

01-09-2001



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*2/20/00*

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

Change of Name

Other

Effective Date  
Month Day Year  
11 20 00

Conveying Party

Mark if additional names of conveying parties attached

Name  Execution Date  
Month Day Year  
11 20 00

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

017008 2001 3TON11 00000245 74131940

FOR OFFICE USE ONLY

01 FEB 01 40.00 GP  
02 FEB 01 125.00 GP

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  
REEL: 002208 FRAME: 0586

**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" value="74131940"/>	<input type="text" value="74174909"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="75297030"/>	<input type="text" value="74531172"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="73611069"/>	<input type="text" value="74531171"/>	<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.

Margaret E. Watson  
Name of Person Signing

Margaret E. Watson  
Signature

12/18/00  
Date Signed

## TRADEMARK SECURITY AGREEMENT

THIS SECURITY AGREEMENT is entered into as of November 20, 2000, by and between Play Co. Toys & Entertainment Corp., a Delaware corporation, having its principal place of business at 550 Rancheros Drive, San Marcos, California 92069 (the "**Guarantor**"), and Paragon Capital LLC, a Delaware limited liability company with a usual place of business at Hillside Office Building, 75 Second Avenue, Needham, Massachusetts 02494 (the "**Lender**").

NOW THEREFORE, in consideration of the premises, Guarantor hereby agrees with Lender as follows:

1. **Grant of Security Interest.** Guarantor hereby grants to Lender a first priority security interest in, and conditionally assigns, but does not transfer title to Lender, all of Guarantor's right, title and interest in and to the following (collectively, the "**Collateral**") to secure payment and performance of all obligations of Toys International.Com, Inc. (the "**Borrower**") to Lender whether such obligations are direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, including without limitation, those liabilities of Guarantor to Lender pursuant to a Loan and Security Agreement dated November 20, 2000, between Lender and Borrower (the "**Loan Agreement**") (collectively, the "**Obligations**").

Without limiting the security interest granted under the Loan Agreement, the Collateral shall include the following:

(a) Each of the trademarks, and rights and interests protectable as trademarks, which are presently, or in the future may be, owned, created, acquired or used (whether pursuant to a license or otherwise) by Guarantor, in whole or in part, and all trademark rights with respect thereto throughout the world, including all proceeds thereof (including license royalties and proceeds of infringement suits), and rights to renew and extend such trademarks and trademark rights;

(b) All of Guarantor's right, title and interest, in and to the trademarks and trademark registrations listed on Schedule A attached hereto, as the same may be updated hereafter from time to time;

(c) All of Guarantor's right, title and interest to register trademark claims under any state or federal trademark law or regulation of any foreign country, and to apply for, renew and extend the trademark registrations and trademark rights, the right (without obligation) to sue or bring opposition or cancellation proceedings in the name of Guarantor or in the name of Lender for past, present and future infringements of the trademarks, registrations or trademark rights and all rights (but not obligations) corresponding thereto in the United States and any foreign country, and the associated goodwill;

(d) All general intangibles relating to the Collateral; and

(e) All proceeds of any and all of the foregoing (including, without limitation, license royalties and proceeds of infringement suits) and, to the extent not otherwise included, all payments under insurance, or any indemnity, warranty or guaranty payable by reason of loss or damage to or otherwise with respect to the Collateral.

**2. Warranties and Representations.** Guarantor hereby warrants and represents to Lender the following:

(a) A true and complete schedule setting forth all federal and state trademark registrations owned or controlled by Guarantor or licensed to Guarantor, 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;

(b) Each of the trademarks and trademark registrations is valid and enforceable, and Guarantor is not presently aware of any past, present or prospective claim by any third party that any of the trademarks are invalid or unenforceable, or that the use of any trademarks violates the rights of any third person, or of any basis for any such claims;

(c) Guarantor is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each of the trademarks and trademark registrations free and clear of any liens, charges and encumbrances, including, without limitation, pledges, assignments, licenses, shop rights and covenants by Guarantor not to sue third persons;

(d) Guarantor has used and will continue to use proper statutory notice in connection with its use of each of the trademarks;

(e) Guarantor has used and will continue to use consistent standards of high quality (which may be consistent with Guarantor's past practices) in the manufacture, sale and delivery of products and services sold or delivered under or in connection with the trademarks, including, to the extent applicable, in the operation and maintenance of its merchandising operations, and will continue to maintain the validity of the trademarks;

**3. After-Acquired Trademark Rights.** If Guarantor shall obtain rights to any new trademarks, the provisions of this Agreement shall automatically apply thereto. Guarantor shall give prompt notice in writing to Lender with respect to any such new trademarks or renewal or extension of any trademark registration. Guarantor shall bear any expenses incurred in connection with future applications for trademark registration.

**4. Litigation and Proceedings.** Guarantor 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 damages as are in its reasonable business judgment necessary to protect the Collateral. Guarantor shall provide to Lender any information with respect thereto requested by Lender. Lender shall provide at Guarantor's expense all necessary cooperation in connection with any such suit, proceeding or action, including, without limitation, joining as a necessary party. Following Guarantor's becoming aware thereof, Guarantor shall notify Lender of the institution of, or any adverse determination in, any proceeding in the United States Patent and Trademark Office, or any United States, state or foreign court regarding Guarantor's claim of ownership in any of such trademarks, its right to apply for the same, or its right to keep and maintain such trademark rights.

**5. Power of Attorney.** Guarantor hereby grants Lender power of attorney, having the full authority, and in the place of Guarantor and in the name of Guarantor, from time to time in Lender's discretion to take any action and to execute any instrument which Lender may deem necessary or advisable to accomplish the purposes of this Agreement, including, without

limitation, as may be subject to the provisions of the Loan Agreement, appointment shall become effective and remain in effect upon the occurrence and continuation of a Suspension Event or an Event of Default, as those terms are defined in the Loan Agreement.

(a) To endorse Guarantor's name on all applications, documents, papers and instruments necessary for Lender to use or maintain the Collateral;

(b) To ask, demand, collect, sue for, recover, impound, receive and give acquittance and receipts for money due or to become due under or in respect of any of the Collateral;

(c) To file any claims or take any action or institute any proceedings that Lender may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce Lender's rights with respect to any of the Collateral and to assign, pledge, convey or otherwise transfer title in or dispose of the Collateral to any person.

**7. Right to Inspect.** Guarantor grants to Lender and its employees and agents the right to visit Guarantor's plants and facilities which manufacture, inspect or store products sold under any of the trademarks, and to inspect the products and quality control records relating thereto at reasonable times during regular business hours.

**8. Events of Default.** Any of the following events shall be an Event of Default:

(a) Guarantor fails to perform any covenant hereof;

(b) The determination that any representation or warranty hereunder was not or is not true or complete in any material respect; or

(c) the occurrence of an Event of Default as that term is defined in the Loan Agreement.

**9. Specific Remedies.** Upon the occurrence of any Event of Default, as described in the Loan Agreement or herein, and in addition to any remedies under the Loan Agreement:

(a) Lender may cease advancing money or extending credit to or for the benefit of Borrower under the Loan Agreement or under any other agreement between Borrower and Lender.

(b) Lender may declare all Obligations to be due and payable immediately, whereupon they shall immediately become due and payable without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived by Guarantor;

(c) Lender may set off against the Obligations all Collateral, balances, credits, deposits, accounts or moneys of Guarantor then or thereafter held with Lender, including amounts represented by certificates of deposit;

(d) Lender may notify licensees to make royalty payments on license agreements directly to Lender;

(e) Lender may sell or assign the Collateral and associated goodwill at public or private sale for such amounts, and at such time or times as Lender deems advisable. Any

requirement of reasonable notice of any disposition of the Collateral shall be satisfied if such notice is sent to Guarantor ten (10) days prior to such disposition. Guarantor shall be credited with the net proceeds of such sale only when they are actually received by Lender, and Guarantor shall continue to be liable for any deficiency remaining after the Collateral is sold or collected;

(f) If the sale is to be a public sale, Lender shall also give notice of the time and place by publishing a notice one time at least five (5) calendar days before the date of the sale in a newspaper of general circulation in the county in which the sale is to be held; and

(g) To the maximum extent permitted by applicable law, Lender may be the purchaser of any or all of the Collateral and associated goodwill at any public sale and shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at any public sale, to use and apply all or any part of the Obligations as a credit on account of the purchase price of any Collateral payable by Lender at such sale.

**10. Governing Law.** All acts and transactions hereunder and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the Commonwealth of Massachusetts.

IN WITNESS WHEREOF, the Guarantor and Lender have caused this Agreement to be executed by their duly authorized officers as of the date first above written.

PLAY CO. TOYS & ENTERTAINMENT CORP.

By: \_\_\_\_\_  
\_\_\_\_\_

PARAGON CAPITAL LLC

By: \_\_\_\_\_  
\_\_\_\_\_

Andrew H. Moser, President

STATE OF CALIFORNIA

County of \_\_\_\_\_, 2000

Then personally appeared the above-named, and acknowledged the foregoing instrument to be the free act and deed of Play Co. Toys & Entertainment Corp., before me,

\_\_\_\_\_  
Notary Public  
My Commission Expires:

*See attached*

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**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

State of California

County of San Diego } ss.

On Dec. 12, 2000, before me

Patricia A. Todd Notary Public  
Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared

James B. Frakes  
Name(s) of Signer(s)

- personally known to me
- 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 A. Todd  
Signature of Notary Public

Place Notary Seal Above

**OPTIONAL**

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

**Description of Attached Document**

Title or Type of Document: \_\_\_\_\_

Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_

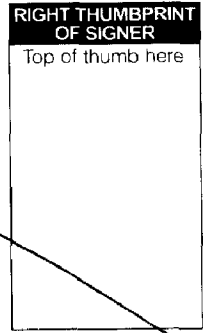
Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer**

Signer's Name: \_\_\_\_\_

- Individual
- Corporate Officer — Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_

Signer Is Representing: \_\_\_\_\_



Attached to Trademark Security Paper.

**TRADEMARK**

**REEL: 002208 FRAME: 0593**



**TO A TRADEMARK SECURITY AGREEMENT  
 BETWEEN TOYS INTERNATIONAL.COM, INC. (Guarantor)  
 AND  
 PARAGON CAPITAL LLC (Lender)  
 DATED: As of November 20, 2000**

**TRADEMARKS (USA)**

<b>Trademark</b>	<b>Owner</b>	<b>Registration No.</b>	<b>Serial No.</b>	<b>Status</b>
PRESCOTT PANDA	PlayCo Toys *Assignment	Registered 74131940	1786274	
TOYCO	PlayCo Toys *Assignment	Registered 75297030	2208301	
PLAY CO (graphic)	PlayCo Toys *Assignment	Registered 73611069	1460385	
TUTTI ANIMALI	PlayCo Toys & Entertainment Corp. *Assignment	Registered 74174909	1722723	
KNOCK OUT YOUR OPPONENT WITH TKO	PlayCo Toys *Assignment	Registered 74531172	1896335	
TKO	PlayCo Toys *Assignment	Registered 74531171	1896334	

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