

04-23-2002



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

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

Carson

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

1. Name of conveying party(ies):

Hotspur International, inc.

4-12-02

- Individual(s) Association General Partnership Limited Partnership Corporation-State Other

Additional name(s) of conveying party(ies) attached? Yes No

3. Nature of conveyance:

- Assignment Merger Security Agreement Change of Name Other

Execution Date: October 30, 2001

2. Name and address of receiving party(ies)

Name: Systran Financial Services Corporation

Internal Address:

Street Address: 4949 SW Meadows Road, #500

City: Lake Oswego State: OR Zip: 97035

- Individual(s) citizenship Association General Partnership Limited Partnership Corporation-State Oregon 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) 78/061738 78/063182

B. Trademark Registration No.(s) 2,319,335

Additional number(s) attached Yes No

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

Name: Bruce G. Berning

Internal Address:

Street Address: 888 SW Fifth Avenue, Suite 160

City: Portland State: OR Zip: 97204

6. Total number of applications and registrations involved:

3

7. Total fee (37 CFR 3.41): \$ 90

- Enclosed Authorized to be charged to deposit account

40E

8. Deposit account number:

DO NOT USE THIS SPACE

9. Signature.

Bruce G. Berning

Name of Person Signing

Bruce G. Berning

Signature

4/1/02

Date

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

11

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

TRADEMARK REEL: 002488 FRAME: 0788

01-23-2002



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TRADEMARKS ONLY

Form PTO-1594

(Rev. 03/01)

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Tab settings

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02 FC:482

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TRADEMARK
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PATENT, TRADEMARK AND COPYRIGHT SECURITY AGREEMENT

This Patent, Trademark and Copyright Security Agreement (this "Agreement") is made as of this 30th day of October, 2001 by Hotspur International, Inc., a New Hampshire corporation, with its principal place of business at One Chestnut Street, Annex Building, Nashua, New Hampshire 03060 ("Borrower") in favor of **SYSTRAN FINANCIAL SERVICES CORPORATION**, an Oregon corporation, with an office at 4949 S.W. Meadows Road, Suite 500, Lake Oswego, Oregon 97035 ("SYSTRAN").

WITNESSETH:

WHEREAS, SYSTRAN and Borrower are parties to a certain Loan and Security Agreement (the "Loan Agreement") and other related loan documents of even date herewith (collectively, the "Loan Documents"), which Loan Documents provide (i) for SYSTRAN, from time to time, to extend credit to or for the account of Borrower and (ii) for the grant by Borrower to SYSTRAN of a security interest in certain of Borrower's assets, including without limitation its present and future patents, patent applications, trademarks, trademark applications, trade names, service marks, service mark applications, copyrights, copyright applications, goodwill and licenses.

NOW, THEREFORE, for valuable consideration, the receipt and adequacy of which are acknowledged, Borrower and SYSTRAN agree as follows:

1. Capitalized Terms. All terms capitalized but not otherwise defined herein shall have the same meanings herein as in the Loan Documents.

2. Grant of Security Interest. To secure the complete and timely satisfaction of all obligations of Borrower to SYSTRAN of every nature, whether now existing or hereafter arising, Borrower hereby grants, bargains, assigns, mortgages, pledges, sells, grants a security interest in, transfers and conveys to SYSTRAN, as and by way of a first security interest having priority over all other security interests, with power of sale, to the extent permitted by law or by the specific license agreements, upon the occurrence of an "event of default" (as defined in the Loan Agreement) all of Borrower's right, title and interest in and to all of its now existing and hereafter created or acquired:

(i) patents and patent applications, including but not limited to those patents listed on Exhibit A attached hereto and made a part hereof, (each a "Patent" and, collectively, the "Patents");

(ii) trademarks, trademark registrations, trademark applications, trade names and trade styles, service marks, service mark registrations and service mark applications, including but not limited to those listed on Exhibit B attached hereto and made a part hereof (each a "Trademark" and, collectively, the "Trademarks");

TRADEMARK

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(iii) copyrights and copyright registrations and applications, including but not limited to those listed on Exhibit C attached hereto and made a part hereof (each a "Copyright" and, collectively, the "Copyrights");

(iv) all license agreements with respect to any of the Patents, Trademarks or Copyrights, whether Borrower is a licensor or licensee under any such license agreement, including but not limited to the licenses listed on Exhibit D attached hereto and made a part hereof ("Licenses");

(v) (a) renewals, extensions and continuations of the Patents, Trademarks and Copyrights, (b) all income, damages and payments now and hereafter due or payable under or with respect to the Patents, Trademarks and Copyrights, including without limitation, damages and payments for past, present and future infringements of the Patents, Trademarks and Copyrights, (c) the right to sue for past, present and future infringements thereof, and (d) all rights corresponding to the Patents, Trademarks and Copyrights throughout the world; and

(vi) the goodwill of Borrower's business connected with and symbolized by the Trademarks.

3. Warranties and Representations. Borrower warrants and represents to SYSTRAN that:

(i) The Patents, Trademarks, Copyrights and Licenses have not been adjudged invalid or unenforceable and have not been cancelled, in whole or in part, and are presently subsisting;

(ii) Each of the Patents, Trademarks, Copyrights and Licenses is valid and enforceable;

(iii) Borrower is the sole and exclusive owner of each of the Patents, Trademarks, Copyrights and Licenses, free and clear of any liens, charges and encumbrances;

(iv) Borrower has no notice of any suits or actions commenced or threatened with reference to the Patents, Trademarks, Copyrights or Licenses; and

(v) Borrower has the right to execute and deliver this Agreement and perform its terms.

4. Restrictions on Future Agreements. Borrower agrees that until Borrower's obligations to SYSTRAN shall have been satisfied in full and the Loan Agreement shall have been terminated, Borrower shall not sell or assign its interest in, or grant any license under, the Patents, Trademarks, Copyrights or Licenses, or enter into any other agreement with respect to

the Patents, Trademarks, Copyrights or Licenses which is inconsistent with Borrower's obligations under this Agreement, without the prior written consent of SYSTRAN.

5. New Patents, Trademarks, Copyrights and Licenses. If, before Borrower's Liabilities shall have been satisfied in full or before the Loan Agreement has been terminated, Borrower shall (i) become aware of any existing Patents, Trademarks, Copyrights or Licenses of which Borrower has not previously informed SYSTRAN, (ii) obtain rights to any new patentable inventions, Patents, Trademarks, Copyrights or Licenses, or (iii) become entitled to the benefit of any Patents, Trademarks, Copyrights or Licenses or any improvement on any Patent, the provisions of this Agreement above shall automatically apply thereto and Borrower shall give to SYSTRAN prompt written notice thereof. Borrower hereby authorizes SYSTRAN to modify this Agreement by amending Exhibits A, B, C and D, as applicable, to include any such Patents, Trademarks, Copyrights and Licenses.

6. Royalties; Terms. 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, and (ii) payment in full of Borrower's Liabilities and termination of the Loan Agreement. Upon the occurrence of an event of default, Borrower agrees that SYSTRAN shall have the right to use all Patents, Trademarks, Copyrights and Licenses worldwide and without any liability for royalties or other related charges from SYSTRAN to Borrower.

7. Grant of License to Borrower. Unless and until an event of default shall have occurred, SYSTRAN hereby grants to Borrower the exclusive, nontransferable right and license to use the Trademarks and Copyrights in the ordinary course of its business, to exercise SYSTRAN's rights under the Licenses, and to make, have made, use and sell the inventions disclosed and claimed in the Patents for Borrower's own benefit and account and for none other. Borrower shall use the Trademarks only on goods of at least as high quality as the goods on which Borrower has used the Trademarks prior to the date hereof. Borrower agrees not to sell or assign its interest in, or grant any sublicense under, the license granted to Borrower in this Section 7, without the prior written consent of SYSTRAN. From and after the occurrence of an event of default, Borrower's license with respect to the Patents, Trademarks, Copyrights and Licenses set forth in this Section 7 shall terminate, and SYSTRAN shall have, in addition to all other rights and remedies given it by this Agreement, those allowed by law and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in any of the jurisdictions in which the Patents, Trademarks, Copyrights or Licenses may be located.

8. SYSTRAN'S Right to Inspect. SYSTRAN shall have the right, at any time and from time to time during normal business hours and prior to payment in full of Borrower's Liabilities and termination of the Loan Agreement, to inspect Borrower's premises and to examine Borrower's books, records and operations, including, without limitation, Borrower's quality control processes. Borrower agrees (i) to maintain the quality of any and all products in connection with which the Trademarks are used, consistent with the quality of such products as of the date hereof and (ii) to provide SYSTRAN, upon SYSTRAN's request from

time to time, with a certificate of an officer of Borrower certifying Borrower's compliance with the foregoing.

9. Release of Security Interest. This Agreement is made for collateral purposes only. Upon payment in full of Borrower's Liabilities and termination of the Loan Agreement, SYSTRAN shall execute and deliver to Borrower all deeds, assignments and other instruments, and shall take such other actions, 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 SYSTRAN pursuant hereto or pursuant to the Loan Agreement.

10. Expenses. All expenses incurred in connection with the performance of any of the agreements set forth herein shall be borne by Borrower. All fees, costs and expenses, including reasonable attorneys' fees, incurred by SYSTRAN in connection with the filing or recording of any documents (or incurred in protecting, maintaining or preserving the Patents, Trademarks, Copyrights and Licenses, or in defending or prosecuting any actions or proceedings arising out of or related to the Patents, Trademarks, Copyrights and Licenses), shall be borne by and paid by Borrower on demand by SYSTRAN and until so paid shall be added to the principal amount of Borrower's obligations to SYSTRAN and shall bear interest at the rate for Revolving Loans (as defined in the Loan Agreement).

11. Duties of Borrower. Borrower shall have the duty (i) to prosecute diligently any patent, trademark, service mark or copyright application pending as of the date hereof or thereafter until Borrower's obligations to SYSTRAN shall have been paid in full, (ii) to preserve and maintain all rights in the Patents, Trademarks, Copyrights and Licenses, and (iii) to ensure that the Patents, Trademarks, Copyrights and Licenses are and remain enforceable. Any expenses incurred in connection with Borrower's obligations under this Section 11 shall be borne by Borrower. Borrower shall not abandon any Patent, Trademark, Copyright or License without the consent of SYSTRAN.

12. Waivers. No course of dealing between Borrower and SYSTRAN, nor any failure to exercise, nor any delay in exercising, on the part of SYSTRAN, any right, power or privilege hereunder or under the Loan Documents 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.

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

14. Modification. This Agreement cannot be amended or modified in any way, except as specifically provided in Section 5 hereof or by a writing signed by the parties.

15. Cumulative Remedies; Power of Attorney; Effect on Financing

Agreement. All of SYSTRAN's rights and remedies with respect to the Patents, Trademarks, Copyrights and Licenses, whether established hereby, by the Loan Documents, by any other agreements or by law shall be cumulative and may be exercised singularly or concurrently. Upon the occurrence of an event of default, Borrower hereby authorizes SYSTRAN to make, constitute and appoint any officer or agent of SYSTRAN as SYSTRAN may select, in its sole discretion, as Borrower's true and lawful attorney-in-fact, with power to (i) endorse Borrower's name on all applications, documents, papers and instruments necessary or desirable for SYSTRAN in the use of the Patents, Trademarks, Copyrights and Licenses, or (ii) take any other actions with respect to the Patents, Trademarks, Copyrights and Licenses as SYSTRAN deems to be in the best interest of SYSTRAN, or (iii) grant or issue any exclusive or non-exclusive license under the Patents, Trademarks, Copyrights or Licenses to anyone. or (iv) assign, pledge, convey or otherwise transfer title in or dispose of the Patents, Trademarks, Copyrights or Licenses to anyone. Borrower 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 Borrower's obligations to SYSTRAN shall have been paid in full and the Loan Agreement, including any amendments thereto, has been terminated. SYSTRAN shall have, in addition to all other rights and remedies given it by the terms of this Agreement and the Loan Documents, 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.

17. Binding Effect; Benefits. This Agreement shall be binding upon Borrower and its successors and assigns, and shall inure to the benefit of SYSTRAN, its successors, nominees and assigns.

18. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Oregon.

19. Headings. Paragraph headings used herein are for convenience only and shall not modify the provisions which they precede.

20. Further Assurances. Borrower agrees to execute and deliver such further agreements, instruments and documents, and to perform such further acts, as SYSTRAN shall reasonably request from time to time in order to carry out the purpose of this Agreement and agreements set forth herein.

21. Survival of Representations. All representations and warranties of Borrower contained in this Agreement shall survive the execution and delivery of this Agreement and shall be remade on the date of each borrowing under the Loan Agreement.

IN WITNESS WHEREOF, Borrower has duly executed this Agreement in favor of SYSTRAN as of the date first written above.

HOTSPUR INTERNATIONAL, INC.

By: Michael M. Arley

Title: President

Agreed and accepted.

SYSTRAN FINANCIAL SERVICES CORPORATION

By: David E. Burt

Title: Vice President

EXHIBIT A

Patents

None

EXHIBIT B

Trademarks and Service Marks

<u>Trademark</u>	<u>Country</u>	<u>Registration No.</u>	<u>Registration Date</u>
Sweet Cheeks	USA	2,319,335	2/15/00

Trademark Applications

<u>Trademark</u>	<u>Country</u>	<u>Application No.</u>	<u>Application Date</u>
Wishpets	USA	78/061738	5/3/01
Caressable Critters	USA	78/063182	5/11/01

EXHIBIT C

Copyrights

<u>Title</u>	<u>Registration No.</u>	<u>Registration Date</u>
Stuffed Animals Bears	VA 952-635	12/17/98
Stuffed Animals Dogs	VA 952-636	12/16/98
Stuffed Animals Bunnies	VA 765-218	4/12/98
White Bear with Bow	VA 1-087-172	4/9/01

	<u>File Date</u>
9" Floppy Forest Animals	5/8/01
9" Bunny, Chick & Lamb	5/8/01
9" Floppy Dogs	5/8/01
9" Floppy Wildlife	5/8/01
9" Floppy Bears	5/8/01
9" Barnyard Animals	5/8/01
10 " "Taylor" Bear	5/4/01
Birthstone Angel Bears of the Month	5/4/01
4.5" Chammy Christmas Characters	5/4/01
8" Floppy Chammy Animals w/Scarf	4/11/01
15" Fluffy Yellow Duck	5/8/01

EXHIBIT D

Licenses

None

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