

11-07-2000

FORM PTO-1594

(Rev. 6-93)

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

RECORD

TR



101507332

U.S. Department of Commerce
Patent and Trademark Office

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

1. Name of conveying party(ies): 10-2-00
BETTER METHODS, INC.
1200 Madison Avenue
Paterson, NJ 07503

- Individual(s)
- General Partnership
- Corporation-State of New Jersey
- Other
- Association
- Limited Partnership

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

3. Nature of conveyance:
- Assignment
 - Security Agreement
 - Other
 - Merger
 - Change of Name

Execution Date: September 11, 2000

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

2. Name and address of receiving party(ies)

Name: PNC Bank, N.A.

Internal Address: _____

Street Address: Two Tower Center Boulevard

City: East Brunswick State: NJ ZIP: 08816

- Individual(s) citizenship
- Association
- General Partnership
- Limited Partnership
- Corporation- a banking corporation
- Other

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No
(Designations must be a separate document from assignment)

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

B. Trademark Registration No.(s)
SEE ATTACHED SCHEDULE A

Additional numbers attached: Yes No

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

Name: Linda K. Connolly, Esq.

Internal Address: c/o Pitney, Hardin, Kipp & Szuch

Street Address: P.O.Box 1945

City: Morristown State: NJ ZIP: 07945

6. Total number of applications and registrations involved:.....5

7. Total fee (37 CFR 3.41).....\$140.00

Enclosed

Authorized to be charged to deposit account

8. Deposit account number:

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

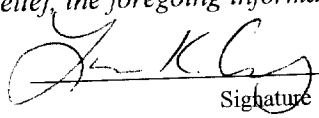
DO NOT USE THIS SPACE

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.

Linda K. Connolly, Esq.

Name of Person Signing


Signature

9/21/00
Date

Total number of pages including cover sheet, attachments, and document: 10

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

Refund Washington, D.C. 20231
11/03/2000 JJALLAH2 0000099221

11/03/2000 JJALLAH2 00000018 1263576

01 FC:481
02 FC:482

40.00 OP
100.00 OP

CK REFUND TOTAL \$120.00

SCHEDULE A TO PLEDGE OF TRADEMARKS AS SECURITY

<u>Mark</u>	<u>Application or Registration Number</u>	<u>Registration or Filing Date</u>	<u>Status</u>
LAY-FLAT	1,263,576	January 10, 1984	Registered
RR 50	1,199,421	June 29, 1982	Registered
BETTER METHOD PAPER PRODUCT (stylized)	1,217,530	November 23, 1982	Registered
BMI (stylized)	1,206,966	September 7, 1982	Registered
ONE TO FIVE	782,103	December 22, 1964	Registered

Prepared by, Record and Return to:
LINDA K. CONNOLLY, ESQ.
Pitney, Hardin, Kipp & Szuch
P.O. Box 1945
Morristown, NJ 07962-1945

PLEDGE OF TRADEMARKS AS SECURITY

This Pledge of Trademarks as Security ("Pledge") made as of the 11th day of September, 2000, by **BETTER METHODS, INC.**, a corporation of the State of New Jersey, having its principal place of business at 1200 Madison Ave., Paterson, NJ 07503 ("Pledgor"), and delivered to **PNC BANK, N.A.**, a national banking association organized and existing under the laws of the United States of America, having a location at Two Tower Center Boulevard, East Brunswick, New Jersey 08816, as Agent to the Lenders ("Agent").

WITNESSETH:

WHEREAS, Pledgor is the owner of the Trademarks listed on Schedule "A" annexed hereto, as evidenced by records in the United States Patent and Trademarks Office; and

WHEREAS, Pledgor is the owner of and has exclusive right, title and interest in and to said Trademarks; and

WHEREAS, Agent is contemporaneously herewith entering into a Revolving Credit, Term Loan and Security Agreement with, *inter alia*, Pledgor ("Loan Agreement") pursuant to which loans and advances may be made by Agent to Pledgor (hereinafter collectively referred to as the "Loan") and certain other documents and agreements relating thereto (collectively, the "Loan Documents"); and

WHEREAS, Agent desires to acquire the Trademarks as security for the Loan and all other obligations of Pledgor to Agent related thereto.

NOW THEREFORE, in consideration of the foregoing premises and mutual promises herein contained, Pledgor and Agent, intending to be legally bound, hereby covenant and agree as follows (all capitalized terms used but not defined herein shall have the meanings ascribed therein the Loan Agreement):

1. Grant of Security Interest. In consideration of and pursuant to the terms of the Loan Documents, and for other good, valuable and sufficient consideration, the receipt and sufficiency of which is hereby acknowledged, and to secure payment and performance of the Obligations, the Pledgor grants a lien and security interest to the Agent in all its present and future right, title and interest in and to the Trademarks, together with all the goodwill and other tangible assets of the Pledgor associated with and represented by the Trademarks, and the non-intent-to-use applications for and registration thereof and the right (but not the obligation) to sue for past,

present and future infringements, and the proceeds thereof, including, without limitation, license royalties and proceeds of infringement suits.

2. Representations and Warranties. The Pledgor represents, warrants and covenants that: (a) the Trademarks are subsisting and have not been abandoned, suspended, voluntarily terminated or canceled by the Pledgor, have not been adjudged invalid or unenforceable, and to the best of the Pledgor's knowledge, there is no reason why the Trademarks should be adjudged invalid or unenforceable; (b) the Pledgor is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each of the Trademarks, and each of the Trademarks is free and clear of any liens, charges and encumbrances, including, without limitation, pledges, assignments, licenses and covenants by the Pledgor not to sue third persons; and (c) the Pledgor has the unqualified right to enter into this Agreement and perform its terms.

3. Verification of Quality Control. The Pledgor hereby grants to the Agent and its employees and agents the right to visit the Pledgor's locations which lease, sell, or store products under any of the Trademarks and to inspect the products and quality control records relating thereto at reasonable times during regular business hours to ensure the Pledgor's compliance with paragraph 2(f).

4. Covenants. The Pledgor further covenants that until all of the Obligations have been satisfied in full, unless Agent gives its prior written consent to the contrary: (a) the Pledgor shall maintain the Trademarks in full force and effect to the extent necessary for Pledgor's business in the ordinary course; (b) the Pledgor will not enter into any agreement which is inconsistent with the Pledgor's obligations under this Agreement or which restrict or impair the Agent's rights hereunder; and (c) if the Pledgor acquires rights to any new non-intent-to-use Trademarks, the provisions of this Agreement shall automatically apply thereto and the Pledgor shall give the Agent prompt written notice thereof along with an amended Schedule A; provided, however, that notwithstanding anything to the contrary contained in this Agreement, the Pledgor shall have the right to enter into agreements in the ordinary course of business with respect to the Trademarks.

5. Exclusive Use of Trademarks. So long as this Agreement is in effect and so long as the Pledgor has not received notice from the Agent that an Event of Default has occurred under the Loan Documents and that the Agent has elected to exercise its rights to assignment hereunder, the Pledgor shall continue to have the exclusive right to use the Trademarks including licenses thereof, and the Agent shall have no right to use the Trademarks or issue any exclusive or non-exclusive license with respect thereto, or assign, pledge or otherwise transfer title in the Trademarks to anyone else.

6. Negative Pledge. The Pledgor agrees not to sell, assign (by operation of law or otherwise) or further encumber its rights and interest in the Trademarks without prior written consent of the Agent. The Pledgor shall defend the Trademarks against and shall take other action as is necessary to remove any lien, security interest, claim, right or other encumbrance of any nature whatsoever in or to the Trademarks, and upon Agent's request will defend the right, title and interest of the Agent in and to any of the Pledgor's rights under the Trademarks against the claims or demands of all persons whatsoever.

7. No Additional Trademarks. As of the date hereof, the Pledgor does not have any Trademarks registered in or the subject of pending applications in the United States Patent and Trademark Office or any similar office or agency in any other country or any political subdivision thereof, other than those grants, registrations or applications for registrations listed on Schedule A annexed hereto and made a part hereof.

8. Pledge of Additional Trademarks. In the event the Pledgor, either itself or through any agent, employee, licensee or designee shall:

(a) file or record an application for the registration of any Trademark with the United States Patent and Trademark Office or any similar office or agency of the United States, any State thereof, or any other country or any political subdivision thereof; or

(b) file or record any assignment of any Trademark which the Pledgor may acquire, own or license from a third party, with the United States Patent and Trademark Office or any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof;

the Pledgor shall promptly, but in no event more than fifteen (15) days subsequent to such filing, notify the Agent thereof, and, upon request of the Agent shall promptly, but in no event more than twenty (20) days subsequent to such notice, execute and deliver any and all assignments, agreements, instruments, documents and papers as the Agent may reasonably request to evidence the Agent's interest in such Trademark and the goodwill of the Pledgor associated thereto or represented thereby. The Pledgor hereby grants the Agent a power of attorney, irrevocable until the Obligations are fully paid and satisfied, to modify this Agreement by amending Schedule A, as applicable, to include any future Trademarks or Licenses, including, without limitation, registrations or applications appurtenant thereto, covered by this Agreement.

9. Remedies Upon Default. (a) Anything herein contained to the contrary notwithstanding, if and while the Pledgor shall be in default hereunder or an Event of Default exists under the Loan Documents, the Pledgor hereby covenants and agrees that the Agent, as the holder of a security interest under the Uniform Commercial Code, may take such action permitted under the Loan Documents or permitted by law, in its exclusive discretion, to foreclose upon the Trademarks covered hereby.

(b) For such purposes, and in the event of the Pledgor's default hereunder or an Event of Default under the Loan Documents and while such default or Event of Default exists, the Pledgor hereby authorizes and empowers the Agent to make, constitute and appoint any officer or agent of the Agent as the Agent may select, in its exclusive discretion, as the Pledgor's true and lawful attorney-in-fact, with the power to endorse the Pledgor's name on all applications, documents, papers and instruments necessary for the Agent to use the Trademarks or to grant or issue any exclusive or non-exclusive license under the Trademarks to anyone else, or necessary for the Agent to assign, pledge, convey or otherwise transfer title in or dispose of the Trademarks to anyone else. The Pledgor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof, except for the gross negligence or willful misconduct of

such attorney. This power of attorney shall be irrevocable for the life of this Agreement and the Loan Documents, and until all the Obligations are satisfied in full.

(c) The Pledgor expressly acknowledges that this Agreement shall be recorded with the Patent and Trademark Office in Washington, D.C. Contemporaneously herewith, the Pledgor shall also execute and deliver to the Agent such documents as the Agent shall reasonably request to permanently assign all rights in the Trademarks to the Agent, which documents shall be held by the Agent, until the occurrence of an Event of Default hereunder or under the Loan Documents. After such occurrence, the Agent may, at its sole option, record such documents with the Patent and Trademark Office.

10. Subject to Loan Agreement. This Agreement shall be subject to the terms, provisions, and conditions set forth in the Loan Agreement and may not be modified without the written consent of the party against whom enforcement is being sought.

11. Inconsistent with Loan Agreement. All rights and remedies herein granted to the Agent shall be in addition to any rights and remedies granted to the Agent under the Loan Documents. In the event of an inconsistency between this Agreement and the Loan Agreement, the language of the Loan Agreement shall control. The terms and conditions of the Loan Agreement are hereby incorporated herein by reference.

12. Termination of Agreement. Upon payment and performance of all Obligations under the Loan Documents, the Agent shall execute and deliver to the Pledgor all documents necessary to re-vest all rights in and to the Trademarks in the Pledgor and/or terminate any interest of the Agent therein.

13. Prosecution of Trademark Applications. (a) Intentionally omitted.

(b) The Pledgor shall have the right to bring suit in its own name to enforce the Trademarks, in which event the Agent may, if the Pledgor deems it necessary or after an Event of Default under the Loan Documents, be joined as a nominal party to such suit if the Agent shall have been satisfied that it is not thereby incurring any risk of liability because of such joinder. The Pledgor shall promptly, upon demand, reimburse and indemnify the Agent for all damages, reasonable costs and reasonable expenses, including attorneys' fees, incurred by the Agent in the fulfillment of the provisions of this paragraph.

14. Responsibility and Liability. The Pledgor assumes all responsibility and liability arising from the use of the Trademarks, and hereby indemnifies and holds the Agent and each director, officer, employee, affiliate and agent thereof, harmless from and against any claim, suit, loss, damage or expense (including attorneys' fees and expenses) arising out of any alleged defect in any product manufactured, promoted or sold by the Pledgor in connection with any of the Trademarks or otherwise arising out of the Pledgor's operation of its business from the use of the Trademarks. In any suit, proceeding or action brought by the Agent under any License for any sum owing thereunder, or to enforce any provisions of such License, the Pledgor will indemnify and keep the Agent harmless from and against all expense, loss or damage suffered by reason of any defense, set off, recoupment, claim, counterclaim, reduction or liability whatsoever

of the obligee thereunder or arising out of a breach of the Pledgor of any obligation thereunder or arising out of any agreement, indebtedness or liability at any time owing to or in favor of such obligee or its successors from the Pledgor, and all such Obligations of the Pledgor shall be and remain enforceable against and only against the Pledgor and shall not be enforceable against the Agent.

15. Agent's Rights. The Agent may, in its sole discretion, pay any amount or do any act required of the Pledgor hereunder or requested by the Agent to preserve, defend, protect, maintain, record or enforce the Pledgor's obligations contained herein, the Obligations of the Pledgor to the Agent, the Trademarks, or the right, title and interest granted the Agent herein, and which the Pledgor fails to do or pay, and any such payment shall be deemed an advance by the Agent to the Pledgor and shall be payable on demand together with interest thereon at the default rate specified in the Loan Documents.

16. Protection of the Trademarks. The Pledgor agrees that if it learns of any use by any person or any term or design likely to cause confusion with any Trademark, or of any claim of any lien, security interest, claim, right or other encumbrance of any nature whatsoever in or to the Trademarks, the Pledgor shall promptly notify the Agent of such use, lien, security interest, claim, right or other encumbrance and, if requested by the Agent, shall join with the Agent, at the Pledgor's expense, in such action as the Agent, in its reasonable discretion, may deem advisable for the protection of the Agent's interest in and to the Trademarks, it being understood that the foregoing shall not preclude the Pledgor from bringing an action against a person for the protection of the Pledgor's interest in and to such Trademarks.

17. Additional Remedies. Upon the occurrence of an Event of Default under the Loan Documents, the Agent may, without any obligation to do so, complete any obligation of the Pledgor hereunder, in the Pledgor's name or in the Agent's name, but at the Pledgor's expense, and the Pledgor hereby agrees to reimburse the Agent in full for all reasonable expenses, including reasonable attorney's fees, incurred by the Agent in protecting, defending and maintaining the Trademarks.

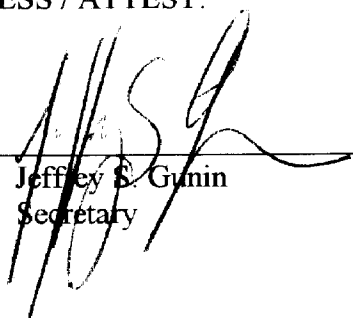
18. Governing Law. THIS AGREEMENT WILL BE INTERPRETED AND THE RIGHTS AND LIABILITIES OF THE PARTIES HERETO DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE WHERE THE AGENT'S OFFICE INDICATED ABOVE IS LOCATED, EXCLUDING ITS CONFLICT OF LAWS RULES, EXCEPT THAT THE FEDERAL LAWS OF THE UNITED STATES OF AMERICA SHALL GOVERN TO THE EXTENT APPLICABLE.

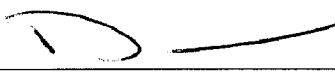
19. Counterparts. This Agreement may be signed in any number of counterpart copies and by the parties hereto on separate counterparts, but all such copies shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by facsimile transmission shall be effective as delivery of a manually executed counterpart. Any party so executing this Agreement by facsimile transmission shall promptly deliver a manually executed counterpart, provided that any failure to do so shall not affect the validity of the counterpart executed by facsimile transmission.

WITNESS the due execution hereof as a document under seal, as of the date first written above.

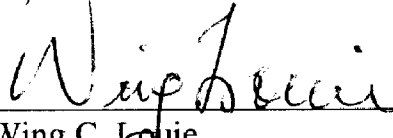
WITNESS / ATTEST:

BETTER METHODS, INC.
a New Jersey Corporation

By: 
Name: Jeffrey S. Gubin
Title: Secretary

By: 
Name: David S. Cohen
Title: Senior Vice President

PNC BANK, NATIONAL ASSOCIATION

By: 
Name: Wing C. Louie
Title: Vice President

STATE OF NEW JERSEY :
 : SS.
COUNTY OF MORRIS :

BE IT REMEMBERED, that on this 11th day of September, 2000, before me, the undersigned notary public of the State of New Jersey, personally appeared Jeffrey S. Gunin who acknowledged David S. Cohen to be the Senior Vice President of **BETTER METHODS, INC.**, a New Jersey corporation, and that he as such Senior Vice President being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the company.

IN WITNESS HEREOF, I have hereunto set my hand and official seal.

By Stacy Hodo
Notary Public
My Commission Expires:

STACY L. HODO
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Dec. 29, 2003

STATE OF NEW JERSEY :
 : SS:
COUNTY OF MORRIS :

BE IT REMEMBERED, that on this 14th day of September, 2000, before me the subscriber, a Notary Public of the State of New Jersey personally appeared Wing C. Louie, who, being by me duly sworn on his oath, deposes and makes proof to my satisfaction, that he is a Vice President of **PNC BANK, NATIONAL ASSOCIATION**, the national banking association named in the within instrument; that the execution as well as the making of this instrument, has been duly authorized and said instrument signed and delivered by said Vice President as and for the voluntary act and deed of said corporation.



Notary Public
My Commission Expires:

STACY L. HODO
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Dec. 29, 2003