggetta*  
Notary Public  
My Commission Expires: 4/24/2000

MARGARET FUGGETTA  
Notary Public, State of New York  
No. 01FU5026726  
Qualified in Queens County  
Commission Expires April 24, 2000

THE STATE OF NEW YORK  
COUNTY OF NEW YORK, SS

Then personally appeared before me ELIZABETH RATTO, an individual whose address is 40 Broad St Boston MA and known to me or proved to me to be the duly authorized Managing Director of BankBoston Retail Finance, Inc. and that such person acknowledged that she has executed the foregoing instrument on behalf of BankBoston Retail Finance, Inc ,

Witness my hand and seal this 30<sup>th</sup> day of November, 1999

*Margaret Fuggetta*  
Notary Public  
My Commission Expires: 4/24/2000

MARGARET FUGGETTA  
Notary Public, State of New York  
No. 01FU5026726  
Qualified in Queens County  
Commission Expires April 24, 2000

**EXHIBIT A**

Lechters Inc. now owned or hereafter acquired registered service marks and Federal service mark applications, registered trademarks, and Federal trade mark applications:

**Trademark/Service Mark Registration**

<b>REGISTRATION NUMBER</b>	<b>REGISTRATION DATE</b>	<b>TRANSFER RECORDATION</b>
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[None]

**Trademark Applications**

<b>MARK</b>	<b>SERIAL NUMBER</b>
Costless Home Store	75-506860

NYB 440725.1 44612 00079

**RECORDED: 12/22/1999**

**TRADEMARK  
REEL: 002008 FRAME: 0011**