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

1. Name of conveying party(ies):
PUNCH PRESS PRODUCTS, INC. *KLD 1-26-01*
2035 East 51st Street
Los Angeles, CA 90058
 Individuals(s) Association
 General Partnership Limited Partnership
 Corporation-State **California**
 Other _____

2. Name and address of receiving party(ies)
Name: **IMPERIAL BANK, as Agent**
Internal Address:
Street Address: **9777 Wilshire Blvd., 4th Floor**
City: **Beverly Hills** State: **California** ZIP: **90212**
 Individual(s) citizenship _____
 Association _____
 General Partnership _____
 Limited Partnership _____
 Corporation-State **California Banking**
 Other _____

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

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

Execution Date: **December 18, 2000**

U.S. Patent & Trademark Mail Report, Pt. #40

01-26-2001



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

B. Trademark Registration
AT (Reg. #1,919,248)

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

US PATENT & TRADEMARK OFFICE
JAN 26 A 8:52
TRADEMARK FEE PROCESSED RECEIVED

5. Name and address of party to whom correspondence concerning document should be mailed:
Mr. Sigi Hinojosa
Name: **Buchalter, Nemer, Fields & Younger**

6. Total number of applications and registrations involved: 1

7. Total fee (37 CFR 3.41) \$ 40.00
 Enclosed
 Authorized to be charged to deposit account

Internal Address: _____

02/09/2001 6TOM11 00000287 200052 1919248

1 FC:481 40.00 CH

8. Deposit account number:
20-0052

(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.
Christine E Wilson
MR. SIGI HINOJOSA
Name of Person Signing
Christine E Wilson
Signature
January 23, 2001
Date

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

TRADEMARK SECURITY AGREEMENT

THIS TRADEMARK SECURITY AGREEMENT (as may be amended from time to time, this "Agreement"), dated as of December 18, 2000 is entered into between PUNCH PRESS PRODUCTS, INC., a California corporation ("Borrower"), and IMPERIAL BANK, a California banking corporation, as agent ("Agent") for the ratable benefit of Lenders (as defined in the Loan Agreement), with reference to the following facts:

RECITALS

A. Borrower, Agent and Lenders are contemporaneously herewith entering into the Loan Agreement (as hereinafter defined), pursuant to which Agent and Lenders will be extending certain financial accommodations to Borrower.

B. In order to further induce Agent and Lenders to enter into the Loan Agreement and in consideration thereof, Borrower has agreed to execute and deliver to Agent, for the ratable benefit of Lenders, this Agreement, securing the payment and performance of the Secured Obligations (as hereinafter defined).

NOW THEREFORE, in consideration of the mutual promises, covenants, conditions, representations, and warranties hereinafter set forth and for other good and valuable consideration, the parties hereto mutually agree as follows:

AGREEMENT

1. Definitions and Construction.

(a) Definitions. All initially capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Loan Agreement. In addition, the following terms, as used in this Agreement, have the following meanings:

"Code" means the California Uniform Commercial Code, as amended or supplemented from time to time, including revised Division 9 of the Uniform Commercial Code-Secured Transactions, added by Stats. 1999, c.991 (S.B. 45), §35, operative July 1, 2001. Any and all terms used in this Security Agreement which are defined in the Code shall be construed and defined in accordance with the meaning and definition ascribed to such terms under the Code, unless otherwise defined herein.

"Collateral" means:

(i) Each of the trademarks and rights and interests which are capable of being protected as trademarks (including trademarks, service marks, designs, logos, indicia, tradenames, corporate names, company names, business names, fictitious business names, trade styles, and other source or business identifiers and applications pertaining thereto), which are presently, or in the future may be, owned, created, acquired, or used (whether pursuant to a license or otherwise) by Borrower, 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;

(ii) All of Borrower'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;

(iii) All of Borrower'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 Borrower or in the name of Agent for past, present, and future infringements of the trademarks, registrations, or trademark rights and all rights (but not Secured Obligations) corresponding thereto in the United States and any foreign country, and the associated goodwill;

(iv) All general intangibles relating to the foregoing; and

(v) 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.

"Event of Default" shall have the meaning set forth in Section 10 herein.

"Loan Agreement" means that certain Revolving Credit and Term Loan Agreement, dated as of even date herewith, among Borrower, Agent and Lenders as amended or restated from time to time.

"Secured Obligations" shall have the meaning of "Secured Obligations" under the Loan Agreement and shall also mean any and all debts, liabilities, obligations, or undertakings owing by Borrower to Agent or Lenders arising under, advanced pursuant to, or evidenced by this Agreement, whether direct or indirect, absolute or contingent, matured or unmatured, due or to become due, voluntary or involuntary, whether now existing or hereafter arising, and including all interest not paid when due and all Expenses which Borrower is required to pay or reimburse pursuant to this Agreement, the Loan Agreement, the other Loan Documents or by law.

(b) Construction. Unless the context of this Agreement clearly requires otherwise, references to the plural include the singular, references to the singular include the plural, and the term "including" is not limiting. The words "hereof," "herein," "hereby," "hereunder," and other similar terms refer to this Agreement as a whole and not to any particular provision of this Agreement. Any initially capitalized terms used but not defined herein shall have the meaning set forth in the Loan Agreement. Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against Agent or Borrower, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by Borrower, Agent, and their respective counsel, and shall be construed and interpreted according

to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of Agent and Borrower.

2. **Grant of Security Interest.** Borrower hereby grants to Agent, for the ratable benefit of Lenders, a first-priority security interest in all of Borrower's right, title, and interest in and to the Collateral to secure the Secured Obligations.

3. **Further Assurances.**

(a) Borrower agrees that from time to time, at the expense of Borrower, Borrower will, subject to any prior licenses, encumbrances and restrictions and prospective licenses, encumbrances and restrictions permitted hereunder, promptly make, execute, acknowledge and deliver, and file and record in the proper filing and recording places (but with respect to foreign patents and trademarks, Borrower shall solely be required to use its best efforts, consistent with reasonable business judgment, to do the same), all instruments and documents, and take all further action, that may be necessary or desirable, or that Agent may reasonably request, in order to perfect and protect any security interest granted or purported to be granted hereby or to enable Agent to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, Borrower will: (i) at the request of Agent, mark conspicuously each of its records pertaining to the Collateral with a legend, in form and substance satisfactory to Agent, indicating that such Collateral is subject to the security interest granted hereby; (ii) execute and file such financing or continuation statements, or amendments thereto, and such other instrument or notices, as may be necessary or desirable, or as Agent may reasonably request, in order to perfect and preserve the security interests granted or purported to be granted hereby; (iii) appear in and defend any action or proceeding that may affect Borrower's title to or Agent's security interest in the Collateral.

(b) Borrower will furnish to Agent from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as Agent may reasonably request.

4. **Representations, Warranties and Covenants.** Borrower hereby represents and warrants as of the Closing Date and on the date of each and every Borrowing, and covenants that:

(a) a true and complete schedule setting forth all federal and state trademark registrations owned or controlled by Borrower or licensed to Borrower, 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 Borrower is not presently aware of any past, present, or prospective claim by any third Person that any of the patents or trademarks are invalid or unenforceable, or that the use of any of the trademarks violates the rights of any third Person, or of any basis for any such claims;

(c) Borrower is the sole and exclusive owner of, or the exclusive or non-exclusive licensee 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 pledges, assignments, licenses, shop rights, and covenants by Borrower not to sue third Persons;

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

(e) except for the filing of a financing statement with the Secretary of State of California and filings with the United States Patent and Trademark Office necessary to perfect the security interests created hereunder, no authorization, approval, or other action by, and no notice to or filing with, any Governmental Authority or regulatory body is required either for the grant by Borrower of the security interest hereunder or for the execution, delivery, or performance of this Agreement by Borrower or for the perfection of or the exercise by Agent of its rights hereunder to the Collateral in the United States.

5. **After-Acquired Trademark Rights.** If Borrower shall obtain rights to any new trademarks, the provisions of this Agreement shall automatically apply thereto. Borrower shall give prompt notice in writing to Agent with respect to any such new trademarks or renewal or extension of any trademark registration, and shall expeditiously deliver to Agent an amended Schedule A. Borrower shall bear any expenses incurred in connection with future applications for trademark registration.

6. **[Intentionally Omitted.]**

7. **Litigation and Proceedings.** Borrower 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 action for infringement or other damages as are in its reasonable business judgment necessary to protect the Collateral. Borrower shall provide to Agent any information with respect thereto requested by Agent. Agent shall provide at Borrower's expense all necessary cooperation in connection with any such suits, proceedings, or action, including, without limitation, joining as a necessary party. Following Borrower's becoming aware thereof, Borrower shall notify Agent 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 Borrower's claim of ownership in any of the patents and trademarks, its right to apply for the same, or its right to keep and maintain such patent and trademark rights.

8. **Power of Attorney.** Borrower irrevocably grants Agent power of attorney, coupled with an interest, having the full authority, and in the place of Borrower and in the name of Borrower, from time to time following an Event of Default in Agent's discretion, to take any action and to execute any instrument which Agent may deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation, as may be subject to the provisions of this Agreement:

(a) to endorse Borrower's name on all applications, documents, papers, and instruments necessary for Agent 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 Agent may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce Agent'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; and

(d) to file any such application, instrument or document as may be required by the United States Patent and Trademark Office in order to transfer the Collateral into the name of the Agent or Agent's nominee.

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

10. **Events of Default.** An Event of Default as defined in the Loan Agreement shall be an Event of Default hereunder.

11. **Specific Remedies.** Upon the occurrence of any Event of Default, Agent shall have, in addition to, other rights given by law or in this Agreement, the Loan Agreement, or in any other agreement or document entered into in connection herewith or therewith, all of the rights and remedies with respect to the Collateral of a Agent under the Code, including the following:

(a) Agent may notify licensees of the Collateral to make royalty payments on such license agreements directly to Agent;

(b) Agent may sell or assign the Collateral and associated goodwill at public or private sale for such amounts, and at such time or times as Agent deems advisable. Borrower shall file any such application, instrument or document as may be required by the United States Patent and Trademark Office in order to transfer the Collateral into the name of the Agent or Agent's nominee. Any requirement of reasonable notice of any disposition of the Collateral shall be satisfied if such notice is sent to Borrower five (5) days prior to such disposition. Borrower shall be credited with the net proceeds of such sale only when they are actually received by Agent, and Borrower shall continue to be liable for any deficiency remaining after the Collateral is sold or collected. If the sale is to be a public sale, Agent shall also give notice of the time and place by publishing a notice one time at least five (5) 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

(c) Agent 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 Secured Obligations as a credit on account of the purchase price of any Collateral payable by Agent at such sale.

12. General Provisions.

12.1 Effectiveness of This Agreement. This Agreement shall be binding and deemed effective when executed by Borrower and accepted and executed by Agent.

12.2 Cumulative Remedies; No Prior Recourse to Collateral. The enumeration herein of Agent's rights and remedies is not intended to be exclusive, and such rights and remedies are in addition to and not by way of limitation of any other rights or remedies that the Agent may have under the Code or other applicable law. Agent shall have the right, in its sole discretion, to determine which rights and remedies are to be exercised and in which order. The exercise of one right or remedy shall not preclude the exercise of any others, all of which shall be cumulative.

12.3 No Implied Waivers. No act, failure, or delay by Agent shall constitute a waiver of any of its rights and remedies. No single or partial waiver by Agent of any provision of this Agreement or the Loan Agreement, or of a breach or default hereunder or thereunder, or of any right or remedy which the Agent may have, shall operate as a waiver of any other provision, breach, default, right, or remedy or of the same provision, breach, default, right, or remedy on a future occasion. No waiver by Agent shall affect its rights to require strict performance of this Agreement.

12.4 Severability. If any provision of this Agreement shall be prohibited or invalid, under applicable law, it shall be effective only to such extent, without invalidating the remainder of this Agreement.

12.5 Survival of Representations and Warranties. All of Borrower's representations and warranties contained in this Agreement shall survive the execution, delivery, and acceptance thereof by the parties, notwithstanding any investigation by Agent or its agents.

12.6 Notices. Except as otherwise provided herein, all notices, demands and requests that Borrower or Agent are required or elect to give to the other shall be sent in accordance with Section 11.1 of the Loan Agreement.

12.7 Binding Effect; Assignment. The provisions of this Agreement shall be binding upon and inure to the benefit of the respective representatives, successors and assigns of the parties hereto; provided, however, that no interest herein may be assigned by Borrower without the prior written consent of Agent. The rights and benefits of Agent hereunder shall, if Agent so agrees, inure to any party acquiring any interest in the Secured Obligations or any part thereof.

12.8 Modification. This Agreement is intended by Borrower and Agent to be the final, complete, and exclusive expression of the agreement between them respecting the subject matter hereof. This Agreement supersedes any and all prior oral or written agreements relating to the subject matter hereof. No modification, rescission, waiver, release, or amendment of any provision of this Agreement shall be made, except by a written agreement signed by Borrower and a duly authorized officer of Agent.

12.9 Counterparts. This Agreement may be executed in any number of counterparts, and by Agent and Borrower in separate counterparts, each of which shall be an original, but all of which shall together constitute one and the same agreement.

12.10 Captions. The captions contained in this Agreement are for convenience only, are without substantive meaning and should not be construed to modify, enlarge, or restrict any provision.

12.11 Termination By Agent. After termination of the Loan Agreement and when Agent has received payment and performance, in full, of all Secured Obligations, Agent shall execute and deliver to Borrower a termination of all of the security interests granted by Borrower hereunder.

12.12 Governing Law. This Agreement shall be deemed to have been made in the State of California and the validity, construction, interpretation, and enforcement hereof, and the rights of the parties hereto, shall be determined under, governed by, and construed in accordance with the internal laws of the State of California, without regard to principles of conflicts of law.

12.13 Judicial Reference.

(a) Other than (i) nonjudicial foreclosure and all matters in connection therewith regarding security interests in real or personal property; or (ii) the appointment of a receiver, or the exercise of other provisional remedies (any and all of which may be initiated pursuant to applicable law), each controversy, dispute or claim between the parties arising out of or relating to this Agreement, which controversy, dispute or claim is not settled in writing within thirty (30) days after the "Claim Date" (defined as the date on which a party subject to this Agreement gives written notice to all other parties that a controversy, dispute or claim exists), will be settled by a reference proceeding in California in accordance with the provisions of Section 638 et seq. of the California Code of Civil Procedure, or their successor section ("CCP"), which shall constitute the exclusive remedy for the settlement of any controversy, dispute or claim concerning this Agreement, including whether such controversy, dispute or claim is subject to the reference proceeding and except as set forth above, the parties waive their rights to initiate any legal proceedings against each other in any court or jurisdiction other than the Superior Court in the County where any real property collateral is located, or Los Angeles County, if none (the "Court"). The referee shall be a retired Judge of the Court selected by mutual agreement of the parties, and if they cannot so agree within forty-five (45) days after the Claim Date, the referee shall be promptly selected by the Presiding Judge of the Court (or his or her representative). The referee shall be appointed to sit as a temporary judge, with all of the powers for a temporary judge, as authorized by law, and upon selection should take and subscribe to the oath of office as provided for in Rule 244 of the California Rules of Court (or any subsequently enacted Rule). Each party shall have one preemptory challenge pursuant to CCP §170.6. The referee shall (i) be requested to set the matter for hearing within sixty (60) days after the Claim Date and (ii) try any and all issues of law or fact and report a statement of decision upon them, if possible, within ninety (90) days of the Claim Date. Any decision rendered by the referee will be final, binding and conclusive and judgment shall be entered pursuant to CCP §644 in any court in the State of California having jurisdiction. Any party may apply for a reference proceeding at

any time after thirty (30) days following notice to any other party of the nature of the controversy, dispute or claim, by filing a petition for a hearing and/or trial. All discovery permitted by this Agreement shall be completed no later than fifteen (15) days before the first hearing date established by the referee. The referee may extend such period in the event of a party's refusal to provide requested discovery for any reason whatsoever, including, without limitation, legal objections raised to such discovery or unavailability of a witness due to absence or illness. No party shall be entitled to "priority" in conducting discovery. Depositions may be taken by either party upon seven (7) days written notice, and request for production or inspection of documents shall be responded to within ten (10) days after service. All disputes relating to discovery which cannot be resolved by the parties shall be submitted to the referee whose decision shall be final and binding upon the parties. Pending appointment of the referee as provided herein, the Superior Court is empowered to issue temporary and/or provisional remedies, as appropriate.

(b) Except as expressly set forth in this Agreement, the referee shall determine the manner in which the reference proceeding is conducted including the time and place of all hearings, the order of presentation of evidence, and all other questions that arise with respect to the course of the reference proceeding. All proceedings and hearings conducted before the referee, except for trial, shall be conducted without a court reporter except that when any party so requests, a court reporter will be used at any hearing conducted before the referee. The party making such a request shall have the obligation to arrange for and pay for the court reporter. The costs of the court reporter at the trial shall be borne equally by the parties.

(c) The referee shall be required to determine all issues in accordance with existing case law and the statutory laws of the State of California. The rules of evidence applicable to proceedings at law in the State of California will be applicable to the reference proceeding. The referee shall be empowered to enter equitable as well as legal relief, to provide all temporary and/or provisional remedies and to enter equitable orders that will be binding upon the parties. The referee shall issue a single judgment at the close of the reference proceeding which shall dispose of all of the claims of the parties that are the subject of the reference. The parties hereto expressly reserve the right to contest or appeal from the final judgment or any appealable order or appealable judgment entered by the referee. The parties hereto expressly reserve the right to findings of fact, conclusions of laws, a written statement of decision, and the right to move for a new trial or a different judgment, which new trial, if granted, is also to be a reference proceeding under this provision.

(d) In the event that the enabling legislation which provides for appointment of a referee is repealed (and no successor statute is enacted), any dispute between the parties that would otherwise be determined by the reference procedure herein described will be resolved and determined by arbitration. The arbitration will be conducted by a retired judge of the Court, in accordance with the California Arbitration Act, §1280 through §1294.2 of the CCP as amended from time to time. The limitations with respect to discovery as set forth hereinabove shall apply to any such arbitration proceeding.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first written above.

PUNCH PRESS PRODUCTS, INC.

By: Graham R. Pope
Graham R. Pope, Chairman of the Board


IMPERIAL BANK

By: _____
Richard A. Smith, Regional Vice President

PUNCH PRESS PRODUCTS, INC.

By: _____
Graham R. Pope, Chairman of the Board

IMPERIAL BANK

By:  _____
Richard A. Smith, Regional Vice President

SCHEDULE A

REGISTERED TRADEMARKS

<u>Trademark</u>	<u>Registration Date</u>	<u>Registration No.</u>
AT	September 19, 1995	1,919,248

JRP