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T 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): **9-1771**
Paper Warehouse Franchising, Inc.
 Individual(s) Association
 General Partnership Limited Partnership
 Corporation-State
 Other _____
Additional name(s) of conveying party(ies) attached? Yes No

2. Name and address of receiving party(ies)
Name: Wells Fargo Retail Finance LLC
Internal
Address: _____
Street Address: One Boston Place, 18th Floor
City: Boston State: MA Zip: 02108
 Individual(s) citizenship _____
 Association _____
 General Partnership _____
 Limited Partnership limited liability company
 Corporation-State _____
 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: _____

4. Application number(s) or registration number(s):
A. Trademark Application No.(s)
See attached
Additional number(s) attached Yes No

B. Trademark Registration No.(s)
See attached

5. Name and address of party to whom correspondence concerning document should be mailed:
Name: Margaret E. Watson, Esq.
Internal Address: Ruberto, Israel & Weiner, P.C.

Street Address: 100 North Washington Street

City: Boston State: MA Zip: 02114

6. Total number of applications and registrations involved: **8**
7. Total fee (37 CFR 3.41).....\$ 215.00
 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.
Margaret E. Watson Margaret E. Watson 9/10/01
Name of Person Signing Signature Date
Total number of pages including cover sheet, attachments, and document: **9**

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

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01 FC:481 40.00 OP
02 FC:482 175.00 OP

**EXHIBIT A
TO A TRADEMARK SECURITY AGREEMENT**

BETWEEN PAPER WAREHOUSE FRANCHISING, INC. (Borrower)
AND
WELLS FARGO RETAIL FINANCE LLC (Lender)
DATED: As of September 7, 2001

TRADEMARKS (USA)

Trademark	Registration No.	Serial No.	Status
Party Perks		75620493	Pending
Party Smart	2340998		Registered
Party Blasters	2234177		Registered
Paper Warehouse	2028821		Registered
Party Universe	2035401		Registered
Party Universe	1974933		Registered
Paper Warehouse	1514067		Registered
The Paper Warehouse	1349279		Registered

TRADEMARK SECURITY AGREEMENT

THIS SECURITY AGREEMENT is entered into as of September 7, 2001, by and between Paper Warehouse Franchising, Inc., a Minnesota corporation, having its principal place of business at 7630 Excelsior Boulevard, Minneapolis, Minnesota 55426 (the "**Borrower**"), and Wells Fargo Retail Finance LLC, a Delaware limited liability company with a usual place of business at One Boston Place, 18th Floor, Boston, Massachusetts 02108 (the "**Lender**").

NOW THEREFORE, in consideration of the premises, Borrower hereby agrees with Lender as follows:

1. Grant of Security Interest. Borrower hereby grants to Lender a first priority security interest in, and conditionally assigns, but does not transfer title to Lender, all of Borrower's right, title and interest in and to the following (collectively, the "**Collateral**") to secure payment and performance of all obligations of Borrower to Lender whether such obligations are direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, including without limitation, those liabilities of Borrower to Lender pursuant to a Loan and Security Agreement dated September 7, 2001, between Lender and Borrower (together with Paper Warehouse, Inc. and Partysmart.com, Inc.(the "**Loan Agreement**") (collectively, the "**Obligations**").

Without limiting the security interest granted under the Loan Agreement, the Collateral shall include the following:

(a) Each of the trademarks, and rights and interests protectable as trademarks, which are presently, or in the future may be, owned, created, acquired or used (whether pursuant to a license or otherwise) by Borrower, 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;

(b) All of Borrower's right, title and interest, in and to the trademarks and trademark registrations listed on Schedule A attached hereto, as the same may be updated hereafter from time to time;

(c) All of Borrower's right, title and interest to register trademark claims under any state or federal trademark 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 Borrower or in the name of Lender 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, and the associated goodwill;

(d) All general intangibles relating to the Collateral; and

(e) All 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 by indemnity, warranty or guaranty payable by reason of loss or damage to or otherwise with respect to the Collateral.

2. Warranties and Representations. Borrower hereby warrants and represents to Lender the following:

(a) A true and complete schedule setting forth all United States and state trademark registrations owned or controlled by Borrower or licensed to Borrower, together with full information in respect of the filing or issuance thereof and expiration dates is set forth on Schedule A;

(b) Each of the trademarks and trademark registrations is valid and enforceable, and Borrower is not presently aware of any past, present or prospective claim by any third party that any of the trademarks are invalid or unenforceable, or that the use of any trademarks violates the rights of any third person, or of any basis for any such claims;

(c) Borrower is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each of the trademarks and trademark registrations free and clear of any liens, charges and encumbrances, including, without limitation, pledges, assignments, licenses (except as provided in Sections 5-8 or 5-28 of the Loan Agreement), shop rights and covenants by Borrower not to sue third persons;

(d) Borrower has used and will continue to use proper statutory notice for its registered trademarks in connection with its use of each of the trademarks;

(e) Borrower has used and will continue to use consistent standards of high quality (which may be consistent with Borrower's past practices) in the manufacture, sale and delivery of products and services sold or delivered under or in connection with the trademarks, including, to the extent applicable, in the operation and maintenance of its merchandising operations, and will continue to maintain the validity of the trademarks;

(f) Except for the filing of financing statements under the Uniform Commercial Code to perfect the security interests created hereunder and filings made with the United States Patent and Trademark Office, no authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required either for the grant by Borrower of the security interest hereunder or for the execution, delivery or performance of this Agreement by Borrower or for the perfection of or the exercise by Lender of its rights hereunder to the Collateral in the United States.

3. After-Acquired Trademark Rights. If Borrower shall obtain rights to any new trademarks, the provisions of this Agreement shall automatically apply thereto. Borrower shall give reasonably prompt notice in writing to Lender with respect to any such new trademarks or renewal or extension

of any trademark registration. Borrower shall bear any expenses incurred in connection with future applications for trademark registration.

4. Litigation and Proceedings. Borrower shall commence and diligently prosecute in its own name, as the real party in interest, for its own benefit, and its own expense, such suits, administrative proceedings or other actions for infringement or other damages as are in its reasonable business judgment necessary to protect the Collateral, except to the extent that failure to protect any such property would not have a material adverse effect on the business of Borrower. Borrower shall provide to Lender any information with respect thereto requested by Lender. Lender shall provide at Borrower's expense all necessary cooperation in connection with any such suit, proceeding or action, including, without limitation, joining as a necessary party. Following Borrower's becoming aware thereof, Borrower shall notify Lender of the institution of, or any adverse determination in, any proceeding in the United States Patent and Trademark Office, or any United States, state or foreign court regarding Borrower's claim of ownership in any of such trademarks, its right to apply for the same, or its right to keep and maintain such trademark rights.

5. Power of Attorney. Borrower hereby grants Lender power of attorney, having the full authority, and in the place of Borrower and in the name of Borrower, from time to time in Lender's discretion to take any action and to execute any instrument which Lender may deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation, as may be subject to the provisions of the Loan Agreement. Such appointment shall become effective and remain in effect upon (but not before) the occurrence and continuation of a Suspension Event or an Event of Default, as those terms are defined in the Loan Agreement.

(a) To endorse Borrower's name on all applications, documents, papers and instruments necessary for Lender to use or maintain the Collateral;

(b) To ask, demand, collect, sue for, recover, impound, receive and give acquittance and receipts for money due or to become due under or in respect of any of the Collateral;

(c) To file any claims or take any action or institute any proceedings that Lender may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce Lender's rights with respect to any of the Collateral and to assign, pledge, convey or otherwise transfer title in or dispose of the Collateral to any person.

7. Right to Inspect. Borrower grants to Lender and its employees and agents the right to visit Borrower's plants and facilities which manufacture, inspect or store products sold under any of the trademarks, and to inspect the products and quality control records relating thereto at reasonable times during regular business hours. Lender shall notify Borrower of its intent to visit one business day in advance in order to permit Borrower to arrange for Lender's admission to its facilities.

8. Events of Default. Any of the following events shall be an Event of Default:

(a) Borrower fails to perform any covenant hereof;

(b) The determination that any representation or warranty hereunder was not or is not true or complete in any material respect; or

(c) the occurrence of an Event of Default as that term is defined in the Loan Agreement.

9. Specific Remedies. Upon the occurrence of any Event of Default, as described in the Loan Agreement or herein, and in addition to any remedies under the Loan Agreement:

(a) Lender may notify licensees to make royalty payments on license agreements directly to Lender;

(b) Lender may sell or assign the Collateral and associated goodwill at public or private sale for such amounts, and at such time or times as Lender deems advisable. Any requirement of reasonable notice of any disposition of the Collateral shall be satisfied if such notice is sent to Borrower ten (10) days prior to such disposition. Borrower shall be credited with the net proceeds of such sale only when they are actually received by Lender, and Borrower shall continue to be liable for any deficiency remaining after the Collateral is sold or collected;

(c) If the sale is to be a public sale, Lender shall also give notice of the time and place by publishing a notice one time at least five (5) calendar days before the date of the sale in a newspaper of general circulation in the county in which the sale is to be held; and

(d) To the maximum extent permitted by applicable law, Lender 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 Lender at such sale.

10. Governing Law. All acts and transactions hereunder and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the Commonwealth of Massachusetts.

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

Witness
(As to all)

Margaret E. Watson

PAPER WAREHOUSE FRANCHISING, INC.

By: Yale T. Dolginaw
Yale T. Dolginaw, President and
Chief Executive Officer

By: Cheryl W. Newell
Cheryl W. Newell, Vice President and
Chief Financial Officer

WELLS FARGO RETAIL FINANCE LLC

By: Robert C. Chakarian
Robert C. Chakarian, Vice President

COMMONWEALTH OF MASSACHUSETTS

Suffolk, ss.

September 7, 2001

Then personally appeared the above-named, Yale T. Dolginaw, President and Chief Executive Officer and Cheryl W. Newell, Vice President and Chief Financial Officer, and acknowledged the foregoing instrument to be the free act and deed of Paper Warehouse Franchising, Inc., before me,

Margaret E. Watson
Margaret E. Watson, Notary Public
My commission expires: 10/27/06

COMMONWEALTH OF MASSACHUSETTS

Suffolk, ss.

September 7, 2001

Then personally appeared the above-named, Robert C. Chakarian, Vice President, and acknowledged the foregoing instrument to be the free act and deed of Wells Fargo Retail Finance LLC.

Margaret E. Watson
Margaret E. Watson, Notary Public
My commission expires: 10/27/06

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