

02-15-2002

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

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TRADEMARKS ONLY

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

Tab settings

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

1. Name of conveying party(ies):

American Silk Mills Corporation

- Individual(s)
- General Partnership
- Corporation-State New York
- 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 20, 2001

2. Name and address of receiving party(ies)

Name: Summit Business Capital Corp.

Internal Address: d/b/a Fleet Capital Business

Street Address: 99 Park Avenue

City: New York State: NY Zip: 10016

- Individual(s) citizenship
- Association
- General Partnership
- Limited Partnership
- Corporation-State New York
- 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)
76/204822; 76/166262

B. Trademark Registration No.(s)
1792661; 1792660; 1792662; 2466387;
0136368; 0387632; 0120249; 0351521

Additional number(s) attached Yes No

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

Name: Robert F. Zielinski

Internal Address: Wolf, Block, Schorr and Solis-Cohen LLP

Street Address: 1650 Arch Street

City: Philadelphia State: PA Zip: 19103

6. Total number of applications and registrations involved: 10

7. Total fee (37 CFR 3.41).....\$ 265.00

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number:

(Attach duplicate copy of this page if paying by deposit account)

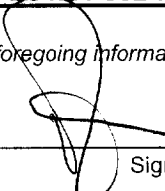
DO NOT USE THIS SPACE

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.

Robert F. Zielinski

Name of Person Signing


Signature

10/18/01
Date

Total number of pages including cover sheet, attachments, and document: 10

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

02/14/2002 5TON11 0000099 76204822

01 FC:481 40.00 OP
02 FC:482 225.00 OP

TRADEMARK
REEL: 002414 FRAME: 0377

INTELLECTUAL PROPERTY SECURITY AGREEMENT

THIS INTELLECTUAL PROPERTY SECURITY AGREEMENT (the "Security Agreement") is made effective as of the 20th day of September, 2001 among AMERICAN SILK MILLS CORPORATION ("Borrower") and SUMMIT BUSINESS CAPITAL CORP., d/b/a FLEET CAPITAL BUSINESS FINANCE DIVISION ("Lender").

BACKGROUND

A. Pursuant to that certain Loan and Security Agreement dated of even date herewith between Lender and Borrower (such Loan and Security Agreement, as heretofore or hereafter amended, modified or restated, being referred to herein as the "**Loan Agreement**"), the Lender agreed to extend to Borrower the credit facilities described therein.

B. The Loan Agreement provides, inter alia, that Borrower will grant to Lender 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 and pledges to Lender and grants to 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, in-

put 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 Lender'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 Lender 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

9. **Lender's Right to Sue.** Upon the occurrence and continuance of an Event of Default, Lender 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 Lender shall commence any such suit, Borrower shall, at the request of Lender, do any and all lawful acts and execute any and all proper documents required by Lender in aid of such enforcement and Borrower shall promptly, upon demand, reimburse and indemnify Lender for all costs and expenses incurred by Lender in the exercise of its rights under this **Section 9**.

10. **Waivers.** No course of dealing between Borrower and Lender, nor any failure to exercise, nor any delay in exercising, on the part of Lender, 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.

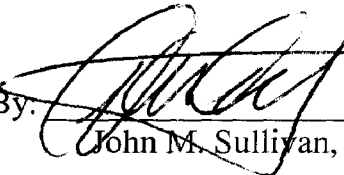
13. **Cumulative Remedies; Power of Attorney; Effect on Loan Agreement.** All of Lender's rights and remedies with respect to the Patents, Trademarks, Copyrights and Licenses, whether established hereby or by the Loan Agreement, or by any other agreements or by law shall be cumulative and may be exercised singularly or concurrently. Upon the occurrence and continuance of an Event of Default, Borrower hereby authorizes Lender to make, constitute and appoint any officer or agent of Lender as Lender 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 Lender 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 Lender reasonably deems in the best interest of the Lender, (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 Lender. Lender may act under such power of attorney to take the actions referenced in **Section 4** hereof. Lender 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 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 shall be binding upon the Borrower and its successors and assigns, and shall inure to the benefit of Lender, its nominees, successors and assigns.

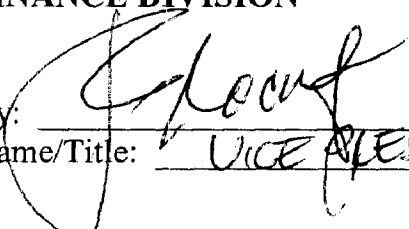
15. **Governing Law.** This Security Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

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

**AMERICAN SILK MILLS
CORPORATION**

By: 
John M. Sullivan, Jr., President

**SUMMIT BUSINESS CAPITAL CORP.,
d/b/a FLEET CAPITAL BUSINESS
FINANCE DIVISION**

By: 
Name/Title: VICE PRESIDENT

ACKNOWLEDGMENT

STATE OF NEW YORK :
 :
 : SS
COUNTY OF New York :

On this 20th day of September, 2001, before me, a Notary Public, personally appeared JOHN M. SULLIVAN, JR. who acknowledged himself to be a duly authorized officer of American Silk Mills Corporation 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.

Alberto J Garcia
Notary Public
My Commission Expires:

ALBERTO J. GARCIA
Notary Public, State of New York
No. 01GA6053013
Qualified in New York County
Commission Expires January 29, 2003

ACKNOWLEDGMENT

STATE OF NEW YORK :
 :
 : SS.
COUNTY OF New York :

On this, the 20th day of September, 2001 before me, a Notary Public, personally appeared JOSE E. ROLA, JR., who acknowledged himself to be an officer of Summit Business Capital Corp., 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 Summit Business Capital Corp. by himself as such officer.

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

Alberto J Garcia
Notary Public
My commission expires:

ALBERTO J. GARCIA
Notary Public, State of New York
No. 01GA6053013
Qualified in New York County
Commission Expires January 29, 2003

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**AMERICAN SILK MILLS CORPORATION
EXHIBIT ATTACHMENT**

COPYRIGHT REGISTRATIONS

	<u>Date</u>		<u>Date</u>		<u>Date</u>
Gloxinia	8/5/98	Impala	3/1/99	Bramble wood	3/1/99
Magnolia	8/5/98	Pendleton	3/1/99	Bungalow	3/1/99
Mum	8/5/98	Ritz	3/1/99	Chesterfield	3/1/99
Primrose	8/5/98	Rural	3/1/99	Coverlet	3/1/99
Appliqué	3/1/99	Savoy	3/1/99	Dew Drive	3/1/99
Aster	3/1/99	Sinesta	3/1/99	Delano	3/1/99
Backcloth	3/1/99	Tides	3/1/99	Finetra	3/1/99
Beachcomber	3/1/99	Tropicana	3/1/99	Frontier	3/1/99
Bellaire	3/1/99	Tuck	3/1/99	Ginger Jar	3/1/99

TRADEMARKS

	<u>Number</u>	<u>Date</u>
Tafy	1792661	9/14/93
San Silk	1792660	9/14/93
Saki	1792662	9/14/93
Madison Park Fabrics	2466387	
Cheney Silk	136368	
Cheney Fabric	287632	
Cheney	120249	
Cinderella	351521	
Cheney Velvet	In Process	
American Silk	In Process	

TRADENAME

American Silk Mills Corporation
Gerli & Co., Inc.

PATENTS, TRADEMARKS, COPYRIGHTS AND LICENSES

1. Borrower's and its Subsidiaries' patents:

<u>Patent</u>	<u>Owner</u>	<u>Status in Patent Office</u>	<u>Federal Registration Number</u>	<u>Registration Date</u>
n/a				

2. Borrower's and its Subsidiaries' trademarks:

<u>Trademark</u>	<u>Owner</u>	<u>Status in Trademark Office</u>	<u>Federal Registration Number</u>	<u>Registration Date</u>
Tafy	American Silk Mills		1792661	9/14/93
San Silk	American Silk Mills		1792660	9/14/93
Saki	American Silk Mills		1792662	9/14/93
Madison Park Fabrics	American Silk Mills		2466387	
Cheney Silk	American Silk Mills		136368	
Cheney Fabric	American Silk Mills		287632	
Cheney	American Silk Mills		120249	
Cinderella	American Silk Mills		351521	
Cheney Velvet	American Silk Mills	In Process		
American Silk	American Silk Mills	In Process		

3. Borrower's and its Subsidiaries' copyrights:

<u>Copyrights</u>	<u>Owner</u>	<u>Status in Copyright Office</u>	<u>Federal Registration Number</u>	<u>Registration Date</u>
See attached				

4. Borrower's and its Subsidiaries' licenses (other than routine business licenses, authorizing them to transact business in local jurisdictions):

<u>Name of License</u>	<u>Nature of License</u>	<u>Licensor</u>	<u>Term of License</u>
n/a			