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01-05-2001

FORM PTO-1594
(Rev 5-93)

U.S. DEPARTMENT OF COMMERCE
Patent and Trademark Office



To the Honorable Commissioner of

Original documents or copy thereof.

101572142

1. Name of conveying party(ies):

PHOTOWORKS, INC.

Individual(s) citizenship:

Association:

General Partnership:

Limited Partnership:

Corporation - State: WASHINGTON

Other:

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

3. Nature of Conveyance:

- Assignment
- Security Agreement
- Merger
- Change of Name
- Other

Execution Date: December 20, 2000

2. Name and address of receiving party(ies):

Name: IMPERIAL BANK
Address: 5330 Carillon Point
City: Kirkland: WA Zip: 98033

Individual(s) citizenship:

Association:

General Partnership:

Limited Partnership:

Corporation - State:

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 [x] No

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

A. Trademark Application No.(s)

76/012,170	76,012/072
76/012,071	76/012,067
76/003,384	76/003,344
76/003,332	75/779,542
75/289,451	

B. Trademark Registration No.(s)

2,372,311	2,061,309
2,159,189	2,137,592
2,018,625	1,998,555
1,681,692	1,890,380
1,593,459	

Additional numbers attached? [] Yes [x] No

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

Name: Evelyn G. Santiago
Internal Address: GRAY CARY WARE & FREIDENRICH
400 Hamilton Avenue
Palo Alto, California 94301

6 Total number of applications and registrations involved: 18

7. Total fee (37 CFR 3.41) \$465.00

[x] 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.

Evelyn G. Santiago
Name of Person Signing

January 4, 2001
Date

Total number of pages comprising cover sheet: [6]

Mail Documents to be recorded with required cover sheet information to:
U.S. Patent and Trademark Office, Office of Public Records
1213 Jefferson Davis Highway, 3rd Floor
Arlington, VA 22202

01/05/2001 DMGUYEN 00000234 76012170

81 FC:481
82 FC:482

40.00 OP
425.00 OP

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1090371-955000

TRADEMARK
REEL: 002206 FRAME: 0088

INTELLECTUAL PROPERTY SECURITY AGREEMENT

This Intellectual Property Security Agreement is entered into as of December 20, 2000 by and between IMPERIAL BANK ("Bank") and PHOTOWORKS, INC., a Washington corporation, formerly known as SEATTLE FILMWORKS, INC. ("Grantor").

RECITALS

A. Bank has agreed to make certain advances of money and to extend certain financial accommodation to Grantor (the "Loans") in the amounts and manner set forth in that certain Loan and Security Agreement by and between Bank and Grantor dated of even date herewith (as the same may be amended, modified or supplemented from time to time, the "Loan Agreement"; capitalized terms used herein are used as defined in the Loan Agreement). Bank is willing to make the Loans to Grantor, but only upon the condition, among others, that Grantor shall grant to Bank a security interest in certain Copyrights, Trademarks and Patents to secure the obligations of Grantor under the Loan Agreement.

B. Pursuant to the terms of the Loan Agreement, Grantor has granted to Bank a security interest in all of Grantor's right, title and interest, whether presently existing or hereafter acquired, in, to and under all of the Collateral.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, and intending to be legally bound, as collateral security for the prompt and complete payment when due of its obligations under the Loan Agreement, Grantor hereby represents, warrants, covenants and agrees as follows:

AGREEMENT

To secure its obligations under the Loan Agreement and under all other agreements now existing or hereafter arising between Grantor and Bank, Grantor grants and pledges to Bank a security interest in all of Grantor's right, title and interest in, to and under its Intellectual Property Collateral (including without limitation those Copyrights, Patents and Trademarks listed on Schedules A, B and C hereto), and including without limitation all proceeds thereof (such as, by way of example but not by way of limitation, license royalties and proceeds of infringement suits), the right to sue for past, present and future infringements, all rights corresponding thereto throughout the world and all re-issues, divisions continuations, renewals, extensions and continuations-in-part thereof.

This security interest is granted in conjunction with the security interest granted to Bank under the Loan Agreement. The rights and remedies of Bank with respect to the security interest granted hereby are in addition to those set forth in the Loan Agreement and the other Loan Documents, and those which are now or hereafter available to Bank as a matter of law or equity. Each right, power and remedy of Bank provided for herein or in the Loan Agreement or any of the Loan Documents, or now or hereafter existing at law or in equity shall be cumulative and concurrent and shall be in addition to every right, power or remedy provided for herein and the exercise by Bank of any one or more of the rights, powers or remedies provided for in this Intellectual Property Security Agreement, the Loan Agreement or any of the other Loan Documents, or now or hereafter existing at law or in equity, shall not preclude the simultaneous or later exercise by any person, including Bank, of any or all other rights, powers or remedies.

Grantor represents and warrants that Exhibits A, B, and C attached hereto set forth any and all intellectual property rights in connection to which Grantor has a current registration or an application currently on file with either the United States Patent and Trademark Office or the United States Copyright Office, as applicable.

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute the same instrument.

IN WITNESS WHEREOF, the parties have cause this Intellectual Property Security Agreement to be duly executed by its officers thereunto duly authorized as of the first date written above.

GRANTOR:

PHOTOWORKS, INC.

Address of Grantor:

1240 16th Avenue
Seattle, WA 98119-3401

Attn: Chief Executive Officer

By: 

Title: CEO / President

BANK:

IMPERIAL BANK

Address of Bank:

5330 Carillon Point
Kirkland, Washington 98033

Attn: J.P. Michael & Holly Dungan

By: 

Title: FVP + Manager

EXHIBIT A

Copyrights

<u>Description</u>	<u>Registration/ Application Number</u>	<u>Registration/ Application Date</u>
Using PhotoWorks plus: how to use every feature: Seattle Film Works' powerful digital imaging software: organize, enhance, and create exciting fun images.	TX4406430	08/27/96

EXHIBIT B

Patents

<u>Description</u>	Registration/ Application <u>Number</u>	Registration/ Application <u>Date</u>
Camera	D428,904	08/01/00
Camera Cover Assembly	09/362,646	06/27/99
Multi-Resolution Image Management System	60/196,747	04/12/00

EXHIBIT C

Trademarks

<u>Description</u>	<u>Registration/ Application Number</u>	<u>Registration/ Application Date</u>
Picture What's Next	76/012,170	03/28/00
Picture What's Next	76/012,072	03/28/00
Picture What's Next	76/012,071	03/28/00
Picture What's Next	76/012,067	03/28/00
Photoworks	76/003,384	03/17/00
Photoworks	76/003,344	03/17/00
Photoworks	76/003,332	03/17/00
Readycam	75/779,542	08/17/99
Photomail	2,372,311	08/01/00
Super Pictures on Disk	75/289,451	05/09/97
Photomodem	2,061,309	05/13/97
Pictureworks	2,159,189	05/19/98
Photoworks	2,137,592	02/17/98
Photoworks	2,018,625	11/26/96
Pictures-Plus	1,998,555	09/03/96
Seattle Filmworks	1,681,692	04/07/92
Optipphoto	1,890,380	04/18/95
Photo Works Visual Marketing (and Design)	1,593,459	04/24/90

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RECORDED: 01/05/2001

TRADEMARK
REEL: 002206 FRAME: 0093