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Form PTO-1594 (Rev. 03/01) OMB No. 0651-0027 (exp. 5/31/2002)



U.S. DEPARTMENT OF COMMERCE U.S. Patent and Trademark Office

Tab settings

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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):

Tag-It Pacific, Inc.

- Individual(s) Association General Partnership Limited Partnership Corporation-State (Del) Other

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

2. Name and address of receiving party(ies)

UPS Capital Global Trade Finance Corporation

Internal

Address:

Street Address: 35 Glenlake Parkway

City: Atlanta State: Georgia Zip: 30328

- Individual(s) citizenship Association General Partnership Limited Partnership Corporation-State Delaware Other

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No (Designations must be a separate document from assignment). Additional name(s) & address(es) attached? Yes No

3. Nature of conveyance:

- Assignment Merger Security Agreement Change of Name Other

Execution Date: May 30, 2001

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

A. Trademark Application No.(s) 76172972, 76172905, 76172907, 76172906, 76172904

B. Trademark Registration No.(s)

Additional number(s) attached Yes No

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

Name: Diane S. White

Internal Address: King & Spalding

Street Address: 191 Peachtree Street

City: Atlanta State: Georgia Zip: 30303

6. Total number of applications and registrations involved: 5

7. Total fee (37 CFR 3.41) \$ 260.00

- Enclosed \$120.00 expedited service \$140.00 trademark fee Authorized to be charged to deposit account

8. Deposit account number:

(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Diane S. White

Name of Person Signing

Signature (Handwritten: Diane White)

June 5, 2001

Date

Total number of pages including cover sheet, attachments, and document: 7

Mail documents to be recorded with required cover sheet information to: Commissioner of Patent & Trademarks, Box Assignments Washington, D.C. 20231

**COLLATERAL ASSIGNMENT AND  
SECURITY AGREEMENT (TRADEMARKS)**

THIS COLLATERAL ASSIGNMENT AND SECURITY AGREEMENT (TRADEMARKS) (the "Agreement"), dated as of May 30, 2001, made by the undersigned (the "Company"), to and in favor of UPS CAPITAL GLOBAL TRADE FINANCE CORPORATION ("Lender"), pursuant to a certain Loan and Security Agreement, dated of even date herewith, between the Company (AMONG OTHER PARTIES IDENTIFIED AS "Borrower" therein) and Lender (as it may be amended or modified from time to time, the "Credit Agreement"). Capitalized terms used herein, but not expressly defined herein, shall have the meanings given to such terms in the Credit Agreement.

WITNESSETH:

**RECITALS.**

A. The Company has pending certain applications for registration which have been filed in, the United States Patent and Trademark Office, and rights under certain Trademark Licenses, all as more fully described on Schedule I attached hereto and by reference made part hereof; and

B. The Lender proposes to make certain loans to the Company pursuant to the Credit Agreement; and

C. Pursuant to the Credit Agreement, the Company has assigned, conveyed, mortgaged, pledged, hypothecated and transferred to the Lender all of its right, title and interest in and to, and granted to the Lender a security interest in, the property described therein, including, without limitation, (a) all of the Company's Trademarks (as herein defined), whether presently existing or hereafter acquired or arising, or in which the Company now has or hereafter acquires rights and wherever located; (b) all of the Company's Trademark Licenses (as herein defined), whether presently existing or hereafter acquired or in which the Company now has or hereafter acquires rights and wherever located; and (c) all products and proceeds any of the foregoing, as security for all of the Obligations; and

D. As a condition precedent to the extension of such financial accommodations pursuant to the Credit Agreement and in furtherance of the Credit Agreement, including, without limitation, for purposes of perfecting the security interests granted therein, the Lender has required that the Company grant to the Lender a security interest in and a collateral assignment of the Property (as herein defined);

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. For purposes of this Agreement and in addition to terms defined elsewhere in this Agreement, the following terms shall have the meanings herein specified (such meaning to be equally applicable to both the singular and plural forms of the terms defined):

"Trademark License" means any written agreement now or hereafter in existence granting to the Company any right to use any Trademark, including, without limitation, the agreements listed on Schedule I attached hereto.

"Trademarks" means all of the following: (i) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos, other source or business identifiers, prints and labels on which any of the foregoing have appeared or appear, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, including, without limitation, registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or

agency of the United States, any State thereof or any other country or any political subdivision thereof, including, without limitation, those listed on Schedule I attached hereto together with all the rights, benefits and privileges derived therefrom and the goodwill of the business symbolized thereby, (ii) all renewals thereof and (iii) all proceeds of the foregoing.

2. As security for all of the Obligations, the Company hereby grants and conveys a security interest to the Lender in, and collaterally assigns to the Lender, all of its right, title and interest in, to and under the following (collectively, the "Property"):

(a) each Trademark now or hereafter owned by the Company or in which the Company now has or hereafter acquires rights and wherever located and the goodwill of the business of the Company relating thereto or represented thereby, including, without limitation, each Trademark referred to in Schedule I hereto; and

(b) each Trademark License now or hereafter held by the Company or in which the Company now has or hereafter acquires rights, to the extent each of the Trademark Licenses does not prohibit assignment or the granting of a security interest in the rights thereunder, and wherever located, including, without limitation, the Trademark Licenses, if any, referred to in Schedule I hereto; and

(c) all products and proceeds of the foregoing, including, without limitation, any claim by the Company against third parties for past, present or future infringement of any Trademark or breach of Trademark Licenses, if any, including, without limitation, any Trademark or Trademark License referred to in Schedule I hereto.

Notwithstanding the foregoing or anything else contained in this Agreement to the contrary, the assignment set forth above shall not be effective as a transfer of title to the Property unless and until the Lender exercises the rights and remedies accorded to it under the Credit Agreement and by law with respect to the realization upon its security interest in and collateral assignment of the Property, and until such time the Company shall own, and may use and enjoy the Property in connection with its business operations, and exercise all incidents of ownership, including, without limitation, granting licenses thereof in the ordinary course of business and enforcement of its rights and remedies with respect to the Property, but with respect to all Property being used in the Company's business, only in a manner consistent with the preservation of the current substance, validity, registration and the security interest and collateral assignment herein granted in such Property.

3. The Company does hereby further acknowledge and affirm that the representations, warranties and covenants of the Company with respect to the Property and the rights and remedies of the Lender with respect to the security interest in and collateral assignment of the Property made and granted hereby are more fully set forth in the Credit Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

4. This Agreement shall terminate upon termination of the Credit Agreement. At any time and from time to time prior to such termination, the Lender may terminate its security interest in or reconvey to the Company any rights with respect to any or all of the Property. Upon termination of this Agreement and following a request from the Company, the Lender shall, at the expense of the Company, execute and deliver to the Company all deeds, assignments and other instruments as may be necessary or proper in the reasonable judgment of the Company in order to evidence such termination, subject to any disposition of the Property which may have been made by the Lender pursuant hereto or pursuant to the Credit Agreement.

5. If at any time before the termination of this Agreement in accordance with Section 4, the Company shall obtain or acquire rights to any new Trademark or Trademark License, the provisions of Section 2 shall automatically apply thereto and the Company shall comply with the terms of the Credit Agreement with respect to such new Trademark or Trademark License. The Company authorizes the Lender to modify this Agreement by amending Schedule I to include any future Trademarks and Trademark Licenses covered by Section 2 or by this Section 5.

6. The Company further agrees that (a) the Lender shall not have any obligation or responsibility to protect or defend the Property and the Company shall at its own expense protect, defend and maintain the same in accordance with the terms and conditions set forth in the Credit Agreement, (b) the Company shall forthwith advise the Lender promptly in writing upon detection of infringements of any of the Property being used in the Company's business and (c) if the Company fails to comply with the requirements of the preceding clause (a), the Lender may do so in the Company's name or in its own name, but in any case at the Company's expense, and the Company hereby agrees to reimburse the Lender for all expenses, including reasonable attorneys' fees, incurred by the Lender in protecting, defending and maintaining the Property.

7. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, EXCEPT TO THE EXTENT THAT PERFECTION (AND THE EFFECT OF PERFECTION AND NONPERFECTION) AND CERTAIN REMEDIES MAY BE GOVERNED BY THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF NEW YORK.

[Signature on Following Pages]

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be duly executed under seal by its duly authorized officers as of the date first above written.

TAG-IT PACIFIC, INC.

By: \_\_\_\_\_  
Name: Colin Dym  
Title: President

STATE OF CALIFORNIA )  
 ) ss.:  
COUNTY OF LOS ANGELES )

On May 30, 2001, before me personally came Colin Dym, to me personally known and known to me to be the person described in and who executed the foregoing instrument as the President of TAG-IT PACIFIC, INC., who being by me duly sworn, did depose and say that he (~~she~~) is the President of said corporation described in and which executed the foregoing instrument; that the said instrument was signed by him (~~her~~) on behalf of said corporation by order of its Board of Directors; that he (~~or she~~) signed his name thereto by like order; and that he (~~or she~~) acknowledged said instrument to be the free act and deed of said corporation.

Notary Public



My Commission Expires: 4/30/03

[NOTARIAL SEAL]



SCHEDULE I

REGISTERED U.S. TRADEMARKS

NONE

PENDING U.S. TRADEMARK APPLICATIONS

<u>Name</u>	<u>Number</u>
Tag-It	76172972
Tag It	76172906
Tag-It	76172905
Managed Trim Solution	76172907
Managed Trim Solution	76172904

TRADEMARK LICENSES

Trademark Licenses with respect to which  
the Company is a licensor:

None

Trademarks and Trademark Applications with respect to which  
the Company is a licensee:

None, except in ordinary course of business without registration, including licensee to use name "Talon" in zippers.