

02-21-2001



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### 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  
02 08 2001

#### Conveying Party

Mark if additional names of conveying parties attached

Name

Execution Date  
Month Day Year  
02 08 2001

Formerly

523025

- 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

- 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.)

02/20/2001 6TOM11 00000239 523025

FOR OFFICE USE ONLY

01 FC:481  
02 FC:482

40.00 OP  
25.00 OP

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

TRADEMARK  
REEL: 002238 FRAME: 0456

**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"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>

<input type="text" value="523,025"/>	<input type="text"/>	<input type="text"/>
<input type="text" value="522,609"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<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.

Eric T. Shediak, Esq.

February 8, 2001

Name of Person Signing

Signature

Date Signed

# TRADEMARK, PATENT AND COPYRIGHT SECURITY AGREEMENT

TRADEMARK, PATENT AND COPYRIGHT SECURITY AGREEMENT made this 8<sup>th</sup> day of February, 2001 between Chelsea Clock Company, Inc. a Massachusetts corporation having an office at 284 Everett Avenue, Chelsea, Massachusetts 02150 (the "Borrower"), and Citizens Bank of Massachusetts, having an office at 28 State Street, Boston, Massachusetts 02109 (the "Lender").

WHEREAS, on the date hereof, the Borrower is the owner of the United States Trademarks (as hereinafter defined) described on Schedule A annexed hereto and made a part hereof;

WHEREAS, on the date hereof, the Borrower is the owner and holder of the United States Patents (as hereinafter defined) listed on Schedule B hereto;

WHEREAS, on the date hereof, the Borrower is the owner of the United States Copyrights (as hereinafter defined) listed on Schedule C hereto;

WHEREAS, as a condition to the making of any loans or advances to the Borrower pursuant to the Business Loan Agreement of even date herewith, (as amended, modified, supplemented or restated from time to time, the "Loan Agreement") between the Borrower and the Lender, the Lender has required the execution and delivery of this Agreement by the Borrower;

WHEREAS, the security interest granted by the Borrower hereunder secures the prompt and complete payment and performance when due (whether at stated maturity, upon acceleration or otherwise) of all "Obligations" (as defined in the Loan Agreement);

NOW, THEREFORE, IT IS AGREED, that, for and in consideration of the loans, advances and other financial accommodations to be made under the Loan Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and as collateral security for the full and prompt payment and performance of all Obligations now or hereafter owing by the Borrower, the Borrower does hereby mortgage and pledge to the Lender, and grant to the Lender a security interest in, all of its right, title and interest in and to, (i) each of the United States Trademarks (as hereinafter defined) together with the goodwill of the business symbolized by each of the Trademarks, all customer lists and other records of the Borrower relating to the distribution of products bearing the Trademarks and each of the United States Trademark Registrations described on Schedule A; (ii) each of the United States Patents (as hereinafter defined) and each of the Patents listed on Schedule B hereto; (iii) each of the Copyrights (as hereinafter defined), and each of the registrations listed on Schedule C hereto; (iv) any United States Trademarks, and the goodwill of the business symbolized by each of the Trademarks, all customer lists and other records of the Borrower relating to the distribution of products bearing the Trademarks and any United States Trademark Registrations, any Patents, and any Copyrights acquired by the Borrower after the date hereof; (v) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations thereof; (vi) all income, royalties, damages and other payments now and hereafter due and/or

2. The Borrower hereby represents, warrants, covenants and agrees as follows:

Trademarks:

(a) The Borrower is the sole, legal and beneficial owner of the entire right, title and interest in and to the Trademarks set forth in Schedule A hereto as being the property of the Borrower, free and clear of any Lien except for the security interest created by this Agreement or any other Loan Document and Permitted Liens. No security agreement, effective financing statement or other instrument similar in effect covering all or any part of the Trademark Collateral, that has not been terminated or released, is on file in any recording office (including, without limitation, the United States Patent and Trademark Office), except such as may have been filed in favor of the Lender relating to this Agreement or any of the other Loan Documents, and the Borrower has not consented to the filing of any document or notice similar in effect, that has not been released or terminated, with the United States Patent and Trademark Office covering all or any part of the Trademark Collateral other than as contemplated hereby and thereby.

(b) Set forth in Schedule A is a complete and accurate list of the Trademarks owned by the Borrower. The Borrower has made all necessary filings and recordations to protect and maintain its interest in the Trademarks, including, without limitation, all necessary filings and recordings in the United States Patent and Trademark Office. Set forth in Schedule D is a complete and accurate list of the Licenses owned by the Borrower in which the Borrower is a licensor or a licensee.

(c) Each Trademark registration and application for registration of the Borrower set forth in Schedule A is subsisting and has not been adjudged invalid, unregistrable or unenforceable, in whole or in part, and to the best of the Borrower's knowledge is valid, registrable and enforceable. Each License of the Borrower identified in Schedule D is validly subsisting and has not been adjudged invalid or unenforceable, in whole or in part, and, to the best of the Borrower's knowledge is valid and enforceable in accordance with the terms thereof. The Borrower has notified the Lender in writing of all uses of any item of Trademark Collateral of which the Borrower is aware which could reasonably be expected to lead to such item becoming invalid or unenforceable, including unauthorized uses by third parties and uses which were not supported by the goodwill of the business connected with such Trademark Collateral, other than any such uses that would not have a material adverse effect upon the Borrower's business, prospects or financial condition (a "Material Adverse Effect").

(d) The Borrower has not made a previous assignment, sale, transfer or agreement constituting a present or future assignment, sale, transfer or encumbrance of any of the Trademark Collateral that has not been terminated or released. The Borrower has not granted any license (other than those listed on Schedule D hereto), release, covenant not to sue, or non-assertion assurance to any person with respect to any part of the Trademark Collateral.

(e) No consent of any other person and no authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or other third party

in the United States is required either (i) for the grant by the Borrower of the security interest granted hereto or for the execution, delivery or performance of this Agreement by the Borrower, (ii) for the perfection or maintenance of the security interest created hereby (including the first priority nature of such security interest), except for the filing of financing and continuation statements under the Uniform Commercial Code and filings with the United States Patent and Trademark Office or (iii) for the exercise by the Lender of its rights provided for in this Agreement or the remedies in respect of the Trademark Collateral pursuant to this Agreement.

(f) Except for those pending opposition and cancellation proceedings listed on Schedule E hereto and the Licenses listed on Schedule D hereto, the Borrower has no knowledge of the existence of any right or any claim of any ownership interest or right to use that is likely to be made with respect to any item of Trademark Collateral contained on Schedule A.

(g) To Borrower's knowledge, no claim has been made and is continuing or threatened that the use by the Borrower of any item of Trademark Collateral is invalid or unenforceable or that the use by the Borrower of any Trademark Collateral does or may violate the rights of any person, other than as listed on Schedule E hereto. To the best of the Borrower's knowledge, there is currently no material infringement or unauthorized use of any item of Trademark Collateral contained on Schedule A.

(h) The Borrower uses adequate standards of quality in all material respects in the manufacture, distribution and sale of all products sold and provision of all services provided under or in connection with any item of Trademark Collateral contained on Schedule A and has taken all action necessary to ensure that all licensed users of any item of Trademark Collateral contained on Schedule A use such consistent standards of quality.

(i) The Borrower has no knowledge of the existence of any trademark or license agreement held or claimed by any other person that would preclude the Borrower from distributing, marketing, selling or providing any product or service currently distributed, marketed, sold or provided by it, as the case may be, under or in connection with any of the Trademark Collateral in the United States (except, in each case, to the extent that the Borrower has granted an exclusive license to another person) or that would interfere with the business of the Borrower as currently carried on under any of the Trademark Collateral in the United States.

(j) The Borrower will execute and take steps from time to time to record in the United States Patent and Trademark Office and the United States Copyright Office (so as to grant a security interest to the Lender in the Collateral) the Notices of Security Interest, attached hereto as Exhibits 1, 2 and 3. The Borrower hereby authorizes the Lender to execute and file one or more financing statements (and similar documents) or copies thereof, or of this Agreement with respect to the Collateral signed only by the Lender. At any time that the Lender may reasonably request, the Borrower shall cooperate with the Lender by executing all other or further documents necessary to effect, at that time, a grant of a security interest in the Patents, Trademarks and related goodwill, and Copyrights, as secured hereunder.

(k) Consistent with the terms and conditions of the Loan Agreement, and except to the extent that the Lender, upon prior written notice of the Borrower, shall consent in writing, the Borrower (either itself or through licensees) will continue to use each Trademark on Schedule A on each and every trademark class of goods applicable to its current line as reflected in its current catalogs, brochures and price lists in order to maintain each Trademark (so long as each shall remain such) in full force free from any claim of abandonment for nonuse, and the Borrower will not (and will not knowingly permit any licensee thereof to) do any act or knowingly omit to do any act whereby any Trademark may become invalidated).

Patents:

(l) The Borrower has the sole and full ownership of the entire right, title and interest to each of its Patents shown on Schedule B, which Patents are valid and subsisting and in full force and effect. To the best of the Borrower's knowledge, none of the Patents has been abandoned, dedicated to the public or rendered invalid, and, except to the extent that the Lender, upon prior written notice by the Borrower, shall consent in writing, the Borrower will not do any act, or omit to any do act, whereby any Patent may become abandoned or dedicated to the public and shall notify the Lender immediately if it knows of any reason or has reason to know that any application of letters Patent may become abandoned or dedicated to the public.

(m) Consistent with the exercise of its best business judgment, the Borrower will use its best efforts to prosecute to issuance the applications listed on Schedule B.

(n) There has been no decision adverse to the Borrower's claim of ownership of the Patents, and there is no proceeding involving such claim threatened or pending in the United States Patent and Trademark Office of any similar office of agency of the United States of America or any state thereof, or any court.

(o) The Borrower shall promptly notify the Lender of the institution of, and any adverse determination in, any proceeding in the United States Patent and Trademark Office or any similar office or agency of the United States of America or any state thereof, or any court, regarding the Borrower's claim of ownership or validity of any of the Patents.

(p) The Borrower is not aware of any claim that would interfere with the right to the exclusive use of or practice of the inventions covered by the Patents, subject only to the Licenses and to those Liens referred to in and permitted by the Loan Agreement.

Copyrights:

(q) The Borrower is the sole and exclusive owner of the entire right, title and interest to all copyright registrations now owned by Borrower whether shown on Schedule C or not and said copyright registrations are now valid, subsisting and in full, force and effect.

(r) There has been no decision adverse to the Borrower's claim of ownership of the Copyrights, and there is no proceeding involving such claim threatened or pending in the United

States Copyright Office or any similar office or agency of the United States of America or any State thereof, or any court.

(s) The Borrower shall promptly notify the Lender of the institution of, and any adverse determination in, any proceeding in the United States Copyright Office or any similar office or agency of the United States of America or any State thereof or any court, regarding the Borrower's claim of ownership or validity of any of the Copyrights, other than such claim which could not reasonably be expected to have a Material Adverse Effect.

(t) The Borrower is not aware of any claim on the Borrower's right to the exclusive use of or practice of the works covered by the Copyrights, subject only to the Permitted Licenses and to those liens referred to in and permitted by the Security Agreement.

(u) The Borrower will not do any act, or omit to do any act, whereby any of the Copyrights may become abandoned or dedicated to the public, or the remedies available against potential infringers weakened, and shall notify the Lender immediately if it knows of any reason or have reason to know that any copyright or registration may become abandoned or dedicated to the public.

General:

(v) In no event shall the Borrower, either itself or through any agent, employee, licensee or designee, (i) file an application for the registration of any Patent, Trademark or Copyright with the United States Patent and Trademark Office or the United States Copyright Office or (ii) file any notice of security interest on any Patent, Trademark or Copyright the Borrower may acquire from a third party, with the United States Patent and Trademark Office or the United States Copyright Office thereof, unless the Borrower shall, on the fifteenth (15th) day of the month following the month after such filing, notify the Lender thereof, and, upon request of the Lender, execute and deliver or cause to be delivered any and all instruments, documents, opinions of counsel, certificates and papers as the Lender may request to evidence the Lender's security interest in such Patent, Trademark or Copyright and the goodwill and general intangibles of the Borrower relating thereto or represented thereby, and the Borrower hereby constitutes the Lender its attorney-in-fact to execute and file all such writings for the foregoing purposes, all acts of such attorney being hereby ratified and confirmed; such power being coupled with an interest in irrevocable until the Obligations are paid in full and the Loan Agreement is terminated.

(w) The Borrower has the exclusive right and power to grant the security interest herein granted; and the Collateral is not now, and at all times hereafter will not be, subject to any liens, mortgages, assignments, security interests or encumbrances of any nature whatsoever, except in favor of the Lender or as permitted under Section 6.4(b) of the Loan Agreement, and except for existing licensees, and none of the Collateral is subject to any other claim other than those identified herein. No consent of any other person and no authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or other third party in the United States is required either (i) for the grant by the Borrower of the security

interest granted hereby or for the execution, delivery or performance of this Agreement by the Borrower, (ii) for the perfection or maintenance of the security interest created hereby (including the first priority nature of such security interest), except for the filing of financing and continuation statements under the Uniform Commercial Code and filings with the United States Patent and Trademark Office or Copyright Office or (iii) for the exercise by the Lender of its rights provided for in this Agreement or the remedies in respect of the Collateral pursuant to this Agreement.

(x) The Borrower will not assign, sell, mortgage, lease, transfer, pledge, hypothecate, grant a security interest in or lien upon, encumber, grant an exclusive or non-exclusive license, or otherwise dispose of any of the Collateral, except as expressly permitted under the Loan Agreement, and nothing in this Agreement shall be deemed a consent by the Lender to any such action except as expressly permitted herein.

(y) As of the date hereof, the Borrower does not own any Patents, Trademarks or Copyright registrations or has any Patents, Trademarks or Copyrights registered in, or the subject of pending applications in, the United States Patent and Trademark Office, the United States Copyright Office, other than those described in Schedules A, B, and C hereto. The Borrower shall deliver on a quarterly basis updated Schedules A, B and C showing any changes in the Patents, Trademarks or Copyrights owned by the Borrower.

(z) The Borrower will take all necessary steps in any proceeding before the United States Patent and Trademark Office, the United States Copyright Office or, with respect to Trademarks, any similar office in any other state thereof, to maintain each application and registration of the Trademarks, Patents and Copyrights including, without limitation, filing of renewals, affidavits of use, affidavits of incontestability and opposition, interference and cancellation proceedings (except to the extent that dedication to the public, abandonment or invalidation is permitted hereunder or under the Loan Agreement).

(aa) The Borrower assumes all responsibility and liability arising from the use of the Trademarks, Patents and Copyrights and the Borrower hereby indemnifies and holds the Lender harmless from and against any claim, suit, loss, damage or expense (including reasonable attorneys' fees) arising out of any alleged defect in any product manufactured, promoted or sold by the Borrower (or any affiliate or subsidiary thereof) in connection with any Trademark or Patent or out of the manufacture, promotion, labeling, sale or advertisement of any such product by the Borrower (or any affiliate or subsidiary thereof). The Borrower agrees that the Lender does not assume, and the Lender shall have no responsibility for, the payment of any sums due or to become due under any agreement or contract included in the Collateral or the performance of any obligations to be performed under or with respect to any such agreement or contract the Borrower, and the Borrower hereby agrees to indemnify and hold the Lender harmless with respect to any and all claims by any person relating thereto.

(bb) The Lender may, in its sole discretion, pay any amount or do any act required of the Borrower hereunder or requested by the Lender to preserve, defend, protect, maintain, record or enforce the Borrower's obligations contained herein, the Obligations, the Collateral, or the right,



title and interest granted the Lender herein, and which the Borrower fails to do or pay, and any such payments shall be deemed an advance by the Lender to the Borrower, and shall be payable on demand together with interest at the highest rate then payable on the Obligations.

(cc) Unless an Event of Default shall have occurred and be continuing, the Borrower shall have sole discretion in making the decision to commence and prosecute in its own name, as real party in interest, for its own benefit and at its own expense, such suits, proceedings or other actions for patent infringement, trademark or service mark infringement, unfair competition, dilution, copyright infringement, oppositions or cancellations or other damages as are in the good faith exercise of its commercially reasonable business judgment necessary to protect the Patents, Trademarks, Copyrights and registrations therefor, including, with respect to the Borrower, those set forth in Schedules A, B and C. The Borrower shall promptly notify the Lender in writing as to the commencement and prosecution of any such actions or proceedings relating to the Patents, Trademarks and Copyrights and the registrations therefor and shall provide to the Lender such information with respect thereto as the Lender may request. The Borrower shall not approve any settlement of any such actions or proceedings unless such settlement shall be, in the good faith exercise of its commercially reasonable business judgment, in the Borrower's best commercial interests.

(dd) All licenses of the Trademarks, Patents and Copyrights which the Borrower has granted to third parties as of the date hereof are set forth on Schedule D hereto.

(ee) The Borrower shall to the extent it deems reasonable in its best business judgment use proper statutory notice in connection with its use of each of its federally registered trademarks and service marks contained in Schedule A and on any copyrighted works.

(ff) If any event occurs with respect to the Collateral which could be reasonably likely to have a Material Adverse Effect, the Borrower shall take all steps which it or the Lender deems appropriate under the circumstances to preserve and protect the Collateral, including, without limitation, maintaining the quality of any and all products or services used or provided in connection with the Collateral, at a level consistent with the quality and services as of the date hereof, and taking all steps necessary to ensure that all licensed users of any of said Collateral use consistent standards of quality.

(gg) In the event that the Borrower becomes aware that any item of the Collateral is materially infringed or misappropriated by a third party, the Borrower shall promptly notify the Lender and shall take such actions as the Borrower or, if an Event of Default shall have occurred and be continuing, the Lender deems appropriate under the circumstances to protect such Collateral, including, without limitation, suing for infringement or misappropriation and for an injunction against such infringement or misappropriate. Any expense incurred in connection with such activities shall be borne by the Borrower.

3. Upon the occurrence and during the continuance of an Event of Default, in addition to all other rights and remedies of the Lender, whether under law, the Loan Agreement or otherwise, all such rights and remedies being cumulative, not exclusive and enforceable

alternatively, successively or concurrently, without (except as provided herein) notice to, or consent by, the Borrower, the Lender shall have the following rights and remedies: (a) upon twenty (20) Business Days' prior notice to the Borrower, the Borrower shall not make any further use of the Patents, the Trademarks, the Copyrights or any mark similar thereto for any purposes; (b) the Lender may, at any time and from time to time, upon twenty (20) Business Days, prior notice to the Borrower, license, whether general, special or otherwise, and whether on an exclusive or nonexclusive basis, any of the Patents, Trademarks or Copyrights throughout the world for such term or terms, on such conditions, and in such manner, as the Lender shall in its sole discretion determine; (c) the Lender may (without assuming any obligations or liability thereunder), at any time, enforce (and shall have the exclusive right to enforce) against any licensee or sublicensee all rights and remedies of the Borrower in, to and under any one or more license agreements with respect to the Collateral, and take or refrain from taking any action under any license agreement thereof, and the Borrower hereby releases the Lender from, and agrees to hold the Lender free and harmless from and against any claims arising out of, any action taken or omitted to be taken with respect to any such license agreement; (d) the Lender may, at any time and from time to time, upon twenty (20) Business Days' prior notice to the Borrower, assign, sell or otherwise dispose of, the Collateral or any of it, either with or without special or other conditions or stipulations, with power to buy the Collateral or any part of it, and with power also to execute assurances, and do all other acts and things for completing the assignment, sale or disposition which the Lender shall, in its sole discretion, deem appropriate or proper; and (e) in addition to the foregoing, in order to implement the assignment, sale or other disposal of any of the Collateral pursuant to subparagraph 3(d) hereof, the Lender may, at any time, pursuant to the authority granted in the Powers of Attorney described in paragraph 4 hereof (such authority becoming effective only on the occurrence or continuation as herein above provided of an Event of Default), execute and deliver on behalf of each of the Borrower, one or more instruments of assignment of the Patents, Trademarks or Copyrights, if any (or any application or registration thereof), in form suitable for filing, recording or registration in the United States Patent and Trademark office and Copyright office. The Borrower agrees to pay when due all reasonable costs incurred in any such transfer of the Patents, Trademarks or Copyrights, including any taxes, fees and reasonable attorneys' fees, and all such costs shall be added to the Obligations. The Lender may apply the proceeds actually received from any such license, assignment, sale or other disposition to the reasonable costs and expenses thereof, including, without limitation, reasonable attorneys' fees and all legal, travel and other expenses which may be incurred by the Lender, and then to the Obligations, in such order as to principal or interest as the Lender may desire (unless otherwise provided in the Loan Agreement); and the Borrower shall remain liable and will pay the Lender on demand any deficiency remaining, together with interest thereon at a rate equal to the highest rate then payable on the Obligations and the balance of any expenses unpaid. Nothing herein contained shall be construed as requiring the Lender to take any such action at any time. In the event of any such license, assignment, sale or other disposition of the Collateral, or any of it, after the occurrence or continuation as hereinabove provided of an Event of Default, the Borrower shall supply its know-how and expertise relating to the manufacture and sale of the products bearing or in connection with the Trademarks, Patents or Copyrights, and its customer lists and other records relating to the Trademarks, Patents or Copyrights and to the distribution of said products, to the Lender or its designee.

4. Concurrently with the execution and delivery hereof, the Borrower is executing and delivering to the Lender, in the form of Exhibit 4 hereto, five originals of a Power of Attorney for the implementation of the assignment, sale or other disposal of the Trademarks and related goodwill, Patents and Copyrights pursuant to paragraphs 3(d) and (e) hereof and the Borrower hereby releases the Lender from any claims, causes of action and demands at any time arising out of or with respect to any actions taken or omitted to be taken by the Lender under the Powers of Attorney granted herein, other than actions taken or omitted to be taken through the gross negligence or willful misconduct of the Lender.

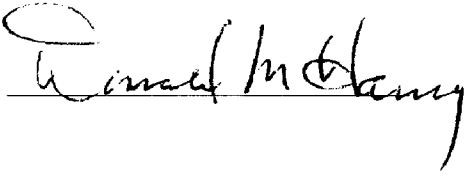
5. No provision hereof shall be modified, altered or limited except by a written instrument expressly referring to this Agreement and executed by the parties hereto. The execution and delivery of this Agreement has been authorized by the Board of Directors of the Borrower and by any necessary vote or consent of stockholders thereof. This Agreement shall be binding upon the successors, assigns or other legal representatives of the Borrower, and shall, together with the rights and remedies of the Lender hereunder, inure to the benefit of the Lender, its respective successors, assigns or other legal representatives. This Agreement, the Obligations and the Collateral shall be governed in all respects by the laws of the United States and the laws of The Commonwealth of Massachusetts. The Borrower hereby submits to the nonexclusive jurisdiction of the Supreme Judicial Court of The Commonwealth of Massachusetts and the federal courts of the United States of America located in such State in any action or proceeding arising under this Agreement. If any term of this Agreement shall be held invalid, illegal or unenforceable, the validity of all other terms hereof shall in no way be affected thereby.

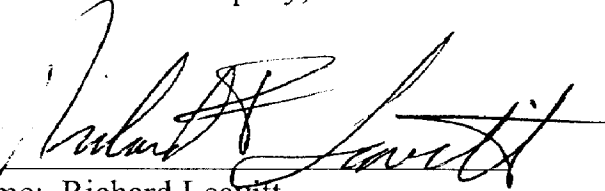
6. The Borrower hereby irrevocably waives all rights to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort, or otherwise) arising out of or relating to this Agreement, the transactions contemplated hereby or the actions of the Lender in the negotiation, administration, performance or enforcement hereof.

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

WITNESS:

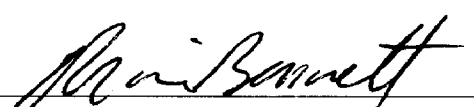
Chelsea Clock Company, Inc.

  
\_\_\_\_\_

By:   
Name: Richard Leavitt  
Title: President

Citizens Bank of Massachusetts

  
\_\_\_\_\_

By:   
Name: Monica M. Bennett  
Title: Vice President

Schedule A

Trademarks

<u>Trademark</u>	<u>Owner</u>	<u>Status in Trademark Office</u>	<u>Registration Number</u>	<u>Registration Date</u>
1. CHELSEA	Chelsea Clock Company Incorporated	Registered	523,025	March 28, 1950
2. CHELSEA	Chelsea Clock Company Incorporated	Registered	522,609	March 21, 1950

Schedule B

Patents

Schedule C

Copy Rights

Schedule D

License Agreements



Schedule E

Claims/Litigation

EXHIBIT 1

NOTICE OF SECURITY INTEREST

(IN U.S. PATENTS)

WHEREAS, Chelsea Clock Company, Inc., a Massachusetts corporation (herein referred to as "Assignor"), owns the letters patent, and/or applications for letters patent, of the United States, more particularly described on Schedule 1-A annexed hereto as part hereof (the "Patents");

WHEREAS, Assignor is obligated to Citizens Bank of Massachusetts (herein referred to as "Assignee"), and has entered into a Trademark, Patent and Copyright Security Agreement dated the date hereof, attached hereto as Exhibit B, (the "Agreement") with Assignee; and

WHEREAS, pursuant to the Agreement, Assignor has granted to Assignee a security interest in, and mortgage on, all right, title and interest of Assignor in and to the Patents, together with any reissue, continuation, continuation-in-part or extension thereof, and all proceeds thereof, including, without limitation, any and all causes of action which may exist by reason of infringement thereof for the full term of the Patents (the "Collateral"), to secure the prompt payment, performance and observance of the Debt as defined in the Agreement (or any guaranty thereof) now or hereafter owing by the Assignor.

NOW THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, Assignor does hereby further grant to Assignee a security interest in, and mortgage on, the Collateral to secure the prompt payment, performance and observance of the Debt (or any guaranty thereof) now or hereafter owing by the Assignor.

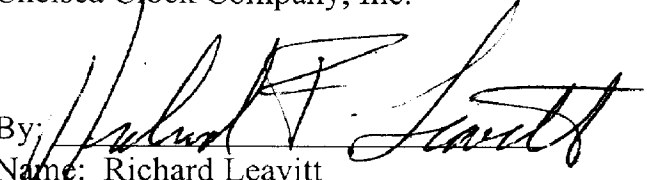
Assignor does hereby further acknowledge and affirm that the rights and remedies of Assignee with respect to the security interest in and mortgage on the Collateral made and granted

hereby are more fully set forth in the Agreement, the terms and provisions of which are hereby incorporated herein by reference as is fully set forth herein.

Assignee's address is 28 State Street, Boston, MA 02109.

IN WITNESS WHEREOF, Assignor has caused this Notice of Security Interest to be duly executed by its officer thereunto duly authorized as of the 8th day of February, 2001.

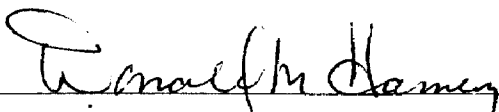
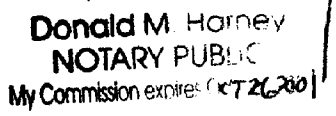
Chelsea Clock Company, Inc.

By:   
Name: Richard Leavitt  
Title: President

COMMONWEALTH OF MASSACHUSETTS )  
: ss.:  
COUNTY OF SUFFOLK)

On this 8th day of February, 2001, before me appeared Richard Leavitt to me personally known, who, being by me duly sworn, did depose and say that he is the President of Chelsea Clock Company, Inc., the corporation named in and which executed the foregoing instruction in writing, and that said instrument was signed on behalf of said corporation; and said Richard Leavitt acknowledged said instrument to be the free and authorized act and deed of said corporation.

Given under my hand and seal, this 8th day of February, 2001.

Notary Public   
My commission expires: 

SCHEDULE 1-A

CHELSEA CLOCK COMPANY, INC.

PATENTS

(SEE ATTACHED)

EXHIBIT 2

NOTICE OF SECURITY INTEREST

(IN U.S. TRADEMARKS)

WHEREAS, Citizens Bank of Massachusetts, a Massachusetts corporation (herein referred to as "Assignor"), has adopted, used and is using the trademarks listed on the annexed Schedule 2-A, which trademarks are registered in the United States Patent and Trademark Office, or are applications pending in the United States Patent and Trademark Office (the "Trademarks");

WHEREAS, Assignor is obligated to Citizens Bank of Massachusetts (herein referred to as "Assignee"), and has entered into a Trademark, Patent and Copyright Security Agreement dated the date hereof, attached hereto as Exhibit B, (the "Agreement") with Assignee and certain other parties; and

WHEREAS, pursuant to the Agreement, Assignor has granted to Assignee a security interest in, and mortgage on, all right, title and interest of Assignor in and to the Trademarks, together with the goodwill of the business symbolized by the Trademarks and the applications and registrations thereof, and all proceeds thereof, including, without limitation, any and all causes of action which may exist by reason of infringement thereof for the full term of the Trademarks (the "Collateral"), to secure the payment, performance and observance of the Debt, as defined in the Agreement (or any guaranty thereof), now or hereafter owing by the Assignor.

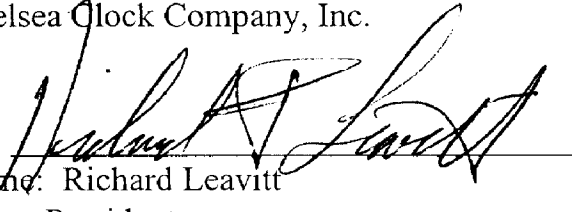
NOW THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, Assignor does hereby grant to Assignee a security interest in, and mortgage on, the Collateral to secure the prompt payment, performance and observance of the Debt (or any guaranty thereof) now or hereafter owing by the Assignor.

Assignor does hereby further acknowledge and affirm that the rights and remedies of Assignee with respect to the grant of security interest in and mortgage on the Collateral made and granted hereby are more fully set forth in the Agreement, the terms and provisions of which are hereby incorporated herein by reference as if fully set forth herein.

Assignee's address is 28 State Street, Boston, Massachusetts 02109.

IN WITNESS WHEREOF, Assignor has caused this Notice of Security Interest to be duly executed by its officer thereunto duly authorized as of the 8th day of February, 2001.

Chelsea Clock Company, Inc.

By:   
Name: Richard Leavitt  
Title: President

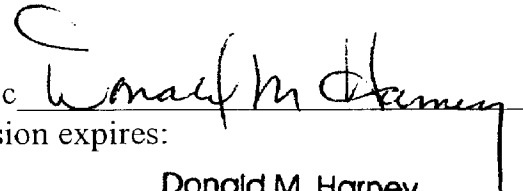
COMMONWEALTH OF MASSACHUSETTS )

: ss.:

COUNTY OF SUFFOLK)

On this 8th day of February, 2001, before me appeared Richard Leavitt to me personally known, who, being by me duly sworn, did depose and say that he is the President of Chelsea Clock Company, Inc., the corporation named in and which executed the foregoing instruction in writing and that said instrument was signed and sealed on behalf of said corporation; and said Richard Leavitt acknowledged said instrument to be the free and authorized act and deed of said corporation.

Given under my hand and seal, this 8th day of February, 2001.

Notary Public   
My commission expires:

Donald M. Harney  
NOTARY PUBLIC  
My Commission expires Oct 26, 2001

SCHEDULE 2-A

CHELSEA CLOCK COMPANY, INC.

TRADEMARKS

(SEE ATTACHED)

EXHIBIT 3

NOTICE OF SECURITY INTEREST

(IN U.S. COPYRIGHTS)

WHEREAS, Chelsea Clock Company, Inc., a Massachusetts corporation (herein referred to as "Assignor"), has adopted, used and is using the copyrights listed on the annexed Schedule 3-A, which copyrights are registered in the United States Copyright Office, or are applications pending in the United States Copyright Office (the "Copyrights");

WHEREAS, Assignor is obligated to Citizens Bank of Massachusetts (herein referred to as "Assignee"), and has entered into a Trademark, Patent and Copyright Security Agreement dated the date hereof, attached hereto as Exhibit B, (the "Agreement") with Assignee and certain other parties; and

WHEREAS, pursuant to the Agreement, Assignor has granted to Assignee a security interest in, and mortgage on, all right, title and interest of Assignor in and to the Copyrights and the applications and registrations thereof, and all proceeds thereof, including, without limitation, any and all causes of action which may exist by reason of infringement thereof for the full term of the Copyright, (the "Collateral") to secure the prompt payment, performance and observance of the Debt, as defined in the Agreement (or any guaranty thereof), now or hereafter owing by the Assignor.

NOW THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, Assignor does hereby grant to Assignee a security interest in, and mortgage on, the Collateral to secure the prompt payment, performance and observance of the Debt (or any guaranty thereof) now or hereafter owing by the Assignor.

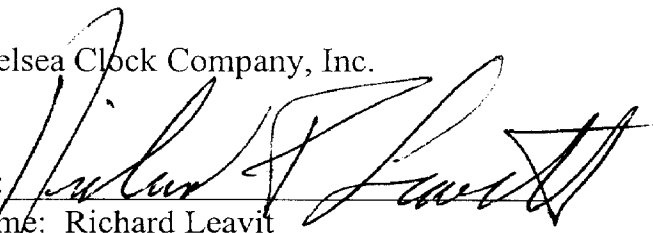
Assignor does hereby further acknowledge and affirm that the rights and remedies of Assignee with respect to the grant of security interest in and mortgage on the Collateral made and granted hereby are more fully set forth in the Agreement, the terms and provisions of which are hereby incorporated herein by reference as if fully set forth herein.



Assignee's address is 28 State Street, Boston, MA 02109.

IN WITNESS WHEREOF, Assignor has caused this Notice of Security Interest to be duly executed by its officer thereunto duly authorized as of the 8th day of February, 2001.

Chelsea Clock Company, Inc.

By:   
Name: Richard Leavitt  
Title: President

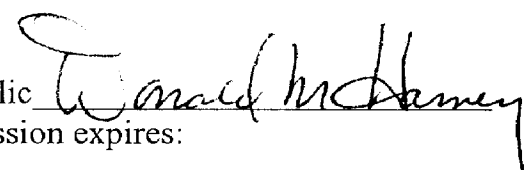
COMMONWEALTH OF MASSACHUSETTS )

: ss.:

COUNTY OF SUFFOLK)

On this 8th day of February, before me appeared Richard Leavitt to me personally known, who, being by me duly sworn, did depose and say that he is the President of Chelsea Clock Company, Inc., the corporation named in and which executed the foregoing instruction in writing and that said instrument was signed on behalf of said corporation; and said Richard Leavitt acknowledged said instrument to be the free and authorized act and deed of said corporation.

Given under my hand this 8th day of February, 2001.

Notary Public   
My commission expires:

Donald M. Harney  
NOTARY PUBLIC  
My Commission expires Oct 26, 2001

SCHEDULE 3-A

CHELSEA CLOCK COMPANY, INC..

COPYRIGHTS

(SEE ATTACHED)

EXHIBIT 4

SPECIAL POWER OF ATTORNEY

COMMONWEALTH OF MASSACHUSETTS )

: ss.:

COUNTY OF SUFFOLK)

KNOW ALL PERSONS BY THESE PRESENTS, THAT Chelsea Clock Company, Inc., a Massachusetts corporation with its principal office at 284 Everett Avenue, Chelsea, Massachusetts 02150 (hereinafter called "Assignor") hereby appoints and constitutes Citizens Bank of Massachusetts (hereinafter called "Assignee"), its true and lawful attorney, with full power and authority to perform the following acts on behalf of Assignor:

1. For the purpose of assigning, selling, licensing or otherwise disposing of all right, title and interest of Assignor in and to any letters patent of the United States and all registrations, recordings, reissues, continuations, continuations-in-part and extensions thereof, and all pending applications therefor, and for the purpose of the recording, registering and filing of, or accomplishing any other formality with respect to the foregoing, to execute and deliver any and all agreements, documents, instruments of assignment or other papers necessary or advisable to effect such purpose;

2. For the purpose of assigning, selling, licensing or otherwise disposing of all right, title and interest of Assignor in and to any trademarks, trade names, trade styles and service marks, and all registrations, related goodwill and renewals thereof, and all pending applications therefor, and for the purpose of the recording, registering and filing of, or accomplishing any other formality with respect to the foregoing, to execute and deliver any and all agreements, documents, instruments of assignment or other papers necessary or advisable to effect such purpose;

3. For the purpose of assigning, selling, licensing or otherwise disposing of all right, title and interest of Assignor in and to any copyrights, and all registrations, recordings, and renewals

thereof, and all pending applications therefor, and for the purpose of the recording, registering and filing of, or accomplishing any other formality with respect to the foregoing, to execute and deliver any and all agreements, documents, instruments of assignment or other papers necessary or advisable to effect such purpose; and

4. To execute any and all documents, statements, certificates or other papers necessary or advisable in order to obtain the purposes described above as Assignee may in its sole discretion determine.

This power of attorney is made pursuant to a Trademark, Patent and Copyright Security Agreement, dated the date hereof, among Assignor and Assignee any may be exercised and takes effect solely for the purposes of paragraphs 3(d) and (e) thereof and is subject to the conditions thereof it being effective only upon the occurrence and continuance of an Event of Default (as defined in the Loan Agreement, and as such term is defined in such Trademark, Patent and Copyright Security Agreement) and may not be revoked until the payment in full of all "Debt" as defined in such Trademark, Patent and Copyright Security Agreement and the termination of the Loan Agreement (as defined in such Trademark, Patent and Copyright Security Agreement).

Dated: February 8, 2001

Chelsea Clock Company, Inc.

By: 

Name: Richard Leavitt

Title: President