

04-04-2001



MRD
3/19/01

REGISTRATION 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
- Security Agreement
- License
- Nunc Pro Tunc Assignment

Merger
 Change of Name
 Other
Effective Date
Month Day Year
12312000

Conveying Party

Mark if additional names of conveying parties attached

Execution Date
Month Day Year

Name KOZ.com inc

12312000

Formerly

- Individual
- General Partnership
- Limited Partnership
- Corporation
- Association

Other

Citizenship/State of Incorporation/Organization Delaware

Receiving Party

Mark if additional names of conveying parties attached

Name Southeast Interactive Technology Fund II, L.P.

DBA/AKA/TA

Composed of

Address (line 1) 2525 Meridian Parkway

Address (line 2) Suite 300-A

Address (line 3) Durham North Carolina 27713
City State/Country Zip Code

- Individual
- General Partnership
- Limited Partnership
- Corporation
- Association

Other

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.)

Citizenship/State of Incorporation/Organization Delaware

FOR OFFICE USE ONLY

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 ASSENGMENT 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

Expires 06/30/99
OMB 0651-0027

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" value="75758466"/>	<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="2197804"/>	<input type="text" value="2201422"/>	<input type="text" value="2343742"/>
<input type="text"/>	<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.

J. Christopher Lynch
Name of Person Signing

J. Christopher Lynch
Signature

3/15/01
Date Signed

PATENT AND TRADEMARK SECURITY AGREEMENT

This **PATENT AND TRADEMARK SECURITY AGREEMENT** (the "Agreement"), dated as of December 31, 2000 (the "Effective Date"), is entered into between KOZ.com inc, a Delaware corporation ("KOZ"), and Southeast Interactive Technology Fund II, L.P., for itself on its own behalf and as agent and representative for the Purchasers under the Note Agreement (as defined below) (the "Secured Party"). Any term not defined herein shall have the meaning set forth in the Note Agreement (as defined below).

RECITALS

A. KOZ and Secured Party are, contemporaneously herewith, entering into that certain Note and Warrant Purchase and Security Agreement (the "Note Agreement") pursuant to which KOZ is issuing convertible promissory notes (the "Notes") and warrants to purchase capital stock of KOZ (the "Warrants") to certain Purchasers (as defined in the Note Agreement) including Secured Party (collectively, this Agreement, the Note Agreement, the Warrants and the Notes are referred to as the "Documents"); and

B. KOZ is the owner of certain intellectual property, identified below, in which KOZ is granting a security interest to Secured Party.

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.

1. DEFINITIONS AND CONSTRUCTION.

1.1 Definitions. The following terms, as used in this Agreement, have the following meanings:

"Code" means Chapter 25 of the General Statutes of North Carolina, as amended and supplemented from time to time, and any successor statute.

"Collateral" means all of the following, whether now owned or hereafter acquired:

(i) Each of the trademark rights and interests that 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), that are presently, or in the future may be, owned, created, acquired, or used (whether pursuant to a license or otherwise) by KOZ, 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) Each of the patents and patent applications which are presently, or in the future may be, owned, issued, acquired, or used (whether pursuant to a license or otherwise) by KOZ, in whole or in part, and all patent rights with respect thereto throughout the world, including all proceeds thereof (including license royalties and proceeds of infringement suits), foreign filing rights, and rights to extend such patents and patent rights;

(iii) All of KOZ's right to the trademarks and trademark registrations listed on Exhibit A attached hereto, as the same may be updated hereafter from time to time;

(iv) All of KOZ's right, title, and interest, in and to the patents and patent applications listed on Exhibit B attached hereto, as the same may be updated hereafter from time to time;

(v) All of KOZ's right, title and interest to register trademark claims under any state or federal trademark law or 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 KOZ or in the name of any Secured Party 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;

(vi) All of KOZ's right, title, and interest in all patentable inventions, and to file applications for patents under patent law or regulations of the United States or of any foreign country, and to request reexamination and/or reissue of the patents, the right (without obligation) to sue or bring interference proceedings in the name of KOZ or in the name of any Secured Party for past, present, and future infringements of the patents, and all rights (but not obligations) corresponding thereto in the United States and any foreign country;

(vii) The entire goodwill of or associated with the businesses now or hereafter conducted by KOZ connected with and symbolized by any of the aforementioned properties and assets;

(viii) All general intangibles relating to the foregoing and all other intangible intellectual or other similar property of KOZ of any kind or nature, associated with or arising out of any of the aforementioned properties and assets and not otherwise described above; and

(ix) All products and 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.

(x) Notwithstanding the foregoing, "Collateral" shall not include any asset for which granting a security interest therein would constitute a default or event of default under any other agreement of KOZ.

"Obligations" means all obligations and liabilities of every kind and nature of KOZ arising out of or in connection with the Loans and all extensions or renewals thereof, whether for principal, interest, fees and expenses.

1.2 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 Note Agreement. Any reference herein to any of the Documents includes any and all alterations, amendments, extensions, modifications, renewals, or supplements thereto or thereof, as applicable. Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against Secured Party or KOZ, under any presumptive rule of construction. On the contrary, this Agreement has been reviewed by KOZ or Secured Party, and their counsels, and shall be construed and interpreted according to the ordinary meaning of the words used so as to accomplish fairly the purposes and intentions of Secured Party and KOZ. Headings have been set forth herein for convenience only, and shall not be used in the construction of this Agreement.

2. GRANT OF SECURITY INTEREST.

To secure the full and prompt payment and performance of the Obligations, KOZ hereby assigns, pledges and grants to the Secured Party (for itself on its own behalf and as agent and representative for the Purchasers under the Note Agreement) a continuing security interest (subject to Senior Liens, as defined in the Note Agreement) in and to, and Lien on, all of KOZ's right, title and interest in and to all of the Collateral, whether now owned or existing or hereafter acquired or arising and regardless of where located and all products, proceeds, substitutions, additions, accessions and replacements thereof.

3. REPRESENTATIONS, WARRANTIES AND COVENANTS.

3.1 KOZ hereby represents, warrants, and covenants that it owns or possesses all the Collateral necessary for the operation of its business as now conducted and as proposed to be conducted by KOZ with no known infringement of or conflict with the rights of others (nor, to the best of KOZ's knowledge, does any basis therefor exist). KOZ has not received any communications alleging that it has violated or, by conducting its business as proposed, would violate any of the patents, trademarks, service marks, trade names, copyrights, trade secrets or proprietary rights of any other person or entity, nor, to the best knowledge of KOZ, does any basis for any such allegation exist. To the best of KOZ's knowledge, no person, corporation or other entity has infringed or potentially infringed any of the Collateral.

3.2 KOZ represents and warrants that, as of the date of this Agreement, KOZ has good and marketable title to all of the Collateral and it owns all of the Collateral free and clear of any Lien, security interest, charge or encumbrance, except for (i) any Permitted Liens, (ii) any security interests in favor of the Purchasers created by the Note Agreement, and (iii) and Senior Liens.

3.3 KOZ shall not, without the prior written consent of the Secured Party, (i) sell, assign or otherwise dispose of any of the Collateral other than in the ordinary course of business and obsolete or non-performing Collateral, or (ii) create or suffer to exist any Lien (as defined in the Note Agreement) upon or with respect to any of the Collateral, other than Liens created in favor of the Purchasers under the Note Agreement or Permitted Liens.

4. AFTER-ACQUIRED PATENT OR TRADEMARK RIGHTS.

If KOZ shall obtain rights to any new trademarks, any new patentable inventions or become entitled to the benefit of any patent application or patent or any reissue, division, or continuation, of any patent, the provisions of this Agreement shall automatically apply thereto. KOZ, as the case may be, shall give prompt notice in writing to the Secured Party with respect to any such new trademarks or patents, or renewal or extension of any trademark registration. Without limiting KOZ's obligation under this Section 4, KOZ and Secured Party, as the case may be, authorize the Secured Party to modify this Agreement by amending Exhibits A or B to include any such new patent or trademark rights. Notwithstanding the foregoing, no failure to so modify this Agreement or amend Exhibits A or B shall in any way affect, invalidate or detract from Secured Party's continuing security interest in all Collateral, whether or not listed on Exhibits A or B.

5. POWER OF ATTORNEY.

5.1 KOZ hereby appoints the Secured Party (and any officer or agent of the Secured Party with full power of substitution and revocation) as KOZ's true and lawful attorney-in-fact, coupled with an interest, with full authority in the place and stead of KOZ and in the name of KOZ or otherwise, from time to time in the Secured Party's discretion, (A) if an Event of Default has occurred and is continuing, to take any action and execute any instrument necessary or advisable to accomplish the purposes of this Agreement, including, without limitation, (1) to receive, endorse and collect all instruments made payable to KOZ representing any income, dividend or other distribution in respect of the Collateral or any part or proceeds thereof and to give full discharge for the same, and (2) to transfer the Collateral, in whole or in part, to the name of the Secured Party or such other person or entity or persons or entities as it may designate; take possession of and endorse any one or more checks, drafts, bills of exchange, money orders or any other documents received on account of the Collateral; collect, sue for and give acquittances for moneys due on account of the foregoing; withdraw any claims, suits or proceedings pertaining to or arising out of the foregoing; take any other action contemplated by this Agreement; and sign, execute, acknowledge, swear to, verify, deliver, file, record and publish any one or more of the foregoing, and (B) at any time to execute and record or file on behalf of KOZ any evidence of a security interest contemplated by this Agreement or any refiling, continuation or extension thereof.

5.2 The powers of attorney that shall be granted pursuant to Section 5 hereof and all authority thereby conferred shall be granted and conferred solely to protect the Purchasers' interests in the Collateral and shall not impose any duty upon the attorney-in-fact to exercise such powers. Such powers of attorney shall be irrevocable prior to the payment and performance in full of the Obligations and shall not be terminated prior thereto or affected by any act of KOZ or by operation of law, including, but not limited to, the dissolution, insolvency, suspension of its

present business, or merger, bulk sale or transfer of all or substantially all of its assets, or if any other event should occur before such payment and performance in full of the Obligations and satisfaction in full of the Notes, either by repayment or conversion, such attorney-in-fact shall nevertheless be fully authorized to act under such powers of attorney as if such dissolution or other event had not occurred and regardless of notice thereof.

6. RIGHT TO INSPECT.

The Secured Party or any person(s) designated by it, in its sole discretion, shall have the right upon reasonable advance notice, to call at any place of business or property location of KOZ at any reasonable time during business hours, to inspect the Collateral and to inspect, audit and check the books, records, journals, orders, receipts and any correspondence and other data of KOZ relating to the Collateral, and to discuss any of the foregoing with the officers and directors of KOZ, and with the independent accountants for KOZ.

7. SPECIFIC REMEDIES.

Upon the occurrence and during the continuation of any Event of Default, Secured Party shall have, in addition to other rights given by law or in this Agreement, the Note Agreement, or in any other Document, all of the rights and remedies with respect to the Collateral of a secured party under the Code, including the following:

7.1 Notification. Secured Party may notify licensees to make royalty payments on license agreements directly to each Secured Party;

7.2 Sale. Secured Party may sell or assign the Collateral and associated goodwill at public or private sale for such amounts, and at such time or times as Secured Party deems advisable, subject to compliance with the Code. Any requirement of reasonable notice of any disposition of the Collateral shall be satisfied if such notice is sent to KOZ, as the case may be, ten (10) days prior to such disposition. KOZ shall be credited with the net proceeds of such sale, as applicable, only when they are actually received by Secured Party, and KOZ 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, Secured Party 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. To the maximum extent permitted by applicable law, Secured Party 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 Secured Party at such sale.

8. GENERAL PROVISIONS.

8.1 Effectiveness. This Agreement shall be binding and deemed effective on the Effective Date.

8.2 Waivers and Amendments. Except as otherwise expressly provided herein, any term of this Agreement may be amended and the observance of any term of this Agreement may

be waived (either generally or in a particular instance, either retroactively or prospectively and either for a specified period of time or indefinitely) with the written consent of KOZ and the Secured Party. No delay or omission on the part of the Secured Party in exercising any right shall operate as a waiver of such right or any other right. No prior waiver by the Secured Party, nor any course of dealing between the Secured Party and KOZ, shall constitute a waiver of any of the Secured Party's rights or of any obligations of KOZ as to any future transactions.

Whenever the consent of the Secured Party is required under this Agreement, the granting of such consent by the Secured Party in any instance shall not constitute continuing consent in subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of the Secured Party. Any amendment or waiver effected in accordance with this section shall be binding upon all parties.

8.3 Governing Law. This Agreement and all actions arising out of or in connection with this Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to the conflicts of law provisions of the State of Delaware or of any other state.

8.4 Entire Agreement. This Agreement together with the Exhibit A, Exhibit B and the Documents constitute the full and entire understanding and agreement between the parties with regard to the subjects hereof and thereof.

8.5 Notices, etc. All notices and other communications required or permitted hereunder shall be in writing and shall be deemed effectively given and received: (i) upon personal delivery to the party to be notified, (ii) upon delivery by confirmed facsimile transmission if received by the recipient before 5:00 p.m. local time on a business day, and if not, then the next business day, (iii) if to a U.S. resident, (5) days after deposit with the United States Post Office, by registered or certified mail, postage prepaid, (iv) if to a U.S. resident, one (1) business day after deposit with a nationally recognized overnight courier service (or if to a non-U.S. resident, two (2) business days after deposit with an internationally recognized overnight courier service, specifying international priority delivery). All such notices and other communications shall be addressed if such notice is addressed: (i) if to the Secured Party, at 2525 Meridian Parkway, Suite 300-A, Durham, NC 27713, Attention: Managing Director, or at such other address as the Secured Party shall have furnished to KOZ in writing, or (ii) if to KOZ, at 5001 South Miami Blvd., Suite 200, Durham, NC 27703, Attention: General Counsel, or at such other address or number as KOZ shall have furnished to the Secured Party in writing.

8.6 Validity. If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision(s) in good faith, in order to maintain or achieve the economic position enjoyed by each party as close as possible to that under the provision(s) rendered unenforceable. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision(s), then (i) such provision(s) shall be excluded from this Agreement, (ii) the balance of the Agreement shall be interpreted as if such provision(s) were so excluded and (iii) the balance of the Agreement shall be enforceable in accordance with its terms.

8.7 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall be deemed to constitute one instrument.

8.8 Survival of Warranties and Covenants. Except as otherwise expressly set forth herein, the warranties, representations and covenants of KOZ contained in or made pursuant to this Agreement shall survive the execution and delivery of this Agreement

8.9 Successors. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties. Notwithstanding the foregoing, the obligations of KOZ under this Agreement may not be assigned without the prior written consent of the Secured Party. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

8.10 Fees and Expenses. KOZ will, upon demand, pay to the Secured Party the amount of all out-of-pocket expenses, including the reasonable fees and expenses of its counsel and of any experts and agents, which the Secured Party may incur in connection with (i) the perfection, custody or preservation of, or the sale of, collection from, or other realization upon, any of the Collateral; (ii) the exercise or enforcement of any of the rights of the Secured Party hereunder; (iii) the failure by KOZ to perform or observe any of the provisions hereof; or (iv) any actual or attempted sale, assignment of rights or interests, or exchange of, or any enforcement, collection, compromise or settlement respecting the Collateral or any other property or money held hereunder, or any other action taken by the Secured Party hereunder whether directly or as attorney-in-fact pursuant to the power of attorney herein conferred, and all such expenses shall be deemed a part of the Obligations for all purposes of this Agreement and the Secured Party may apply the Collateral or any other property or money held hereunder to payment of or reimbursement of itself for such expenses (provided that the foregoing shall not include any costs and expenses of the Secured Party related to negotiation and preparation of this Agreement, or any costs and expenses related to a breach of this Agreement by the Secured Party).

8.11 Indemnity. KOZ shall protect, defend, indemnify, and hold harmless Secured Party and its assigns from all liabilities, losses, and costs (including without limitation reasonable attorneys' fees) incurred or imposed on Secured Party as a result of KOZ's breach in any material respect of its covenants, or any material inaccuracy in KOZ's representations, under this Agreement.

8.12 Further Assurances. KOZ will execute financing statements and take whatever other actions are requested by the Secured Party to perfect and continue the Secured Party's security interests in the Collateral. Upon request of the Secured Party, KOZ will deliver to the Secured Party any and all of the documents evidencing or constituting the Collateral. KOZ hereby appoints the Secured Party as its irrevocable attorney-in-fact for the purpose of executing any documents necessary to perfect or to continue the security interest granted in this Agreement. KOZ hereby agrees that a carbon, photographic, photostatic or other reproduction of

this Agreement or of a financing statement is sufficient as a financing statement where permitted by law.

8.13 Release. At such time as KOZ shall completely satisfy all of the Obligations and the Note Agreement shall have been terminated, the Secured Party shall execute and deliver to KOZ all assignments and other instruments as reasonably may be necessary or proper to terminate Secured Party's security interest in the Collateral, subject to any disposition of the Collateral that may have been made by the Secured Party pursuant to this Agreement.

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

KOZ.com inc.

By: *Samuel W. Whitt*
Samuel W. Whitt, Executive Vice President

Attest: *Kimberly H. Pruett*
Name: Kimberly H. Pruett
Title: Corp. Controller

**Southeast Interactive Technology
Fund II, L.P.**
(for itself on its own behalf and as agent and representative for the Purchasers under the Note Agreement)

By: _____
Name _____
Title: _____

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

KOZ.com inc.

By: _____
Sam Whit, General Counsel

Attest: _____

Name: _____

Title: _____

**Southeast Interactive Technology
Fund II, L.P.**

(for itself on its own behalf and as agent and representative for the Purchasers under the Note Agreement)

By: _____


Name: NORVELL MILLER

Title: Managing Director

Exhibit A

TRADEMARKS

<u>Trademark</u>	<u>Serial No./Registration No.</u>	<u>Country</u>
KOZ	2,197,804	US
KOZ	2,201,422	US
Family Shoebox	2,343,742	US
Community Publishing System	75/758,466	US

Exhibit B

PATENTS

<u>Patent Description/Title</u>	<u>Issue Date</u>	<u>Patent No.</u>	<u>Country</u>
NONE			