

11-28-2001



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

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

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

1-28-01

11-28-01

1. Name of conveying party(ies):

The Reader's Digest Association, Inc.

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

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

3. Nature of conveyance:

- Assignment
- Security Agreement
- Other _____
- Merger
- Change of Name

Execution date: September 30, 2001

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

Name: GIFTS.COM, Inc.

Internal Address: _____

Street Address: 5456 SE International Way

City: Portland State: Oregon Zip: 97222

- Individual(s) citizenship _____
- Association _____
- General Partnership _____
- Limited Partnership _____
- Corporation-State Delaware
- 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)
76/198211; 75/906420

B. Trademark Registration No.(s) 2003025; 1799796;
2195481;

Additional number(s) attached Yes No

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

Name: Amanda C. Samuel

Internal Address: Weil, Gotshal & Manges, LLP

Street Address: 767 5th Avenue

City: New York State: NY Zip: 10153

6. Total number of applications and registrations involved: 5

7. Total fee (37 CFR 3.41): \$ 140.00

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number: 23-0800

(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.

Phyllis Eremitaggio
Name of Person Signing

Phyllis Eremitaggio
Signature

November 27, 2001
Date

Total number of pages including cover sheet, attachments, and document: 10
Main documents to be recorded with required cover sheet information to:
Commissioner of Patent & Trademarks, Box Assignments
Washington, D.C. 20231

11/28/2001 DBYRNE 00000100 230800 76198211

01 FC:481 40.00 CH
02 FC:482 100.00 CH

TRADEMARK SECURITY AGREEMENT

TRADEMARK SECURITY AGREEMENT, dated as of September 30, 2001 (together with all amendments, if any, from time to time hereto, this "Trademark Security Agreement"), by and between GIFTS.COM, INC. (the "Grantor") and THE READER'S DIGEST ASSOCIATION, INC. (the "Lender").

WITNESSETH:

WHEREAS, pursuant to that certain Loan Agreement dated as of the date hereof between the Lender and the Grantor (including all annexes, exhibits or schedules thereto, as from time to time amended, restated, supplemented or otherwise modified, the "Loan Agreement"), the Lender has agreed to make Loans to the Grantor;

WHEREAS, in order to induce the Lender to enter into the Loan Agreement and to induce the Lender to make the Loans as provided for in the Loan Agreement, the Grantor has agreed to grant a continuing security interest in the Collateral to secure the Obligations, pursuant to the Security Agreement dated as of the date hereof (including all annexes, exhibits or schedules thereto, as from time to time amended, restated, supplemented or otherwise modified, the "Security Agreement");

WHEREAS, pursuant to the Security Agreement, the Grantor is required to execute and deliver to the Lender, for itself and the benefit of the Lender, this Trademark Security Agreement;

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor hereby agrees as follows:

1. DEFINED TERMS. All capitalized terms used but not otherwise defined herein have the meanings given to them in the Loan Agreement or the Security Agreement.

2. GRANT OF SECURITY INTEREST IN TRADEMARK COLLATERAL. The Grantor hereby grants to the Lender, on behalf of itself and the Lender, a continuing first priority security interest in all of the Grantor's right, title and interest in, to and under the following, whether presently existing or hereafter created or acquired (collectively, the "Trademark Collateral");

- (a) all of its Trademarks to which it is a party, including those referred to on Schedule I hereto;
- (b) all reissues, continuations or extensions of the foregoing;
- (c) all goodwill of the business connected with the use of, and symbolized by, each Trademark; and
- (d) all products and proceeds of the foregoing, including, without limitation, any claim by the Grantor against third parties for past, present or future (i) infringement or dilution of any Trademark or (ii) injury to the goodwill associated with any Trademark.

3. CONDITIONAL ASSIGNMENT OF TRADEMARKS. (a) In addition, the Grantor hereby authorizes the Lender to complete as assignee, execute pursuant to the power of attorney, and

record with the United States Patent and Trademark Office and in any other applicable public office or agency of the United States, any State or Territory thereof, or any other country, a document in substantially the form of Exhibit A (the "Assignment of Marks"), upon the occurrence and during the continuance of an Event of Default and the proper exercise of the Lender's remedies under the Security Agreement and this Trademark Security Agreement.

(b) In addition to, and not by way of limitation of, the grant of a security interest in the Trademark Collateral provided in Section 2, as collateral security for the complete and timely payment, performance and satisfaction of the Obligations, the Grantor hereby assigns, conveys, mortgages, pledges, hypothecates, transfers and grants to the Lender, on behalf of itself and the Lender, its entire right, title and interest in, to and under the Trademark Collateral; provided, however, that such assignment, conveyance, mortgage, pledge, hypothecation, transfer and grant shall be and become of force and effect, with respect to any item of the Trademark Collateral, only: (i) upon or after the occurrence or during the continuance of an Event of Default; and (ii) either (A) upon the written demand of the Lender at any time during such continuance, or (B) immediately and automatically, without any notice or action of any kind by the Lender, upon the sale or other disposition of such item of the Trademark Collateral pursuant to Article 9 of the UCC (including the transfer or other disposition of such item by the Grantor to the Lender in lieu of foreclosure).

(c) Notwithstanding any of the foregoing, so long as no Event of Default has occurred and is continuing, and except as otherwise provided in the Security Agreement and this Trademark Security Agreement, the Grantor shall be permitted to remain in full possession, enjoyment and control of all of its right, title and interest in the Trademark Collateral and to manage, operate, dispose and use the same and each part thereof, in each case, as permitted hereunder, with all the rights pertaining thereto. In such event, all of the goodwill embodied in and associated with such Trademark Collateral shall inure to the benefit of the Grantor.

4. GRANTOR REMAIN LIABLE. It is expressly agreed by the Grantor that, anything herein to the contrary notwithstanding, the Grantor shall assume full and complete responsibility for the prosecution, defense, enforcement or any other necessary or desirable actions in connection with its Trademarks, and shall hold the Lender harmless from any and all costs, damages, liabilities and expenses that may be incurred in connection with the Lender's interest in such Trademarks or any other action or failure to act in connection with this Trademark Security Agreement. The Grantor shall remain liable for any and all claims by any Person that the conduct of such Grantor's business or products or processes of such Grantor infringe any rights of such person.

5. SECURITY AGREEMENT. The security interests granted pursuant to this Trademark Security Agreement are granted in conjunction with the security interests granted to the Lender, on behalf of itself and the Lender, pursuant to the Security Agreement. The Grantor hereby acknowledges and affirms that the rights and remedies of the Lender with respect to the security interest in the Trademark Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

6. COUNTERPARTS. This Trademark Security Agreement may be executed in any number of separate counterparts, each of which shall collectively and separately constitute one agreement.

[signature page follows]

IN WITNESS WHEREOF, the Grantor has caused this Trademark Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

GRANTOR:

GIFTS.COM, INC.

By: Ralph Pinto

Name: Ralph Pinto

Title: President

LENDER:

**THE READER'S DIGEST
ASSOCIATION, INC.**

BY: William H Magill

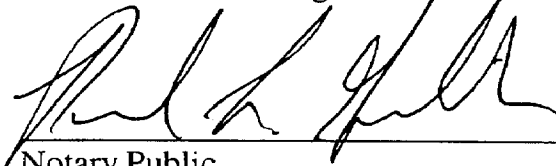
Name: WILLIAM H. MAGILL

Title: VICE PRESIDENT & TREASURER

ACKNOWLEDGMENT OF GRANTOR

STATE OF New York)
COUNTY OF New York) ss.

On this 9th day of November, 2001 before me personally appeared Ralph Pinto, proved to me on the basis of satisfactory evidence to be the person who executed the foregoing instrument on behalf of GIFTS.COM, INC., who being by me duly sworn did depose and say that he is an authorized officer of said corporation, that the said instrument was signed on behalf of said corporation as authorized by its Board of Directors and that he acknowledged said instrument to be the free act and deed of said corporation.



Notary Public

SCHEDULE I
TO
TRADEMARK SECURITY AGREEMENT

SCHEDULE OF TRADEMARKS

1) **Good Catalog Company – (registered)**

Services: Retail catalog and mail order services for apparel, home decor, gifts, jewelry, household goods, food items, garden items, toys, games, sporting goods and automotive accessories.

2) **Westbury – (registered)**

Services: Mail order services featuring general merchandise.

3) **Good Wholesale – (registered)**

Services: Catalog and mail order services for apparel, home decor, gifts, jewelry, household goods, food items, garden items, toys, games, sporting goods, automotive accessories, personal care items, personal accessories and collectibles.

4) **Gifts.com & Design – (pending)**

Services: On-line ordering services featuring general merchandise via a global computer network; providing on-line electronic information about the goods and services of others via a global computer network.

5) **Aspirations (Pending Application)**

Services: Mail order services featuring general merchandise namely, electronics, computers, jewelry, watches, home furnishings, collectibles, sports memorabilia and coins.

EXHIBIT A
to
TRADEMARK SECURITY AGREEMENT

ASSIGNMENT OF MARKS

WHEREAS, Gifts.com, Inc. (the, "Assignor") has adopted and used and is using the trademarks identified on Schedule A hereto as indicated therein (the "Marks"), and is the owner of the registrations and pending registration applications for such Marks in the United States Patent and Trademark Office identified on such Schedule as indicated therein; and

WHEREAS, The Reader's Digest Association, Inc., a corporation organized and existing under the laws of the State of Delaware, having a place of business at Reader's Digest Road, Pleasantville, New York 10570 (the "Assignee"), is desirous of acquiring the Marks and the registrations thereof and registration applications therefor.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the Assignor does hereby assign, sell and transfer unto the Assignee all of its right, title and interest in and to the Marks, together with (a) the registrations of and pending registration applications for such Marks, (b) the goodwill of the business symbolized by and associated with such Marks and the registrations and pending registration applications thereof, and (c) the right to sue and recover for, and the right to profits or damages due or accrued arising out of or in connection with any and all past, present or future infringements or dilution of or damage or injury to such Marks, the registrations or pending registration applications thereof, or such associated goodwill.

This Assignment of Marks is intended to and shall take effect at such time as the Assignee shall complete this instrument by signing its acceptance of this Assignment of Marks below.

[signature page follows]

IN WITNESS WHEREOF, the Assignor has caused this Assignment of Marks to be
ed and delivered by its duly authorized officer as of the date first set forth above.

GIFTS.COM, INC. (Assignor)

By: _____

Name: _____

Title: _____

**THE READER'S DIGEST ASSOCIATION,
INC. (Assignee)**

By: _____

Name: _____

Title: _____

SCHEDULE A

to

ASSIGNMENT OF MARKS

[to be completed at time of assignment]