

INTELLECTUAL PROPERTY SECURITY AGREEMENT

This Intellectual Property Security Agreement is entered into as of November 10, 2000 by and between IMPERIAL BANK ("Bank") and CELEBRATEEXPRESS.COM, a Washington corporation, formerly known as BIRTHDAYEXPRESS, INC., BIRTHDAY EXPRESS, INC. and PRISM NETWORK INTERNATIONAL, INC. ("Grantor").

RECITALS

A. Bank has agreed to make certain advances of money and to extend certain financial accommodation to Grantor (the "Loans") in the amounts and manner set forth in that certain Loan and Security Agreement by and between Bank and Grantor dated of even date herewith (as the same may be amended, modified or supplemented from time to time, the "Loan Agreement"; capitalized terms used herein are used as defined in the Loan Agreement). Bank is willing to make the Loans to Grantor, but only upon the condition, among others, that Grantor shall grant to Bank a security interest in certain Copyrights, Trademarks and Patents to secure the obligations of Grantor under the Loan Agreement.

B. Pursuant to the terms of the Loan Agreement, Grantor has granted to Bank a security interest in all of Grantor's right, title and interest, whether presently existing or hereafter acquired, in, to and under all of the Collateral.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, and intending to be legally bound, as collateral security for the prompt and complete payment when due of its obligations under the Loan Agreement, Grantor hereby represents, warrants, covenants and agrees as follows:

AGREEMENT

To secure its obligations under the Loan Agreement and under all other agreements now existing or hereafter arising between Grantor and Bank, Grantor grants and pledges to Bank a security interest in all of Grantor's right, title and interest in, to and under its Intellectual Property Collateral (including without limitation those Copyrights, Patents and Trademarks listed on Schedules A, B and C hereto), and including without limitation all proceeds thereof (such as, by way of example but not by way of limitation, license royalties and proceeds of infringement suits), the right to sue for past, present and future infringements, all rights corresponding thereto throughout the world and all re-issues, divisions continuations, renewals, extensions and continuations-in-part thereof.

This security interest is granted in conjunction with the security interest granted to Bank under the Loan Agreement. The rights and remedies of Bank with respect to the security interest granted hereby are in addition to those set forth in the Loan Agreement and the other Loan Documents, and those which are now or hereafter available to Bank as a matter of law or equity. Each right, power and remedy of Bank provided for herein or in the Loan Agreement or any of the Loan Documents, or now or hereafter existing at law or in equity shall be cumulative and concurrent and shall be in addition to every right, power or remedy provided for herein and the exercise by Bank of any one or more of the rights, powers or remedies provided for in this Intellectual Property Security Agreement, the Loan Agreement or any of the other Loan Documents, or now or hereafter existing at law or in equity, shall not preclude the simultaneous or later exercise by any person, including Bank, of any or all other rights, powers or remedies.

Grantor represents and warrants that Exhibits A, B, and C attached hereto set forth any and all intellectual property rights in connection to which Grantor has registered or filed an application with either the United States Patent and Trademark Office or the United States Copyright Office, as applicable.

IN WITNESS WHEREOF, the parties have cause this Intellectual Property Security Agreement to be duly executed by its officers thereunto duly authorized as of the first date written above.

GRANTOR:

Address of Grantor:

11220 120th Avenue NE
Kirkland, WA 98033
Attn: Mike Jewell

CELEBRATEEXPRESS.COM, INC

By:

Title:

Michael Jewell

COO

BANK:

IMPERIAL BANK

Address of Bank:

5330 Carillon Point
Kirkland, WA 98033

Attn: JP Michael

By:

Title:

JP Michael

FVP + Manager

EXHIBIT A

Copyrights

<u>Description</u>	<u>Registration/ Application Number</u>	<u>Registration/ Application Date</u>
Knight plate, cup, napkin, invitation, centerpiece, sticker, and coloring poster	VA892126	04/23/98
Little princess plate, invitation, tablecover, and sticker	VA892125	04/23/98
Unicorn scroll	VA886369	12/11/97
Magic school bus plate, cup napkin, invitation, tablecover, centerpiece, sticker, and coloring poster	VA886368	12/11/97
Rainbow fish plate, cup, napkin, invitation, tablecover, centerpiece, and scroll	VA886367	12/11/97
Rainbow fish sticker, coloring poster, and bag activity	VA886366	12/11/97
Birthday express the children's party catalog	TX4-071-412	

EXHIBIT B

Patents

Description

Registration/
Application
Number

Registration/
Application
Date

EXHIBIT C

Trademarks

<u>Description</u>	<u>Registration/ Application Number</u>	<u>Registration/ Application Date</u>
Birthday Express	1,834,617	05/03/94
Birthday Express (and Design)	1,879,720	02/21/95
Birthday express.com (and Design)	75/777,066	08/13/99
Birthday express.com (and Design)	75/779,947	08/20/99
Birthdayexpress.com	75/776,018	08/13/99
Birthdayexpress.com	75/780,940	08/20/99
Birthdayexpress.com	75/786,792	08/27/99
Birthday express.com (and Design)	75/786,584	08/27/99
Celebrate a child	75/769,288	08/06/99
Celebrate a child	75/769,327	08/06/99
Celebrate express.com	75/779,948	08/20/99
Celebrate express.com	75/780,943	08/20/99
Celebrate express.com	75/781,175	08/20/99
Celebrate express.com	75/781,179	08/20/99
Celebrate express.com (and Design)	75/780,976	08/20/99
Celebrate express.com (and Design)	75/784,089	08/25/99
Storybook Heirlooms	1,950,207	01/23/96
Just for Kids	1,806,551	11/23/93
Storybook Heirlooms	1,641,786	04/16/91
Storybook Heirlooms	1,742,020	12/22/92