

05-18-2001

5-14-01

FORM PTO-1594
(Rev. 6-93)

EET

U.S. DEPARTMENT OF COMMERCE
Patent and Trademark Office

101722024

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

1. Name of conveying party(ies): Kmart Corporation

☐ Individual(s)☐ Association☐ General Partnership ☐ Limited Partnership☒ Corporation-State - Michigan☐ OtherAdditional name(s) of conveying party(ies) attached? ☐ Yes☐ No

3. Nature of conveyance:

☐ Assignment ☐ Merger☐ Security Agreement ☐ Change of NameOther Transfer and Service AgreementExecution Date: December 15, 1999

2. Name and address of receiving party(ies):

Name: Bluelight.com LLC

Internal Address: _____

Street Address: 145 Jefferson St., Suite 100City: San Francisco State: CA ZIP 94133☐ Individual(s) citizenship _____☐ Association _____☐ General Partnership _____☐ Limited Partnership _____☐ Corporation-State _____☒ Other - Delaware Limited Liability Company _____

If assignee is not domiciled in the United States, a domestic representative designation is attached:

☐ Yes ☐ No

(Designation must be a separate document from Assignment).

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

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

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

Additional numbers attached? (1,179,644)☐ Yes

x No

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

Name: Cooley Godward LLPInternal Address: Nels D. Jacobson, Esq.Five Palo Alto SquareStreet Address: 3000 El Camino RealCity: Palo Alto State: CA ZIP 943066. Total number of applications and registration involved: 17. Total fee (37 CFR 3.41):.....
\$ 40.00

x Enclosed

☐ 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.

Nels D. Jacobson5-9-01
DateTotal number of pages including cover sheet, attachments, and document: 8Mail documents to be recorded with required cover sheet information to:
Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231

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40.00 DP

Certificate of Mailing:

I hereby certify that this correspondence is being deposited with the United States Postal Service as First Class Mail, postage prepaid in an envelope addressed to: Box Assignments – FEE, Assistant Commissioner for Trademarks, 2900 Crystal Drive, Arlington, VA 22202-3513.

Clay (Name)
5-9-01 (Date)

SER./REG. NO: 1,179,644
TRADEMARK: LIGHT SPECIAL
DOCUMENT: Recordation Form Cover Sheet

TRANSFER AND SERVICES AGREEMENT

THIS TRANSFER AND SERVICES AGREEMENT ("Agreement") is made and effective as of December __, 1999 (the **"Effective Date"**) by and between **KMART CORPORATION**, a Michigan corporation with principal business offices at 3100 West Big Beaver Road, Troy, Michigan (together with its Affiliates, **"Kmart"**), and **BLUELIGHT.COM LLC**, a Delaware limited liability company with principal business offices at a location to be designated in writing to Kmart (together with its Affiliates, **"Bluelight.com"**).

RECITALS

WHEREAS, Kmart operates retail stores offering a variety of products to consumers;

WHEREAS, Kmart, SOFTBANK Technology Ventures V, L.P. (**"SOFTBANK"**) and certain other investors have agreed to form Bluelight.com and Bluelight.com, Inc. (**"Holding Corp."**);

WHEREAS, Bluelight.com wishes to develop internet web sites offering products for sale;

WHEREAS, Kmart wishes to expand and enhance its current ecommerce presence;

WHEREAS, the parties wish to enter into a relationship in which Bluelight.com will develop, design, and operate the exclusive ecommerce site affiliated with Kmart (as well as other sites not affiliated with Kmart) and undertake other related activities, and Kmart will provide Bluelight.com with certain trademark rights, corporate services (including product sourcing support and marketing support), and its exclusive affiliation;

WHEREAS, as part of that relationship, the parties wish to create certain marketing and shoppers' affinity programs for their respective and shared customers; and

WHEREAS, the Parties hereto intend that all transfers to Bluelight.com under this Agreement shall be treated for United States federal income tax purposes as transfers of property under Section 721 of the Internal Revenue Code of 1986, as amended.

NOW THEREFORE, in consideration of the agreements, covenants and conditions set forth herein, intending to be legally bound, the Parties hereto agree as follows:

4.5 Assignment of BLUE LIGHT SPECIAL Mark.

(a) **Background.** Kmart represents and warrants the following: that it and/or KPI adopted and has been using the mark BLUE LIGHT SPECIAL and derivative marks (the "Special Mark") in connection with retail sale of a broad variety of consumer products ("Kmart Goods and Services"); and that Kmart and/or KPI owns a United States registration for the Special Mark as well as common law rights in the United States, and also owns certain other rights with respect to the Special Mark, all as set forth on Schedule 4.5(a) of the Disclosure Schedule; and that it has granted no licenses to use the Special Mark or otherwise transferred any rights in the Special Mark.

(b) **Assignment of Special Mark.** Kmart, on behalf of itself and its partners, affiliates, predecessors and successors in interest, including KPI, transfers and assigns to Bluelight.com (i) all right, title, and interest it has in or to the Special Mark, including without limitation all registrations for the Special Mark, throughout the world, and (ii) that part of the goodwill of Kmart's business connected with the use of and symbolized by the Special Mark, together with all other rights that inhere in such Special Mark. Kmart agrees to execute any required documents, including but not limited to the Assignment form as Schedule 4.5(b) to the Disclosure Schedule, to provide upon request any required records, and otherwise to cooperate fully with Bluelight.com as may be necessary to accomplish the transfer and assignment of all right, title and interest which Kmart has or has had in or to the Special Mark.

(c) **Acknowledgment of Ownership.** Kmart acknowledges that, from and after the execution of this Agreement and irrespective of any license to Kmart of the Special Mark, Bluelight.com is the owner of all right, title and interest in and to the Special Mark in any form or embodiment thereof and is also the owner of the goodwill attached to the Special Mark. Kmart shall not at any time do or suffer to be done any act or thing which may materially adversely affect any rights of Bluelight.com in and to the Special Mark. Kmart further agrees not to challenge the ownership or the validity of the Special Mark or any application for registration thereof or any trademark registration thereof or any rights of Bluelight.com therein.

(d) **Cooperation.** Kmart agrees that it will cooperate with Bluelight.com to the extent necessary in order to protect Bluelight.com's rights in the Special Mark, including, but not limited to providing evidence requested by Bluelight.com in connection with any administrative proceeding or court action involving the Special Mark or any similar trademark.

(e) **License Restriction.** Bluelight.com agrees that it will use the mark BLUE LIGHT SPECIAL only for the purposes of promoting the Kmart Site and Bluelight.com shall not (i) sublicense this mark except for the purposes of promoting the Kmart Site, or as permitted by Sections 17.3 (Subcontractors) and 17.6 (Assignment) or (ii) otherwise transfer the mark BLUE LIGHT SPECIAL, except in connection with a merger, consolidation, sale of all or substantially all of its assets or other change in control (a "Bluelight Change in Control") so long as any successor of Bluelight.com is likewise bound by the provisions of this Section. Bluelight.com agrees that it will use marks that are derivative of BLUE LIGHT SPECIAL, including, without limitation, BLUELIGHT and BLUELIGHT.COM, solely in connection with its ecommerce activities and shall not (i) sublicense such marks except for the purposes of promoting its ecommerce activities or as permitted by Sections 17.3 (Subcontractors) and 17.6 (Assignment)

or (ii) otherwise transfer such marks except in connection with a Bluelight Change in Control so long as any successor of Bluelight.com is likewise bound by the provisions of this Section.

4.6 Trademark License Grant By Bluelight.com for Special Mark.

(a) **Grant of License Back.** Bluelight.com hereby grants to Kmart under the terms hereinafter set forth a royalty-free license to use the Special Mark in the United States and its territories in connection with Kmart's Goods and Services; provided, however, that Kmart shall not use the Special Mark on any ecommerce web site (whether sponsored by Kmart or by a third party) or otherwise in connection with providing services or products via the Internet.

(b) **Term of Use.** The term of the license granted in this Section 4.6 shall commence on the Effective Date and shall be perpetual. The license granted herein shall at all times be subject to the provisions set forth in this Section 4.6, including subpart (f) (Quality Control and Usage).

(c) **No Objections to Validity.** Kmart agrees not to raise or cause to be raised any questions concerning or objections to the validity of the Special Mark or to the respective rights of Bluelight.com.

(d) **Notification of Adverse Use.** Kmart shall promptly notify Bluelight.com of any adverse use by a third party of the Special Mark or of a mark or name confusingly similar to the Special Mark and agrees to take no action or any kind with respect thereto except with the prior written authorization of Bluelight.com. Kmart further agrees to provide full cooperation with any legal or equitable action by Bluelight.com to protect their respective rights, title and interest in the Kmart Mark.

(e) **Infringement Proceedings.** In the event of infringement of the Special Mark by a third party, Bluelight.com shall have the sole right to bring proceedings against the infringing party and to retain any damages recovered in such proceedings. Kmart shall cooperate with Bluelight.com in the prosecution of any such infringement proceedings. Bluelight.com shall have the sole and exclusive authority and obligation to defend and/or settle any proceeding with respect to the Special Mark. Notwithstanding the foregoing, in the event that Kmart notifies Bluelight.com or Bluelight.com otherwise becomes aware of infringement of the Special Mark by a third party and Bluelight.com does not (i) assert such rights within ninety (90) days and (ii) if such assertion is not successful in preventing such infringement, bring proceedings against the infringing party or otherwise take action asserting rights in the Special Mark within one hundred twenty (120) days, Kmart shall have the right to bring proceedings against the infringing party and to retain any damages recovered in such proceedings.

(f) **Quality Control and Usage.** Bluelight.com shall have the right to exercise quality control over the use of the Special Mark by Kmart to the degree necessary, in the sole opinion of Bluelight.com, to maintain the validity and enforceability of the Special Mark and to protect the goodwill associated therewith. All use of the Special Mark by Kmart shall conform to the quality control requirements of the license agreement between Kmart and KPI, as set forth in the "Trademark Usage Standards" included as Schedule 4.2 of the Disclosure Schedule. Kmart shall, in its use of the Special Mark, adhere to a level of quality at least as high

as that used by Kmart in connection with its use of its own Marks. If Bluelight.com finds that use of the Special Mark by Kmart, in Bluelight.com's reasonable opinion, materially threatens the goodwill of the Special Mark, Kmart, shall, upon notice from Bluelight.com, immediately, and no later than ten (10) days after receipt of notice from Bluelight.com, take all measures reasonably necessary to correct such deviations, misrepresentations, or misuse; this right of correction is the sole and exclusive remedy for any violation of this Section 4.6(f), except to the extent that there is repeated or continued violation of this Section 4.6(f) after notice and reasonable opportunity to cure. Kmart shall use the Special Mark in accordance with the Kmart Trademark Usage Standards, and only in the form used by it prior to the Effective Date; any modifications to the form of use shall be submitted to Bluelight.com for approval, which approval will not be unreasonably withheld.

4.7 Ownership of Intellectual Property

(a) **Ownership by Kmart and KPI.** Bluelight.com understands and agrees that its use of any of the Kmart Marks licensed in connection with this Agreement shall not create in it any right, title or interest, in or to the Kmart Marks, and that all such use and goodwill associated with any such use shall inure to the benefit of KPI. Bluelight.com acknowledges that, as between Bluelight.com and Kmart, Kmart owns all right, title and interest in the Current Kmart Site, the Kmart Data, the Kmart Advertising Library (including its contents), and the trade dress of the Current Kmart Site. Bluelight.com understands and agrees that its use of any of the foregoing Kmart property in connection with this Agreement shall not create in it any right, title or interest, in or to such property, and that all such use and goodwill associated with any such use shall inure to the benefit of Kmart.

4.8 Ownership by Bluelight.com. Kmart acknowledges that, as between it and Bluelight.com, Bluelight.com owns all right, title and interest in the Bluelight.com Marks and all other intellectual property (exclusive of the Kmart Marks but including software and technology) developed by Bluelight.com, whether for the Kmart Site or for any other purpose. Kmart understands and agrees that its use of any of the foregoing Bluelight.com property in connection with this Agreement shall not create in it any right, title or interest, in or to such property, and that all such use and goodwill associated with any such use shall inure to the benefit of Bluelight.com.

4.9 Grant of Security Interest. To secure the obligations of Bluelight.com to Kmart hereunder and for value received, Bluelight hereby grants and conveys to Kmart a security interest in and to the Special Mark (including derivative marks). Kmart may enforce such security interest upon Bluelight becoming subject to any of the events specified in Section 11.2(b) hereto. Bluelight shall cooperate with Kmart and shall execute such financing statements and other instruments and documents provided by Kmart that are necessary to perfect such security interest.

IN WITNESS WHEREOF, the parties to this Transfer and Services Agreement by their duly authorized representatives have executed this Agreement as of the date first above written.

KMART CORPORATION

By: 

Name: A. Giancamilli

Title: President & GM

BLUELIGHT.COM LLC

By: 

Name: D. Rex Golding

Title: Chairman

This Disclosure Schedule is delivered in connection with that certain Transfer and Services Agreement ("Agreement") dated as of December __, 1999 by and between Kmart Corporation, a Michigan corporation ("Kmart") and Bluelight.com LLC, a Delaware limited liability corporation ("Bluelight.com")

Acknowledged: December 15, 1999.

KMART CORPORATION

By: 

Name: A. Giannini

Title: President & GM

BLUELIGHT.COM LLC

By: 

Name: D. Rex Golding

Title: Chairman

Schedule 4.5(a)

BLUE LIGHT SPECIAL Trademark Ownership

Mark	International Classes	Registrati on No.	Registration Date	Serial No.	Filing Date	First Us
Light Special	42	1,179,644	November 24, 1981	279,158	December 24, 1980	February 1,