

09-14-2000



101456289

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
Effective Date
Month Day Year
- Merger
- Change of Name
- Other

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 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.)
- Corporation Association
- Other
- Citizenship/State of Incorporation/Organization

09/13/2000 BNGUYEN 00000260 1249915

FOR OFFICE USE ONLY

01 FC:481 40.00 OP
02 FC:482 25.00 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: 002135 FRAME: 0057

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)

<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>

<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>

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.

Name of Person Signing



Signature

Date Signed

176 399

**GRANT OF SECURITY INTEREST IN
PATENTS, TRADEMARKS AND LICENSES**

THIS GRANT OF SECURITY INTEREST IN PATENTS, TRADEMARKS AND LICENSES (herein the "Agreement") made as of this 10 day of August, 2000, by **Kizan International, Inc.**, a California corporation, with its principal place of business at 100 West Hill Drive, Brisbane, CA 94005 (herein the "Company"), and The CIT Group/Commercial Services, Inc., a New York corporation, with offices at 300 South Grand Ave., Los Angeles, CA 90071 (herein "CITCMS").

WITNESSETH:

WHEREAS, the Company and CITCMS are parties to certain factoring and/or financing arrangements, pursuant to which CITCMS may make certain loan and advances to the Company, all as further set forth in the loan and security documents executed in connection herewith, dated of even date herewith and as the same may be amended from time to time (herein collectively, the "Financing Agreement"), which Financing Agreement provides (i) for CITCMS to purchase, at its discretion certain accounts receivable of the Company and/or make certain loans, advances and extensions of credit, all to or for the benefit and account of the Company, and (ii) for the grant by the Company to CITCMS, as collateral security therefor, a security interest in certain of the Company's assets, including, without limitation, its trademarks, trademark applications and/or registrations, tradenames, goodwill and licenses, and, if applicable, any patents, patent applications and/or registrations, all as more fully set forth herein and in the Financing Agreement;

NOW THEREFORE, in consideration of the premises set forth herein and for other good and valuable consideration, receipt and sufficiency of which is hereby acknowledged, the Company agrees as follows:

1. Definitions. Capitalized terms used herein and defined in the Financing Agreement shall have the meanings set forth therein unless otherwise specifically defined herein.
2. Grant of Security Interest. To secure the payment of up to \$1,600,000.00 the "Obligations" (as defined in the Financing Agreement), the Company hereby grants to CITCMS a security interest, effective immediately, in all of the Company's right, title and interest in and to all of the following described property, whether now owned or hereafter acquired (collectively herein the "Intellectual Property Collateral"):

- (i) *Trademarks, trademark registrations, recordings and/or applications, tradenames, trade styles, service marks, prints and labels on which any of the foregoing have or may appear, designs, general intangibles pertaining to any of the foregoing, including, without limitation, the trademarks and applications, if any, listed on Schedule B attached hereto and made a part hereof, and any and all reissues and/or renewals thereof, and all income, royalties, damages and payments now and hereafter due and/or payable in connection therewith including, without limitation, damages and payments for past or future infringements thereof (all of the foregoing are sometimes hereinafter individually and/or collectively referred to as the "Trademark Collateral");*
- (ii) *Patents and patent applications and/or registrations together with the inventions and improvements described and claimed therein including, without limitation, the patents and applications, if any, listed on Schedule A, attached hereto and made a part hereof, and any and all reissues and renewals thereof and all income, royalties, damages and payments now and hereafter due and/or payable in connection therewith including, without limitation, damages and payments for past or future infringements thereof (all of the foregoing are sometimes hereinafter individually and/or collectively referred to as the "Patent Collateral");*
- (iii) *Any license agreement in which the Company is or becomes licensed to use any patents and/or trademarks owned by a third party including, without limitation, the licenses, if any, listed on Schedule C attached hereto and made a part hereof (all of the foregoing are sometimes referred to herein individually and/or collectively as the "License Collateral");*
- (iv) *The goodwill of the Company's business connected with and symbolized by the Intellectual Property Collateral;*
- (v) *Any and all of the Company's rights and interests in any of the foregoing as they relate to the Company's Accounts, Inventory, and General Intangibles, or any Collateral bearing any of the foregoing, including without limitation the right to sell Inventory, goods and property bearing or covered by any of the foregoing Intellectual Property; and*
- (vi) *All cash and non-cash proceeds, royalties and income of the foregoing, including without limitation any amounts obtained pursuant to any infringement action.*

3. CITCMS' Rights. Upon the occurrence of any Event of Default hereunder, CITCMS shall have all the rights and remedies of a secured party under the Uniform Commercial Code and any other applicable state or federal laws. CITCMS will give the Company reasonable notice of the time and place of any public sale of the Intellectual Property Collateral or the time after which any private sale of the Intellectual Property Collateral or any other intended disposition thereof is to be made. Unless otherwise provided by law, the requirement of reasonable notice shall be met if such notice is mailed, postage prepaid to the address of the Company set forth above at least ten (10) days before the date of such sale or disposition. In addition to the foregoing and all other rights and remedies of CITCMS upon the occurrence of any Event of Default hereunder, CITCMS shall thereupon have the immediate right to transfer to itself or to sell, assign and transfer to any other person all right, title and interest in and to all or any part of the Intellectual Property Collateral. A formal irrevocable power of attorney (in the form annexed hereto) is being executed and delivered by the Company to CITCMS concurrently with this Agreement to enable such rights to be carried out. The Company agrees that, in the event CITCMS exercises its rights hereunder and/or pursuant to said power of attorney in accordance with its terms, after written notification of such exercise from CITCMS to the Company, the Company shall never thereafter, without the prior written authorization of the owner or owners of such Intellectual Property Collateral, use any of such Intellectual Property Collateral. The condition of the foregoing provision is such that unless and until there occurs an Event of Default under this Agreement, the Company shall continue to own and use the Intellectual Property Collateral in the normal course of its business and to enjoy the benefits, royalties and profits therefrom provided, however, that from and after the occurrence of an Event of Default such right will, upon the exercise by CITCMS of the rights provided by this Agreement, be revoked and the right of the Company to enjoy the uses, benefits, royalties and profits of said Intellectual Property Collateral will wholly cease, whereupon CITCMS or its transferee(s) shall be entitled to all of the Company's right, title and interest in and to the Intellectual Property Collateral hereby so assigned. This Agreement will not operate to place upon CITCMS any duty or responsibility to maintain the Intellectual Property Collateral.
4. Fees. The Company will pay all filing fees with respect to the security interest created hereby which CITCMS may deem necessary or advisable in order to perfect and maintain the perfection of its security interest in the Intellectual Property Collateral.
5. Representations and Warranties. The Company represents and warrants: that the Company lawfully possesses and owns the Intellectual Property Collateral and that except for the security interest granted hereby, the Intellectual Property Collateral will be kept free from all liens, security interests, claims and

encumbrances whatsoever; that the Company has not made or given any prior assignment, transfer or security interest in the Intellectual Property Collateral or any of the proceeds thereof; that the Intellectual Property Collateral is and will continue to be, in all respects, in full force and effect; and that there are no known infringements of the Intellectual Property Collateral. The Company agrees not to take any action inconsistent with the terms and intent hereof, provided that the Company may enter into licencing agreements in the ordinary course of its business on fair and reasonable terms, provided further that no Event of Default (as defined herein below) has occurred and that any such agreement does not adversely effect CITCMS' rights and interests hereunder. The Company hereby further agrees to provide notice to CITCMS of any hereafter acquired Intellectual Property Collateral, provided that any such Collateral shall be automatically subject to the terms hereof and provided that the Company shall take any such additional action as CITCMS shall reasonably request with respect thereto.

6. *Application of Proceeds. The proceeds of any sale, transfer or disposition of the Intellectual Property Collateral shall be applied first to all costs and expenses, including, but not limited to, reasonable attorneys' fees and expenses and court costs, incurred by CITCMS in connection with such sale and the exercise of CITCMS' rights and remedies hereunder and under the Financing Agreement; next, such proceeds shall be applied to the payment, in whole or in part, of the Obligations due CITCMS in such order as CITCMS may elect; and the balance, if any, shall be paid to the Company or as a court of competent jurisdiction may direct.*
7. *Defense of Claims. The Company will defend at its own cost and expense any action, claim or proceeding affecting the Intellectual Property Collateral or the interest of CITCMS therein. The Company agrees to reimburse CITCMS for all costs and expenses incurred by CITCMS in defending any such action, claim or proceeding.*
8. *Rights Cumulative. This Agreement shall be in addition to the Financing Agreement and shall not be deemed to affect, modify or limit the Financing Agreement or any rights that CITCMS has under the Financing Agreement. The Company agrees to execute and deliver to CITCMS (at the Company's expense) any further documentation or papers necessary to carry out the intent or purpose of this Agreement including, but not limited to, financing statements under the Uniform Commercial Code.*
9. *Construction and Invalidity. Any provisions hereof contrary to, prohibited by or invalid under any laws or regulations shall be inapplicable and deemed omitted here from, but shall not invalidate the remaining provisions hereof.*

10. **CHOICE OF LAW.** THE COMPANY AGREES THAT THE VALIDITY, INTERPRETATION AND ENFORCEMENT OF THIS AGREEMENT AND ALL RIGHTS HEREUNDER SHALL BE GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA. THIS AGREEMENT TOGETHER WITH THE FINANCING AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT OF THE COMPANY AND CITCMS WITH RESPECT TO THE INTELLECTUAL PROPERTY COLLATERAL, CAN ONLY BE CHANGED OR MODIFIED IN WRITING AND SHALL BIND AND BENEFIT THE COMPANY, CITCMS AND THEIR RESPECTIVE SUCCESSORS AND ASSIGNS. THE COMPANY AND CITCMS EACH HEREBY EXPRESSLY WAIVES ANY RIGHT OF TRIAL BY JURY ON ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING HEREUNDER.

11. Events of Default. Any of the following constitutes an Event of Default under this Agreement:

- (i) The Company fails to perform or observe any agreement, covenant or condition required under this Agreement;
- (ii) Any warranty or representation made by Company, in this Agreement shall be or becomes false or misleading in any material respect; or
- (iii) The occurrence of any Event of Default under the Factoring Agreement which is not waived in writing by CITCMS.

12. Notices. The Company covenants and agrees that, with respect to the Intellectual Property Collateral, it will give CITCMS written notice in the manner provided in the Financing Agreement of:

- (i) any claim by a third party that the Company has infringed on the rights of a third party;
- (ii) any suspected infringement by a third party on the rights of the Company; or
- (iii) any Intellectual Property Collateral created, arising or acquired by the Company after the date hereof.

13. Further Assurances. The Company will take any such action as CITCMS may reasonably require to further confirm or protect CITCMS' rights under this Agreement in the Intellectual Property Collateral. In furtherance thereof, the Company hereby grants to CITCMS a power of attorney coupled with an interest which shall be irrevocable during the term of this Agreement to execute any

documentation or take any action in the Company's behalf required to effectuate the terms, provisions and conditions of this Agreement.

14. Termination. This Agreement shall terminate upon termination of the Financing Agreement and full, final and indefeasible payment in cash of all Obligations of the Company thereunder. Upon the Company's request, CITCMS shall within a reasonable time after any such termination execute and deliver to the Company (at the Company's expense) such documents and instruments as are reasonably necessary to evidence such termination and release of the security interest granted herein on any applicable public record.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the 10 day of August, 2000.

KIZAN INTERNATIONAL, INC.
(the "Company")

By: Bill S. Klein
Name: Bill S. Klein
Title: President

Agreed and Accepted this
16th day of August, 2000

**THE CIT GROUP/
COMMERCIAL SERVICES, INC.**

By: Michael Rosen
Name: Michael Rosen
Title: VP

IRREVOCABLE POWER OF ATTORNEY

KIZAN INTERNATIONAL, INC. , with offices at 100 West Hill Drive, Brisbane, CA 94005, (hereinafter referred to as the "Company"), hereby grants to The CIT Group/Commercial Services, Inc., a New York corporation, with offices at _____ (hereinafter referred to as "CITCMS"), the exclusive Irrevocable Power of Attorney to transfer to CITCMS or to any designee of CITCMS all Intellectual Property Collateral listed on the Schedules attached to the Grant of Security Interest in Patents, Trademarks and Licenses (the "Agreement"), dated as of the date hereof, between the Company and CITCMS including, without limitation, all patents, patent applications and/or registrations, trademarks, trademark applications and/or registrations, and licenses together with the goodwill of the business connected with or symbolized by such Intellectual Property Collateral and the Company's entire inventory of labels and decals bearing any trademarks not affixed to its products, and the right to operate and control, sell, assign, and transfer the business under those trademarks under the following terms and conditions:

1. The Power of Attorney granted hereunder shall be effective as of the date hereof and shall last for as long as any now existing or hereafter arising indebtedness, liabilities or obligations of the Company to CITCMS are outstanding under the Financing Agreement, dated on or about the date hereof, between the Company and CITCMS.

2. The Power of Attorney granted herein shall be irrevocable throughout the duration of its life as specified in Paragraph 1 hereinabove;

3. The Power of Attorney granted herein shall only be exercisable by CITCMS after the occurrence of an Event of Default under the Agreement between CITCMS and the Company; and

4. CITCMS shall give the Company ten (10) days prior written notice of the exercise of this power, and the waiver by CITCMS of any particular Event of Default as set forth in Paragraph 3 hereinabove shall have no force or effect unless in writing and signed by an authorized officer of CITCMS. Even then such waiver shall not constitute or be considered a waiver of any other Event of Default then existing or thereafter arising whether similar or not.

IN WITNESS WHEREOF, the Company has caused this Power of Attorney to be executed as of the 10 day of August, 2000.

KIZAN INTERNATIONAL, INC.
(the "Company")

By: Bill S. Kim
Name: Bill S. Kim
Title: President

ACKNOWLEDGMENT

STATE OF

COUNTY OF

On August 10, 2000, before me, Patricia Aniceto Biscocho
Notary Public, personally appeared Bill S. Kim

personally known to me or

proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Patricia Aniceto Biscocho
Notary Public



My commission expires: Oct. 24, 2001

**SCHEDULE A TO GRANT OF SECURITY INTEREST IN PATENTS,
TRADEMARKS AND LICENSES**

**Between
KIZAN INTERNATIONAL, INC.**

and

THE CIT GROUP/COMMERCIAL SERVICES, INC.

U.S. PATENTS

<i>Title</i>	<i>Patent No.</i>	<i>Issue Date</i>
--------------	-------------------	-------------------

NONE

**SCHEDULE B TO GRANT OF SECURITY INTEREST IN PATENTS,
TRADEMARKS AND LICENSES**

Between
KIZAN INTERNATIONAL, INC.

and

THE CIT GROUP/COMMERCIAL SERVICES, INC.

U.S. TRADEMARKS

<u><i>Title or Mark</i></u>	<u><i>Registration No.</i></u>	<u><i>Registration Date</i></u>
<i>Louis Raphael</i>	<i>1,249,915</i>	<i>August 30, 1983</i>
<i>Louis Raphael</i>	<i>1,536,484</i>	<i>April 25, 1989</i>

**SCHEDULE C TO GRANT OF SECURITY INTEREST IN PATENTS,
TRADEMARKS AND LICENSES**

Between
KIZAN INTERNATIONAL, INC.

and

THE CIT GROUP/COMMERCIAL SERVICES, INC.

U.S. LICENSES

Name Registration No. Registration Date

NONE