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FORM PTO-1584

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08-16-2000



ET

U.S. DEPARTMENT OF COMMERCE  
Patent and Trademark Office

To the Honorable Commissioner of Patents and Trademarks

101433988

Attached original documents or copy thereof.

1. Name of conveying Party(ies):

Keg Restaurants Ltd.

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

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: \_\_\_\_\_

Street Address: 400 Burrard St., 7th Floor

City: Vancouver State: British Columbia, CANADA

ZIP: V6C 3A6

- Individual(s) citizenship \_\_\_\_\_
- Association \_\_\_\_\_
- General Partnership \_\_\_\_\_
- Limited Partnership \_\_\_\_\_
- Corporation-State \_\_\_\_\_
- Other Canada

If assignee is not domiciled in the United States, a domestic representative designation is attached:  Yes  No  
Current representative for service to remain.  
(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

Date: June 29, 2000

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

A. Trademark Application No (s)

see attached Schedule

B. Trademark Registration No.(s)

see attached Schedule

Additional numbers attached?  Yes  No

RECEIVED  
JUL 24 2000  
OIPE/JCWS

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

Name: Mary G. Manocchio, Blake, Cassels & Graydon LLP

Internal Address: Box 25

Street Address: Blake, Cassels & Graydon LLP

Box 25, Commerce Court West

City: Toronto State: Ontario ZIP: M5L 1A9

6. Total number of applications and registrations involved:

13

7. Total fee (37 CFR 3.41):..... \$ 340.00

Enclosed

Authorized to be charged to deposit account

8. Deposit account number:

02-2553

(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.

Mary G. Manocchio  
Name of Person Signing

M. Manocchio  
Signature

July 18, 2000  
Date

Total number of pages comprising cover sheet:

26

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

Do not detach this portion

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

Box ASSIGNMENTS  
FEE  
Assistant Commissioner for Trademarks  
2900 Crystal Drive  
Arlington, VA 22202-3513  
U.S.A.

RECORDS: FOM

08/15/2000 DNGUYEN 00000150 72326527

01 FC:481

02 FC:482

40.00 DP  
300.00 DP

TRADEMARK  
REEL: 002120 FRAME: 0366

**SCHEDULE**  
**Trade-marks Owned by Keg Restaurants**

<b>Trade-mark</b>	<b>Application No.</b>	<b>Registration No.</b>
THE KEG	72/326,527	0,909,366
THE KEG	73/504,987	1,373,087
THE GREAT STEAK AND SEAFOOD HOUSE	73/550,073	1,410,004
MAN Design	73/559,616	1,426,042
STEAK OF THE ART	73/806,183	1,651,795
CATCH THE SPIRIT	73/839,252	1,776,838
KEG QUALITY GUARANTEED & Design	74/105,302	1,667,929
THE KEG STEAK AND SEAFOOD & Design	74/116,335	1,667,940
Design	75/156,158	2,094,953
SEE YOU TONIGHT	75/728,300	2,333,175
BILLY MINER PIE	75/872,858	
KEG QUALITY GUARANTEED	75/873,026	
THE KEG STEAKHOUSE & BAR	75/873,027	
THE KEG	75/873,259	
THE KEG STEAKHOUSE & BAR Design	75/873,670	

# INTELLECTUAL PROPERTY SECURITY AGREEMENT

This Security Agreement dated as of June 29, 2000 made by **KEG RESTAURANTS LTD.** (the "**Corporation**"), a corporation incorporated under the laws of British Columbia and having its chief executive office at Suite 150, 10760 Shellbridge Way, Richmond, British Columbia, V6X 3H1 (facsimile (604) 276-1038), to and in favour of **CANADIAN IMPERIAL BANK OF COMMERCE** (the "**Agent**"), a Canadian chartered bank, as agent for the benefit of and on behalf of the Lenders under the Credit Agreement hereinafter referred to, having an office at 400 Burrard Street, 7th Floor, Vancouver, British Columbia, V6C 3A6 (facsimile (604) 665-1144).

## WHEREAS:

A. A multi-option credit facility agreement was entered into among the Borrowers, as borrowers, the Agent, as the agent and a lender, and such other Lenders as may be signatories thereto from time to time, dated as of the date hereof (as such agreement may at any time or from time to time be amended, supplemented or otherwise modified or restated, the "**Credit Agreement**") and the Lenders have agreed to advance certain credit facilities on the terms and conditions set out in the Credit Agreement.

B. It is a condition of the advance of the said credit facilities by the Lenders to the Borrowers that the Corporation execute and deliver this Security Agreement to the Agent as collateral security for the payment and performance of the Obligations.

**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 Corporation, the Corporation 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:

"**Agent**" means Canadian Imperial Bank of Commerce and its successors and assigns, in its capacity as agent for the benefit of and on behalf of the Lenders under the Credit Agreement;

"**Borrowers**" means, collectively, Resolut Corporation, Raleigh Corporation and Raleigh Investments Ltd ;

**“Collateral”** has the meaning set forth in Section 2.1;

**“Corporation”** means Keg Restaurants Ltd., and its successors and permitted assigns;

**“Guarantee”** means the guarantee granted by the Corporation to the Agent for the benefit of and on behalf of the Lenders dated as of the date hereof, guaranteeing the obligations and liabilities of the Borrowers to the Agent and the Lenders under the Credit Agreement, as amended, supplemented or otherwise modified from time to time;

**“Intellectual Property”** means the Collateral, other than any proceeds or payments;

**“Lenders”** means Canadian Imperial Bank of Commerce in its capacity as a lender, its successors and assigns, and such other lenders as there may be from time to time under the Credit Agreement, and their successors and assigns, and **“Lender”** means any one of them 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 Corporation or due or accruing due to the Corporation pursuant to any License; and

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

## **ARTICLE 2 SECURITY**

**Section 2.1 Grant of Security.** Subject to Section 2.4, the Corporation hereby (i) mortgages and charges to the Agent as and by way of a fixed mortgage and charge; (ii) pledges to the Agent; and (iii) grants to the Agent a security interest in, all of the Corporation’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 Corporation, in whole or in part (collectively, 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, tradenames, 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 Corporation or in the name of the Agent for past, present and future infringements or violations of trademarks, registrations, or other trademark rights and the associated goodwill;
- (f) all of the Corporation’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 Corporation or in the name of the Agent 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;
- (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 Corporation 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 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 by the Corporation to the Agent under the Guarantee, 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 Agent and the Lenders 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 Agent’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 agent’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 Corporation and the Agent hereby acknowledge that (i) value has been given; (ii) the Corporation has rights in the Collateral (other than after-acquired Collateral); and (iii) they have not agreed to postpone the time of attachment of the Security Interest.

(2) The Corporation agrees to promptly inform the Agent in writing of the acquisition by the Corporation 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 therefore, and the Corporation agrees to execute and deliver at its own 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 Agent 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 Corporation (which term shall include a sub-license, mortgage, pledge or charge) of any Intellectual Property licensed to the Corporation 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 Corporation is a party, the Security Interest shall not attach to the Intellectual Property licensed thereby or the License but the Corporation shall hold its interest therein in trust for the Agent, 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 Corporation 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 Corporation's rights to commercially exploit the Intellectual Property, to defend the Intellectual Property, to enforce the Corporation's 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 Corporation shall stand possessed of any such reversion in trust to assign and dispose thereof as the Agent may direct.

(4) The Agent will not be deemed in any manner to have assumed any obligation of the Corporation under any License nor shall the Agent be liable to any Official Body or license counterparties by reason of any default by any person under any contract. The Corporation agrees to indemnify and hold the Agent harmless of and from all liability, loss, damage or expense which it may or might incur by reason of any claim or demand against it based on its alleged assumption of the Corporation's duty and obligation to perform and discharge the terms, covenants and agreements in any License.

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

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

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

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

**Section 2.6 The Corporation's Dealings with Collateral.** Except as permitted by the Credit Agreement, the Corporation shall not, without the prior written consent of the Agent, 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, when due, by the Corporation to the Agent without regard to any equities existing among the Corporation and the Agent, the Lenders or a Lender and without regard to any right of set-off or cross-claim or of any claim or demand of the Corporation against the Agent, the Lenders or any Lender or otherwise.

**Section 2.8 Protective Disbursements.** If the Corporation fails to perform any covenant on its part contained in this Security Agreement then the Agent 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 Agent may make such payment but shall be under no obligation to do so, and all sums so paid or expended by the Agent shall be immediately payable by the Corporation, 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 Corporation from any default under this Security Agreement or any consequences of such default.

### **ARTICLE 3 REPRESENTATIONS, WARRANTIES AND COVENANTS**

The Corporation 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 Corporation or licensed to the Corporation, 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 Corporation or licensed to the Corporation, 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 Corporation or licensed to the Corporation, 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 Corporation 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 Corporation 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 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 Corporation not to sue third persons.

**Section 3.4 Notice.** The Corporation 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 Corporation has used and will continue to use consistent standards of high quality (which may be consistent with the Corporation'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, the United States Patent and Trademark Office and the United States Copyright 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 Corporation of the Security Interest or for the execution, delivery or performance of this Security Agreement by the Corporation or for the perfection of or the exercise by the Agent of its rights hereunder to the Collateral in Canada or the United States.

**Section 3.7 Litigation and Proceedings.** The Corporation 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. The Corporation shall diligently defend all suits, administrative proceedings or other actions brought by third parties in respect of the Intellectual Property or use thereof. The Corporation shall provide to the Agent any information with respect thereto requested by the Agent. The Agent may, but shall not be required to, provide at the Corporation's expense all necessary cooperation in connection with any such suits, proceedings or actions including, without limitation, joining as a necessary party. Following the Corporation becoming aware thereof, the

Corporation shall promptly notify the Agent 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 Corporation'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 Corporation grants to the Agent and its employees and agents the right to visit the Corporation'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 Corporation (i) if and when it shall fail to make payments or perform any of the Obligations on demand or otherwise when due and payable or to be performed, as the case may be, pursuant to the provisions of the Guarantee, (ii) if and when any representation or warranty made by the Corporation in this Security Agreement or any other Credit Facility Document is incorrect in any material respect when made or when reaffirmed, or (iii) if and when the Corporation 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 materially and adversely affect the Agent, the Lenders or a Lender.

**Section 4.2 Remedies.** Whenever the Security Interest has become enforceable, the Agent may realize upon the Collateral and enforce the rights of the Agent 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 Corporation 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 Corporation;
- (j) the set-off and application against the Obligations, to the fullest extent permitted by Law, of any monies to be paid by the Agent, the Lenders or a Lender to the Corporation under the Credit Agreement or any other agreement between the Agent, the Lenders or a Lender and the Corporation; and
- (k) any other remedy or proceeding authorized or permitted by applicable Law.

In addition, upon the occurrence of any Default or Event of Default, the Corporation shall grant to the Agent a royalty-free exclusive license to use the Intellectual Property and associated goodwill to the extent necessary to enable the Agent to possess and realize upon the Intellectual Property prior to the realization thereon.

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 Agent or the Lenders however created. The Agent may proceed by way of any action, suit or other proceeding available at law and no right, remedy or power of the Agent shall be exclusive of or dependent on any other. The Agent may exercise any of its rights, remedies or powers separately or in combination and at any time. The Agent 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 Agent and the Lenders 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 Agent set forth in Section 4.2, the Agent 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 Corporation relating to the Collateral.

**Section 4.4 Concerning the Receiver.** (1) Any receiver appointed by the Agent shall be vested with the rights and remedies which could have been exercised by the Agent in respect of the Corporation 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 Agent.

(2) Any receiver appointed by the Agent shall act as agent for the Agent for the purposes of taking possession of the Collateral, but otherwise and for all other purposes (except as provided below) as agent for the Corporation. 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 Corporation or as agent for the Agent (but in all cases shall take direction from the Agent) as the Agent may determine in its sole and unfettered discretion. The Corporation agrees to ratify and confirm all actions of the receiver acting as agent for the Corporation, and to release and indemnify the receiver in respect of all such actions other than actions constituting gross negligence or misconduct.

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

**Section 4.5 Appointment of Attorney.** The Corporation hereby irrevocably appoints the Agent (and any officer thereof) as attorney of the Corporation (with full power of substitution) to exercise, whenever the Security Interest has become enforceable, in the name of and on behalf of the Corporation any of the Corporation'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 Agent shall not be obliged to exhaust its recourses against the Corporation or any other person or persons or against any other security it, the Lenders or a Lender may hold in respect of the Obligations before realizing upon or otherwise dealing with the Collateral in such manner as the Agent may consider desirable.

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

(3) The Agent 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 Agent and the Corporation 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 Agent 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 Agent and the Lenders of moneys payable hereunder and under the Guarantee or any other agreements between the Agent, the Lenders or a Lender and the Corporation entered into pursuant thereto; and the balance, if any, shall be paid to the Corporation or as a court of competent jurisdiction may direct. If there shall be a deficiency, the Corporation shall remain liable for such deficiency and shall pay the amount of such deficiency to the Agent forthwith.

**Section 4.7 Standards of Sale.** Without prejudice to the ability of the Agent to dispose of the Collateral in any manner which is commercially reasonable, the Corporation acknowledges that a disposition of Collateral by the Agent 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;
- (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 Agent or any of the Lenders;
- (d) a disposition of Collateral may be on such terms and conditions as to credit, deferred payment or otherwise as the Agent, in its discretion, may deem advantageous;
- (e) the Agent may establish an upset or reserve bid or price in respect of the Collateral; and
- (f) the Agent 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 Agent 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 Agent or such agent or receiver on behalf of the Agent is purporting to exercise have become exercisable; (iii) to determine whether any money remains due to the Agent, the Lenders or a Lender by the Corporation; (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 Agent with the Collateral; or (vi) to see to the application of any money paid to the Agent.

**Section 4.9 Statutory Waiver.** To the fullest extent permitted by Law, the Corporation waives all of the rights, benefits and protection provided to it 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 Corporation.

**Section 5.2 No Merger, etc.** No judgment recovered by the Agent, the Lenders or a 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 Agent, the Lenders or a Lender in respect of the Obligations.

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

**Section 5.4 Further Assurances.** The Corporation 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 Agent 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 Agent, and the Corporation 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 Agent 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 the respective addresses on page 1 of this Security Agreement or, in either case, in accordance with any unrevoked written direction as to a change of address given in accordance with this Section 5.5.

**Section 5.6 Successors and Assigns.** This Security Agreement shall be binding upon the Corporation, its successors and permitted assigns, and shall enure to the benefit of the Agent and its successors and assigns. The Corporation may not assign or novate any of its rights or obligations under this Security Agreement without the prior written consent of the Agent. All rights of the Agent 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 Ontario and of Canada applicable therein and shall be treated in all respects as an Ontario 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 Corporation acknowledges receipt of an executed copy of this Security Agreement. The Corporation 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 Corporation 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.

**KEG RESTAURANTS LTD.**

Per:   
Authorized Signatory


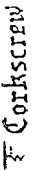
Per:   
Authorized Signatory

**SCHEDULE A**




**TRADEMARKS, TRADEMARK REGISTRATIONS AND PENDING APPLICATIONS**




CURRENT CANADIAN TRADE-MARK REGISTRATIONS  
OF  
KEG RESTAURANTS LTD.

Trade-mark	Application No.	Registration No.	Registration Date	Wares/Services	Renewal Date
BILLY MINER PIE	556,444	330,877	August 7, 1987	Desserts, namely pie.	August 7, 2002
	784,737	480,268	August 13, 1997	Shirts, t-shirts, drinking glasses and hats./Restaurant, dining room and cocktail lounge services and the provision of entertainment namely, live musical performances and recorded background music.	August 13, 2012
CATCH THE SPIRIT	649,374	386,609	July 12, 1991	Restaurant, dining room and cocktail lounge services and the provision of entertainment, namely recorded background music.	July 12, 2006
CATTLE COUNTRY	396,359	225,062	December 23, 1977	Steaks.	December 23, 2007
CORKSCREW	419,253	237,319	November 23, 1979	Restaurant and cocktail bar services.	November 23, 2009
	419,252	237,318	November 23, 1979	Restaurant and cocktail bar services.	November 23, 2009
EAT, THINK & BE MERRY	618,062	359,317	August 11, 1989	Operation of a designated driver program designed to discourage drinking and driving.	August 11, 2004
GOODTIMES	649,376	435,229	November 11, 1994	Restaurant, dining room and cocktail lounge services and the provision of entertainment, namely recorded background music.	November 11, 2009
KEG 'N CLEAVER	368,432	202,935	November 8, 1974	Prepared meals, alcoholic and non-alcoholic beverages, namely brewed, distilled, fermented beverages, coffee, tea and milk. / Restaurant and dining room services, the dispensing of alcoholic and non-alcoholic beverages and the provision of entertainment namely, live musical performances and recorded background music.	November 8, 2004
KEG IN THE COUNTRY	400,298	223,855	October 28, 1977	Restaurant, dining room and cocktail lounge services. / The	October 28, 2007

OTTAWA J10651 10-18-1999/0001/01/01

Trade-mark	Application No.	Registration No.	Registration Date	Wares/Services	Renewal Date
				provision of entertainment, namely live musical performance and recorded background music.	November 1, 2004
	368,433	202,766	November 1, 1974	Prepared meals, alcoholic and non-alcoholic beverages, namely brewed, distilled and fermented beverages, coffee, tea and milk. / Restaurant and dining room services, the dispensing of alcoholic and non-alcoholic beverages. / The provision of entertainment, namely, live musical performances and recorded background music.	November 1, 2004
	368,434	202,767	November 1, 1974	Prepared meals, alcoholic and non-alcoholic beverages, namely brewed, distilled and fermented beverages, coffee, tea and milk. / Restaurant and dining room services, the dispensing of alcoholic and non-alcoholic beverages. / The provision of entertainment, namely, live musical performances and recorded background music.	November 1, 2004
	618,225	373,971	October 5, 1990	Foods, namely spices, salad dressing, coffee, sauces, mayonnaise, and french fries. / Restaurant, dining room and cocktail lounge services and the provision of entertainment namely, recorded background music.	October 5, 2005
KEG SIZE	649,398	433,252	September 16, 1994	Foods and food products namely appetizers, namely nachos and potato skins; and alcoholic beverages, namely brewed and distilled alcoholic beverages and cocktails. / Restaurant, dining room and cocktail lounge services and the provision of entertainment, namely recorded background music.	September 16, 2009
KEG 'N CLEAVER	338,626	185,793	September 29, 1972	Prepared meals, alcoholic and non-alcoholic beverages, namely brewed, distilled, fermented beverages, coffee, tea and milk. / Restaurant and dining room services, the dispensing of alcoholic and non-alcoholic beverages and the provision of entertainment namely, live musical performances and recorded background music.	September 29, 2002
LE KEG	476,718	273,128	October 22, 1982	Food seasoning namely, meat seasoning. / Restaurant, dining room	October 22, 2012


OTTAWA 1106051

Trade-mark	Application No.	Registration No.	Registration Date	Wares/Services	Renewal Date
				and cocktail lounge services, and the provision of entertainment namely, recorded background music.	
LOBSTER MADNESS	651,015	385,215	May 31, 1991	Foods and food products. / Restaurant, dining room and cocktail lounge services and the provision of entertainment, namely recorded background music.	May 31, 2006
ROCKHOPPER	776,866	454,458	February 16, 1996	Brewed alcoholic beverages namely, beer and ale; t-shirts, sweatshirts, hats, jackets; coasters, mugs, drinking glasses, bottle openers, ashtrays; ornamental pins, buttons, key chains, posters, pens, sports bags, tote bags and cooler bags.	February 16, 2011
SIZZLE DAZZLE	651,014	384,932	May 24, 1991	Stir-fry entrees consisting of vegetables combined with seafood and/or meat. / Restaurant, dining room and cocktail lounge services and the provision of entertainment, namely recorded background music.	May 24, 2006
STEAK OF THE ART	594,785	355,885	May 19, 1989	Services in connection with the operation of franchised restaurants, providing promotional materials and providing advice in connection with the promotion, advertising and merchandising of restaurant services performed by others. / Restaurant, dining room and cocktail lounge services and the provision of entertainment, namely recorded background music.	May 19, 2004
STEAK OUR REPUTATION	756,966	451,555	December 8, 1995	Foods and food products, namely prepared entrees; printed materials, namely brochures, posters and gift certificates; clothing, namely shirts, sweatshirts, t-shirts, jackets, coats, boxer shorts, visors and hats; promotional items; namely wine glasses, drinking glasses, golf balls, golf bags, briefcases, pens, pencils, pins, knives, cups, mugs, plates, towels, flags and deck chairs. / Dining room and cocktail lounge services and the provision of entertainment namely recorded background music.	December 8, 2010
	759,476	453,086	January 26, 1996	Restaurant, dining room and cocktail lounge services and the provision of entertainment namely recorded background music.	January 26, 2011
THE KEG	370,281	204,278	January 3, 1975	Food seasoning. / Restaurant, dining room and cocktail lounge	January 3, 2005

OTTAWA 1105R-1

Trade-mark	Application No.	Registration No.	Registration Date	Wares/Services	Renewal Date
	370,282	236,277	September 28, 1979	services, and the provision of entertainment namely, live musical performance and recorded background music. Food seasoning. / Restaurant, dining room and cocktail lounge services, and the provision of entertainment namely, live musical performances and recorded background music.	September 28, 2009
	378,726	210,824	December 19, 1975	Restaurant, dining room and cocktail lounge services, and the provision of entertainment namely, live musical performances and recorded background music.	December 19, 2005
	462,703	298,626	December 28, 1984	Restaurant, dining room and cocktail lounge services and the provision of entertainment namely, live musical performances and recorded background music.	December 28, 1999
THE KEG CAESAR'S	784,736	480,272	August 13, 1997	Shirts, t-shirts, drinking glasses and hats. / Restaurant, dining room and cocktail lounge services and the provision of entertainment namely, live musical performances and recorded background music.	August 13, 2012
THE KEG MANSION	462,781	268,832	May 7, 1982	Restaurant, dining room and cocktail lounge services and the provision of entertainment namely, live musical performances and recorded background music.	May 7, 2012
THE KEG SPIRIT	649,386	396,555	April 3, 1992	Restaurant, dining room and cocktail lounge services and the provision of entertainment namely, live musical performances and recorded background music.	April 3, 2007
THE KEG TONIGHT	651,016	395,818	March 20, 1992	Restaurant, dining room and cocktail lounge services and the provision of entertainment, namely recorded background music.	March 20, 2007

OTTAWA 1165511

Trade-mark	Application No.	Registration No.	Registration Date	Wares/Services	Renewal Date
<b>THE KEG</b> STEAKHOUSE & BAR	785,517	471,118	February 18, 1997	Promotional items namely, shirts, t-shirts, drinking glasses and hats. / Restaurant, dining room and cocktail lounge services and the provision of entertainment namely, live musical performances and recorded background music.	February 18, 2012
WESTCOAST SPIRIT	519,747	310,456	January 17, 1986	Jeans, t-shirts, sweatshirts, visors, shorts, posters, newsletters, magazines, programs, newspapers, buttons and pins.	January 17, 2001
THE KEG BOMBAY BICYCLE CLUB	789,714	484,091	October 15, 1997	Table glassware, t-shirts, shirts, jackets, sweatshirts, hats, key chains, pins, coasters, bottle openers, printed materials namely posters.	October 15, 2012
<b>THE KEG</b> STEAKHOUSE	841,626	496,316	June 17, 1998	Shirts, t-shirts, drinking glasses and hats. / Restaurant, dining room and cocktail lounge services and the provision of entertainment namely, live musical performances and recorded background music.	June 17, 2013
	476,719	273,395	October 29, 1982	Restaurant, dining room and cocktail lounge services, and the provision of entertainment namely, recorded background music.	October 29, 2012
THE KEG SPIRIT	649,386	396,555	April 3, 1992	Restaurant, dining room and cocktail lounge services and the provision of entertainment, namely recorded background music.	April 3, 2007
THE KEG TONIGHT	651,016	395,818	March 20, 1992	Restaurant, dining room and cocktail lounge services and the provision of entertainment, namely recorded background music.	March 20, 2007
THE KEG BOMBAY BICYCLE CLUB	789,714	484,091	October 15, 1997	Table glassware, T-shirts, shirts, jackets, sweatshirts, hats, key chains, pins, coasters, bottle openers, printed materials namely posters. Restaurant, dining room and cocktail lounge services and the provision of entertainment namely, live musical performances and recorded background music.	October 15, 2012



OTTAWA 110095 1

Trade-mark	Application No.	Registration No.	Registration Date	Wares/Services	Renewal Date
THE KEG STEAKHOUSE	841,626	496,316	June 17, 1998	Shirts, T-shirts, drinking glasses and hats. Restaurant, dining room and cocktail lounge services and the provision of entertainment namely, live musical performances and recorded background music.	June 17, 2013


OTTAWA 1105051

June 15, 2000

CURRENT U.S. TRADE-MARK APPLICATIONS AND REGISTRATIONS  
OF  
KEG RESTAURANTS LTD.


Trade-mark	Application No.	Filing Date	Wares/Services	Status	Registration No./Registration Date	Renewal Date
BILLY MINER PIE	75/872,858	December 16, 1999	Desserts, namely pie.	Response to Office Action due November 16, 2000.		
	73/559,616	September 23, 1985	Restaurant, cocktail lounge and cabaret services.	Registered	1,426,042 January 20, 1987	January 20, 2007
CATCH THE SPIRIT	73/839,252	November 14, 1989	Restaurant services.	Registered	1,776,838 June 15, 1993	June 15, 2003
	75/156158	August 23, 1996	Wine.	Registered	2,094,953 September 9, 1997	September 9, 2007
KEG QUALITY GUARANTEED	75/873,026	December 16, 1999	Spices, seasonings, sauces, desserts, appetizers, entrees, dressings, and frozen drink concentrates.	Response to Office Action due November 17, 2000		

OFFICE 12/15/01 200006140952

Trade-mark	Application No.	Filing Date	Wares/Services	Status	Registration No./ Registration Date	Renewal Date
	74/105,302	October 12, 1990	Restaurant services.	Registered	1,667,929 December 10, 1991	December 10, 2001
SEE YOU TONIGHT	75/728,300	June 14, 1999	Restaurant, dining room and cocktail lounge services.	Registered	2,333,175 March 21, 2000	March 21, 2010
STEAK OF THE ART	73/806,183	June 12, 1989	Restaurant services.	Registered	1,651,795 July 23, 1991	July 23, 2001
THE GREAT STEAK AND SEAFOOD HOUSE	73/550,073	July 25, 1985	Restaurant and cocktail lounge services.	Registered	1,410,004 September 16, 1986	September 16, 2006
THE KEG	72/326,527	May 6, 1969	Tavern and night club services.	Registered	0,909,366 March 2, 1971	March 2, 2001
THE KEG	73/504,987	October 22, 1984	Restaurant and cocktail lounge services.	Registered	1,373,087 November 26, 1985	November 26, 2005
THE KEG	75/873,259	December 16, 1999	Spices, seasonings, sauces, desserts, appetizers, entrees, dressings, and frozen drink concentrates.	Response to Office Action due November 17, 2000.		
THE KEG STEAKHOUSE & BAR	75/873,027	December 16, 1999	Spices, seasonings, sauces, desserts, appetizers, entrees, dressings, and frozen drink concentrates.	Response to Office Action due November 18, 2000		

OFFICE ACTION 11/14/01 230001 r.c/s:1





Trade-mark	Application No.	Filing Date	Wares/Services	Status	Registration No./ Registration Date	Renewal Date
<p><b>THE KEG</b> STEAKHOUSE &amp; BAR</p> 	75/873,670	December 16, 1999	Spices, seasonings, sauces, desserts, appetizers, entrees, dressings, and frozen drink concentrates.	Response to Office Action due November 17, 2000	1,667,940 December 10, 1991	December 10, 2001
	74/116,335	November 19, 1990	Restaurant, cocktail lounge and cabaret services.	Registered		

DATA WAREHOUSE TECHNOLOGIES

June 15, 2000

CANADIAN PENDING APPLICATIONS  
OF  
KEG RESTAURANTS LTD.

TRADE-MARK	APPLICATION NO.	FILING DATE	WARES/SERVICES	STATUS
	618,225 (to extend)	December 9, 1999	Desserts, appetizers, entrees, dressings, frozen drink concentrates.	Awaiting examination.
SEE YOU TONIGHT	1012533	April 20, 1999	Restaurant, dining room and cocktail lounge services.	
THE KEG	370,281 (to extend)	December 9, 1999	Desserts, appetizers, entrees, dressings, frozen drink concentrates.	Awaiting examination
	785,517 (to extend)	December 9, 1999	Desserts, appetizers, entrees, dressings, frozen drink concentrates.	Awaiting examination

CPA/PA 11/05/99 1 200006121041

June 15, 2000

FOREIGN TRADE-MARK APPLICATIONS AND REGISTRATIONS  
 OF  
 KEG RESTAURANTS LTD.  
 (in Osler, Hoskin & Harcourt records)

TRADE-MARK	APPLICATION NO.	FILING DATE	STATUS
THE KEG STEAKHOUSE & BAR (Philippines)	121,582	June 11, 1997	Response to Office Action filed April 14, 1998.

OTTAWA 110507 1 10-18-1999/07-41 16