

07-20-2000

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U.S. DEPARTMENT OF COMMERCE  
Patent and Trademark Office

101409582

Y

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

1. Name of conveying party(ies): **Compact Discs International, LTD.**  
*MKB 6.21.00*  
 Individual  
 Association  
 General Partnership  
 Limited Partnership  
 Corporation State:  
 Other  
Additional name(s) of conveying party(ies) attached?  
 Yes  No

2. Name and Address of receiving party(ies):  
Name: CD Warehouse, Inc.  
Internal Address:  
Street Address: 1204 Sovereign Row  
City: Oklahoma City State: OK ZIP: 73108  
 Individual(s) Citizenship:  
 Association:  
 General Partnership:  
 Limited Partnership:  
 Corporation State: Delaware  
 Other:  
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)  
Additional name(s) & address(es) attached?  Yes  No

3. Nature of conveyance:  
 Assignment  
 Merger  
 Security Agreement  
 Change of Name  
 Other  
Execution Date: January 27, 1997

4. Application number(s) or trademark number(s):  
A. Trademark Application No.(s)

B. Trademark registration No.(s)  
1,815,583 issued January 4, 1994

Additional numbers attached?  Yes  No

5. Name and address of party to whom correspondence concerning document should be mailed:  
Name: Elisabeth A. Evert, Esq.  
Internal Address:  
Street Address: 717 N. Harwood Suite 3400  
City: Dallas State: Texas ZIP: 75201

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  
Account Number 18-1260  
8. Deposit account number: 18-1260  
(Attach duplicate copy of this page if paying by deposit account)

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.*  
Elisabeth A. Evert, Esq.  
Name of Person Signing

*Elisabeth A. Evert*  
Signature  
June 21, 2000  
Date  
Total number of pages comprising cover sheet: 1

OMB No. 0651-0011 (exp. 4/94)  
Our Ref: Do not detach this portion

Mail documents to be recorded with required cover sheet information to:

Commissioner of Patents and Trademarks  
Box Assignment  
Washington, D.C. 20231

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EXPRESS MAIL NO. EL185371672US  
DATE OF DEPOSIT: 6/21/00

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Derrick T. Gordon  
Name of Depositor

*Derrick T. Gordon*  
Signature

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TRADEMARK  
REEL: 002105 FRAME: 0599

TRADEMARKS ONLY

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Individual  
 Association  
 General Partnership  
 Limited Partnership  
 Corporation State:  
 Other

Additional name(s) of conveying party(ies) attached?  
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 Association:  
 General Partnership:  
 Limited Partnership:  
 Corporation State: Delaware  
 Other:

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)

Additional name(s) & address(es) attached?  Yes  No

RECORDED  
JUN 21 1997

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Elisabeth A. Evert, Esq.  
Name of Person Signing

W. Evert  
Signature

June 21, 2000  
Date

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EXPRESS MAIL NO. EL195371673US  
DATE OF DEPOSIT: 6/21/00

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Derrick T. Gordon  
Name of Depositor

David J. Lamb  
Signature

## ASSIGNMENT OF INTELLECTUAL PROPERTY RIGHTS

THIS ASSIGNMENT OF INTELLECTUAL PROPERTY RIGHTS (this "Assignment") is made and entered into as of the 27th day of January, 1997, by and among COMPACT DISCS INTERNATIONAL, LTD., a Texas limited partnership with its principal office located at 171 Firman Drive, Suite 300, Richardson, Texas 75081 ("CDIL") and MARK E. KANE, an individual and a general partner of CDIL ("Kane" and collectively with CDIL "Assignor"); and CD WAREHOUSE, INC., a Delaware corporation with its principal office located at 722 N Broadway, Oklahoma City, Oklahoma 73102 ("Assignee").

### WITNESSETH:

WHEREAS, Assignor and Assignee have entered into an Asset Purchase Agreement, made and entered into as of the 1st day of October, 1996 ("Asset Purchase Agreement"), providing, among other things, for the sale by Assignor and purchase by Assignee of the Assets (as defined in the Asset Purchase Agreement); and

WHEREAS, pursuant to the Asset Purchase Agreement, Assignor has agreed to sell, transfer, convey and assign to Assignee, and Assignee has agreed to acquire from Assignor all of his right, title and interest in and to the Intellectual Property Rights (as defined in the Asset Purchase Agreement) and any derivative works based upon the Intellectual Property Rights including, but not limited to, the Intellectual Property Rights listed on Schedule 3.5 attached hereto;

NOW, THEREFORE, in consideration of the premises, the mutual covenants and agreements contained in the Asset Purchase Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor hereby assigns, transfers and conveys to Assignee all of his right, title and interest in and to the Intellectual Property Rights, including any derivative works based upon the Intellectual Property Rights.

Assignor also hereby irrevocable constitutes and appoints Assignee and its successors and assigns, Assignor's true and lawful attorney, with full power of substitution, in Assignor's name and stead, but on behalf of and for the benefit of Assignee and its successors and assigns, to demand and receive any and all of the Intellectual Property Rights transferred hereunder, and from time to time to institute and prosecute in Assignor's name, or otherwise, at the expense and for the benefit of Assignee, or its successors and assigns, any and all proceedings at law, in equity or otherwise, that Assignee or its successors or assigns, may deem proper for the collection or reduction to possession of any of the Intellectual Property Rights transferred hereunder or for the collection and enforcement of any claim or right of any kind hereby sold, conveyed, transferred, assigned and delivered, or intended so to be, and to do all things in relation to the Intellectual Property Rights transferred hereunder that Assignee, or its successors or assigns shall deem desirable.

Each of the representations and warranties of Assignor contained in the Asset Purchase Agreement are incorporated herein by reference and shall survive the consummation of the transaction contemplated hereby and thereby.

In the event any term or condition of this Assignment conflicts with any term or condition of the Asset Purchase Agreement, the term or condition contained in the Asset Purchase Agreement shall control.

The parties hereby agree that this agreement has been executed and delivered in the State of Texas and shall be construed and enforced in accordance with and governed by the laws thereof. This Assignment shall not be construed for or against a party because that party prepared it.

The Buyer and Seller stipulate in advance that all disputes or controversies between the parties arising from or relating to this Assignment or any of the transactions contemplated in this Assignment will be submitted to and resolved by a Binding Arbitration Proceeding held in Dallas County, Texas, and conducted in accordance with the then-current Rules of the American Arbitration Association.

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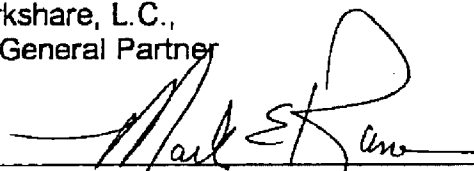
IN WITNESS WHEREOF, each of the parties hereto has caused this Assignment to be signed in counterparts all as of the date first above written.

ASSIGNOR


COMPACT DISCS INTERNATIONAL, LTD.

By: Markshare, L.C.,  
Its General Partner

BY:

  
\_\_\_\_\_  
Mark E. Kane, President

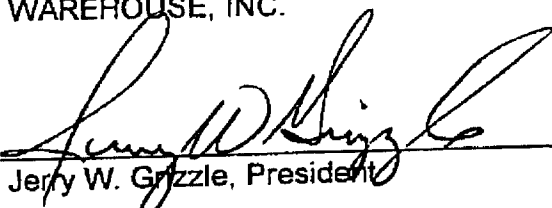
KANE

  
\_\_\_\_\_  
Mark E. Kane

BUYER

CD WAREHOUSE, INC.

By:

  
\_\_\_\_\_  
Jerry W. Grizzle, President

Schedule 3.5  
Intellectual Property Rights

Seller has the following service mark registered on the Principal Register of the United States Patent and Trademark Office:

CD WAREHOUSE  
Reg. No. 1,815,583  
Initial Reg. Date (Supplemental Register): January 4, 1994

Although no application for copyright registration has been filed, Seller asserts statutory copyright protection on all of Seller's proprietary software, manuals, advertising materials, and other written materials used in the operation of CD Warehouse franchise locations and the CD Warehouse franchisor system.

Seller does not have a non-compete agreement with Mr. Chris Hail, the programmer who developed the initial version of the computer software presently used in the operation of CD Warehouse franchise locations and the CD Warehouse franchisor system. Therefore, Mr. Hail is not estopped from developing software of a similar nature for use by other businesses that are similar to Seller's business. Further, one of Seller's franchisees, Third Ear Productions, developed its own software package that is used in the management and operation of such franchisee's CD Warehouse store location. Third Ear Productions developed its software package prior to the date on which Seller's software was developed. Seller has agreed to permit Third Ear Productions to market its software to the public, but prohibited the use of any of Seller's proprietary information in any software marketed to the public by Third Ear Productions.

The name "CD Warehouse" is presently being used by entities other than the Seller in San Antonio, Texas; Cincinnati, Ohio; Orem, Utah; Montevideo, Uruguay; and a mail-order business in the United Kingdom.

A cease-and-desist letter dated April 8, 1996 was issued by Wherehouse Entertainment concerning the use of the name "CD Warehouse." This letter was produced to Buyer in connection with Buyer's due diligence request.

Third Ear Productions, a franchisee of Seller, has developed an Internet web site using the CD Warehouse name. Third Ear Productions registered the domain name "www.cdwarehouse.com" and claims ownership of this domain name.