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07-21-2000

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U.S. DEPARTMENT OF COMMERCE
Patent and Trademark Office



101410241

6-28-00

Tab settings

To the Honorable Commissioner of Patents

Attached original documents or copy thereof.

1. Name of conveying party(ies):

Swiss Water Decaffeinated
Coffee Company Inc.

- Individual(s)
- General Partnership
- Corporation-State
- Other British Columbia, Canada Company

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

2. Name and address of receiving party(ies)

Name: Canadian Imperial Bank of Commerce

Internal Address: 400 Burrard Street

Street Address: 7th Floor

City: Vancouver State: B.C. ZIP: V6C 3A6
Canada

- Individual(s) citizenship
- Association
- General Partnership
- Limited Partnership
- Corporation-State
- Other Canadian Chartered Bank

3. Nature of conveyance:

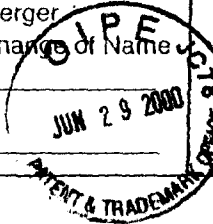
- Assignment
- Security Agreement
- Other
- Merger
- Change of Name

Execution Date: May, 2000

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



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

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

2,106,264
2,096,482

Additional numbers attached? Yes No

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

Name: Kevin G. Smith, Esq.

Internal Address:

SUGHRUE, MION, ZINN, MACPEAK & SEAS, PLLC

Street Address: 2100 Pennsylvania Ave. NW

City: Washington State: DC ZIP: 20037

6. Total number of applications and registrations involved: 2

7. Total fee (37 CFR 3.41).....\$ 65.00

Enclosed

Authorized to be charged to deposit account

8. Deposit account number:

(Attach duplicate copy of this page if paying by deposit account)

07/20/2000 MTHAI1 00000286 2106264

DO NOT USE THIS SPACE

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

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.

Kevin G. Smith

Name of Person Signing

Kevin G. Smith
Signature

June 29, 2000

Date

Total number of pages including cover sheet, attachments, and document: 20

Mail documents to be recorded with required cover sheet information to:
Commissioner of Patents & Trademarks, Box Assignments

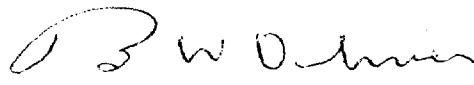
TRADEMARK
REEL: 002106 FRAME: 0293

**ACKNOWLEDGEMENT AND DECLARATION OF
DOMESTIC REPRESENTATIVE**

The Secured Party, Canadian Imperial Bank of Commerce, the full post office address of whose principal office or place of business is 400 Burrard Street, 7th Floor, Vancouver, British Columbia V6C 3A6 hereby designates Kevin Smith of Shoemaker & Mattare whose post office address is 2001 Jefferson Davis Highway, Suite 1204, Arlington, Virginia 22202, as the Secured Party's representative on whom notices or processes in proceedings affecting such security registration in connection with the Trade-marks may be served.

EXECUTED at Vancouver, British Columbia this 31st day of May, 2000.

CANADIAN IMPERIAL BANK OF COMMERCE

By 
Name: Brian Oliver
Title: Commercial Lending Specialist

INTELLECTUAL PROPERTY SECURITY AGREEMENT

This Intellectual Property Security Agreement dated as of May _____, 2000 made by **SWISS WATER DECAFFEINATED COFFEE COMPANY INC.** (the "**Company**"), a British Columbia company having its registered office at 1600 - 925 West Georgia Street, Vancouver, British Columbia V6C 3L2, to and in favour of **CANADIAN IMPERIAL BANK OF COMMERCE** (the "**Lender**"), a Canadian chartered bank, as lender under the Credit Agreement hereinafter referred to, having an office at 400 Burrard Street, 7th Floor, Vancouver, British Columbia V6C 3A6.

WHEREAS the Company has entered into a multi-option credit agreement dated as of May _____, 2000 with the Lender (as such agreement may at any time or from time to time be amended, supplemented or otherwise modified or restated, the "**Credit Agreement**") providing for the advance of certain credit facilities on the terms and conditions set out in the Credit Agreement.

AND WHEREAS it is a condition of the Credit Agreement that the Company grant security as provided for herein in respect of the Obligations and in favour of the Lender.

NOW THEREFORE WITNESSETH that, in consideration of these premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Company, the Company covenants, declares and agrees as follows:

ARTICLE 1 INTERPRETATION

Section 1.1 Terms Incorporated for Reference. All capitalized terms used but not otherwise defined in this Security Agreement shall have the meanings attributed to them in the Credit Agreement. Terms defined in the British Columbia *Personal Property Security Act* (as amended from time to time, the "**PPSA**") and used but not otherwise defined in this Security Agreement shall have the same meaning herein.

Section 1.2 Defined Terms. In this Security Agreement, unless there is something in the subject matter or context inconsistent therewith, the following words and terms shall have the following meanings:

"Collateral" has the meaning set forth in Section 2.1;

"Company" means Swiss Water Decaffeinated Coffee Company Inc., its successors and permitted assigns;

"Credit Agreement" means the multi-option credit facility agreement dated May _____, 2000 among the Company and the Lender, as such agreement may be further amended, supplemented or otherwise modified or restated from time to time;

"Derivative Instruments" means the agreements entered into from time to time by the Borrower with the Lender to control, fix or regulate currency exchange or

the rate(s) of interest payable on borrowing, including any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions and any combination of these transactions);

“**Financing Documents**” means the Credit Agreement, the Security Instruments, the Borrowing Requests, the Borrowing Base Reports and the Commitment Letter, together with any other document, instrument or agreement (other than any agreements between the Lender and any other bank or creditor with respect to any indebtedness or obligations of the Borrower (hereunder or thereunder) now or hereafter entered into in connection with this Agreement (including the Interest Rate Swap Agreements), as such documents, instruments or agreements may be amended, modified or supplemented from time to time;

“**Intellectual Property**” means the Collateral and any associated marks, trademark rights, licenses or logos in respect thereof, and any proceeds or payments;

“**Lender**” means Canadian Imperial Bank of Commerce and its successors and assigns;

“**Licenses**” means any and all licenses, sub-licenses, leases, sub-leases, agreements to license or sub-license or lease or sub-lease, rights of use or control (whether as licensee or licensor or lessee or lessor and whether exclusive or non-exclusive) in respect of or in connection with the acquisition, ownership or use of Intellectual Property, together in each case with any amendments, supplements, modifications, extensions, renewals or replacements thereof, and “**License**” means any one of them;

“**Lien**” includes any mortgage, pledge, lien, hypothecation, security interest or other encumbrance or charge (whether fixed, floating or otherwise) or title retention, any right of set-off (arising otherwise than by operation of Law) and any deposit of moneys under any agreement or arrangement whereby such moneys may be withdrawn only upon fulfillment of any conditions as to the discharge of any other indebtedness or other obligation to any creditor, or any right of or arrangement of any kind with any creditor to have its claims satisfied prior to other creditors with or from the proceeds of any properties, assets or revenues of any kind now owned or hereafter acquired;

“**Obligations**” has the meaning set forth in Section 2.2(1);

“**PPSA**” has the meaning set forth in Section 1.1;

“**Royalties**” means all royalties, rents, issues, proceeds, profits or other fees (including, without limitation, license fees), charges, assessments or penalties payable to the Company or due or accruing due to the Company pursuant to any License;

“**Security Interest**” has the meaning set forth in Section 2.2.(1); and

“**Trademarks**” means (i) all trade marks, trade names, domain names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos, design marks, certification marks, distinguishing guises or other source of business identifies, and the goodwill associated therewith, (ii) all registrations and recordings thereof, and all applications in connection therewith, (iii) all extensions, renewals and continuations thereof, and (iv) all rights to sue for past, present or future infringements of, dilution or depreciation of value to, passing off or injury to, or loss of distinctiveness of, any thereof.

ARTICLE 2 SECURITY

Section 2.1 Grant of Security. Subject to Section 2.4, the Company hereby (i) mortgages and charges to the Lender as and by way of a fixed mortgage and charge; (ii) pledges to the Lender; and (iii) grants to the Lender a security interest in the Company’s right, title and interest throughout the world in and to the following property, which is currently or in the future may be owned, created, acquired, or used (whether pursuant to a License or otherwise) by the Company, in whole or in part (the foregoing in respect of the Company being collectively referred to as the “**Collateral**”, and all references thereto herein include any part thereof):

- (a) Trademarks and rights and interests which are capable of being protected as Trademarks (including trademarks, service marks, certification marks, designs, logos, indicia, trade names, corporate names, company names, business names, fictitious business names, trade styles, and other source or business identifiers, and applications pertaining thereto), Licenses in respect thereof and rights to register, renew and extend such Trademarks and trademark rights and any and all copyrights in such Trademarks;
- (b) patents, patent applications, industrial designs and industrial design applications, including all reissues, divisions and continuations in part, Licenses in respect thereof, foreign filing rights, and rights to register, renew and extend such rights;
- (c) the Trademarks, trademark registrations and pending applications listed on Schedule A attached hereto, as the same may be updated hereafter from time to time, and all Licenses in respect thereof;

- (d) the patents, patent applications, industrial designs and industrial design applications listed on Schedule B attached hereto, as the same may be updated hereafter from time to time, and all Licenses in respect thereof;
- (e) the right to register trademark claims and to apply for, renew and extend trademark registrations and trademark rights, the right (without obligation) to sue or bring opposition or cancellation proceedings in the name of the Company or in the name of the Lender for past, present and future infringements or violations of trademarks, registrations, or other trademark rights and the associated goodwill;
- (f) all of the Company's right, title and interest in and to all patentable and unpatentable inventions and all industrial designs, and to file applications for patents and industrial designs and to request reexamination and/or reissue of the patents, the right (without obligation) to sue or bring interference proceedings in the name of the Company or in the name of the Lender for past, present and future infringements of the patents and industrial designs;
- (g) all copyrights, copyright applications, copyright registrations, know-how, trade secrets, technical processes, recipes and formulae and Licenses in respect thereof, including, without limitation, those set out in Schedule C attached hereto;
- (h) all general intangibles relating to the foregoing, including all associated goodwill; and
- (i) all proceeds of and rights associated with any and all of the foregoing (including, without limitation, claims by the Company against third parties for past, present or future infringement of the Intellectual Property, including those items listed in the Schedules to this Agreement, or for injury to the goodwill associated with the use of any of the Trademarks or for breach or enforcement of any License, Royalties and proceeds of infringement suits) and, to the extent not otherwise included, all payments under insurance, or any indemnity, warranty, or guarantee, payable by reason of loss or damage to or otherwise with respect to the Collateral.

Section 2.2 Obligations Secured. (1) The mortgages, charges, pledges and security interests granted hereby (collectively, the "**Security Interest**") shall be joint and several and shall be continuing collateral security for the due payment and performance of all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or unmatured, joint or several or joint and several, at any time due or accruing due of the Company to the Lender under the Credit Agreement or any Derivative Instruments or any one or more of the other Financing Documents whether incurred as principal or surety (collectively, and together with the expenses, costs and charges set out in Section 2.2(2), the "**Obligations**").

(2) All reasonable expenses, costs and charges incurred by or on behalf of the Lender in connection with the preparation and issuance of this Security Agreement, the perfection, preservation and protection of the Security Interest and the enforcement of the Lender's rights and remedies hereunder, including the realization of the Collateral, and including all legal fees

(on a solicitor and solicitor's own client basis) and disbursements, court costs, receiver's or Lender's remuneration and other expenses of taking possession of, repairing, protecting, insuring, preparing for disposition, realizing, collecting, selling, licensing, transferring, delivering or obtaining payment of the Collateral, shall be added to and form a part of the Obligations.

Section 2.3 Attachment. (1) The Company and the Lender hereby acknowledge that (i) value has been given; (ii) the Company has rights in the Collateral (other than after-acquired Collateral); and (iii) the Company has agreed not to postpone the time of attachment of the Security Interest.

(2) The Company agrees to promptly inform the Lender in writing of the acquisition by the Company of any rights in or to any registrable or unregistrable intellectual property which is not adequately described herein or of the entitlement to the benefit of any application or registration therefor, and the Company agrees to execute and deliver at their expense from time to time amendments to this Security Agreement or the schedules hereto or additional security agreements or schedules as may be required by the Lender in order that the Security Interest shall attach to such intellectual property.

Section 2.4 Scope of Security Interest. (1) Nothing in Section 2.1 shall be construed as a pledge by the Company (which term shall include a sub-license, mortgage, pledge or charge) of any Intellectual Property licensed to the Company as licensee or any License which, as a matter of Law or by its terms, may not be pledged without the consent or authorization of the licensor unless such consent or authorization has been obtained. To the extent that the creation of the Security Interest would constitute a breach or permit the acceleration of any License to which the Company is a party, the Security Interest shall not attach to the Intellectual Property licensed thereby or the License but the Company, as the case may be, shall hold its interest therein in trust for the Lender, and, in the case of any such potential breach or acceleration of any License, shall use its best efforts to obtain the consent of the other party thereto. Upon the Company obtaining the consent of such other party, the Security Interest shall be deemed to have automatically attached to such Intellectual Property and License.

(2) Until the Security Interest shall have become enforceable, the grant of the Security Interest in the Intellectual Property shall not affect in any way the Company's rights to commercially exploit the Intellectual Property, to defend the Intellectual Property, to enforce any rights therein or with respect thereto against third parties in any court or to claim and be entitled to receive any damages with respect to any infringement or violation thereof.

(3) The Security Interest shall not extend or apply to the last day of any term of years reserved by a License, but the Company in respect of any particular License shall stand possessed of any such reversion in trust to assign and dispose thereof as the Lender may direct.

(4) The Lender will not be deemed in any manner to have assumed any obligation of the Company under any License nor shall the Lender be liable to any Official Body or license counterparties by reason of any default by any person under any contract. The Company agrees

to indemnify and hold the Lender harmless of and from all liability, loss, damage or expense which the Lender may or might incur by reason of any claim or demand against the Lender based on its alleged assumption of the Company's duty and obligation to perform and discharge the terms, covenants and agreements in any License.

(5) It is expressly acknowledged by the Company that, notwithstanding any right or authority granted to the Company herein or in any other agreement or instrument to deal with the Collateral, it is the intention of the Company and the Lender that (i) the Security Interest shall operate and be construed as a fixed and specific charge of all Collateral in respect of which the Company presently has rights, and as a fixed and specific charge of all after-acquired Collateral which shall attach forthwith upon the Company acquiring rights therein, and (ii) the Security Interest shall neither operate nor be construed as a floating charge.

Section 2.5 The Lender's Care and Custody of Collateral. (1) The Lender shall not be bound to dispose of, realize, protect or enforce any of the Company's right, title and interest in and to the Collateral or to institute proceedings for the purpose thereof.

(2) The Lender shall have no obligation to keep the Collateral in its possession identifiable.

(3) The Lender may, after the Security Interest shall have become enforceable, (i) notify any person obligated on a License to make payment thereunder to the Lender whether or not the Company was theretofore making collections thereon, and (ii) assume control of any proceeds arising from the Collateral.

Section 2.6 The Company's Dealings with Collateral. Except as permitted by the Credit Agreement, the Company shall not, without the prior written consent of the Lender, sell, exchange, license, release or abandon or otherwise dispose of the Collateral or create, assume or permit to remain outstanding any Lien in, on or of the Collateral.

Section 2.7 Right of Set-Off. The Obligations secured by this Security Agreement shall be paid on a joint and several basis, when due, by the Company to the Lender without regard to any equities existing among the Company and the Lender and without regard to any right of set-off or cross-claim or of any claim or demand of the Company against the Lender.

Section 2.8 Protective Disbursements. If the Company fails to perform any covenant on its or their part contained in this Security Agreement then the Lender may, in its absolute discretion, perform any such covenant capable of being performed by it and, if any such covenant requires the payment or expenditure of money, the Lender may make such payment but shall be under no obligation to do so, and all sums so paid or expended by the Lender shall be immediately payable by the Company, shall bear interest at the highest rate set forth in the Credit Agreement until paid and shall be secured hereby, having the benefit of the Lien hereby created in priority to the indebtedness evidenced by this Security Agreement. No such performance or payment shall relieve the Company from any default under this Security Agreement or any consequences of such default.

ARTICLE 3
REPRESENTATIONS, WARRANTIES AND COVENANTS

The Company for and on its own behalf hereby represents, warrants, and covenants that:

Section 3.1 Intellectual Property Listing. (1) A true and complete schedule setting forth all trademark registrations, pending applications and unregistered trademarks owned or controlled by the Company or licensed to the Company, together with a summary description and full information in respect of the filing or issuance thereof and expiration dates is set forth on Schedule A attached hereto.

(2) A true and complete schedule setting forth all patents, patent applications, industrial designs and industrial design applications owned or controlled by the Company or licensed to the Company, together with a summary description and full information in respect of the filing or issuance thereof and expiration dates is set forth on Schedule B attached hereto.

(3) A true and complete schedule setting forth all copyright applications and registrations owned or controlled by the Company or licensed to the Company, together with a summary description and full information in respect of the filing or issuance thereof is set forth on Schedule C attached hereto.

Section 3.2 Validity; Enforceability. The Intellectual Property is valid and enforceable and the Company is not currently aware of any past, present, or prospective claim by any third party that any of the Intellectual Property is invalid or unenforceable or that the use of the Intellectual Property violates the rights of any third person, or of any basis for any such claims.

Section 3.3 Title. The Company is the sole and exclusive owner of the entire and unencumbered right, title, and interest in and to the Intellectual Property identified in Schedules A, B and C respecting the Company and in and to all other Intellectual Property except that, if any, which is licensed from third parties, free and clear of any Liens, including licenses, shop rights and covenants by the Company not to sue third persons.

Section 3.4 Notice. The Company has used and will continue to use proper statutory notice in connection with its use of each of the Intellectual Property.

Section 3.5 Quality. The Company has used and will continue to use consistent standards of high quality (which may be consistent with the Company's past practices) in the manufacture, sale and delivery of products and services sold or delivered under or in connection with all the trademarks comprised within the Intellectual Property, including, to the extent applicable, in the operation and maintenance of its merchandising operations, and will continue to maintain the validity of the Intellectual Property.

Section 3.6 Perfection of Security Interest. Except for the filing of a financing statement with provincial or state personal property registries, and filings with the

Canadian Patent Office, Canadian Copyright Office and Canadian Trademark Office, or the corresponding offices in any other country which may be necessary to perfect the Security Interest, no authorization, approval, or other action by, and no notice to or filing with, any governmental authority or regulatory body is required either for the grant by the Company of the Security Interest or for the execution, delivery or performance of this Security Agreement by the Company or for the perfection of or the exercise by the Lender of its rights hereunder to the Collateral in Canada or in any other country in which it may be necessary to perfect the Security Interest.

Section 3.7 Litigation and Proceedings. The Company shall commence and diligently prosecute in its own name, as the real party in interest, for its own benefit and its own expense, such suits, administrative proceedings, or other actions for infringement or other causes of action as are in its reasonable business judgment necessary to protect the Collateral in which the Company has an interest. The Company shall diligently defend all suits, administrative proceedings or other actions brought by third parties in respect of the Intellectual Property in which the Company has an interest or use thereof. The Company shall provide to the Lender any information with respect thereto requested by the Lender. The Lender may, but shall not be required to, provide at the Company's expense all necessary cooperation in connection with any such suits, proceedings or actions including, without limitation, joining as a necessary party. Following the Company becoming aware thereof, the Company shall promptly notify the Lender of the institution of or any adverse determination in any proceeding in any patent, trademark or copyright office or other regulatory authority, or any Canadian, United States, state, provincial or foreign court regarding the Company's claim of ownership in any of the Intellectual Property, its right to apply for the same or its right to keep and maintain such rights.

Section 3.8 Right to Inspect. The Company grants to the Lender and its employees and agents the right to visit the Company's plants and facilities in which products are manufactured, inspected, stored or processed and in which services are offered or performed in association with any of the Intellectual Property and to inspect the products and quality control records relating thereto at reasonable times during regular business hours.

ARTICLE 4 ENFORCEMENT

Section 4.1 Default. The Security Interest shall be and become enforceable against the Company (i) if and when the Company shall fail to make payments or perform any of the Obligations upon a demand being made pursuant to the provisions of the Credit Agreement (ii) if and when any representation or warranty made by, or on behalf of, the Company in this Security Agreement or the Credit Agreement is incorrect in any material respect when made or when reaffirmed, or (iii) if and when the Company fails to observe or perform any covenant, condition or agreement to be observed or performed pursuant to this Security Agreement which could reasonably be expected to have a Material Adverse Effect.

Section 4.2 Remedies. (1) Whenever the Security Interest has become enforceable, the Lender may realize upon the Collateral and enforce the rights of the Lender by:

- (a) sale, assignment, license, sub-license, granting options or options to purchase or any other disposal of the Collateral including all associated goodwill;
- (b) collection of any proceeds arising in respect of the Collateral;
- (c) collection, realization or sale of or other dealing with Royalties;
- (d) the exercise of any contractual, legal or other rights or interests of the Company under or in respect of the Collateral;
- (e) the payment of any Lien that may exist or be threatened against the Collateral, in which event such amount and any costs, charges and expenses incurred in connection therewith shall be added to the Obligations;
- (f) the appointment by instrument in writing of a receiver (which term as used in this Security Agreement includes a receiver and manager) or agent of the Collateral and the removal or replacement of such receiver or agent from time to time;
- (g) the institution of proceedings in any court of competent jurisdiction for the appointment of a receiver of the Collateral;
- (h) the institution of proceedings in any court of competent jurisdiction for sale or foreclosure of the Collateral;
- (i) filing proofs of claim and other documents to establish claims in any proceeding relating to the Company;
- (j) the set-off and application against the Obligations, to the fullest extent permitted by Law, of any monies to be paid by the Lender to the Company under the Credit Agreement, any Derivative Instrument granted by the Company in favour of the Lender or any other agreement between the Lender and the Company; and
- (k) any other remedy or proceeding authorized or permitted by applicable Law.

(2) In addition, upon the occurrence of any default or Event of Default, the Company shall grant to the Lender a royalty-free exclusive license to use the Intellectual Property and associated goodwill to the extent necessary to enable the Lender to use, possess and realize upon the Intellectual Property and to enable any successor or assign to enjoy the benefits of all the Intellectual Property.

(3) Such remedies may be exercised from time to time separately or in combination and are in addition to and not in substitution for any other rights of the Lender however created. The Lender may proceed by way of any action, suit or other proceeding available at law and no right, remedy or power of the Lender shall be exclusive of or dependent on any other. The Lender may exercise any of its rights, remedies or powers separately or in combination and at any time. The Lender shall not be bound to exercise any such rights or remedies, and the

exercise of such rights and remedies shall be without prejudice to the rights of the Lender in respect of the Obligations including the right to claim for any deficiency.

Section 4.3 Additional Rights. In addition to the remedies of the Lender set forth in Section 4.2, the Lender may, whenever the Security Interest has become enforceable, demand, commence, continue or defend any judicial or administrative proceedings for the purpose of protecting, seizing, collecting, realizing or obtaining possession or payment of the Collateral, and give valid and effectual receipts and discharges therefor and compromise or give time for the payment or performance of all or any part of the accounts or any contract or any other obligation of any third party to the Company relating to the Collateral.

Section 4.4 Concerning the Receiver. (1) Any receiver appointed by the Lender shall be vested with the rights and remedies which could have been exercised by the Lender in respect of the Company or the Collateral and such other powers and discretions as are granted in the instrument of appointment and any instrument or instruments supplemental thereto. The identity of the receiver, any replacement thereof and any remuneration thereof shall be within the unfettered discretion of the Lender.

(2) Any receiver appointed by the Lender shall act as agent for the Lender for the purposes of taking possession of the Collateral, but otherwise and for all other purposes (except as provided below) as agent for the Company. The receiver may sell, assign, license, sublicense, grant options or options to purchase or otherwise dispose of Collateral, including all associated goodwill, as agent for the Company, or as agent for the Lender (but in all cases shall take direction from the Lender) as the Lender may determine in its sole and unfettered discretion. The Company agrees to ratify and confirm all actions of the receiver acting as agent for the Company, and to release and indemnify the receiver in respect of all such actions.

(3) The Lender, in appointing or refraining from appointing any receiver, shall not incur liability to the receiver, the Company or otherwise and shall not be responsible for any misconduct or negligence of such receiver.

Section 4.5 Appointment of Attorney. The Company hereby irrevocably appoints the Lender (and any officer thereof) as attorney of the Company (with full power of substitution) to exercise, whenever the Security Interest has become enforceable, in the name of and on behalf of the Company, any of the Company's right (including the right of disposal), title and interest in and to the Collateral including the execution, endorsement and delivery of any agreements, documents, instruments and any notices, receipts, assignments or verifications of or in respect of Royalties. All acts of any such attorney are hereby ratified and approved, and such attorney shall not be liable for any act, failure to act or any other matter or thing in connection therewith, except for its own negligence or wilful misconduct.

Section 4.6 Dealing with the Collateral and the Security Interest. (1) The Lender shall not be obliged to exhaust its recourses against the Company or any other person or persons or against any other security the Lender may hold in respect of the Obligations before realizing upon or otherwise dealing with the Collateral in such manner as the Lender may consider desirable.

(2) The Lender may grant extensions or other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Company and with other persons, sureties or securities as the Lender may see fit, all without prejudice to the Obligations or the rights of the Lender in respect of the Collateral.

(3) The Lender shall not be (i) bound under any circumstances to realize upon the Collateral; (ii) liable or accountable for any failure to collect, realize or obtain payment in respect of the Collateral; (iii) bound to institute proceedings for the purpose of collecting, enforcing, realizing or obtaining payment of the Collateral or for the purpose of preserving any rights of the Lender and the Company or any other persons in respect thereof; (iv) responsible for any loss occasioned by any sale or other dealing with the Collateral or by the retention of or failure to sell or otherwise deal therewith; or (v) bound to protect the Collateral from depreciating in value or becoming worthless.

(4) All moneys from time to time received by the Lender or the receiver may be applied as follows: first, in discharge of all operating expenses and other ongoings affecting the Collateral; second, in keeping in good standing all Liens on the Collateral having priority over the Security Interest; third, in payment of the remuneration and disbursements of the receiver (if any); fourth, in payment to the Lender moneys payable hereunder and under the Credit Agreement, any Derivative Instrument or any other agreements between the Lender and the Company, entered into pursuant thereto; and the balance, if any, shall be paid to the Company or as a court of competent jurisdiction may direct. If there shall be a deficiency, the Company shall remain liable on a joint and several basis for such deficiency and shall pay the amount of such deficiency to the Lender forthwith.

Section 4.7 Standards of Sale. Without prejudice to the ability of the Lender to dispose of the Collateral in any manner which is commercially reasonable, the Company acknowledges that a disposition of Collateral by the Lender which takes place substantially in accordance with the following provisions shall be deemed to be commercially reasonable:

- (a) Collateral may be disposed of in whole or in part in any manner;
- (b) Collateral may be disposed of by public action, public tender or private contract, with or without advertising and without any other formality;
- (c) any purchaser or licensee of such Collateral may be a customer or related party of the Lender;
- (d) a disposition of Collateral may be on such terms and conditions as to credit, deferred payment or otherwise as the Lender, in its discretion, may deem advantageous;
- (e) the Lender may establish an upset or reserve bid or price in respect of the Collateral; and

- (f) the Lender may buy in, rescind or vary any contract for the disposition of Collateral and may dispose of any Collateral again without being obligated to account or answer for any gain or loss occasioned thereby.

Section 4.8 Dealings by Third Parties. No person dealing with the Lender or its agent or a receiver shall be required (i) to determine whether the Security Interest has become enforceable; (ii) to determine whether the powers which the Lender or such agent or receiver on behalf of the Lender is purporting to exercise have become exercisable; (iii) to determine whether any money remains due to the Lender by the Company; (iv) to determine the necessity or expediency of the stipulations and conditions subject to which any sale or license shall be made; (v) to determine the propriety or regularity of any sale or of any other dealing by the Lender with the Collateral; or (vi) to see to the application of any money paid to the Lender.

Section 4.9 Statutory Waiver. To the fullest extent permitted by Law, the Company waives all of the rights, benefits and protection provided to it or them by any statute which imposes limitations upon the rights, remedies or powers of a secured party.

ARTICLE 5 GENERAL

Section 5.1 Discharge. The Security Interest shall be released and discharged upon, but only upon, full payment of the Obligations and at the request and expense of the Company.

Section 5.2 No Merger, etc. No judgment recovered by the Lender shall operate by way of merger of or in any way affect the Security Interest, which is in addition to and not in substitution for any other security now or hereafter held by the Lender in respect of the Obligations.

Section 5.3 Waivers, etc. No amendment, consent or waiver by the Lender shall be effective unless made in writing and signed by an authorized officer of the Lender and then such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which it is given.

Section 5.4 Further Assurances. The Company shall from time to time, whether before or after the Security Interest shall have become enforceable, do all such acts and things and execute and deliver all such deeds, transfers, assignments and instruments as the Lender may reasonably require for protecting the Collateral or perfecting the Security Interest and for exercising all rights, remedies, powers, authorities and discretions hereby conferred upon the Lender, and the Company shall, from time to time after the Security Interest has become enforceable, do all such acts and things and execute and deliver all such deeds, transfers, assignments and instruments as the Lender may require for facilitating the sale of or other dealing with the Collateral in connection with any realization thereof.

Section 5.5 Notice. All notices, requests, demands, directions and communications (in this Section 5.5, "notices") hereunder shall be sent by telex, facsimile or

similar means of recorded communication or hand delivery and shall be effective when hand delivered or, in the case of successful telex, facsimile or similar means of recorded communication, when received. All notices shall be given to a party hereto at its respective address on page 1 of this Security Agreement or in accordance with any unrevoked written direction as to a change of address given in accordance with this Section 5.5 and if to the Company with a copy to:

Lawson Lundell Lawson & McIntosh
1600 - 925 West Georgia Street
Vancouver, B.C.
V6C 3L2

Attention: Brian Fulton

Section 5.6 Successors and Assigns. This Security Agreement shall be binding upon the Company, its respective successors and permitted assigns, and shall enure to the benefit of the Lender and its successors and assigns. The Company may not assign or novate any of its rights or obligations under this Security Agreement without the prior written consent of the Lender. All rights of the Lender hereunder shall be assignable in accordance with the terms of the Credit Agreement.

Section 5.7 Headings, etc. The division of this Security Agreement into sections and subsections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof.

Section 5.8 Severability. If and to the extent that any provision hereof shall conflict with any mandatory provision of the PPSA (including, without limitation, an exclusion or purported exclusion of a duty or onus imposed by the PPSA or a limitation or purported limitation of the liability of or the amount of damages recoverable from a person who has failed to discharge a duty or obligation imposed by the PPSA), such provision of the PPSA shall govern. The provisions of this Security Agreement are intended to be severable. If any provision of this Security Agreement shall be held to be invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

Section 5.9 Governing Law. This Security Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and of Canada applicable therein and shall be treated in all respects as a British Columbia contract.

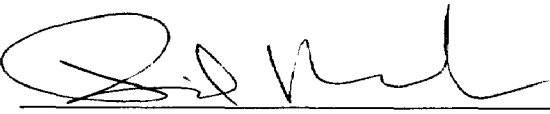
Section 5.10 Incorporation of Schedules. Schedules A, B and C shall, for all purposes hereof, form an integral part of this Security Agreement.

Section 5.11 Conflict. In the event of a conflict or inconsistency between the provisions of this Security Agreement and the provisions of the Credit Agreement, the provisions of the Credit Agreement shall prevail.

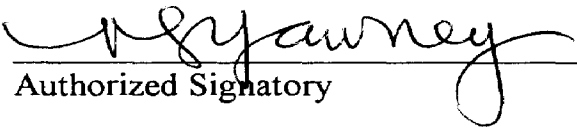
Section 5.12 Acknowledgement of Receipt/Waiver. The Company acknowledges receipt of an executed copy of this Security Agreement and waives, to the extent permitted by Law, the right to receive a copy of any financing statement, financing change statement or verification statement registered with or issued by any personal property registry or other Official Body in connection with this Security Agreement.

IN WITNESS WHEREOF the Company has duly executed this Security Agreement and affixed its corporate seal under the hands of its proper officers duly authorized for the purpose thereof as of the date first above written.

**SWISS WATER DECAFFEINATED COFFEE
COMPANY INC.**

Per: 
Authorized Signatory

c/s

Per: 
Authorized Signatory

SCHEDULE A

TRADEMARKS, TRADEMARK REGISTRATIONS AND PENDING APPLICATIONS

<u>Registration No.</u>	<u>Application Serial No.</u>	<u>Trade-Mark</u>	<u>Expiry Date</u>
<u>Canada</u>			
TMA 363,718	0540268	Swiss Water	November 17, 1989
TMA 419,970	0660329	Swiss Water Decaffeinated (Name & Logo)	November 26, 1989
TMA 428,754	0668150	Swiss Water Decaffeinated (Name & Logo)	June 17, 1994
TMA 424,490	0668175	Swiss Water	March 4, 1994
TMA 433,420	0723969	Eau Suisse	September 16, 1994
<u>United States</u>			
2106264	75-011253	Swiss Water	October 21, 1997
2096482	75-011266	Swiss Water Decaffeinated (Name & Logo)	September 16, 1997

Internet Domain Name

Registration of the name "www.swisswater.com" with Network Solutions, Inc.

SCHEDULE B

**PATENTS, PATENT APPLICATIONS, INDUSTRIAL DESIGNS
AND INDUSTRIAL DESIGN APPLICATIONS**

List of Patents/Applications

Title	Country	Application #	Filing Date	Patent #	Issued
Process for Decaffeinating Raw Coffee	U.S.A.	459,522	January 2, 1990	5,208,056	May 4, 1993

SCHEDULE C
COPYRIGHT APPLICATIONS AND REGISTRATIONS

Nil.

50210263.3

RECORDED: 06/28/2000

TRADEMARK
REEL: 002106 FRAME: 0311