

09-14-2001



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

RE

101843071

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

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

1. Name of conveying party(ies):

Backyard Products Limited

09/07/01

- Individual(s) Association General Partnership Limited Partnership Corporation-State Ontario, Canada 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: July 31, 2001

2. Name and address of receiving party(ies)

Name: Congress Financial Corporation Internal (Canada) Address:

Street Address: 141 Adelaide Street West, Suite 1500 City: Toronto Canada M5H3L9

- Individual(s) citizenship Association General Partnership Limited Partnership Corporation-State Ontario, Canada 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) 2271156; 2176746; 2178363; 2295600; 2045823; 2291659

Additional number(s) attached Yes No

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

Name: Maisha Gibson, Paralegal

Internal Address:

TDIAZ1 00000098 2271156

40.00 DP 125.00 DP

Street Address: Goldberg, Kohn et al

55 E. Monroe St., Suite 3700

City: Chicago State: IL Zip: 60603

6. Total number of applications and registrations involved:

6

7. Total fee (37 CFR 3.41).....\$ 165.00

- 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.

Maisha Gibson Name of Person Signing

Maisha Gibson Signature

September 7, 2001 Date

Total number of pages including cover sheet, attachments, and document: 6

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

TRADEMARK REEL: 002366 FRAME: 0680

09/13/2001 01 FC:481 02 FC:482

INTELLECTUAL PROPERTY SECURITY AGREEMENT

THIS AGREEMENT ("this Agreement"), dated as of July 31st, 2001, between Backyard Products Limited a corporation existing under the laws of Ontario (the "Borrower"), and CONGRESS FINANCIAL CORPORATION (CANADA), an Ontario corporation ("Lender");

WITNESSETH:

WHEREAS, contemporaneously with the entering of this Agreement, Lender is entering into a loan agreement with Borrower (the "Loan Agreement") pursuant to which Lender may make loans and provide other financial accommodations to Borrower;

NOW THEREFORE in consideration of the mutual conditions and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged the parties hereto agree as follows:

SECTION 1 DEFINITIONS

All terms used herein which are defined in the *Personal Property Security Act* ("PPSA") or the Loan Agreement shall have the meanings given therein unless otherwise defined in this Agreement. All references to the plural herein shall also mean the singular and to the singular shall also mean the plural unless the context otherwise requires. All references to Borrower and Lender pursuant to the definitions set forth in the recitals hereto, or any other person herein, shall include their respective successors and assigns. The words "hereof", "herein", "hereunder", "this Agreement" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not any particular provision of this Agreement and as this Agreement now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced. The word "including" when used in this Agreement shall mean "including, without limitation". References herein to any statute or any provision thereof include such statute or provision as amended, revised, re-enacted and/or consolidated from time to time and any successor statute thereto. An Event of Default shall exist or continue or be continuing until such Event of Default is waived in accordance with the Loan Agreement or is cured in accordance with the Loan Agreement, if such Event of Default is capable of being cured. "Canadian Dollars" and the sign \$ mean lawful money of Canada. "US Dollars" and the sign "US" mean lawful money of the United States of America.

SECTION 2 GRANT OF SECURITY INTEREST

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, to secure the payment and performance of all of the Obligations, Borrower hereby mortgages, pledges, hypothecates to Lender, and grants to Lender a

security interest in all of the following property (the "Trademark Collateral"), whether now owned or hereafter acquired or existing:

- a) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade dress, service marks, certification marks, collective marks, logos, other source of business identifiers, prints and labels on which any of the foregoing have appeared or appear and designs (all of the foregoing items in this clause (a) being collectively called a "Trademark"), now existing anywhere in the world or hereafter adopted or acquired, whether currently in use or not, all registrations, recordings and applications with the Canadian Intellectual Property Office or in any office or agency of Canada or any Province thereof, including those referred to in Item A of Attachment 1 hereto and all reissues, extensions or renewals thereof;
- b) all Trademark licenses and other agreements providing Borrower with the right to use any items described in clause (a), including each Trademark license referred to in Item B of Attachment 1 hereto;
- c) all of the goodwill of the business connected with the use of, and symbolized by the items described in, clause (a);
- d) the right to sue third parties for past, present and future infringements of any Trademark Collateral described in clauses (a) and (b); and
- e) all proceeds of, and rights associated with, the foregoing, including any claim by Borrower against third parties for past, present and future infringement or dilution of any Trademark, Trademark registration or Trademark license, including any Trademark, Trademark registration or Trademark license referred to in Item A and Item B of Attachment 1 hereto, or for any injury to the goodwill associated with the use of any such Trademark or for breach or enforcement of any Trademark license and all rights corresponding thereto throughout the world.

SECTION 3 SECURITY AGREEMENT

This Agreement has been executed and delivered by Borrower for the purpose of recording the security interest of Lender in the Trademark Collateral with the Canadian Intellectual Property Office. The security interest granted hereby has been granted as a supplement to, and not in limitation of, the security interest granted to Lender under the general security agreement (the "General Security Agreement") of even date herewith. Granted by Borrower in favour of Lender. The General Security Agreement (and all rights and remedies of the Secured Parties thereunder) shall remain in full force and effect in accordance with its terms.

SECTION 4 RELEASE OF SECURITY INTEREST

Upon payment in full of all Obligations and the termination of the Loan Agreement, Lender shall, at Borrower's expense, execute and deliver to Borrower all instruments and other documents as may be necessary or proper to release the lien on and security interest in the Trademark Collateral which has been granted hereunder.

SECTION 5 ACKNOWLEDGEMENT

Borrower does hereby further acknowledge and affirm that the rights and remedies of Lender with respect to the security interest in the Trademark Collateral granted hereby are more fully set forth in the General Security Agreement, the terms and provisions of which (including the remedies provided for therein) are incorporated by reference herein as if fully set forth herein.

SECTION 6 LOAN DOCUMENT ETC.

This Agreement is a document executed pursuant to the Loan Agreement and shall (unless otherwise expressly indicated herein) be construed, administered and applied in accordance with the terms and provisions of the Loan Agreement.

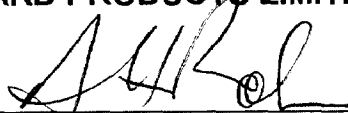
SECTION 7 COUNTERPARTS

This Agreement may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement.

IN WITNESS WHEREOF Borrower hereto has caused this Agreement to be duly executed and delivered by its officer thereunto duly authorized as of the day and year first above written.

BACKYARD PRODUCTS LIMITED

By: _____



Name: Frederick Baker
Title: Vice President

530 3rd Street
Collingwood, Ontario
L9Y 4X6
(Tel)(705)445-4718
(Fax)(705)445-4519

TRADEMARK

REEL: 002366 FRAME: 0683

Attachment A

Item 1: Canadian Trademarks

BACKYARD ESCAPES 487,724

Item 2: American Trademarks

FANTASY 2271156

BACK YARD EASY KITS 2176746

TIMBER FUN 2178363

WOW 2295600

BACKYARD ESCAPES 2045823

COLOR MARK 2291659