

02-26-2002



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

101992911
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):

TCJC, LLC

1-29-02

- Individual(s)
- General Partnership
- Corporation-State
- Other Delaware Limited Liability Company
- 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: October 5, 2001

2. Name and address of receiving party(ies)

Name: BFI Business Finance

Internal

Address: _____

Street Address: 1655 The Alameda

City: San Jose State: CA Zip: 95126

Individual(s) citizenship

Association

General Partnership

Limited Partnership

Corporation-State California

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)

74/655,295

B. Trademark Registration No.(s)

2,180,912

Additional number(s) attached Yes No

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

Name: Jill M. Pietrini

Internal Address: _____

Manatt, Phelps & Phillips, LLP

Street Address: 11355 W. Olympic Boulevard

City: Los Angeles State: CA Zip: 90067

6. Total number of applications and registrations involved: _____

2

7. Total fee (37 CFR 3.41).....\$ 65.00

Enclosed

Authorized to be charged to deposit account

8. Deposit account number:

DA 131 241

(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.

Jill M. Pietrini

Name of Person Signing

Signature

1/28/02

Date

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

02/25/2002 DBYRNE 00000210 131241 74655095

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

01 FC:481
02 FC:482

40.00 CH
25.00 CH

TRADEMARK
REEL: 002449 FRAME: 0197

INTELLECTUAL PROPERTY SECURITY AGREEMENT

This Intellectual Property Security Agreement (this "Agreement") is made as of this **5th day of October, 2001** by and between **TCJC, LLC**, a Delaware limited liability company ("Assignor") and **BFI Business Finance** ("Assignee"), a California corporation.

RECITALS

A. WHEREAS, Assignee has agreed to lend to Assignor certain funds (the "Loan"), and Assignor desires to borrow such funds from Assignee which will be secured in part pursuant to the terms of a Loan and Security Agreement dated **October 5, 2001** (the "Loan Agreement").

B. WHEREAS, in order to further induce Assignee to make the Loan, Assignor has agreed to grant a security interest in certain intangible property owned by Assignor.

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

1. Grant of Security Interest. As collateral security for the prompt and complete payment and performance of all of Assignor's present or future indebtedness, obligation and liabilities to Assignee under the Loan Agreement, during the Term of this Agreement, Assignor hereby grants Assignee; a security interest in; Assignor's entire right, title and interest in, to and under the following (all of which shall collectively be called the "Collateral"):

(a) Any and all copyright rights, copyright application, copyright registrations and like protections in each work or authorship and derivative work thereof, whether published or unpublished and whether or not the same also constitutes a trade secret, now or hereafter existing, created, acquired or held, including without limitation those set forth on Exhibit A attached hereto (collectively, the "Copyrights");

(b) Any and all trade secrets, and any and all intellectual property rights in computer software and computer software products now or hereafter existing, created, or acquired or held;

(c) Any and all design rights which may be available to Assignor now or hereafter existing, created, acquired or held;

(d) All patents, patent applications and like protections including, without limitation, improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same, including without limitation the patents and patent applications set forth on Exhibit B attached hereto (collectively, the "Patents");

(e) Any trademark and service mark rights, whether registered or not, applications to register and registrations of the same and like protections, and the entire goodwill of the business of Assignor connected with and symbolized by such trademarks, including without limitation those set forth on Exhibit C attached hereto (collectively, the "Trademarks");

(f) Any and all claims for damages by way of past, present and future infringement of any of the rights included above, with the right, but not the obligation, to sue for and collect such damages for said use or infringement of the intellectual property rights identified above;

(g) All licenses or other rights to use any of the Copyrights, Patents or Trademarks, and all license fees and royalties arising from such use; and



(h) All proceeds and products of the foregoing, including without limitation all payments under insurance or any indemnity or warranty payable in respect of any of the foregoing.

2. **Authorization and Request.** Assignor authorizes and requests that the Register of Copyrights and the Commissioner of Patents and Trademarks record this security interest.

3. **Covenants and Warranties.** Assignor represents, warrants, covenants and agrees to the best of its knowledge after due inquiry as follows:

(a) Assignor is now the sole owner of the Collateral, except for non-exclusive licenses granted by Assignor to its customers in the ordinary course of business and except for the Permitted Liens under the Loan Agreement, the liens, encumbrances or security interests described in **Exhibit D** attached hereto;

(b) Performance of this Agreement does not conflict with or result in a breach of any agreement to which Assignor is party or by which Assignor is bound;

(c) During the term of this Agreement, Assignor will not transfer or otherwise encumber any interest in the Collateral without Assignee's prior written consent, except for non-exclusive licenses granted by Assignor and the Permitted Liens under the Loan Agreement;

(d) Each of the Patents is valid and enforceable, and no part of the Collateral has been judged invalid or unenforceable, in whole or in part, and no claim has been made that any part of the Collateral violates the rights of any third party;

(e) Assignor shall promptly advise Assignee of any material change in the composition of the Collateral, including but not limited to any subsequent ownership right of the Assignor in or to any Trademark, Patent or Copyright not specified in this Agreement;

(f) To the extent necessary for its business as Assignor determined in its sole discretion after consultation with Assignee, Assignor shall (i) protect, defend and maintain the validity and enforceability of the Trademarks, Patents and Copyrights, (ii) use its best efforts to detect infringements of the Trademarks, Patents and Copyrights and promptly advise Assignee in writing of material infringements detected and (iii) not allow any Trademarks, Patents or Copyrights to be abandoned, forfeited or dedicated to the public without the written consent of Assignee, which shall not be unreasonably withheld;

(g) To the extent necessary for its business as Assignor determined in its sole discretion after consultation with Assignee, Assignor shall promptly register the most recent version of any of Assignor's copyrights, if not so already registered, and shall, from time to time, execute and file such other instruments, and take such further actions as Assignee may request from time to time to perfect or continue the perfection of Assignee's interest in the Collateral;

(h) This Agreement creates, and in the case of after acquired Collateral, this Agreement will create at the time Assignor first has rights in such after acquired Collateral, in favor of Assignee a valid and perfected first priority security interest in the Collateral in the United States securing the payment and performance of the obligations evidenced by the Loan Agreement upon making the filings referred to in clause (i) below;

(i) Except for, and upon, the filing with the United States Patent and Trademark office with respect to the Patents necessary to perfect the security interests created hereunder, and, except as has been already made or obtained, no authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required either (i) for the grant by Assignor of the security interest granted hereby or for the execution, delivery or performance of this Agreement or



by Assignor or (ii) for the perfection in the United States or the exercise by Assignee of its rights and remedies hereunder;

(j) All information heretofore, herein or hereafter supplied to Assignee by or on behalf of Assignor with respect to the Collateral is accurate and complete in all material respects;

(k) Assignor shall not enter into any agreement that would materially impair or conflict with Assignor's obligations hereunder without Assignee's prior written consent. Assignor shall not permit the inclusion in any contract to which it becomes a party of any provisions that could or might in any way impair or prevent the creation of a security interest in Assignor's rights and interests in any property included within the definition of the Collateral acquired under such contracts; and

(l) Upon any officer of Assignor obtaining knowledge thereof, Assignor will promptly notify Assignee in writing of any event that materially adversely affects the value of any commercially viable portion of the Collateral, as determined by Assignor in its sole discretion after consultation with Lender and the ability of Assignor or Assignee to dispose of any commercially viable portion of the Collateral as determined in its sole discretion after consultation with Lender or the rights and remedies of Assignee in relation thereto, including the levy of any legal process against any of the Collateral.

4. Assignee's Rights. Assignee shall have the right, but not the obligation, to take, at Assignor's sole expense, any actions that Assignor is required under this Agreement to take but which Assignor fails to take, after fifteen (15) business days' written notice to Assignor. Assignor shall reimburse and indemnify Assignee for all costs and expenses incurred in the reasonable exercise of its rights under this section 4.

5. Inspection Rights. Assignor hereby grants to Assignee and its employees, representatives and agents, at Assignor's expense, the right to visit, during reasonable hours upon prior reasonable notice to Assignor, and any of Assignor's and its subcontractors' plants and facilities that manufacture, install or store products (or that have done so during the prior six-month period) that are sold under any of the Collateral, and to inspect the products and quality control records relating thereto upon reasonable notice to Assignor and as often as may be reasonably requested; provided, however, nothing herein shall entitle Assignee to access to Assignor's trade secrets and other proprietary information.

6. Further Assurances; Attorney in Fact.

(a) To the extent necessary for its business as Assignor determined in its sole discretion after consultation with Lender, on a continuing basis, Assignor will, subject to any prior licenses, encumbrances and restrictions and prospective licenses, make, execute, acknowledge and deliver, and file and record in the proper filing and recording places in the United States, all such instruments, including, appropriate financing and continuation statements and collateral agreements and filings with the United States Patent and Trademark Office, and take all such action as may reasonably be deemed necessary or advisable, or as requested by Assignee to carry out the intent and purposes of this Agreement, or for assuring and confirming to Assignee the grant or perfection of a security interest in all Patents.

(b) Assignor hereby irrevocably appoints Assignee as Assignor's attorney-in-fact, with full authority in the place and stead of Assignor and in the name of Assignor, Assignee or otherwise, from time to time in Assignee's discretion, to take any action and to execute any instrument which Assignee may deem necessary or advisable to accomplish the purposes of this Agreement, including:

(i) To modify in its sole discretion this Agreement without first obtaining Assignor's approval of or signature to such modification by amending **Exhibit A**, **Exhibit B** and **Exhibit C** thereof, to include reference to any right title or interest in any copyright, patents, or trademarks acquired by Assignor after the execution hereof or to delete any reference to any right, title, interest in any



copyrights, patents, or trademarks in which Assignor no longer has or claims any right, title or interest; and,

(ii) To file, in its sole discretion, one or more financing or continuation statements and amendments thereto, relative to any of the Collateral without the signature of Assignor where permitted by law.

7. Term. The term of this Agreement shall commence on the Effective Date and continue until Assignor's obligations under the Loan Agreement have been satisfied ("Term").

8. Events of Default. The occurrence of any of the following shall constitute an Event of Default under this Agreement:

(a) An Event of Default occurs under the Loan Agreement or any other agreement;

or

(b) Assignor breaches any material warranty or agreement made by Assignor in this

Agreement.

9. Remedies. Upon the occurrence of an Event of Default, under the Loan Agreement Assignee shall have the right to exercise all the remedies of a secured party under the California Uniform Commercial Code, including without limitation the right to require Assignor to assemble the Collateral and to make it available to Assignee at a place designated by Assignee. Assignor will pay any expenses (including attorneys' fees) incurred by Assignee in connection with the exercise of any of Assignee's rights hereunder, including without limitation any expense incurred in disposing of the Collateral. All of Assignee's rights and remedies with respect to the Collateral shall be cumulative.

10. Indemnity. Assignor agrees to defend, indemnify and hold harmless Assignee and its officers, employees, and agents against: (a) all obligations, demands, claims, and liabilities claimed or asserted by any other party in connection with the transactions contemplated by this Agreement, and (b) all losses or expenses in any way suffered, incurred, or paid by Assignee as a result of or in any way arising out of, following or consequential to transactions between Assignee and Assignor, whether under this Agreement or otherwise (including without limitation attorneys fees and expenses), except for losses arising from or out of Assignee's gross negligence or willful misconduct.

11. Reassignment. At such time as Assignor shall completely satisfy all of the obligations secured hereunder, Assignee shall execute and deliver to Assignor all deeds, assignments and other instruments as may be necessary or proper to revest in Assignor full title to the property assigned hereunder, subject to any disposition thereof which may have been made by Assignee pursuant hereto.

12. Course of Dealing. No course of dealing, nor any failure to exercise, nor any delay in exercising any right, power or privilege hereunder shall operate as a waiver thereof.

13. Attorneys' Fees. If any action relating to this Agreement is brought by either party hereto against the other party, the prevailing party shall be entitled to recover reasonable attorneys' fees, costs and disbursements.

14. Amendments. This Agreement may be amended only by a written instrument signed by both parties hereto.

15. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute the same instrument.



16. California Law and Jurisdiction. This Agreement shall be governed by the laws of the State of California, without regard for choice of law provisions. Assignor and Assignee consent to the non-exclusive jurisdiction of any state or federal court located in Santa Clara County, California.

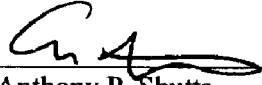
IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

Address of Assignor:

40 West 37th Street
New York, New York 10018

ASSIGNOR:

TCJC, LLC


By: Anthony P. Shutts
Its: Secretary

Address of Assignee:

1655 The Alameda
San Jose, CA 95126

ASSIGNEE:

BFI BUSINESS FINANCE


By: Jeff Johnson
Its: Executive Vice President



Exhibit "A"

Copyrights

NONE



Exhibit "B"

Patents

NONE



Exhibit "C"

Trademarks

1. FLIP WATCH
Class 14
App. # 74/655,295
Filed on 3/31/1995
2. HAPPY CLIP
Class 14
Reg. # 2,180,912
Registered on 8/11/1998
3. Assignor may own other trademarks, however, as Assignor currently does not plan to use such marks in its business, they are not listed here.



Exhibit "D"

1. None as to the marks listed in items 1 and 2 on Exhibit C.
2. There may be liens, encumbrances and security interests in the marks listed in item 3 on Exhibit C.

