



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

06-08-2001

DEPARTMENT OF COMMERCE Patent and Trademark Office



101742839

3 or copy thereof.

To the Honorable Commissioner of Patents and Trademarks

1. Name of conveying party(ies):

Strouds Acquisition Corporation

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

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

3. Nature of conveyance:

- Assignment Merger Security Agreement Change of Name Other

Execution Date: April 26, 2001

2. Name and address of receiving party(ies)

Name: Fleet Retail Finance Inc.

Internal Address:

Street Address: 40 Broad Street

City: Boston State: MA Zip: 02109

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

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

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

Handwritten: 6401

Additional number(s) attached Yes No

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

Name: Christopher E. Kondracki

Internal Address:

Street Address: 2001 Jefferson Davis, Hwy., Suite 505

City: Arlington State: VA Zip: 22202

6. Total number of applications and registrations involved:

13

7. Total fee (37 CFR 3.41): \$ 340.00

- 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.

Christopher E. Kondracki Name of Person Signing

Handwritten signature

6/4/01 Date

11

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

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

**Trademark Applications
Continuation of Item 4A**

Mark	Filing Date	Applications
Essentials/20	10/22/98	75/575,169
Essentials/21	10/22/98	75/575,171
Essentials/24	10/22/98	75/575,170
Essentials/27	10/22/98	75/575,168
The Joyce Stroud	7/16/98	75/519,733
Strouds/With Oval	6/22/00	76/077,720

**Trademark Registrations
Continuation of Item 4B**

Mark	Filing Date	Registrations
Strouds The Linen	3/10/94	2,003,415
Stouds/42	4/15/94	2,036,339
Palette/24	2/27/95	2,186,141
Strouds Linen Outlet	12/9/94	2,002,249
Essentials/24	3/2/95	2,178,791
Strouds Home Compass	8/26/96	2,200,220
The Linen Experts/35	10/31/97	2,252,827

**TRADEMARK AND TRADEMARK
APPLICATIONS SECURITY AGREEMENT**

634664.1

Fleet Retail Finance Inc.

April 26, 2001

THIS AGREEMENT is made between

Fleet Retail Finance Inc., (the "**Lender**") a Delaware corporation with offices at 40 Broad Street
Boston, Massachusetts 02109

and

Strouds Acquisition Corporation (hereinafter, the "**Borrower**"), a Delaware corporation with its
principal executive offices at 780 South Nogales Street, City of Industry, California 91748

in consideration of the mutual covenants contained herein and benefits to be derived herefrom,

WITNESSETH:

1. **BACKGROUND:** The Lender and the Borrower have entered in a certain Loan and Security Agreement of even date (as such agreement may be modified, supplemented, amended or restated from time to time, hereinafter, the "**Loan Agreement**") pursuant to which a credit facility has been established in favor of the Borrower and under which the Borrower's Liabilities are to be secured by certain of the Borrower's assets, including all Marks. (Terms used herein which are defined in the Loan Agreement are used as so defined).

2. **GRANT OF SECURITY INTEREST:** To secure the Liabilities, the Borrower hereby creates a security interest in favor of the Lender, with power of sale (which power of sale shall be exercisable only following the occurrence of an Event of Default) in and to the following and all proceeds thereof (collectively, the "**TM Collateral**"):

(a) All of the Borrower's now owned or existing or hereafter acquired or arising trademarks, trademark applications, service marks, registered service marks and service mark applications including, without limitation, those listed on **EXHIBIT A** annexed hereto and made a part hereof, together with any goodwill connected with and symbolized by any such trademarks, trademark applications, service marks, registered service marks, and

..April 26, 2001..

..1..

service mark applications.

(b) All renewals of any of the foregoing.

(c) All income, royalties, damages and payments now and hereafter due and/or payable under and with respect to any of the foregoing, including, without limitation, payments under all licenses entered into in connection therewith and damages and payments for past or future infringements or dilutions thereof.

(d) The right to sue for past, present and future infringements and dilutions of any of the foregoing.

(e) All of Borrower's rights corresponding to any of the foregoing throughout the world.

3. **PROTECTION OF MARKS BY BORROWER:** The Borrower shall undertake the following with respect to each items respectively described in Sections 2(a) and 2(b) (collectively, the "Marks"):

(a) Pay all renewal fees and other fees and costs associated with maintaining the Marks and with the processing of the Marks.

(b) At the Borrower's sole cost, expense, and risk, pursue the prompt, diligent, processing of each Application for Registration which is the subject of the security interest created herein and not abandon or delay any such efforts.

(c) At the Borrower's sole cost, expense, and risk, take any and all action which Borrower deems desirable to protect the Marks, including, without limitation, but subject to Borrower's discretion, the prosecution and defense of infringement actions.

4. **BORROWER'S REPRESENTATIONS AND WARRANTIES:** The Borrower represents and warrants that:

(a) **EXHIBIT A** includes all of the registered trademarks, Federal trademark applications, registered service marks and Federal service mark applications now owned by the Borrower.

(b) All TM Collateral is and shall remain, free and clear of all liens, Encumbrances, or security interests to any Person other than to the Lender.

(c) The Borrower shall give the Lender written notice (with reasonable detail) within Ten (10) days following the occurrence of any of the following:

(i) The Borrower's obtaining rights to, and filing applications for registration of, any new trademarks, or service marks, or otherwise acquires ownership of any newly registered trademarks, registered service marks, trademark applications, or service mark applications, (other than the Borrower's right to sell products containing the trademarks of others in the ordinary course of Borrower's business).

(ii) The Borrower's becoming entitled to the benefit of any registered trademarks, trademark applications, trademark licenses, trademark license renewals, registered service marks, service mark applications, service mark licenses or service mark license renewals whether as licensee or licensor (other than

Borrower's right to sell products containing the trademarks of others in the ordinary course of Borrower's business).

(iii) The Borrower's entering into any new trademark license agreement or service mark license agreement.

5 **AGREEMENT APPLIES TO FUTURE MARKS:**

(a) The provisions of this TM Security Agreement shall automatically apply to any such additional property or rights described in 4(c), above, all of which shall be deemed to be and treated as "Marks" within the meaning of this TM Security Agreement.

(b) The Borrower hereby authorizes the Lender to take all such action to protect the Lender's interest in and concerning any future registered trademarks, trademark applications, registered service marks and service mark applications, written notice of which is so given, *provided, however*, the Lender's taking of such action shall not be a condition to the creation or perfection of the security interest created hereby.

6. **BORROWER'S RIGHTS TO ENFORCE MARKS:** Prior the Lender's giving of notice to the Borrower following the occurrence of an Event of Default, the Borrower shall have the exclusive right to sue for past, present and future infringement of the Marks including the right to seek injunctions and/or money damages, in an effort by Borrower to protect the Marks against encroachment by third parties, *provided, however*:

(a) The Borrower first provides the Lender with written notice of the Borrower's intention to so sue for enforcement of any Mark.

(b) Any money damages awarded or received by the Borrower on account of such suit (or the threat of such suit) shall constitute TM Collateral.

(c) Following the occurrence of any Event of Default, the Lender, by not less than Ten (10) days notice to the Borrower, may terminate or limit the Borrower's rights under this Section 6.

7. **LENDER'S ACTIONS TO PROTECT MARKS:** In the event of

(a) the Borrower's failure, within Ten (10) days of written notice from the Lender, to cure any failure by the Borrower to perform any of the Borrower's obligations set forth in Section 3; and/or

(b) the occurrence of any Event of Default,

the Lender, acting in its own name or in that of the Borrower, may (but shall not be required to) act in the Borrower's place and stead and/or in the Lenders' own right in connection therewith.

8. **RIGHTS UPON DEFAULT:** Upon the occurrence of any Event of Default, the Lender may exercise all rights and remedies of a secured party upon default under the Uniform Commercial Code as adopted in Massachusetts (Massachusetts General Laws, Chapter 106), with respect to the Marks, in addition to which the Lender may sell,

license, assign, transfer, or otherwise dispose of the Marks. Any person may conclusively rely upon an affidavit of an officer of the Lender that an Event of Default has occurred and that the Lender is authorized to exercise such rights and remedies.

9. LENDER AS ATTORNEY IN FACT:

(a) The Borrower hereby irrevocably constitutes and designates the Lender as and for the Borrower's attorney in fact, effective following the occurrence of any Event of Default:

(i) To exercise any of the rights and powers referenced in Sections 3 and 5(b).

(ii) To execute all such instruments, documents, and papers as the Lender determines to be appropriate in connection with the exercise of such rights and remedies and to cause the sale, license, assignment, transfer, or other disposition of the Marks.

(b) The within grant of a power of attorney, being coupled with an interest, shall be irrevocable until this Agreement is terminated by a duly authorized officer of the Lender.

(c) The Lender shall not be obligated to do any of the acts or to exercise any of the powers authorized by Section 9(a) herein, but if the Lender elects to do any such act or to exercise any of such powers, it shall not be accountable for more than it actually receives as a result of such exercise of power, and shall not be responsible to the Borrower for any act or omission to act except for any act or omission to act as to which there is a final determination made in a judicial proceeding (in which proceeding the Lender has had an opportunity to be heard) which determination includes a specific finding that the subject act or omission to act had been grossly negligent or in actual bad faith.

10. LENDER'S RIGHTS:

(a) Any use by the Lender of the Marks, as authorized hereunder in connection with the exercise of the Lender's rights and remedies under this Agreement and under the Loan Agreement shall be coextensive with the Borrower's rights thereunder and with respect thereto and without any liability for royalties or other related charges.

(b) None of this Agreement, the Loan Agreement, or any act, omission, or circumstance taken or arising hereunder may be construed as directly or indirectly conveying to the Lender any rights in and to the Marks, which rights are effective except following the occurrence of any Event of Default.

11. INTENT: It is intended that this Agreement supplement the Loan Agreement. All provisions of the Loan Agreement shall apply to the Marks. The Lender shall have the same rights, remedies, powers, privileges and discretions, with respect to the security interests created in the TM Collateral as in all other Collateral. In the event of a conflict between this Agreement and the Loan Agreement, the terms of this Agreement shall control with respect to the TM Collateral and the Loan Agreement with respect to all other Collateral.

12. **CHOICE OF LAWS:** It is intended that this Agreement take effect as a sealed instrument and that all rights and obligations hereunder, including matters of construction, validity, and performance, shall be governed by the laws of The Commonwealth of Massachusetts.

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

STROUDS ACQUISITION CORPORATION
(The "Borrower")

FLEET RETAIL FINANCE INC.
(The "Lender")

By.....*Robert F. Valone*.....

By.....*T. R. Tobin*.....

Name: Robert F. Valone

Name.....*Timothy R. Tobin*.....

Title: President

Title.....*Vice President*.....

634664.1

..April 26, 2001..

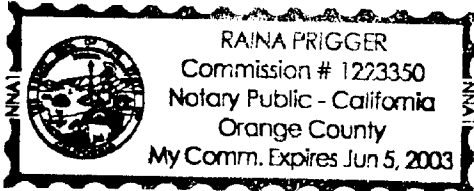
..5..

TRADEMARK
REEL: 002310 FRAME: 0873

THE STATE OF CALIFORNIA
COUNTY OF Orange SS

Then personally appeared before me Robert F. Valone who acknowledged that such person is the duly authorized President of Strouds Acquisition Corporation and that such person had executed the foregoing instrument on its behalf.

Witness my hand and seal this 26th day of April, 2001.

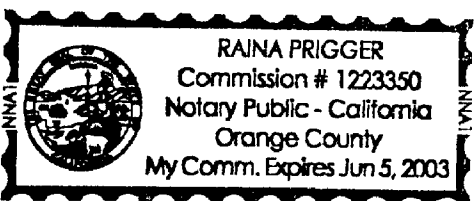


Raina Prigger, Notary Public
My Commission Expires:

THE STATE OF CALIFORNIA
COUNTY OF Orange

Then personally appeared before me Timothy John, who acknowledged that such person is the duly authorized Vice President of Fleet Retail Finance Inc. and that such person executed the foregoing instrument on its behalf.

Witness my hand and seal this ...day of April, 2001.



Raina Prigger, Notary Public
My Commission Expires: 06/05/2003

634664.1

..April 26, 2001..

..6..

EXHIBIT A

Borrower's now owned or existing or hereafter acquired or arising registered service marks and Federal service mark applications, registered trademarks, and Federal trade mark applications:

Trademark/Service Mark Registrations

TRADEMARK REGISTRATION NUMBER REGISTRATION DATE

Trademark Applications

MARK SERIAL NUMBER FILING DATE

634664.1

..April 26, 2001..

..7..

Schedule 3.06(a)**Intellectual Property of Seller****Patents and Trademarks**

Case No.	Owner	Abbreviated Title	Filing Date	Serial No.	Parent/Reg.	Issue Date
S001-3001	Strouds	Strouds The Linen	3/10/94	74/500054	2003415	9/24/96
S001-3002	Strouds	Strouds/42	4/15/94	74/513201	2036339	2/11/97
S001-3013	Strouds	Palette/24	2/27/95	74/638657	2186141	9/1/98
S001-3016	Strouds	Strouds Linen Outlet	12/9/94	74/609262	2002249	9/24/96
S001-3017A	Strouds	Essentials/20	10/22/98	75/575169		*
S001-3018A	Strouds	Essentials/21	10/22/98	75/575171		
S001-3019	Strouds	Essentials/24	3/2/95	74/641245	2178791	8/4/98
S001-3019A	Strouds	Essentials/24	10/22/98	75/575170		
S001-3020A	Strouds	Essentials/27	10/22/98	75/575168		
S001-3029	Strouds	Strouds Home Compass	8/26/96	75/135891	2,200,220	10/27/98
S001-3036	Strouds	The Linen Experts/35	10/31/97	75/382767	2,252,827	6/15/99
S001-3038	Strouds	The Joyce Stroud	7/16/98	75/519733		
S001-3040	Strouds	Strouds/With Oval	6/22/00	76/077,720		

* This was abandoned March 2001, and the petition to revive is in process.

Registered Domain Names

strouds.com
 stroudsoutlets.com
 purelinens.com
 homecompass.com
 thelinenexperts.com
 thelinenexpert.com
 linenexperts.com
 linenexpert.com
 strouds webmaster

(network solutions registrations)

strouds.cc
 stroud.cc
 stroudsoutlet.cc
 linenexperts.cc
 linenexpert.cc
 purelinens.cc
 fieldcrest.cc
 warnsutta.cc
 cottonsheets.cc
 comfortercovers.cc
 bedlinens.cc

- bathlinens.cc
- tablelinens.cc
- royalvelvet.cc
- comforter.cc
- bath towel.cc
- duvet.cc
- duvets.cc
- comforters.cc
- blankets.cc
- electricblanket.cc
- electricblankets.cc
- bath towels.cc
- comforter covers.cc
- featherbeds.cc
- automaticblankets.cc
- down.cc
- downcomforters.cc
- downcomforter.cc
- croscill.cc
- pacificcoastfeather.cc
- fashionbedding.cc
- naturalpillows.cc
- downpillows.cc
- guesshome.cc
- veratex.cc
- mattresspads.cc
- solidsheets.cc
- solidcolorsheets.cc
- sofacovers.cc
- surefit.cc
- go-beyond.cc
- (spot.cc registrations)

Registrant: Strouds (Strouds-DOM)

Record created on 02/08/1995

Record expires on 02/10/2003