

07-31-2000



101418393

7.3.00

RECORDATION FORM COVER SHEET
TRADEMARKS ONLY

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

Submission Type

New

Resubmission (Non-Recordation)
Document ID #

Correction of PTO Error
Reel # Frame #

Corrective Document
Reel # Frame #

Conveyance Type

Assignment License

Security Agreement Nunc Pro Tunc Assignment

Merger Change of Name

Other

Effective Date
Month Day Year

Conveying Party

Mark if additional names of conveying parties attached

Name Execution Date
Month Day Year

Formerly

Individual General Partnership Limited Partnership Corporation Association

Other

Citizenship/State of Incorporation/Organization

Receiving Party

Mark if additional names of receiving parties attached

Name

DBA/AKA/TA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)
City State/Country Zip Code

Individual General Partnership Limited Partnership Corporation Association

Other

Citizenship/State of Incorporation/Organization

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. (Designation must be a separate document from Assignment.)

07/28/2000 DNGUYEN 00000202 75879052

FOR OFFICE USE ONLY

01 FC:481 40.00 OP
02 FC:482 125.00 OP

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

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

TRADEMARK
REEL: 002111 FRAME: 0186

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Correspondent Name and Address

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Pages

Enter the total number of pages of the attached conveyance document including any attachments. #

Trademark Application Number(s) or Registration Number(s)

Mark if additional numbers attached

Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

Trademark Application Number(s)

Registration Number(s)

Number of Properties

Enter the total number of properties involved. #

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41): \$

Method of Payment: Enclosed Deposit Account

Deposit Account

(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number: #

Authorization to charge additional fees: Yes No

Statement and Signature

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. Charges to deposit account are authorized, as indicated herein.

ANGELA ALVAREZ SUJEK

Name of Person Signing

Angela Alvarez Sujek
Signature

6/29/00

Date Signed

RECORDATION FORM COVER SHEET
CONTINUATION
TRADEMARKS ONLY

FORM PTO-1618C
Expires 06/30/99
OMB 0651-0027

U.S. Department of Commerce
Patent and Trademark Office
TRADEMARK

Conveying Party

Enter Additional Conveying Party

Mark if additional names of conveying parties attached

Execution Date
Month Day Year

Name

Formerly

Individual General Partnership Limited Partnership Corporation Association

Other

Citizenship State of Incorporation/Organization

Receiving Party

Enter Additional Receiving Party

Mark if additional names of receiving parties attached

Name

DBA/AKA/TA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)

City

State/Country

Zip Code

Individual General Partnership Limited Partnership

Corporation Association

Other

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Trademark Application Number(s) or Registration Number(s)

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Trademark Application Number(s)

Registration Number(s)

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INTELLECTUAL PROPERTY SECURITY AGREEMENT

INTELLECTUAL PROPERTY SECURITY AGREEMENT, dated as of June 1, 2000, made by Southwest Animal Products, LLC, a California limited liability company located at _____ ("SAP"), in favor of [Steven H. Maloney ("Maloney")/Richard G. Laventhol, Trustee of the Laventhol Revocable Declaration of Trust, dated March 30, 1993, as may be amended ("Laventhol"), to secure all Obligations (as defined below) of Steven Rauch ("Rauch").

1. Purpose. Rauch is indebted to Maloney/Laventhol under the Promissory Note, dated June 1, 2000, given by Rauch in favor of Maloney/Laventhol (the "Note"). Under the Guarantee, dated June 1, 2000, SAP guaranteed all Obligations of Rauch to Maloney/Laventhol (the "Guarantee"). SAP grants Maloney/Laventhol the security interest under this Agreement to secure the Guarantee and the Obligations.

2. Defined Terms. The following terms have the following meanings:

"Code": the Uniform Commercial Code as from time to time in effect in the State of California.

"Collateral": as defined in Section 2 of this Agreement.

"Copyright License": all license agreements with any other person in connection with any of the Copyrights or such other person's copyrights, whether SAP is a licensor or a licensee under any such license agreement, subject, in each case, to the terms of such license agreements and the right to prepare for sale, sell and advertise for sale, all inventory now or hereafter covered by such licenses.

"Copyrights": all United States copyrights and mask works, whether or not registered, and all applications for registration of all copyrights and mask works, including, but not limited to all copyrights and mask works, and all applications for registration of all copyrights and mask works identified in Schedule I attached hereto and made a part hereof, and including without limitation (a) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations thereof; (b) all income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all Copyright Licenses entered into in connection therewith, and damages and payments for past or future infringements thereof); and (c) all rights corresponding thereto and all modifications, adaptations, translations, enhancements and derivative works, renewals thereof, and all other rights of any kind whatsoever of SAP accruing thereunder or pertaining thereto (Copyrights and Copyright Licenses being, collectively, the "Copyright Collateral").

"Event of Default": any default or event of default described in Note and lapse of any applicable grace and/or cure periods.

"General Intangibles": as defined in the Code, including, without limitation, all Patents, Copyrights and Trademarks now or hereafter owned by SAP to the extent such Patents and Trademarks would be included in General Intangibles under the Code.

"Lien": any lien, security interest, pledge, encumbrance or other similar charge, whether voluntary or involuntary and however created.

"Obligations": as defined in the Guarantee.

"Patent License": all license agreements with any other person in connection with any of the Patents or such other person's patents, whether SAP is a licensor or a licensee under any such license agreement, subject, in each case, to the terms of such license agreements and the right to prepare for sale, sell and advertise for sale, all inventory now or hereafter covered by such licenses.

"Patents": all United States letters patent, patent applications and patentable inventions, including, without limitation, all patents and patent applications identified in Schedule I attached hereto and made a part hereof, and including without limitation (a) all inventions and improvements described and claimed therein, and patentable inventions, (b) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations thereof, (c) all income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all Patent Licenses entered into in connection therewith, and damages and payments for past or future infringements thereof), and (d) all rights corresponding thereto in the United States and all reissues, divisions, continuations, continuations-in-part, substitutes, renewals, and extensions thereof, all improvements thereon, and all other rights of any kind whatsoever of SAP accruing thereunder or pertaining thereto (Patents and Patent Licenses being, collectively, the "Patent Collateral").

"Trademark License": all license agreements with any other person in connection with any of the Trademarks or such other person's names or trademarks, whether SAP is a licensor or a licensee under any such license agreement, subject, in each case, to the terms of such license agreements, and the right to prepare for sale, sell and advertise for sale, all inventory now or hereafter covered by such licenses.

"Trademarks": all trademarks, service marks, trade names, trade dress or other indicia of trade origin, trademark and service mark registrations, and applications for trademark or service mark registrations (except for "intent to use" applications for trademark or service mark registrations filed pursuant to Section 1(b) of the Lanham Act, unless and until an Amendment to Allege Use or a Statement of Use under Sections 1(c)

and 1(d) of said Act has been filed), and any renewals thereof, including, without limitation, each registration and application identified in Schedule I attached hereto and made a part hereof, and including without limitation (a) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations thereof, (b) all income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all Trademark Licenses entered into in connection therewith, and damages and payments for past or future infringements thereof) and (c) all rights corresponding thereto in the United States and all other rights of any kind whatsoever of SAP accruing thereunder or pertaining thereto, together in each case with the goodwill of the business connected with the use of, and symbolized by, each such trademark, service mark, trade name, trade dress or other indicia of trade origin (Trademarks and Trademark Licenses being, collectively, the "Trademark Collateral").

3. Grant of Security Interest. As collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of the Obligations, SAP hereby assigns, pledges and grants to Maloney/Laventhol a security interest in all of the following property now owned or at any time hereafter acquired by SAP or in which SAP now has or at any time in the future may acquire any right, title or interest (collectively, the "Collateral"):

3.1 all Trademarks;

3.2 all Trademark Licenses;

3.3 all Patents;

3.4 all Patent Licenses;

3.5 all Copyrights;

3.6 all Copyright Licenses;

3.7 all general intangibles connected with the use of or symbolized by the Trademarks, Copyrights and Patents; and

3.8 to the extent not otherwise included, all proceeds and products of any and all of the foregoing.

4. SAP Remains Liable; Limitations on Maloney/Laventhol's Obligations. Anything herein to the contrary notwithstanding, (a) SAP shall remain liable under the contracts and agreements included in the Collateral to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by Maloney/Laventhol of any of the rights hereunder shall not release SAP from any of

its duties or obligations under the contracts and agreements included in the Collateral, and (c) Maloney/Laventhol shall not have any obligation or liability under the contracts and agreements included in the Collateral by reason of this Agreement, nor shall Maloney/Laventhol be obligated to perform any of the obligations or duties of SAP thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

5. Covenants, Representations and Warranties.

5.1 SAP represents and warrants that the Collateral, as of the date of this Agreement, is the sole and absolute property of SAP, and is currently in the possession of SAP, is free and clear from all Liens other than the security interest provided herein, and is warranted and will be defended against all other lawful claims and Liens.

5.2 SAP shall not attempt to sell, encumbrance, assign, dispose of or transfer in any manner any interest in the Collateral, or remove the Collateral or any part thereof from its facilities, without the prior written consent of the Secured Party.

5.3 SAP shall pay, when due, all taxes which are or may become a lien upon the business' assets.

5.4 SAP will use its reasonable best efforts to, and shall with reasonable diligence, take all action and to do all things necessary in order to consummate and make effective the transactions contemplated by this Agreement, including without limitation, executing and delivering or otherwise providing such further documents or instruments required by any party as reasonably necessary or desirable to effect the purpose and intent of this Agreement and to carry out its provisions. Such documents or instruments shall include, without limitation, UCC Financing Statements or documents necessary to record the security interests granted under this Agreement with the appropriate agencies of the United States government.

5.5 Upon written request by Maloney/Laventhol, as soon as is commercially reasonable SAP shall provide Maloney/Laventhol with any and all information or documents requested by Maloney/Laventhol which are reasonably connected or related to the Collateral. Upon reasonable advance notice to SAP, Maloney/Laventhol and his respective representatives shall have access during normal business hours to all the books, correspondence and records of SAP, and Maloney/Laventhol and his representatives may examine the same, and to the extent reasonable take extracts therefrom and make photocopies thereof, and SAP agrees to render to Maloney/Laventhol, at SAP's reasonable cost and expense, such clerical and other assistance as may be reasonably requested with regard thereto.

5.6 SAP will comply in all material respects with all requirements of law applicable to the Collateral or any part thereof, except to the extent that the failure to so comply would not be reasonably expected to materially adversely affect in the aggregate

Maloney/Laventhol's rights hereunder, the priority of its Liens on the Collateral or the value of the Collateral.

5.7 SAP shall defend and enforce the Collateral to the fullest extent of applicable law.

6. Maloney/Laventhol's Appointment as Attorney-in-Fact. SAP hereby irrevocably constitutes and appoints Maloney/Laventhol, and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of SAP and in the name of SAP or in its own name, from time to time in Maloney/Laventhol's discretion, for the purpose of carrying out the terms of this Agreement, to, only during the continuance of any Event of Default, take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement, and, without limiting the generality of the foregoing, SAP hereby gives Maloney/Laventhol the power and right, on behalf of SAP, without notice to or assent by SAP, to do the following at any time, and to the extent permitted by law:

(i) to execute and deliver any and all agreements, instruments, documents, and papers as Maloney/Laventhol may reasonably request to evidence Maloney/Laventhol's security interest in any of the Collateral;

(ii) in the name of SAP or its own name, or otherwise, to take possession of and indorse and collect any checks, drafts, Note, acceptances or other instruments for the payment of moneys due under any general intangible (to the extent that any of the foregoing constitute Collateral) or with respect to any other Collateral and to file any claim or to take any other action or institute any proceeding in any court of law or equity or otherwise deemed appropriate by Maloney/Laventhol for the purpose of collecting any and all such moneys due under any such General Intangible or with respect to any such other Collateral whenever payable;

(iii) to pay or discharge Liens placed on the Collateral, other than Liens permitted under this Agreement; and

(iv) (A) to direct any party liable for any payment under any of the Collateral to make payment of any and all moneys due or to become due thereunder directly to Maloney/Laventhol or as Maloney/Laventhol shall direct; (B) to ask for, or demand, collect, receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any of the Collateral; (C) to sign and indorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against SAPs, assignments, verifications, notices and other documents in connection with any of the Collateral; (D) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect

the Collateral or any thereof and to enforce any other right in respect of any Collateral; (E) to defend any suit, action or proceeding brought against SAP with respect to any of the Collateral; (F) to settle, compromise or adjust any suit, action or proceeding described in clause (E) above and, in connection therewith, to give such discharges or releases as Maloney/Laventhol may deem appropriate; (G) subject to any pre-existing rights or licenses, to assign any Patent, Copyright or Trademark constituting Collateral (along with the goodwill of the business to which any such Patent, Copyright or Trademark pertains), for such term or terms, on such conditions, and in such manner, as Maloney/Laventhol shall in its sole discretion determine; and (H) generally, to sell, transfer, pledge and make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though Maloney/Laventhol were the absolute owner thereof for all purposes, and to do, at Maloney/Laventhol's option and SAP's expense, at any time, or from time to time, all acts and things which Maloney/Laventhol deems necessary to protect, preserve or realize upon the Collateral and Maloney/Laventhol's Liens thereon and to effect the intent of this Agreement, all as fully and effectively as SAP might do.

This power of attorney is a power coupled with an interest and shall be irrevocable until payment in full of the Obligations.

7. Performance by Maloney/Laventhol of SAP's Obligations. If SAP fails to perform or comply with any of its agreements contained herein and Maloney/Laventhol, as provided for by the terms of this Agreement, shall itself perform or comply, or otherwise cause performance or compliance, with such agreement, the reasonable expenses of Maloney/Laventhol incurred in connection with such performance or compliance, together with interest thereon at the rate provided in the Credit Agreement, shall be payable by SAP to Maloney/Laventhol on demand and shall constitute Obligations secured hereby.

8. Proceeds. It is agreed that if an Event of Default shall occur and be continuing, (a) all proceeds of any Collateral received by SAP consisting of cash, checks and other near-cash items shall be held by SAP in trust for Maloney/Laventhol, segregated from other funds of SAP, and at the request of Maloney/Laventhol shall, forthwith upon receipt by SAP; be turned over to Maloney/Laventhol in the exact form received by SAP (duly indorsed by SAP to Maloney/Laventhol, if required by Maloney/Laventhol) and (b) any and all such proceeds received by Maloney/Laventhol (whether from SAP or otherwise) may, in the sole discretion of Maloney/Laventhol, be held by Maloney/Laventhol as collateral security for the Obligations (whether matured or unmatured) and/or then or at any time thereafter may be applied by Maloney/Laventhol against, the Obligations then due and owing. Any balance of such proceeds remaining after the payment in full of the Obligations shall be paid over to SAP or to whomsoever may be lawfully entitled to receive the same.

9. Remedies. If an Event of Default shall occur and be continuing, Maloney/Laventhol may exercise all rights and remedies of a secured party under the Code, and, to the extent

permitted by law, all other rights and remedies granted to it in this Agreement and in any other instrument or agreement securing, evidencing or relating to the Obligations. Without limiting the generality of the foregoing, Maloney/Laventhol, without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required by law referred to below) to or upon SAP or any other person (all and each of which demands, defenses, advertisements and notices are hereby waived) may in such circumstances, to the extent permitted by law, forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith sell, lease, assign, give option or options to purchase, or otherwise dispose of and deliver the Collateral or any part thereof (or contract to do any of the foregoing) in one or more parcels at public or private sale or sales, at any exchange, broker's board or office of Maloney/Laventhol or elsewhere upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk. Maloney/Laventhol shall have the right, to the extent permitted by law, upon any such sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in SAP, which right or equity is hereby waived or released. SAP further agrees, at Maloney/Laventhol's request, upon the occurrence and during the continuance of an Event of Default, to assemble the Collateral and make it available to Maloney/Laventhol at places which Maloney/Laventhol shall reasonably select, whether at SAP's premises or elsewhere. In the event of any sale, assignment, or other disposition of any of the Collateral, the goodwill of the business connected with and symbolized by any Trademark Collateral subject to such disposition shall be included, and SAP shall supply to Maloney/Laventhol or its designee SAP's know-how and expertise relating to the Collateral subject to such disposition, and SAP's notebooks, studies, reports, records, documents and things embodying the same or relating to the inventions, processes or ideas covered by, and to the manufacture of any products under or in connection with, the Collateral subject to such disposition, and SAP's customer's lists, studies and surveys and other records and documents relating to the distribution, marketing, advertising and sale of products relating to the Collateral subject to such disposition. Maloney/Laventhol shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale, after deducting all reasonable costs and expenses of every kind incurred therein or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of Maloney/Laventhol, including, without limitation, reasonable attorneys' fees and disbursements, to the payment in whole or in part of the Obligations then due and owing, and only after such application and after the payment by Maloney/Laventhol of any other amount required by any provision of law, including, without limitation, the Code, need Maloney/Laventhol account for the surplus, if any, to SAP. To the extent permitted by applicable law, SAP waives all claims, damages and demands it may acquire against Maloney/Laventhol arising out of the repossession, retention or sale of the Collateral, other than any such claims, damages and demands that may arise from the gross negligence or willful misconduct of Maloney/Laventhol. If any notice of a proposed sale or other disposition of Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least 10 days before such sale or other disposition. SAP shall remain liable for any deficiency if the proceeds of any sale or other disposition of the Collateral are insufficient to pay the then outstanding Obligations, including the reasonable fees and disbursements of any attorneys employed by Maloney/Laventhol to collect such deficiency.

10. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

11. Section Headings. The Section headings used in this Agreement are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

12. No Waiver; Cumulative Remedies. Maloney/Laventhol shall not by any act (except by a written instrument pursuant to Section 13 hereof), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Event of Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of Maloney/Laventhol, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by Maloney/Laventhol of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which Maloney/Laventhol would otherwise have on any future occasion. The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any rights or remedies provided by law.

13. Waivers and Amendments; Successors and Assigns. None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by SAP and Maloney/Laventhol. This Agreement shall be binding upon the successors and assigns of SAP and shall inure to the benefit of Maloney/Laventhol and its successors and assigns, except that SAP may not assign, transfer or delegate any of its rights or obligations under this Agreement without the prior written consent of Maloney/Laventhol.

14. Notices. All notices, requests and demands to or upon the respective parties hereto shall be made in accordance with the notice terms provided in the loan documents between SAP and Maloney/Laventhol.

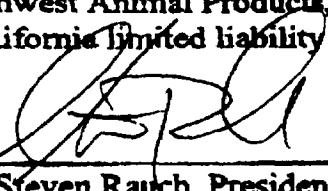
15. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF CALIFORNIA WITHOUT REGARD TO THE PRINCIPLES OF CONFLICT OF LAWS THEREOF.

16. Release of Collateral and Termination. At such time as the payment in full of the Obligations has been received by Maloney/Laventhol and SAP has no commitments to pay any other loans with Maloney/Laventhol, the Collateral shall be released from the Liens created

17. **Waiver of Jury Trial.** SAP hereby waives any right to trial by jury in the event of litigation regarding the performance or enforcement of, or in any way related to, this Agreement.

IN WITNESS WHEREOF, SAP has caused this Agreement to be duly executed and delivered as of the date first above written.

Southwest Animal Products, LLC,
a California limited liability company

By: 

Steven Rauch, President and
Manager

SCHEDULE I

Intellectual Property Owned by Southwest Animal Products, LLC

I. Patents

<u>Provisional Patent Application</u>	<u>Application No.</u>
"FEED BOX"	Filed by Harness, Dickey & Pierce

II. Trademarks

<u>Trademark</u>	<u>Serial No./Registration No.</u>
SOUTHWEST ANIMAL PRODUCTS, LLC (and Design)	75/879052
CEDAREST (and Design)	75/877669
NATURE'S PERFECT SOLUTION	75/876878
THE GRAZER	75/672721
CEDAREST	2,160,344
STALL SKINS	2,272,857

III. Copyrights

<u>Copyright</u>	<u>Registration No.</u>
"CedaRest Brochure"	Filed December 30, 1999