

05-06-2002

FORM PTO 1594
(Rev. 6-93)



U.S. DEPARTMENT OF COMMERCE
Patent and Trademark Office

4.77 07

OMB No. 0651-0011 (exp. 4/94)

102079573

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

1. Name of conveying party(ies):
Boston Pizza International, Inc.

- Individual(s)
- General Partnership
- Corporation - British Columbia
- Other
- Association
- Limited Partnership

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

2. Name and address of receiving party(ies)

Name: HSBC Bank Canada

Internal Address:

Street Address: Ste. 200 - 885 West Georgia Street

City: Vancouver, British Columbia, V6C 3E9

- Individual(s)
- Association
- General Partnership
- Limited Partnership
- Corporation
- Other - Chartered bank of Canada

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

3. Nature of conveyance:

- Assignment
- Security Agreement
- Other
- Merger
- Change of Name

Execution Date: February 28, 2002

4. Application number(s) or patent number(s):

A. Trademark Application No.(s): 76/370682 and 74/628476

B. Trademark Registration No.(s): 1,838,006

Additional numbers attached? Yes No

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

Name: Lisa A. Osman

Internal Address: Dorsey & Whitney LLP

Street Address: 370 17th Street, Suite 4700

City: Denver State: CO ZIP: 80202-5647

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: 04-1415

(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.

Lisa A. Osman

Name of Person Signing

Signature

April 18, 2002

Date

Total number of pages comprising cover sheet: 27

OMB No. 0651-0011 (exp. 4/94)

Do not detach this portion



Mail documents to be recorded with required cover sheet information to:

05/13/2002 DBYRNE 00000038 76370682

01 FC:481
02 FC:482

40.00 OP
50.00 OP

Commissioner of Patents and Trademarks
Box Assignments
Washington, D.C. 20231

04-22-2002

U.S. Patent & TMO/TM Mail Rcpt Dt. #66

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TRADEMARK
REEL: 002498 FRAME: 0959

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Assignee: HSBC Bank Canada, a chartered bank of Canada
Address: Ste. 200 – 885 West Georgia Street
Vancouver, British Columbia V6C 3E9
Document: Intellectual Property Security Agreement dated February 28, 2002

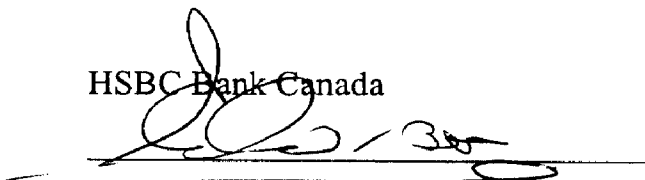
DESIGNATION OF DOMESTIC REPRESENTATIVE

Pursuant to C.F.R. Sec. 3.61, HSBC Bank Canada hereby designates the following as Domestic Representative upon whom notice or process in proceedings may be served regarding U.S. trademark applications 76/370682 and 74/628476 and U.S. registration 1,838,006 referenced in the Intellectual Property Security Agreement dated February 28, 2002:

Name: HSBC BANK CANADA
Address: Suite 4100, 700 - 5th Ave.
Seattle, WA 98104
Telephone: (206) 233-0888
Facsimile: (206) 233-0808
Email: _____

Date: April 15th 2002

HSBC Bank Canada


Name: ANDREW P. BUTLER
Title: SENIOR ACCOUNT MANAGER

INTELLECTUAL PROPERTY SECURITY AGREEMENT

This Intellectual Property Security Agreement dated for reference the 28th day of February, 2002 by **BOSTON PIZZA INTERNATIONAL INC.**, a corporation incorporated under the laws of the Province of British Columbia, having an office at 5500 Parkwood Way, Richmond, British Columbia, V6V 2M4 (the "**Debtor**") in favour of **HSBC BANK CANADA**, a chartered Bank of Canada having a branch office at Ste. 200 - 885 West Georgia Street, Vancouver, British Columbia, V6C 3E9 (the "**Lender**").

W I T N E S S E T H

WHEREAS, the Lender has entered or is about to enter into certain financing arrangements with the Debtor, pursuant to which the Lender may make loans and provide other financial accommodations to the Debtor; and

NOW, THEREFORE, in consideration of the mutual conditions and agreements set out below, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **DEFINITIONS**

All terms used in this Agreement which are defined in the PPSA or the Facility Letter shall have the meanings given to them there unless otherwise defined in this Agreement. All references to the plural shall also mean the singular and to the singular shall also mean the plural. All references to the Debtor and the Lender or to any other person shall include its or their respective successors and assigns. The words "hereof", "herein", "hereunder", "this Agreement" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not any particular provision of this Agreement and as this Agreement now exists or may in the future be amended, modified, supplemented, extended, renewed, restated or replaced. References in this Agreement to any statute or any provision thereof include such statute or provision as amended, revised, re-enacted and/or consolidated from time to time and any successor statute. For the purposes of this Agreement, the following terms shall have the respective meanings given to them below:

- (a) "**Business**" shall mean all of the business carried on by the Debtor through each of its divisions now or in the future, and all goodwill associated with it.
- (b) "**Business Day**" shall mean any day of the week except Saturday, Sunday or any statutory or civic holiday observed in Canada.
- (c) "**Collateral**" shall mean all of the Intellectual Property, the Records, the Replacements and the Proceeds, wherever located, and any item or part thereof.
- (d) "**Confidential Information**" shall mean the trade secrets, confidential information and confidential know-how in which the Debtor now or hereafter has an interest. Confidential Information includes, without limitation, the following aspects of the Business:

- (i) all unpatented inventions,
 - (ii) all customer and supplier lists for the Business,
 - (iii) all unpublished studies and data, prototypes, drawings, design and construction specifications and production, operating and quality control manuals used in the Business,
 - (iv) all marketing strategies and business plans,
 - (v) all current or proposed business opportunities, and
 - (vi) all documents, materials and media embodying other items of Confidential Information.
- (e) **"Copyrights"** shall mean all copyrights that the Debtor now or in the future owns, including, without limitation, all copyrights in the works listed in Schedule "A", if any. Copyrights include:
- (i) all registrations and applications that have been or shall be made or filed in the Canadian Copyright Office or any similar office in any country in the world and all records thereof and all reissues, extensions or renewals thereof, and
 - (ii) all common law and other rights in the above.
- (f) **"Designs"** shall mean all industrial designs, design patents and other designs that the Debtor now or hereafter owns, including, without limitation, all industrial designs, design patents and other designs listed in Schedule "B", if any. Designs include:
- (i) all registrations and applications that have been or shall be made or filed in the Canadian Industrial Design Office or any similar office in any country in the world and all records thereof and all reissues, extensions or renewals thereof, and
 - (ii) all common law and other rights in the above.
- (g) **"Encumbrance"** shall mean any encumbrance of any kind whatever, choate or inchoate, and includes, without limitation, a security interest, mortgage, lien, hypothec, assignment, conditional assignment, pledge, hypothecation, charge and trust or deemed trust, whether arising through contract, statute or otherwise.
- (h) **"Event of Default"** shall have the meaning set out in Section 6.1 of this Agreement.
- (i) **"Facility Letter "** shall mean the facility letter dated February 13, 2002, from the Lender to the Debtor, as amended, modified, supplemented, extended, renewed, restated or replaced from time to time.
- (j) **"Financing Agreements"** shall mean, collectively, the Facility Letter, this Agreement and all notes, guarantees, security agreements and other agreements, documents and

instruments now or at any time in the future executed or delivered by the Debtor or any other Obligor in connection with the Facility Letter.

- (k) **"Intellectual Property"** shall mean all Confidential Information, Copyrights, Designs, Licence Agreements, Patents, Software and Trade-marks.
- (l) **"Licence Agreements"** shall mean the Licensor Licence Agreements and the Licensee Licence Agreements.
- (m) **"Licensee Licence Agreements"** shall mean all agreements pursuant to which the Debtor has obtained rights or an option to acquire rights to use any copyright, patent, trade-mark, industrial design, confidential information or other intellectual or industrial property owned by a Person including, without limitation, those agreements listed in Schedule "C", if any.
- (n) **"Licensor Licence Agreements"** shall mean all agreements pursuant to which the Debtor has granted to a Person rights or an option to acquire rights to use any copyright, patent, trade-mark, industrial design, confidential information or other intellectual or industrial property owned by the Debtor or licensed to the Debtor, including, without limitation, those agreements listed in Schedule "D", if any, but specifically excluding the proposed license agreement between the Debtor and BPR USA Inc. in respect of the use of "Boston's The Gourmet Pizza" in Mexico.
- (o) **"Obligations"** shall mean any and all obligations, liabilities and indebtedness of every kind, nature and description owing by the Debtor to the Lender, including principal, interest, charges, fees, costs and expenses, however evidenced, whether as principal, surety, endorser, guarantor or otherwise, whether arising under the Facility Letter, this Agreement or otherwise, whether now existing or arising in the future, whether direct or indirect, absolute or contingent, joint or several, due or not due, primary or secondary, liquidated or unliquidated, secured or unsecured, and however acquired by the Lender.
- (p) **"Obligor"** shall mean any guarantor, endorser, acceptor, surety or a person other than the Debtor liable on or with respect to the Obligations or who is the owner of any property which is security for the Obligations.
- (q) **"Patents"** shall mean all letters patent of invention and all applications for letters patent, renewals, reissues, extensions, divisions, continuations and continuations-in-part thereof which the Debtor now or hereafter owns, including, without limitation, all letters patent, applications, renewals, reissues, extensions, divisions, continuations and continuations-in-part listed in Schedule "E", if any. Patents include:
 - (i) all registrations and applications that have been or shall be made or filed in the Canadian Patent Office or any similar office in any country in the world and all records thereof and all reissues, extensions or renewals thereof, and
 - (ii) all other rights in the above.
- (r) **"Person"** or **"person"** shall mean any individual, sole proprietorship, partnership, corporation, business trust, unincorporated association, joint stock corporation, trust,

joint venture or other entity or any government or any agency or instrumentality or political subdivision thereof.

- (s) **"PPSA"** shall mean the Personal Property Security Act (**British Columbia**).
- (t) **"Proceeds"** shall mean all fixtures, accounts, chattel paper, documents of title, instruments, money, securities, proceeds, earnings, income, royalties, rents, issues, profits and personal property in any form derived directly or indirectly from any dealing with or use of any item or part of the Collateral, or that indemnifies or compensates for such property destroyed, damaged, infringed upon or used without authorization and proceeds of Proceeds whether or not of the same type, class or kind as the original Proceeds, and any item or part thereof.
- (u) **"Records"** shall mean:
 - (i) all copies and representations of the Intellectual Property in any form now known or in the future developed or discovered including, without limitation, those on paper, magnetic and optical media, and all working papers, notes, charts, drawings, materials and diagrams created in the process of developing the Intellectual Property,
 - (ii) all books, accounts, invoices, letters, papers, security certificates, documents and other records in any form evidencing or relating in any way to the Collateral,
 - (iii) all contracts, securities, instruments and other rights and benefits in respect of the Collateral, and
 - (iv) any item or part of any of the preceding.
- (v) **"Replacements"** shall mean all increases, additions and accessions to, and all substitutions for and replacements of, and all corrections, updates, enhancements, translations, modifications, adaptations and new versions of, any item or part of the Collateral, and any item or part thereof.
- (w) **"Software"** shall mean all computer programs and databases owned by the Debtor in whatever form and on whatever medium those programs or databases are expressed, fixed, embodied or stored from time to time, and the copyright therein including, without limitation, those listed in Schedule "F", if any. Software includes both the object code and source code versions of each such program and all corrections, updates, enhancements, translations, modifications, adaptations and new versions thereof together with both the media upon or in which such software and databases are expressed, fixed, embodied or stored (such as disks, diskettes, tapes and semiconductor chips) and all flow charts, manuals, instructions, documentation and other material relating thereto.
- (x) **"Trade-marks"** shall mean all trade-marks that the Debtor now or in the future owns, including, without limitation, those listed in Schedule "G", if any. Trade-marks include:

- (i) trade-marks both registered and unregistered,
- (ii) designs, logos, indicia, trade-names, corporate names, company names, business names, trade styles and other source or business identifiers,
- (iii) fictitious characters,
- (iv) prints and labels on which any of the foregoing have appeared or appear or shall appear,
- (v) all registrations and applications that have been or shall be made or filed in the Canadian Trade-marks Office or any similar office in any country in the world and all records thereof and all reissues, extensions, or renewals thereof, and
- (vi) all common law and other rights in the above.

2. GRANT OF SECURITY INTEREST

- (a) As general and continuing security for the due payment and performance of all Obligations, the Debtor grants to the Lender, a security interest (the "Security Interest") in the Collateral, together with the goodwill of the business associated with said Trade-marks, and in the Debtor's rights with respect to intellectual property not owned by it.
- (b) The last day of the term of each licence granted to the Debtor pursuant to the Licensee Licence Agreements shall be excepted from the Security Interest and shall not form part of the Collateral. The Debtor shall stand possessed of that day in trust to assign and dispose of as the Lender directs.

3. REPRESENTATIONS AND WARRANTIES OF THE DEBTOR

The Debtor represents and warrants to and in favour of the Lender as follows:

- (a) Subject only to Encumbrances in favour of the Lender and the Encumbrances listed in Schedule "H", if any, the Debtor holds and will hold its interest in the Collateral free and clear of all Encumbrances whatsoever.
- (b) Schedule "A" contains a complete list of all registered Copyrights, Schedule "B" contains a complete list of all registered Designs, Schedule "E" contains a complete list of all Patents, Schedule "F" contains a complete list of all Software and Schedule "G" contains a complete list of all registered and unregistered Trade-marks held by the Debtor as at the date of this Agreement.
- (c) Schedules "C" and "D" contain a complete list of all Licence Agreements. All Licence Agreements are in effect and unamended. There have been no defaults under or breach of any of the Licence Agreements.
- (d) Each of the Copyrights and Trade-marks, and each applicable registration of them, is valid, subsisting and enforceable and each of the copyrights and trade-marks in which the Debtor has an interest, otherwise than by way of ownership, and each applicable

registration of them is, to the best of the knowledge of the Debtor, valid, subsisting and enforceable.

- (e) The Debtor has disclosed in this Agreement all material patent, trade-mark, trade secret, copyright, moral rights, personality rights, privacy rights, publicity rights, semiconductor chip rights or other intellectual property or contractual rights used by it in connection with the Business.
- (f) The Debtor has obtained from all appropriate Persons written unrestricted waivers of all moral rights with respect to the Copyright, if any.
- (g) The use of the Intellectual Property does not contravene any law and does not violate or infringe upon the rights of any Person.
- (h) No present claim has been made that the use of any of the Intellectual Property does or may contravene any law or violate or infringe upon the rights of any Person.
- (i) Except for the rights granted pursuant to the Licensor Licence Agreements, the Debtor is the sole legal and beneficial owner of all rights in the Intellectual Property free and clear of all Encumbrances other than Encumbrances in favour of the Lender and any Encumbrances which may be listed in Schedule "H".
- (j) The Debtor has used proper notice indicating ownership of and the right to use the Intellectual Property to the extent necessary to protect the Intellectual Property.
- (k) The Debtor has used consistent standards of high quality in its manufacture, sale, distribution, provision, advertising, packaging and labelling of products subject to one or more of the Patents and/or on which one or more of the Trade-marks or Designs appear.

All representations and warranties of the Debtor made in this Agreement or in any certificate or other document delivered by or on behalf of the Debtor for the benefit of the Lender are material and shall continue without time limit. The Lender shall be deemed to have relied upon each such representation and warranty despite any investigation the Lender may have made.

4. COVENANTS OF DEBTOR

- (a) The Debtor shall maintain and use the Collateral and shall conduct its business in a proper and efficient manner so as to preserve and protect the Collateral and the Proceeds.
- (b) The Debtor shall keep proper books of account in accordance with generally accepted accounting principles and shall furnish all information and statements relating to the Business and the Collateral that the Lender requests. The Debtor shall permit the Lender or its authorized agent at any time to have access to all premises occupied by the Debtor or any place where any Collateral may be found in order to inspect any Collateral and to examine the books of account and other financial records and reports of the Debtor including, but not limited to, the Records, and to have temporary custody of, make copies of and take extracts from such books, records and reports.

- (c) Except for Encumbrances in favour of the Lender and any Encumbrances which may be listed in Schedule "H", the Debtor shall keep the Collateral free at all times from Encumbrances and shall defend the title to the Collateral against all Persons. The Debtor shall not permit any Collateral to become an accession to any property other than other Collateral. Nothing in this Agreement shall in any way prevent the Lender from, at any time, contesting the validity, enforceability or priority of any Encumbrance.
- (d) The Debtor shall duly comply with all requirements of any governmental authority applicable to any Collateral or its use and with all covenants, terms or conditions upon which any Collateral or intellectual property used by the Debtor in the Business is held or used.
- (e) The Debtor shall at all times do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all such further acts, deeds, transfers, assignments, agreements and assurances as the Lender may reasonably require in order to give effect to the provisions of this Agreement.
- (f) The Debtor shall notify the Lender in writing:
- (i) forthwith of any significant loss of or damage to any Collateral,
 - (ii) forthwith of the failure of any account debtor or licensee to pay or perform any obligations due to the Debtor in respect of the Collateral;
 - (iii) forthwith of any proceedings before any court, administrative board or other tribunal which could materially adversely affect the Debtor or any Collateral and of any action or proceeding that may affect the Debtor's rights in the Collateral and of each allegation that the Intellectual Property infringes upon or violates the rights of any Person; and
 - (iv) at least 30 Business Days prior to any change of name of the Debtor, any transfer or license of the Collateral or any part thereof or any change in the location of the Collateral or any part thereof.
- (g) The Debtor shall do everything reasonably necessary or desirable to preserve and maintain the Intellectual Property and the intellectual property used by it in the Business. In particular, unless it receives the prior written consent of the Lender to the contrary, the Debtor shall do each of the following:
- (i) apply to register all existing and future Copyrights, Trade-marks, Designs and Patents, whenever it is commercially reasonable to do so;
 - (ii) renew all Copyright, Trade-mark, Design and Patent registrations, whenever it is commercially reasonable to do so;
 - (iii) file all assignments of Copyright, Trade-marks, Designs and Patents necessary or desirable to maintain the Debtor's rights therein, whenever it is commercially reasonable to do so;

- (iv) pay all fees necessary to maintain the Intellectual Property;
 - (v) cause all Persons who have access to the Confidential Information to enter into non-disclosure agreements in a form acceptable to the Lender, acting reasonably;
 - (vi) ensure that all Licence Agreements executed by the Debtor adequately protect the Debtor's rights in the Intellectual Property;
 - (vii) perform all obligations pursuant to Licence Agreements;
 - (viii) commence and prosecute, at its own expense, such suits, proceedings or other actions for infringement, passing off, unfair competition, dilution or other damage as are necessary to protect the Collateral;
 - (ix) diligently, at its own expense, enforce its rights under any agreements which enhance the value of or protects the Collateral;
 - (x) promptly notify the Lender in writing when it commences any steps referred to in subsections 4.1(viii) or 4.1(ix) above, and provide the Lender with such information in this regard as the Lender may reasonably request; and
 - (xi) on request from the Lender, put all source codes for the Software in trust with a trustee as provided in a Software Trust Agreement in a form acceptable to the Lender.
- (h) The Debtor shall not, without the prior written consent of the Lender, enter into or renew any agreement, oral or written, or any indenture, instrument or undertaking relating to the Collateral including, without limitation, any licence agreements.
- (i) The Debtor appoints any officer or director of the Lender to be its attorney in accordance with the Power of Attorney Act (British Columbia) with full power of substitution and to do on the Debtor's behalf anything that the Debtor can lawfully do by an attorney to preserve and protect the Collateral and to carry out the Debtor's obligations under this Agreement. This power of attorney, which is coupled with an interest, is irrevocable until the release or discharge of the Security Interest.
- (j) The Debtor hereby authorizes the Lender to file one or more U.S. UCC Financing Statements or continuation statements in respect thereof, and amendments thereto, relating to all or any part of the Collateral without the signature of the Debtor where permitted by law.

5. INTELLECTUAL PROPERTY INDEMNITY

- (a) The Debtor will defend the Lender against any claim that the Intellectual Property infringes upon or violates any rights of a third party including, without limitation, patent, trade-mark, trade secret, copyright, moral rights, personality rights, privacy rights, publicity rights or semi-conductor chip rights or other intellectual property or contractual rights. The Debtor shall fully indemnify and save harmless the Lender against all loss, liability and expense arising out of:

- (i) any misrepresentation with respect to the Intellectual Property made by the Debtor; or
- (ii) any claim that the Intellectual Property infringes upon or violates any rights of a third party including, without limitation, patent, trade-mark, trade secret, copyright, moral rights, personality rights, privacy rights, publicity rights or semi-conductor chip rights or other intellectual property or contractual rights or that it is unlawful.

Such indemnity shall include, without limitation, reasonable expenses of investigation and legal fees, damages, costs and expenses in connection with any action against the Lender.

6. EVENTS OF DEFAULT AND REMEDIES

- (a) Events of Default. The occurrence or existence of a breach, default or omission of any term or condition under the Facility Letter is referred to herein individually as an "Event of Default", and collectively as "Events of Default".
- (b) Remedies.
 - (i) At any time an Event of Default exists or has occurred and is continuing, the Lender shall have all rights and remedies provided in this Agreement, the other Financing Agreements, and applicable law, all of which rights and remedies may be exercised without notice to or consent by the Debtor or any Obligor, except as such notice or consent is expressly provided for hereunder or required by applicable law. All rights, remedies and powers granted to the Lender hereunder, under any of the other Financing Agreements, and applicable law, are cumulative, not exclusive and enforceable, in the Lender's discretion, alternatively, successively, or concurrently on any one or more occasions, and shall include, without limitation, the right to apply to a court of equity for an injunction to restrain a breach or threatened breach by the Debtor of this Agreement or any of the other Financing Agreements.
 - (ii) Upon receiving written demand from the Lender at any time an Event of Default has occurred and is continuing, the Debtor shall assign or license the Intellectual Property to whomever the Lender directs, including to the Lender. The Debtor appoints any officer or director of the Lender to be its attorney in accordance with the Power of Attorney Act (British Columbia) with full power of substitution and to do on the Debtor's behalf anything that is required to assign, license or transfer, and to record any assignment, license or transfer of, the Collateral. This power of attorney, which is coupled with an interest, is irrevocable until the release or discharge of the Security Interest.

7. DEBTOR REMAINS LIABLE

Notwithstanding any other provision in this Agreement, the Debtor shall remain liable under all Licence Agreements. The Debtor shall perform all of its duties and obligations under the Licence Agreements as if this Agreement had not been executed. The Debtor shall not be released from any of its duties or obligations under the Licence Agreements by the exercise of any rights by the Lender. The Lender shall not have any obligation or liability under the Licence Agreements by reason of this Agreement, nor shall the Lender be obliged to perform any of the obligations or duties of the Debtor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder. The rights and powers conferred on the Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers.

8. WAIVERS AND CONSENTS; GOVERNING LAW

- (a) Waiver of Notices. The Debtor hereby expressly waives demand, presentment, protest and notice of protest and notice of dishonour with respect to any and all instruments and commercial paper, included in or evidencing any of the Obligations or the Collateral, and any and all other demands and notices of any kind or nature whatsoever with respect to the Obligations, the Collateral and this Agreement, except such as are expressly provided for herein. No notice to or demand on the Debtor which the Lender may elect to give shall entitle the Debtor to any other or further notice or demand in the same, similar or other circumstances.
- (b) Amendments and Waivers. Neither this Agreement nor any provision hereof shall be amended, modified, waived or discharged orally or by course of conduct, but only by a written agreement signed by an authorized officer of the Lender. The Lender shall not, by any act, delay, omission or otherwise be deemed to have expressly or impliedly waived any of its rights, powers and/or remedies unless such waiver shall be in writing and signed by an authorized officer of the Lender. A waiver by the Lender of any right, power and/or remedy on any one occasion shall not be construed as a bar to or waiver of any such right, power and/or remedy which the Lender would otherwise have on any future occasion, whether similar in kind or otherwise.
- (c) Waiver of Counterclaims. The Debtor waives all rights to interpose any claims, deductions, setoffs or counterclaims of any nature (other than compulsory counterclaims) in any action or proceeding with respect to this Agreement, the Obligations, the Collateral or any matter arising therefrom or relating hereto or thereto.
- (d) Indemnification. The Debtor shall indemnify and hold the Lender, and its directors, agents, employees and counsel, harmless from and against any and all losses, claims, damages, liabilities, costs or expenses imposed on, incurred by or asserted against any of them in connection with any litigation, investigation, claim or proceeding commenced or threatened related to the negotiation, preparation, execution, delivery, enforcement, performance or administration of this Agreement, any other Financing Agreements, or any undertaking or proceeding related to any of the transactions contemplated hereby or any act, omission, event or transaction related or attendant thereto, including, without limitation, amounts paid in settlement, court costs, and the fees and expenses of counsel, except as a result of the Lender's own gross negligence or wilful misconduct as determined pursuant to a final order of a court of competent

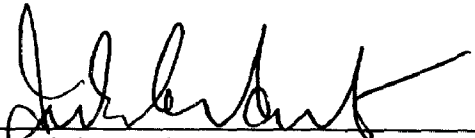
jurisdiction which order is either non-appealable or has not been appealed by the Lender within the time period fixed by law. To the extent that the undertaking to indemnify, pay and hold harmless set forth in this Section may be unenforceable because it violates any law or public policy, the Debtor shall pay the maximum portion which it is permitted to pay under applicable law to the Lender in satisfaction of indemnified matters under this Section. The foregoing indemnity shall survive the payment of the Obligations, the termination of this Agreement and the termination or non-renewal of the Loan Agreement. All of the foregoing costs and expenses shall be part of the Obligations and secured by the Collateral.


9. MISCELLANEOUS

- (a) Notices. All notices, requests and demands hereunder shall be in writing and (a) made to the Lender at Ste. 200 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3E9 and to the Debtor at its registered and records office set forth 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 delivered in person, immediately upon delivery; if by facsimile transmission, immediately upon sending and upon confirmation of receipt; if by nationally recognized overnight courier service with instructions to deliver the next business day, one (1) business day after sending; and if by registered mail, return receipt requested, five (5) days after mailing.
- (b) Partial Invalidity. If any provision of this Agreement is held to be invalid or unenforceable, such invalidity or unenforceability shall not invalidate this Agreement as a whole, but this Agreement shall be construed as though it did not contain the particular provision held to be invalid or unenforceable and the rights and obligations of the parties shall be construed and enforced only to such extent as shall be permitted by applicable law.
- (c) Successors. This Agreement, the other Financing Agreements and any other document referred to herein or therein shall be binding upon the Debtor and its successors and assigns and inure to the benefit of and be enforceable by the Lender and its successors and assigns, except that the Debtor may not assign its rights under this Agreement, the other Financing Agreements and any other document referred to herein or therein without the prior written consent of the Lender.
- (d) Attachment. The Security Interest created hereby is intended to attach when this Agreement is executed by the Debtor and delivered to the Lender.
- (e) Headings. The division of this Agreement into Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.
- (f) Acknowledgement. The Debtor acknowledges receipt of a copy of this Agreement. The Debtor further acknowledges that the Lender may register copies of this Agreement and in such event it will be available to the public for inspection. The Debtor shall cooperate and assist the Lender, as requested by the Lender, with respect to any registrations of or relating to this Agreement which the Lender deems appropriate.

IN WITNESS WHEREOF, the Debtor has caused these presents to be duly executed as of the day and year first above written.

BOSTON PIZZA INTERNATIONAL INC.

By: 
Name: Michael Cordoba
Title: President

By: 
Name: George Melville
Title: Secretary

[CORPORATE SEAL]

REGISTERED AND RECORDS OFFICE

Ste. 200 – 5500 Parkwood Way
Richmond, British Columbia
V6V 2M4

Fax number: (604) 270-1041

Schedule "A"

Copyrights

No copyright registrations or applications have been filed in any jurisdiction.

Schedule "B"

Designs

No design registrations or applications have been filed anywhere in the world.

Schedule "C"

Licensee Licence Agreements

NIL

Schedule "D"

Licensor Licence Agreements

All right, title and interest of the Debtor in and to all present and future franchise agreements made between the Debtor and any company, firm, individual or other party relating to the acquisition and use of any copyright, patent, trade-mark, industrial design, confidential information or other intellectual or industrial property owned by the Debtor or licensed to the Debtor situate in any location in Canada, the United States and/or Mexico.

Licence agreement dated December 12, 2001 between the Debtor, 488653 B.C. Ltd. and Boston Pizza Restaurants, LP.

Schedule "E"

Patents

CANADIAN PATENTS

Patent

Patent No.

N I L

U.S. PATENTS

Patent

Patent No.

N I L

Schedule "F"

Software

SEE ATTACHED SCHEDULE "F"

SCHEDULE "F"
Software
Boston Pizza International
All Software List
Last Update: March 7, 2002

1. ADP Software Ver. 4.2
2. Windows 2000 Professional x 20 copies
3. Windows 98 x 70 copies
4. Windows 95 x 20 copies
5. Windows NT 4.0 x 10 copies
6. Microsoft Project 2000
7. Adobe Illustrator 8.0
8. Adobe Page Maker 10.0
9. Microsoft SQL Server 7.0
10. Microsoft Exchange Server 5.5
11. Cold Fusion 4.0
12. PC Anywhere
13. Web Trends
14. Xcellenet Remote:Ware
15. Veritas Backup Exec. 7.6
16. Veritas Backup Exec. 8.0
17. Crystal Reports
18. Visual Studio
19. Adobe Acrobat Writer 4.0

Developed by Boston Pizza International

1. Bostonlink
2. ROS

Schedule "G"

Trade-marks

CANADIAN APPLICATIONS

<u>Application Number</u>	<u>Mark</u>	<u>Filing Date</u>
1107578	Boston Pizza Restaurant & Sports Bar	June 27/01
76370682	Boston's The Gourmet Restaurant & Sportsbar	February 11, 2002

CANADIAN REGISTRATIONS

<u>Application Number</u>	<u>Registration Number</u>	<u>Mark</u>	<u>Registered</u>	<u>Expiry Date</u>
720175	TMA429024	Boston Pizza Quick Express	June 17/94	June 17/09
326438	TMA171428	Boston Pizza	Sept 18/70 Renewed: Sept 18/85 Renewed: Sept 18/00	Sept 18/15
624748	TMA410558	Boston's The Gourmet Pizza	April 9/93	April 9/08
326439	TMA171429	BP & Design	Sept 18/70 Renewed: Sept 18/85 Renewed: Sept 18/00	Sept 18/15
339577	TMA181249	BP & Design	Feb 11/72 Renewed: Feb 11/87 Renewed: Feb 11/02	Feb 11/17
619752	TMA362359	BP's Bistro	Nov 3/89	Nov 3/04
510816	TMA293639	BP's Lounge	Aug 3/84 Renewed: Aug 3/99	Aug 3/14

UNITED STATES APPLICATIONS

<u>Application Number</u>	<u>Mark</u>	<u>Filing Date</u>
76370682	BOSTON'S THE GOURMET PIZZA RESTAURANT & SPORTS BAR	February 11, 2002
75045085	BOSTON'S THE GOURMET PIZZA & DESIGN	January 17, 1996
74628476	BOSTON PIZZA QUICK EXPRESS	February 1, 1995

UNITED STATES REGISTRATIONS

<u>Application Number</u>	<u>Registration Number</u>	<u>Mark</u>	<u>Registered</u>	<u>Expiry Date</u>
73807141	1838006	Boston's The Gourmet Pizza	May 31/94	May 31/04

Schedule "G"AddendumMEXICAN APPLICATIONS

<u>Application Number</u>	<u>Mark</u>	<u>Filing Date</u>
529694	BOSTON'S THE GOURMET PIZZA	January 25, 2002

MEXICAN REGISTRATIONS

<u>Registration Number</u>	<u>Mark</u>	<u>Date of Registration</u>	<u>Expiry of Registration</u>
448,394	BOSTON PIZZA	December 8, 1993	August 5, 2003
448,396	BOSTON'S THE GOURMET PIZZA	December 8, 1993	August 5, 2003
448,395	BOSTON'S THE GOURMET PIZZA	December 8, 1993	June 25, 2007
555,460	BOSTON'S THE GOURMET PIZZA	March 12, 1997	June 25, 2007
482,909	BP & Design	December 15, 1994	August 5, 2003
482,910	BP & Design	December 15, 1994	August 5, 2003
448,393	BOSTON PIZZA QUICK EXPRESS	December 8, 1993	August 5, 2003
447,203	BOSTON PIZZA QUICK EXPRESS	November 24, 1993	June 25, 2007

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555,457	BOSTON PIZZA QUICK EXPRESS		June 25, 2007
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JAPANESE REGISTRATIONS

<u>Registration Number</u>	<u>Mark</u>	<u>Date of Registration</u>	<u>Expiry of Registration</u>
3,272,350	BP'S BISTRO	March 12, 1997	March 12, 2007
2,486,953	BP'S LOUNGE	December 25, 1992	December 25, 2002
3,272,349	BP'S LOUNGE	March 12, 1997	March 12, 2007
2,035,218	BP & Design	March 30, 1988	March 30, 2008
3,174,846	BP & Design	July 31, 1996	July 31, 2006
2,622,882	BP BOSTON PIZZA & Design	February 28, 1994	February 28, 2004
4,023,365	BP BOSTON PIZZA & Design	July 4, 1997	July 4, 2007

PHILIPPINE APPLICATIONS

<u>Application Number</u>	<u>Mark</u>	<u>Date of Application</u>
117,867	BOSTON'S THE GOURMET PIZZA	February 13, 1997
117,868	BOSTON'S THE GOURMET PIZZA QUICK EXPRESS	February 13, 1997

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PHILIPPINE REGISTRATIONS

<u>Registration Number</u>	<u>Mark</u>	<u>Date of Registration</u>	<u>Expiry of Registration</u>
54,563	BP & Design	March 16, 1993	March 16, 2003
52,578	BOSTON PIZZA	December 25, 1992	April 29, 2013

CHINA REGISTRATIONS

<u>Registration Number</u>	<u>Mark</u>	<u>Date of Registration</u>	<u>Expiry of Registration</u>
776,876	BP & Design	January 28, 1995	January 27, 2005
746,294	BP & Design	May 21, 1995	May 20, 2005
740,089	BP & Design	April 14, 1995	April 13, 2005
779,461	BOSTON'S THE GOURMET PIZZA	March 14, 1995	March 13, 2005

HONG KONG REGISTRATIONS

<u>Registration Number</u>	<u>Mark</u>	<u>Date of Registration</u>	<u>Expiry of Registration</u>
B4445/94	BP & Design	June 16, 1992	June 16, 2013
B4446/94	BP & Design	June 16, 1992	June 16, 2013

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TAIWAN REGISTRATIONS

<u>Registration Number</u>	<u>Mark</u>	<u>Date of Registration</u>	<u>Expiry of Registration</u>
35.605	BP & Design	May 1, 1989	April 30, 2009
39.146	BP'S BISTRO	October 1, 1989	May 15, 2009
35.755	BP'S LOUNGE	May 16, 1989	May 15, 2009
516.768	BP BOSTON PIZZA & Design	March 16, 1991	February 15, 2009
423.524	BP & Design	December 16, 1988	December 15, 2008
421.893	BP & Design	December 1, 1988	November 30, 2008
426.671	BP & Design	December 16, 1988	December 16, 2008
426.719	BP & Design	December 16, 1988	December 16, 2008
32.845	BP & Design	December 1, 1988	November 30, 2008
425.086	BP & Design	January 1, 1989	December 31, 2008
430.764	BP & Design	February 16, 1989	February 15, 2009
516.769	BP & Design	February 16, 1989	February 15, 2008

Schedule "H"

Encumbrances

The encumbrances listed in the Encumbrance Schedule of the general security agreement made between the Lender and the Debtor dated as of the 28th day of February, 2002, and such other encumbrances which may be approved in writing by the Lender.