

01-28-2002

Form PTO-1594
(Rev. 03/01)
OMB No. 0651-0027 (exp. 5/31/200)
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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.

1. Name of conveying party(ies):
KP SPORTS, INC.

- Individual(s)
- General Partnership
- Corporation-State Maryland
- 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 28, 2001

2. Name and address of receiving party(ies)
Name: THE CIT GROUP/COMMERCIAL SERVICES, INC.

Internal Address: Attn: Client Regional Manager
Two First Union Center
Street Address: 301 South Tryon Street
City: Charlotte State: NC Zip: 28202

- 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)
78-157067

B. Trademark Registration No.(s)
2185859
2279668

Additional number(s) attached Yes No

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

Name: Carruthers & Roth, P.A.

Internal Address: Attention: Linda K. Sullivan

Street Address: 235 N. Edgeworth Street

City: Greensboro State: NC Zip: 27401

6. Total number of applications and registrations involved: 3

7. Total fee (37 CFR 3.41).....\$90.00

- 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.

By: Linda K. Sullivan
Name of Person Signing

By: Carruthers & Roth, P.A. Linda K. Sullivan
Signature

10/22/01
Date

Total number of pages including cover sheet, attachments, and document: 14

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01 FC:481
02 FC:482

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50.00 OP

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

SECURITY AGREEMENT - INTELLECTUAL PROPERTY

THIS SECURITY AGREEMENT - INTELLECTUAL PROPERTY ("Agreement"), is made and entered into this 28th day of September, 2001, between KP SPORTS, INC., a Maryland corporation ("Grantor"), and THE CIT GROUP/COMMERCIAL SERVICES, INC., a New York corporation ("Lender").

WITNESSETH:

WHEREAS, Grantor and Lender are parties to a certain Accounts Receivable Financing Agreement, dated as of June 20, 2001, as amended by Amendment No. 1 thereto, dated of even date herewith, and as supplemented by that certain Inventory Security Agreement, dated of even date herewith (the Accounts Receivable Financing Agreement, as it may hereafter be amended, modified, supplemented or restated from time to time, being herein called the "Financing Agreement"), pursuant to which Lender has agreed to make loans and extend credit to Grantor, all as more particularly described therein; and

WHEREAS, as a condition precedent to continuing to make loans and extend credit to Grantor pursuant thereto, Lender has required the execution of this Agreement by Grantor in favor of Lender.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, Grantor agrees with Lender as follows:

1. Defined Terms. All capitalized terms used herein without definition shall have the meaning ascribed to such terms in the Financing Agreement.

2. Grant of Security Interest. As security for the payment and performance of the Obligations, Grantor hereby assigns, grants, transfers and conveys to Lender, for security purposes, a security interest in and lien on all of Grantor's right, title and interest in, to and under the following property, in each case whether now existing or hereafter existing or in which Grantor now has or hereafter acquires or develops an interest wherever the same may be located (the "Intellectual Property Collateral"):

(a) all letters patent of the U.S. or any other country, all registrations and recordings thereof, and all applications for letters patent of the U.S. or any other country, owned, held (whether pursuant to a license or otherwise) or used by Grantor in whole or in part, including all existing U.S. patents and patent applications of Grantor which are described in Schedule A attached hereto, as the same may be amended or supplemented pursuant hereto from time to time, and including all patent licenses held by Grantor (unless otherwise prohibited by any license or related licensing agreement under circumstances where the granting of the security interest would have the effect under applicable law of the termination or permitting termination of the license for breach and where the licensor,

other than any affiliate of Grantor, has elected such termination remedy), together with all reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof and the inventions disclosed therein, and all rights corresponding thereto throughout the world, including the right to make, use, lease, sell and otherwise transfer the inventions disclosed therein, and all proceeds thereof, including without limitation all license royalties and proceeds of infringement suits (collectively, the "Patents");

(b) all state (including common law), federal and foreign trademarks, service marks and trade names, corporate names, company names, business names, fictitious business names, trade styles, trade dress, logos, other source or business identifiers, domain names, designs and general intangibles of like natures, now existing or hereafter adopted or acquired, together with and including all licenses therefor held by Grantor (unless otherwise prohibited by any license or related licensing agreement under circumstances where the granting of the security interest would have the effect under applicable law of the termination or permitting termination of the license for breach and where the licensor has elected such termination remedy), and all registrations and recordings thereof, and all applications filed or to be filed in connection therewith, including registrations and applications in the United States Patent and Trademark Office, any State of the United States or any other country or any political subdivision thereof, and all extensions or renewals thereof, including any of the foregoing which are described in Schedule B attached hereto, as the same may be amended or supplemented pursuant hereto from time to time, and the right (but not the obligation) to register claims under any state or federal trademark law or regulation or any trademark law or regulation of any foreign country and to apply for, renew and extend any of the same, to sue or bring opposition or cancellation proceedings in the name of Grantor or in the name of Lender for past, present or future infringement or unconsented use thereof, and all rights arising therefrom throughout the world (collectively, the "Trademarks");

(c) all copyrights, rights, titles and interests in and to published and unpublished works of authorship that Grantor now or hereafter owns or uses in its business, and all copyrights in any original or derivative works of authorship and all works protectable by copyright that are, or in the future may be, owned, created, authored (as a work for hire), acquired or used (whether pursuant to a license or otherwise) by Grantor, in whole or in part, (collectively, the "Copyrights"), including the Copyrights which are described in Schedule C attached hereto, as the same may be amended or supplemented pursuant hereto from time to time;

(d) all copyright registrations and applications for copyright registration that have been or may hereafter be issued thereon or applied for in the United States or throughout the world (the "Registrations"), including the Registrations which are described in Schedule C attached hereto, as the same may be amended or supplemented pursuant hereto from time to time;

(e) all common law and other rights in and to the Copyrights throughout the world, including all copyright licenses (unless otherwise prohibited by any license or related licensing agreement under circumstances where the granting of the security interest would have the effect under applicable law of the termination or permitting termination of the license for breach and where the licensor other than any affiliate of Grantor has elected such termination remedy) (collectively, the "Copyright Rights"), including the Copyright Rights which are described in Schedule C attached hereto, as the same may be amended or supplemented pursuant hereto from time to time;

(f) all inventions, designs, trade secrets, proprietary rights, records, computer programs, source codes, object codes, data bases and all other intangible personal property at any time associated or used in connection with or arising out of the Copyrights, Registrations or Copyright Rights (referred to herein as "Proprietary Rights");

(g) all renewals and extensions of any of the Copyrights, Registrations or Copyright Rights, throughout the world, including all proceeds thereof, the right (but not the obligation) to renew and extend such Copyrights, Registrations and Copyright Rights and to register works protectable by copyright and the right (but not the obligation), to sue or bring opposition or cancellation proceedings and recover damages for past, present and future infringements or violations of the Copyrights, Registrations and Copyright Rights; and all of Grantor's right, title and interest to make and exploit all derivative works based on or adopted from all works covered by any of the Copyrights, Registrations, and Copyright Rights, Proprietary Rights and any other Intellectual Property Collateral (as hereinafter defined) relating thereto;

(h) all claims, causes of action and rights to sue for past, present and future infringement or unconsented use of any of the Intellectual Property Collateral and all rights arising therefrom and pertaining thereto;

(i) all of the goodwill of Grantor's business symbolized by the Trademarks or associated therewith;

(j) all general intangibles (as defined in the Uniform Commercial Code as adopted and in force in the State of North Carolina, as from time to time in effect (the "Code")) and all intangible intellectual and other similar property of Grantor of any kind or nature, whether now owned or hereafter acquired or developed, associated with or arising out or used in connection with of any of the Intellectual Property Collateral and not otherwise described above; and

(k) all proceeds of any and all of the foregoing Intellectual Property Collateral, including, without limitation, license royalties, rights to payment, accounts receivable, proceeds of infringement suits and all payments under insurance or any indemnity,

warranty or guaranty payable by reason or loss or damage to or otherwise with respect to the foregoing Intellectual Property Collateral.

3. Representations, Warranties and Covenants of Grantor. Grantor represents, warrants and covenants that:

(a) The Intellectual Property Collateral is, to the best of its knowledge, subsisting and has not been judged invalid or unenforceable;

(b) Grantor is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to the Intellectual Property Collateral, free and clear of any liens, charges and encumbrances except those in favor of ANB, BDC and Prudent; and

(c) Grantor has used, and will continue to use for the duration of this Agreement, proper statutory notice in connection with its use of the Trademarks;

(d) Grantor will maintain the quality of the products associated with the Trademarks, generally at a level consistent with the quality as of the effective date of this Agreement, subject to the introduction of new products from time to time, and product modifications in the ordinary course of business; and

(e) Grantor has the unqualified right to enter into this Agreement and perform its terms and has entered and will enter into written agreements with each of its present and future employees, agents and consultants which will enable it to comply with the covenants herein contained.

4. Visits and Inspections. Grantor hereby grants to Lender and its employees and agents the right at any time during normal business hours, and from time to time, to visit Grantor'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. Grantor shall do any and all acts required by Lender to ensure Grantor's compliance with paragraph 3(d) of this Agreement.

5. Restrictions on Future Agreements. Grantor agrees that, until all of the Obligations have been satisfied in full and the Financing Agreement has been terminated in writing, it will not without Lender's prior written consent, enter into any agreement which is inconsistent with Grantor's duties under this Agreement, and Grantor 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 and enforcement of the rights granted to Lender under this Agreement.

6. After-Acquired Intellectual Property Rights. If, before the Obligations have been satisfied in full, Grantor shall obtain rights to (i) any new patentable inventions, new trademarks,

or new copyrights, or become entitled to the benefit of any patent application, any patent for any reissue, division, continuation, renewal, extension or continuation-in-part of any Patent, any improvement on any Patent, any trademark application or trademark for any renewal of any Trademark, any copyright application or any copyright for any renewal or extension of any Copyright, the provisions of paragraph 1 hereof shall automatically apply thereto, and Grantor shall give to Lender prompt notice thereof in writing. Grantor authorizes Lender to modify this Agreement by amending Schedules A, B, and C to include any future patents and patent applications, any future trademarks and trademark applications, or any future copyrights and copyright applications which are Intellectual Property Collateral under paragraph 1 hereof or this paragraph 6.

7. Grantor's Rights Prior to Default. Unless and until there shall have occurred and be continuing a Default, Grantor shall continue to own, and may use and enjoy the Intellectual Property Collateral in connection with its business operations, but only in a manner consistent with the presentation of their current substance, validity and registration.

8. Remedies Upon Default. If a Default shall have occurred and be continuing, Lender shall have, in addition to all other rights and remedies given it by this Agreement, those allowed by law and, specifically, those of a Lender under the Code. Notice of any sale or other disposition of the Intellectual Property Collateral shall be deemed reasonable and sufficient if given Grantor at least ten (10) days before the time of any intended public or private sale or other disposition of any of the Intellectual Property Collateral is to be made.

9. Power of Attorney. Grantor hereby makes, constitutes and appoints Lender and any officer or agent of Lender as Lender may select as Grantor's true and lawful attorney-in-fact, with full power to do any or all of the following if a Default shall occur and be continuing: to endorse Grantor's name on all applications, documents, papers and instruments necessary for Lender to use the Intellectual Property Collateral, or to grant or issue any exclusive or nonexclusive license under the Intellectual Property Collateral to anyone else as necessary for Lender to assign, pledge, convey or otherwise transfer title in or dispose of the Intellectual Property Collateral to anyone else. Grantor 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 of the Obligations shall have been satisfied in full and the Financing Agreement shall have been terminated in writing.

10. Release of Security Interest. At such time as all of the Obligations shall have been satisfied and paid in full, Lender shall execute and deliver to Grantor all releases, termination statements, and other instruments as may be necessary or proper to release or reflect the release of Lender's security interest in the Intellectual Property Collateral.

11. Costs and Expenses. Any and all fees, costs and expenses, of whatever kind or nature, including reasonable attorneys' fees and legal expenses, incurred by Lender in connection with the preparation of this Agreement and all other documents relating hereto and the

consummation of this transaction, the filing or recording of any documents (including all taxes in connection therewith) in public offices, the payment or discharge of any taxes, counsel fees, maintenance fees, encumbrances or otherwise protecting, maintaining, or preserving the Intellectual Property Collateral, or in defending or prosecuting any actions or proceedings arising out of or related to the Intellectual Property Collateral, shall be borne and paid by Grantor on demand by Lender and until so paid shall be added to the amount of the Obligations and shall bear interest at the rate prescribed in the Financing Agreement.

12. Litigation and Proceedings.

(a) Grantor shall have the duty, through counsel acceptable to Lender, to prosecute diligently any patent application of the Patents, any trademark application of the Trademarks, or any copyright application of the Copyrights pending as of the date of this Agreement or thereafter, other than those discontinued or abandoned in the ordinary course of business, until the Obligations shall have been paid in full, to make application on unpatented but patentable inventions, and to preserve and maintain all rights in patent applications, patents of the Patents, trademark applications, trademarks of the Trademarks, copyright applications, and copyrights of the Copyrights in the ordinary course of business. Any expenses incurred in connection with such applications shall be borne by Grantor. Grantor shall not abandon any right to file a patent application, or any pending patent application or patent, any right to file a trademark application, or any pending trademark application or trademark, or any right to file a copyright application, or any pending copyright application or copyright, other than those discontinued or abandoned in the ordinary course of business without the consent of Lender, which consent shall not be unreasonably withheld.

(b) Lender shall have the right, but shall in no way be obligated, to bring suit in its own name, as the holder of a security interest in the Intellectual Property Collateral, to enforce the Patents, Trademarks, or Copyrights and any license thereunder, in which event Grantor shall at the request of Lender do any and all lawful acts (including bringing suit) and execute any and all proper documents required by Lender in aid of such enforcement and Grantor shall promptly, upon demand, reimburse and indemnify the Lender for all costs and expenses incurred in the exercise of its rights under this paragraph 12. Nothing herein shall be deemed to prohibit Grantor from bringing any such suit in its own name at any time that a Default does not exist, if Lender declines to institute suit.

13. Lender May Perform. If Grantor fails to comply with any of its obligations hereunder, Lender may do so in Grantor's name or in Lender's name, but at Grantor's expense, and Grantor agrees to reimburse Lender in full for all expenses, including reasonable attorney's fees, incurred by Lender in prosecuting, defending or maintaining the Intellectual Property Collateral or Lender's interest therein pursuant to this Agreement.

14. Severability. The provisions of this Agreement are severable, and if any clause or provision shall be held 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 Agreement in any jurisdiction.

15. Modification. This Agreement is subject to modification only by a writing signed by the parties, except as provided in paragraph 6 hereof.

16. Binding Effect; Benefits. The benefits and burdens of this Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties.

17. Notices. All notices, requests and demands hereunder shall be: (a) addressed to the party to be served at the address shown below, or to such other address as either party may designate by written notice to the other in accordance with this provision; and (b) deemed to have been given or made: if by hand, immediately upon delivery; if by telex or facsimile, immediately upon sending; if by overnight delivery service, one day after dispatch; and if by ordinary mail or registered/certified mail-return receipt requested (with proper postage prepaid), three (3) days after mailing:

(i) If to Lender at: The CIT Group/Commercial Services, Inc.
Two First Union Center
301 South Tryon Street
Charlotte, North Carolina 28202
Attention: Client Regional Manager
Facsimile No.: 704-339-2894

(ii) If to Grantor, at: KP Sports, Inc.
1600 Bush Street
Baltimore, Maryland 21230
Attention: J. Scott Plank
Facsimile No.: 410-468-2516


18. Governing Law; Consent to Forum. This Agreement shall be deemed to have been made in Charlotte, North Carolina and shall be interpreted, and the rights and liabilities of the parties hereto shall be determined, in accordance with the laws of the State of North Carolina. As part of the consideration for new value this day given, Grantor hereby consents to the jurisdiction of any state or federal court located within the State of North Carolina.

19. Waiver of Jury Trial. **GRANTOR WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE RIGHT TO TRIAL BY JURY (WHICH LENDER HEREBY ALSO WAIVES) IN ANY ACTION, SUIT, PROCEEDING OR COUNTERCLAIM OF ANY KIND ARISING OUT OF OR RELATING TO THIS**

AGREEMENT, ANY OF THE LOAN DOCUMENTS, THE OBLIGATIONS OR THE COLLATERAL.

WITNESS the execution hereof on the day and year first above written.

KP SPORTS, INC.
("Grantor")

By: 
Title: PRESIDENT

THE CIT GROUP/COMMERCIAL SERVICES, INC.
("Lender")

By: _____
Title: _____

AGREEMENT, ANY OF THE LOAN DOCUMENTS, THE OBLIGATIONS OR THE COLLATERAL.

WITNESS the execution hereof on the day and year first above written.

KP SPORTS, INC.
("Grantor")

By: _____
Title: _____

THE CIT GROUP/COMMERCIAL SERVICES, INC.
("Lender")

By: Dan Upchurch
Title: V. P.

STATE OF Maryland
COUNTY OF Baltimore

I, Susan Lusher, a Notary Public of the State and County aforesaid, certify that Kevin Plank personally appeared before me this day and acknowledged that he is President President of KP SPORTS, INC., a Maryland corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed by him/her in the corporation's name and sealed with its corporate seal.

WITNESS my hand and official stamp or seal, this 1 day of ~~September~~ October, 2001.

Susan Lusher
Notary Public

My Commission Expires: 11-1-01

STATE OF NORTH CAROLINA
COUNTY OF McKENNENBURG

I, BEVERLY A SCOTT, a Notary Public of the State and County aforesaid, certify that DAN UPCHURCH personally appeared before me this day and acknowledged that he is VICE President of THE CIT GROUP/COMMERCIAL SERVICES, INC., a New York corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed by him/her in the corporation's name and sealed with its corporate seal

WITNESS my hand and official stamp or seal, this 28th day of September, 2001.

Beverly A. Scott
Notary Public

My Commission Expires: 4-15-06

**SCHEDULE A TO SECURITY
AGREEMENT - INTELLECTUAL PROPERTY**

Patents and Patent Applications

None

**SCHEDULE B TO SECURITY
AGREEMENT - INTELLECTUAL PROPERTY**

Trademarks and Trademark Applications

<u>Description</u>	<u>Registration Number</u>	<u>Date of Registration</u>	<u>Status</u>
Design Only	2185859	September, 1, 1998	Registered
Under Armour	2279668	September, 21, 1998	Registered
UA Under Armour	78-157067	Application filed November 1, 2000	Pending

**SCHEDULE C TO SECURITY
AGREEMENT - INTELLECTUAL PROPERTY**

Copyrights, registrations and Copyright Rights

None