

12-03-2001

Form PTO-1594
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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.

12301

1. Name of conveying party(ies): 17.301
Koen Book Distributors, 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: PNC Bank, National Association
Internal
Address: _____
Street Address: 1600 Market Street
City: Philadelphia State: PA Zip: 10102
 Individual(s) citizenship _____
 Association _____
 General Partnership _____
 Limited Partnership _____
 Corporation-State _____
 Other national banking association
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: November 29, 2001

4. Application number(s) or registration number(s):
A. Trademark Application No.(s)
B. Trademark Registration No.(s)
2230379 and 2227854
Additional number(s) attached Yes No

6. Total number of applications and registrations involved: 2

5. Name and address of party to whom correspondence concerning document should be mailed:
Name: Richard M. Zucker, Esquire
Internal Address: Wolf, Block, Schorr and Solis-Cohen, LLP
Street Address: 1650 Arch Street
City: Philadelphia State: PA Zip: 19103

7. Total fee (37 CFR 3.41).....\$ 65.00
 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.
Richard M. Zucker, Esquire [Signature] 11/30/01
Name of Person Signing Signature Date

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

12/03/2001 6T0N11 00000046 2230379

01 FC:481 40.00 OP
02 FC:482 25.00 OP

TRADEMARK
REEL: 002401 FRAME: 0712

INTELLECTUAL PROPERTY SECURITY AGREEMENT

THIS INTELLECTUAL PROPERTY SECURITY AGREEMENT (the "Security Agreement") is made effective as of the 29th day of November, 2001 among KOEN BOOK DISTRIBUTORS, INC. ("Borrower") and PNC BANK, NATIONAL ASSOCIATION, as Agent (the "Agent").

BACKGROUND

A. Pursuant to that certain Revolving Credit and Security Agreement dated of even date herewith among Borrower, Agent and the Lenders, as such term is defined in the Loan Agreement (such Revolving Credit and Security Agreement, as heretofore or hereafter amended, modified or restated, being referred to herein as the "Loan Agreement"), the Agent agreed to extend to Borrower the credit facilities described therein.

B. The Loan Agreement provides, inter alia, that Borrower will grant to Agent a security interest in Borrower's patents, patent rights, patent applications, servicemarks, trademarks, service trademark applications, service tradenames, goodwill, copyrights and licenses.

NOW THEREFORE, in consideration of the premises set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower agrees as follows:

1. Incorporation of Loan Agreement. The Loan Agreement and the terms and provisions thereof are hereby incorporated herein in their entirety by this reference thereto. All capitalized terms not otherwise defined herein shall have the meanings set forth in the Loan Agreement.

2. Security Interest. To secure the complete and timely payment and satisfaction of all Obligations, Borrower hereby collaterally assigns, mortgages, pledges and grants to Agent for its benefit and the ratable benefit of each Lender a security interest in, as and by way of a first mortgage and security interest having priority over all other security interests, with power of sale, to the extent permitted by law, all of such Borrower's right, title and interest in and to all of the following, whether now owned or existing and filed or hereafter acquired or arising and filed (collectively, the "Collateral"):

(a) patents and patent applications, including, without limitation, the inventions and improvements described and claimed therein, and those patents listed on Exhibit "A", attached hereto and made a part hereof, and (a) the reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof, (b) all income, royalties, damages and payments now and hereafter due and/or payable under and with respect thereto, including, without limitation, damages and payments for past or future infringements thereof, (c) the right to sue for past, present and future infringements thereof, and (d) all rights corresponding thereto throughout the world (all of the foregoing patents and applications, together with the items described in clauses (a)-(d), are sometimes hereinafter individually and/or collectively referred to as the "Patents");

(b) copyrights, copyright registrations, copyright applications and all computer programs, operating systems, application systems, hardware or software of any nature whatsoever owned by Borrower, whether operational, under development or inactive, including all object codes, source codes, modules, technical manuals, user manuals, operating instructions and procedures, input and out-put formats, program listings, narrative descriptions, program flow charts, file layouts, report layouts, screen layouts and other documentation therefor (including internal notes, memoranda, status evaluations, marketing information and write-ups), and all improvements, modifications, enhancements, new releases and revisions thereof, whether in machine-readable form, programming language or any other language or symbols, and whether stored, encoded, recorded or written on disk, tape, film, memory device, paper or other media of any nature; together with all tangible media upon which any of the foregoing are recorded or encoded, including, without limitation, all chips, disks, tapes, film and paper; including, without limitation, the copyrights, copyrights registrations and copyrights applications listed on Exhibit "B" attached hereto and made a part hereof, and (a) all renewals thereof, (b) all income, royalties, damages and payments now and hereafter due and/or payable with respect thereto, including, without limitation, damages and payments for past or future infringements thereof, and (c) the right to sue for past, present and future infringements thereof (all of the foregoing items are sometimes referred to herein collectively as the "**Copyrights**");

(c) license agreements with any other party, whether Borrower is a licensor or licensee under any such license agreement, including, without limitation, the licenses listed on Exhibit "C" attached hereto and made a part hereof, and the right to prepare for sale, sell and advertise for sale all inventory now or hereafter owned by Borrower and now or hereafter covered by such licenses (all of the foregoing is hereinafter referred to collectively as the "**Licenses**"); and

(d) servicemarks, trademarks, servicemark and trademark registrations, tradenames, trademark applications, and all goodwill attendant thereto, including, without limitation, the servicemarks, trademarks and applications listed on Exhibit "D", attached hereto and made a part hereof, and (a) all renewals thereof, (b) all income, royalties, damages and payments now and hereafter due and/or payable with respect thereto, including without limitation, damages and payments for past or future infringements thereof, (c) the right to sue for past, present and future infringements thereof, and (d) all rights corresponding thereto throughout the world (all of the foregoing servicemarks, trademarks, servicemark and trademark registrations, servicemark and tradenames and applications together with the items described in clauses (a)-(d), are sometimes hereinafter individually and/or collectively referred to as the "**Trademarks**").

3. Restrictions on Future Agreements. Borrower agrees that until all Obligations shall have been satisfied in full and the Loan Agreement shall have been terminated, Borrower will not, without Agent's prior written consent (which consent will not be unreasonably withheld), enter into any agreement (including, without limitation, any license or royalty agreement) which is inconsistent with Borrower's obligations under this Security Agreement or which is prohibited under the terms of the Loan Agreement, and Borrower further agrees that it will not take any action, or permit any action to be taken by others, subject to its control, including licensees, or fail to take any action, which would affect the validity or enforcement of the rights of Agent under this Security Agreement.

4. **New Patents, Trademarks, Copyrights and Licenses.** Borrower represents and warrants that the Patents, Trademarks, Copyrights and Licenses listed on **Exhibits "A", "B", "C" and "D"**, respectively, constitute all of the patents, trademarks, applications, copyrights and licenses now owned by Borrower. If, before all Obligations shall have been satisfied in full and the Loan Agreement shall have been terminated, Borrower shall (i) obtain rights to any new patentable inventions, trademarks, trademark registrations, tradenames, copyrights or licenses, or (ii) become entitled to the benefit of any patent or trademark or copyright application, trademark, trademark registration, copyright or license renewal, or patent for any reissue, division, continuation, renewal, extension, or continuation-in-part of any Patent or any improvement on any Patent, the provisions of **Section 2** above shall automatically apply thereto and Borrower shall give to Agent prompt written notice thereof. Borrower hereby authorizes Agent to modify this Security Agreement by amending **Exhibit "A", "B", "C" and/or "D"**, as applicable, to include any future patents, patent applications, trademarks, trademark registrations, trademark applications, tradenames, copyrights and licenses which are Patents, Trademarks, Copyrights or Licenses, as applicable, under **Section 2** above or under this **Section 4**. Borrower hereby agrees to provide to Agent such other assignment or other documentation as Agent may reasonably request to record Agent's lien on such future Patents, Trademarks, Copyrights or Licenses.

5. **Royalties; Term.** Borrower hereby agrees that the use by Agent of all Patents, Trademarks, Copyrights and Licenses as described herein shall be worldwide and without any liability for royalties or other related charges from Agent to Borrower. The term of the security interest granted herein shall extend until the earlier of (i) the expiration of each of the respective Patents, Trademarks, Copyrights and Licenses assigned hereunder, or (ii) the date on which all Obligations have been paid in full and the Loan Agreement is terminated.

6. **Reassignment.** This Security Agreement is made for collateral purposes only. Upon payment in full of all Obligations and termination of the Loan Agreement, Agent shall execute and deliver to Borrower a termination of Agent's security interest granted herein and all deeds, assignments and other instruments as may be necessary or proper to re-vest in Borrower full title to the Patents, Trademarks, Copyrights and Licenses, subject to any disposition thereof which may have been made by Agent pursuant hereto or pursuant to the Loan Agreement.

7. **Duties of Borrower.** Borrower shall have the duty (i) to prosecute diligently any patent, trademark and copyright application pending as of the date hereof or thereafter until all Obligations shall have been paid in full and the Loan Agreement is terminated, (ii) to make application on unpatented but patentable inventions and on trademarks and copyrights, as appropriate, and (iii) to preserve and maintain all rights in patent applications and patents of the Patents, in trademark applications, trademarks and trademark registrations of the Trademarks and in copyright applications and copyrights of the Copyrights. Any expenses incurred in connection with such applications shall be borne by Borrower. Borrower shall not abandon any right to file a patent, trademark or copyright application, or any pending patent, trademark or copyright application, or any Patent, Trademark, Copyright or License, without the prior consent of Agent which shall not be unreasonably withheld or delayed.

8. **Event of Default.** Upon the occurrence and continuance of an Event of Default, Agent may, without further notice to or consent of Borrower, and in addition to all other rights and remedies available to Agent, immediately record all assignments previously executed and delivered

to Agent by Borrower and/or execute and record with all applicable offices (including, without limitation, the Patent and Trademark Office) an absolute assignment to Agent for its benefit and the ratable benefit of each Lender by Borrower of all rights, title and interest of Borrower in and to the Patents, Trademarks, Copyrights, Licenses and other Collateral. Borrower hereby authorizes and agrees that Agent may, through the power of attorney granted in **Section 13** hereof, irrevocably execute and deliver in Borrower's name any and all such assignments and agreements and to take any and all other actions in Borrower's name as Agent shall deem reasonable or appropriate to transfer and convey all right, title and interest of Borrower in and to the Collateral to Agent or any other person or entity selected by Agent.

9. **Agent's Right to Sue.** Upon the occurrence and continuance of an Event of Default, Agent shall have the right, but shall in no way be obligated, to bring suit in its own name to enforce the Licenses, Patents, Copyrights and/or Trademarks, and any licenses thereunder and, if Agent shall commence any such suit, Borrower shall, at the request of Agent, do any and all lawful acts and execute any and all proper documents required by Agent in aid of such enforcement and Borrower shall promptly, upon demand, reimburse and indemnify Agent for all costs and expenses incurred by Agent in the exercise of its rights under this **Section 9**.

10. **Waivers.** No course of dealing between Borrower and Agent or Lender, nor any failure to exercise, nor any delay in exercising, on the part of Agent, any right, power or privilege hereunder or under the Loan Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

11. **Severability.** The provisions of this Security Agreement are severable, and if any clause or provision shall be invalid and unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Security Agreement in any jurisdiction.

12. **Modification.** This Security Agreement cannot be altered, amended or modified in any way, except as specifically provided in **Section 4** hereof or by a writing signed by the parties hereto.

13. **Cumulative Remedies; Power of Attorney; Effect on Loan Agreement.** All of Agent's rights and remedies with respect to the Patents, Trademarks, Copyrights and Licenses, whether established hereby or by the Loan Agreement, or by any other agreements or by law shall be cumulative and may be exercised singularly or concurrently. Upon the occurrence and continuance of an Event of Default, Borrower hereby authorizes Agent to make, constitute and appoint any officer or agent of Agent as Agent may select, in its sole discretion, as Borrower's true and lawful attorney-in-fact, with limited power to, (i) endorse Borrower's name on all applications, documents, papers and instruments necessary or reasonably desirable for the Agent to protect, evidence, perfect or enforce its security interest in the Patents, Trademarks, Copyrights and/or Licenses, (ii) take any other actions with respect to the Patents, Trademarks, Copyrights and/or Licenses as the Agent reasonably deems in the best interest of the Agent, (iii) grant or issue any exclusive or non-exclusive license under the Patents or Trademarks to anyone, or (iv) assign, pledge, convey or otherwise transfer title in or dispose of the Patents, Trademarks, Copyrights and/or Licenses to anyone,

including Agent. Agent may act under such power of attorney to take the actions referenced in **Section 4** hereof. Agent hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable until all Obligations shall have been paid in full and the Loan Agreement shall have been terminated. Borrower acknowledges and agrees that this Security Agreement is not intended to limit or restrict in any way the rights and remedies of Agent or Lender under the Loan Agreement but rather is intended to facilitate the exercise of such rights and remedies given it by the terms of this Security Agreement, all rights and remedies allowed by law and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in any jurisdiction in which the Patents, Trademarks, Copyrights or Licenses may be located.

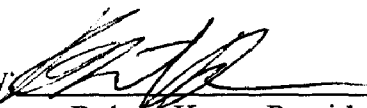
14. **Binding Effect; Benefits.** This Security Agreement and all rights and powers granted hereby will bind and inure to the benefit of the parties hereto and their respective permitted successors and assigns.


15. **Governing Law.** This Security Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

[SIGNATURES ON FOLLOWING PAGE]

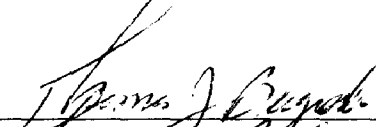
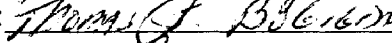
IN WITNESS WHEREOF, the parties hereto have caused this Intellectual Property and Security Agreement to be executed as of the day and year first above written.

KOEN BOOK DISTRIBUTORS, INC.

By: 
Robert Koen, President

By: 
Patricia Koen, Secretary

PNC BANK, NATIONAL ASSOCIATION

By: 
Name/Title: 
Chief Counsel

ACKNOWLEDGMENT

STATE OF Pennsylvania :
 : SS
COUNTY OF Philadelphia :

On this 29th day of November, 2001, before me, a Notary Public, personally appeared Robert Koen who acknowledged himself to be a duly authorized officer of Koen Book Distributors, Inc. and that he as such officer, being duly authorized to do so, executed the foregoing document for the purposes therein contained by signing his name as such officer.

Carol A. Rader
Notary Public
My Commission Expires:

CAROL A. RADER
COMMONWEALTH OF PENNSYLVANIA
COMMISSIONER OF DEEDS
MY COMMISSION EXPIRES JULY 11, 2006

STATE OF Pennsylvania :
 : SS
COUNTY OF Philadelphia :

On this 29th day of November, 2001, before me, a Notary Public, personally appeared Patricia Koen who acknowledged himself to be a duly authorized officer of Koen Book Distributors, Inc. and that he as such officer, being duly authorized to do so, executed the foregoing document for the purposes therein contained by signing his name as such officer.

Carol A. Rader
Notary Public
My Commission Expires:

CAROL A. RADER
COMMONWEALTH OF PENNSYLVANIA
COMMISSIONER OF DEEDS
MY COMMISSION EXPIRES JULY 11, 2006

ACKNOWLEDGMENT

COMMONWEALTH OF PENNSYLVANIA :
: SS.
COUNTY OF PHILADELPHIA :

On this, the 29th day of November, 2001 before me, a Notary Public, personally appeared Thomas J. Bugieda who acknowledged himself to be an officer of PNC Bank, National Association, and that he as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of PNC Bank, National Association by himself as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Carol A. Rader
Notary Public
My commission expires:

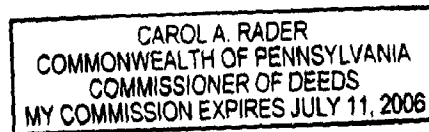


EXHIBIT "A"

TO

**ASSIGNMENT OF PATENT, TRADEMARK,
COPYRIGHT AND LICENSES AGREEMENT**

Patents

None

EXHIBIT "B"

TO

**ASSIGNMENT OF PATENT, TRADEMARK,
COPYRIGHT AND LICENSES AGREEMENT**

Copyrights

None

EXHIBIT "C"

TO

**ASSIGNMENT OF PATENT, TRADEMARK,
COPYRIGHT AND LICENSES AGREEMENT**

Licenses

None

EXHIBIT "D"

TO

**ASSIGNMENT OF PATENT, TRADEMARK,
COPYRIGHT AND LICENSES AGREEMENT**

Trademarks

<u>MARK</u>	<u>REG. NO./APP. NO.</u>	<u>REG./ APP. DT.</u>
K (Stylized K Design)	2230379	March 9, 1999
Koen Kids!	2227854	March 2, 1999