

11-17-2000



101519368

### RECORDATION FORM COVER SHEET TRADEMARKS ONLY

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

#### Submission Type

New

Resubmission (Non-Recordation)  
Document ID #

Correction of PTO Error  
Reel #  Frame #

Corrective Document  
Reel #  Frame #

#### Conveyance Type

Assignment  License

Security Agreement  Nunc Pro Tunc Assignment

Merger  Effective Date  
Month Day Year

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  DELAWARE Corporation  Association

Other

Citizenship/State of Incorporation/Organization

#### Receiving Party

Mark if additional names of receiving parties attached

Name

DBA/AKA/TA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)     
City State/Country Zip Code

Individual  General Partnership  Limited Partnership  Corporation  Association

Other

Citizenship/State of Incorporation/Organization

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

#### FOR OFFICE USE ONLY

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Mail documents to be recorded with required cover sheet(s) information to:  
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REEL: 002176 FRAME: 0627

**Domestic Representative Name and Address**

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

**Correspondent Name and Address**

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

**Pages**

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

#

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

Mark if additional numbers attached

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

**Trademark Application Number(s)**

**Registration Number(s)**

**Number of Properties**

Enter the total number of properties involved.

#

**Fee Amount**

Fee Amount for Properties Listed (37 CFR 3.41):

\$

Method of Payment:

Enclosed

Deposit Account

Deposit Account

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

Deposit Account Number:

#

Authorization to charge additional fees:

Yes

No

**Statement and Signature**

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

James M. Keating, Jr., Esquire

Name of Person Signing



Signature

10-24-00

Date Signed

## TRADEMARK SECURITY AGREEMENT

THIS TRADEMARK SECURITY AGREEMENT ("Agreement") is made on the 11/26 day of October, 2000, between JAMES LICENSING COMPANY, a Delaware corporation having a mailing address of 2025 Joshua Road, Lafayette Hill, PA 19444 ("James Licensing"), and FIRST UNION NATIONAL BANK, successor by merger to CoreStates Bank, N.A., and Meridian Bank, having a mailing address at 123 S. Broad Street, 17<sup>th</sup> Floor – PA 1245, Philadelphia, Pennsylvania 19109-1199 (the "Bank").

### BACKGROUND

A. James Licensing, the Bank, and National Label Company, a Delaware corporation ("National Label;" together with James Licensing, collectively, the "Borrowers"), are parties to (i) that certain Loan Agreement dated as of October 25, 1991, as amended, extended or otherwise modified from time to time (the "1991 Loan Agreement"); (ii) that certain Loan Agreement dated as of December 16, 1992, as amended, extended or otherwise modified from time to time (the "1992 Loan Agreement"); (iii) and that certain Loan Agreement dated as of August 22, 1994, as amended, extended or otherwise modified from time to time (the "1994 Loan Agreement;" together with the 1991 Loan Agreement and the 1992 Loan Agreement, collectively, the "Loan Agreements"), together with (iv) other loan documents entered into in connection with the Loan Agreements (referred to herein, collectively, together with the Loan Agreements, as the "Loan Documents"), pursuant to which the Bank agreed to make available to the Borrowers certain credit facilities upon the terms and conditions specified in the Loan Documents (such credit facilities are hereinafter referred to collectively as the "Loans").

B. In connection with the Loan Agreements, James Licensing executed the following documents in favor of the Bank: (i) that certain Security Agreement dated as of August 22, 1994, as amended from time to time (the "James Licensing Security Agreement"), and (ii) that certain Term Loan Security Agreement dated as of February 4, 1999 by the Borrowers in favor of the Bank (the "1999 Security Agreement;" together with the James Licensing Security Agreement, collectively, the "James Licensing Security Agreements").

C. Pursuant to each of the James Licensing Security Agreements, James Licensing has agreed to assign to the Bank a security interest in certain trademarks, service marks, tradenames, and the goodwill associated therewith, as herein provided.

D. Upon the request of the Borrowers, the Bank has agreed to amend the Loan Agreements, upon the terms and conditions set forth on that certain Master Amendment to Loan Agreements dated as of the date hereof by and among the Borrowers, National Label Company Puerto Rico, a Delaware corporation, James H. Shacklett, III, Dean R. Shacklett, and the Bank (the "Master Amendment").

E. As a condition to entering into the Master Amendment, the Bank has required that James Licensing shall have executed and delivered this Agreement to the Bank.

F. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Loan Agreements or the James Licensing Security Agreements.

NOW, THEREFORE, in consideration of the premises, James Licensing hereby agrees with the Bank as follows:

1. Security Interest in Trademarks. To secure the complete and timely satisfaction of all indebtedness and obligations of James Licensing to the Bank (the "Obligations"), now and hereafter owing to the Bank pursuant to the Loan Documents, as amended, modified, extended and/or restated from time to time, James Licensing hereby grants, assigns and conveys to the Bank a security interest in and to the trademark applications and trademarks of James Licensing, including, without limitation, those listed in Schedule A hereto (as the same may be amended pursuant hereto from time to time), including without limitation all renewals thereof, all proceeds thereof (such as, by way of example, license royalties and proceeds of infringement suits), and all rights corresponding thereto throughout the world (all of the foregoing are collectively called the "Trademarks"), and the goodwill of the business to which each of the Trademarks relates. James Licensing also agrees that, for this purpose, this Agreement shall constitute a security agreement under the Uniform Commercial Code. James Licensing agrees to execute and deliver to the Bank such UCC financing statements as the Bank may request for the purpose of perfecting such security interest by filing under the provisions of the Uniform Commercial Code. James Licensing also agrees that this Agreement may be recorded in (a) the U.S. Patent and Trademark Office, in accordance with the requirements of Federal statutes for the effectiveness of trademark assignments, and (b) the corresponding official government registration offices of such other countries as the Bank deems appropriate.

2. Covenants and Warranties. James Licensing covenants and warrants that:

(a) To the best of James Licensing's knowledge, the Trademarks are subsisting and have not been adjudged invalid or unenforceable, in whole or in part;

(b) To the best of James Licensing's knowledge, each of the Trademarks is valid and enforceable;

(c) To the best of James Licensing's knowledge, no claim has been made that the use of any of the Trademarks does or may violate the rights of any third person;

(d) James Licensing is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each of the Trademarks, free and clear of any liens, charges and encumbrances, including without limitation pledges, assignments, licenses, registered user agreements and covenants by James Licensing not to sue third persons, other than the liens granted in favor of the Bank hereunder;

(e) James Licensing has the unqualified right to enter into this Agreement and perform its terms; and

(f) James Licensing has used, and will continue to use for the duration of this Agreement, proper statutory notice in connection with its use of the Trademarks, and at all reasonable times.

(g) James Licensing has used, and will continue to use for the duration of the Agreement, consistent standards of quality in its manufacture of products and delivery of services sold or provided under the Trademarks. James Licensing shall, in any event, indemnify and hold the Bank harmless from all losses, damages, costs and expenses, including legal costs and counsel fees, incurred by the Bank as the direct or indirect result of any action, claim or demand, whether or not groundless, alleging that the Trademarks infringe any trademarks held by third parties.

3. No Inconsistent Agreements. James Licensing agrees that, until all of the Obligations shall have been satisfied in full, it will not enter into any agreement which is inconsistent with James Licensing's obligations under this Agreement, without the Bank's prior written consent, which consent shall not be unreasonably withheld by the Bank.

4. Right to Inspect. James Licensing hereby grants to the Bank and its employees and agents the right to visit James Licensing's plants and facilities where products sold or services provided under any of the Trademarks are manufactured, stored, or provided, and to inspect and review the products and quality control records relating thereto.

5. Right to Benefits. If, before the Obligations shall have been satisfied in full, James Licensing shall become entitled to the benefit of any additional trademark, or service mark registration, or any renewal or affidavit of any Trademark, the provisions of Paragraph 1 shall automatically apply thereto and James Licensing shall give the Bank prompt written notice thereof.

6. Future Trademarks. James Licensing authorizes the Bank to modify this Agreement by amending Schedule A to include any future trademarks and trademark applications covered by Paragraph 1 and 4 hereof.

7. No Sale of Assignment. James Licensing agrees not to sell or assign its interest in the Trademarks without the prior written consent of the Bank, which will not be unreasonably withheld.

8. Events of Default. The term "Event of Default", as used herein, shall mean: (a) any Event of Default under the Loan Agreements or any other Loan Documents; and (b) any violation by James Licensing of any representation, warranty or covenant contained in this Agreement and any modification or amendment hereof which is not waived or cured and remedied within fifteen (15) calendar days after notice thereof to James Licensing.

9. National Label's Right to Use Trademarks. Unless and until an Event of Default shall occur and be continuous, James Licensing shall retain the legal and equitable title to the Trademarks and shall have the right to use the Trademarks in the ordinary course of its business but shall not be permitted to sell, transfer, assign or otherwise encumber the Trademarks or any part thereof; provided, however, that nothing herein contained shall prohibit National Label from licensing the Trademarks to National Label in the ordinary course of its business or failing to renew or otherwise abandoning any item included within the Trademarks if, in James Licensing's good judgment, the retention of such item is not material to the proper conduct of its business, provided, however, that James Licensing shall give the Bank ten (10) days prior written notice of any abandonment or failure to renew any item included within the Trademarks.

10. Fees and Expenses of Bank. Any and all reasonable fees, costs and expenses, of whatever kind or nature, including reasonable attorneys' fees and legal expenses of the Bank in connection with the enforcement of any of the provisions of this Agreement and all other documents relating hereto and the consummation of this transactions provided in the Loan Agreement, the filing or recording of any documents (including all taxes in connection therewith) in public offices, the payment or discharge of any taxes, reasonable counsel fees, maintenance fees, encumbrances or otherwise protecting, maintaining or preserving the Trademarks, or in defending or prosecuting any actions or proceedings arising out of or related to the Trademarks, shall be borne and paid by James Licensing on demand by the Bank and until so paid shall be added to the principal amount of the Obligations and shall bear interest at highest rate set forth in the Loan Agreements.

11. Protection of Trademarks.

(a) James Licensing shall take all actions reasonably necessary to protect and defend the Trademarks and shall institute such proceedings to enforce the Trademarks as it, in its reasonable business judgment, deems appropriate. The Bank shall, upon the reasonable request of James Licensing, do any and all lawful acts and execute any and all proper documents in aid of such protection, defense and enforcement, and James Licensing shall promptly, upon demand, reimburse and indemnify the Bank for all costs and expenses incurred by the Bank in connection therewith.

(b) If an Event of Default shall have occurred and be continuing, the Bank shall have the right but shall in no way be obligated to bring suit in its own name to enforce the Trademarks, in which event James Licensing shall at the request of the Bank do any and all lawful acts and execute any and all proper documents required by the Bank in aid of such enforcement, and the Bank shall promptly, upon demand, reimburse and indemnify the Bank for all costs and expenses incurred by the Bank in the exercise of its rights under this paragraph 11.

12. Power of Attorney. In the event of the occurrence of an Event of Default under the Loan Agreements and/or any other Loan Documents and during its continuance, James

Licensing hereby authorizes and empowers the Bank to make, constitute and appoint any officer or agent of the Bank as the Bank may select, in its exclusive discretion, as James Licensing's true and lawful attorney-in-fact, with the power to endorse James Licensing's name on all documents, papers and instruments necessary for the Bank to convey or otherwise transfer title in or dispose of the Trademarks to the Bank or anyone else. James Licensing hereby ratifies all that such attorney-in-fact shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable until the Obligations have been fully satisfied.

13. Bank's Rights as Secured Party. If any Event of Default shall have occurred and be continuing, the Bank shall have, in addition to all other rights and remedies given it by this Agreement and the Loan Documents, those allowed by law and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in any jurisdiction in which the Trademarks may be located and, without limiting the generality of the foregoing, the Bank may immediately, and without demand of performance and without advertisement, sell at public or private sale, or other disposition upon, in Pennsylvania or elsewhere, the whole or any part of the Trademarks, the goodwill and equipment associated therewith, or any interest which James Licensing has therein, and after deducting from the proceeds of such sale or other disposition of the Trademarks all expenses (including all reasonable expenses for brokers' fees and legal services), shall apply the residue of such proceeds for the payment of the obligations. Notice of any sale or other disposition of the Trademarks shall be given to James Licensing at least five (5) calendar days before the time of any intended public or private sale or other disposition of the Trademarks is to be made, which James Licensing hereby agrees shall be reasonable notice of such sale or other disposition. At any such sale or other disposition, any holder of any Note referred to in the Loan Agreements (including renewals and substitutions therefor) or the Bank may, to the extent permissible under applicable law purchase the whole or any part of the Trademarks sold, free from any right of redemption on the part of James Licensing, which right is hereby waived and released.

14. No Waiver. No course of dealing between James Licensing and the Bank, nor any failure to exercise, nor any delay in exercising, on the part of the Bank, any right, power or privilege hereunder or under the James Licensing Security Agreements and/or any other Loan Documents shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other rights, power or privilege. The powers conferred on the Bank hereunder are solely to protect the Bank's interests in the Trademarks and shall not impose any duty upon the Bank to exercise any such powers. The Bank shall be accountable only for amounts that they actually receive as a result of the exercise of such powers, and neither they nor any of their respective officers, directors, employees or agents shall be responsible to James Licensing for any act or failure to act pursuant to this Agreement or otherwise, including any failure to demand, collect or realize upon all or any part of the Trademarks or any failure to protect and defend the Trademarks.

15. Termination. At such time as James Licensing shall completely satisfy all of the Obligations and all other liabilities of James Licensing to the Bank, or there shall exist no continuing liability of James Licensing with respect to the Obligations under the terms of the Loan Agreements or any other Loan Documents, Agreement shall terminate and the Bank shall execute and deliver to James Licensing all deeds, assignments and other instruments as may be necessary or proper to re-vest in James Licensing the full unencumbered title to the Trademarks, and the goodwill associated therewith, subject to any disposition thereof which may have been made by the Bank pursuant hereto.

16. Remedies Cumulative. All of the Bank's rights and remedies with respect to the Trademarks, whether established by this Agreement or by the James Licensing Security Agreements, or by any other agreements or by law shall be cumulative and may be exercised singularly or concurrently.

17. Severability. The provisions of this Agreement are severable, and if any clause or provision shall be held invalid or unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Agreement in any jurisdiction.

18. Manufacture and Sale. The parties understand and agree that the collateral security assignment of the Trademarks as provided for in this Agreement, together with other collateral provided to the Bank pursuant to the James Licensing Security Agreements and the other Loan Documents, will permit the Bank, upon the happening of an Event of Default as provided herein, to make use of all rights to the Trademarks, the goodwill associated therewith and certain equipment and machinery as set forth in the Loan Documents, all of which will permit the Bank to manufacture and sell the products for which the use of the Trademarks is associated and maintain substantially the same product specifications and quality as maintained by James Licensing.

19. Amendment. This Agreement is subject to modification only by a writing signed by the parties, except as provided in Paragraph 5.

20. Successors and Assigns. The benefits and burdens of this Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of James Licensing and the Bank.

21. Governing Law. The validity and interpretation of this Agreement and the rights and obligations of the parties shall be governed by the laws of the Commonwealth of Pennsylvania.

22. Judicial Proceedings. Each party to this Agreement agrees that any suit, action, or proceeding, whether claim or counterclaim, brought or instituted by any party hereto or any



successor or assign of any party, on or with respect to this Agreement or the dealings of the parties with respect hereto, shall be tried only by a court and not by a jury. EACH PARTY HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY SUCH SUIT, ACTION OR PROCEEDING. Further, James Licensing waives any right it may have to claim or recover, in any such suit, action or proceeding, any special, exemplary, punitive or consequential damages or any damages other than, or in addition to, actual damages. JAMES LICENSING ACKNOWLEDGES AND AGREES THAT THIS PARAGRAPH IS A SPECIFIC AND MATERIAL ASPECT OF THIS AGREEMENT AND THAT THE BANK WOULD NOT EXTEND CREDIT TO THE BORROWERS IF THE WAIVERS SET FORTH IN THIS PARAGRAPH WERE NOT A PART OF THIS AGREEMENT.

WITNESS the execution hereof, under seal, on October 11, 2000.

JAMES LICENSING COMPANY

By: J. H. Shacklet, III

Name: James H. Shacklet, III  
Title: Chief Executive Officer

(CORPORATE SEAL)

FIRST UNION NATIONAL BANK

By: C. B. Cook

Name: C. B. Cook  
Title: Vice President

**SCHEDULE A  
TO TRADEMARK SECURITY AGREEMENT**

**TRADEMARKS AND TRADEMARK APPLICATIONS**

<b>Country</b>	<b>Trademark Registration No.</b>	<b>Mark</b>	<b>Registration Date</b>	<b>Effective Date</b>
United States	1,069,374	<b>LABELEAFLETS</b>	July 12, 1977	
United States	904,338	<b>NATIONAL LABEL CO. &amp; Design</b>	December 15, 1970	

CERTIFICATE OF ACKNOWLEDGMENT

COMMONWEALTH OF PENNSYLVANIA

:

COUNTY OF Philadelphia

:  
:

SS

Before me, the undersigned, a Notary Public in and for the County aforesaid, on this 11<sup>th</sup>  
October, 2000, personally appeared James H. Strickland III to me known  
personally, and who, being by me duly sworn, deposes and says that he is the CEO  
of James Licensing Company and that the seal affixed to the foregoing instrument  
is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of  
said corporation by authority of its Board of Directors, and that said instrument is the free act and  
deed of said corporation.

Denise M. Clark

NOTARY PUBLIC

My Commission Expires:

NOTARIAL SEAL  
DENISE M. CLARK, Notary Public  
City of Philadelphia, Phila. County  
My Commission Expires Jan. 6, 2002