

05-10-2002



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

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): The Chalone Wine Group, Ltd.

5-6-02

- 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: 04/19/02

2. Name and address of receiving party(ies)

Name: Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A., Internal "Rabobank International", New York Branch Address:

Street Address: 245 Park Avenue

City: New York State: NY Zip: 10167

- Individual(s) citizenship Association General Partnership Limited Partnership Corporation-State 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) 76296707

B. Trademark Registration No.(s) See attached Sheet

Additional number(s) attached Yes No

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

Name: Mark Hartwell

Internal Address:

Brobeck, Phleger & Harrison LLP

Spear Street Tower

Street Address: One Market

City: San Francisco State: CA Zip: 94105

6. Total number of applications and registrations involved: 12

7. Total fee (37 CFR 3.41): \$ 315.00

- Enclosed Authorized to be charged to deposit account

8. Deposit account number:

DO NOT USE THIS SPACE

9. Signature. 05/09/2002 TBIAZI 00000167 76296707

01 FC:481 02 FC:482

40.00 275.00

Mark Hartwell Name of Person Signing

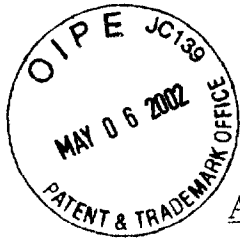
Signature

5/3/02 Date

Total number of pages including cover sheet, attachments, and document: 15

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

TRADEMARK REEL: 002502 FRAME: 0706



ATTACHMENT TO TRADEMARK RECORDATION FORM COVER SHEET

Additional names of conveying parties:

Canoe Ridge Vineyard, L.L.C., a Washington limited liability company
Staton Hills Winery Company Limited, a Washington corporation

Additional registered trademarks:

Mark	Date of Registration	Registration No.
ACACIA	4/11/2000	2340488
CANOE RIDGE	10/18/1994	1859259
CANOE RIDGE	8/14/2001	2477683
CHALONE VINEYARD	6/18/1985	1343154
CHALONE VINEYARD & Design	9/7/1976	1047826
SAGELANDS	9/4/2001	2485948
PINK RIESLING	7/18/1995	1905855
STATON HILLS	7/6/1993	1780495
MISTY RIDGE	5/3/1994	1834863
PHOENIX	6/18/1996	1980448
MOON MOUNTAIN	2/5/2002	2536209



PATENT AND TRADEMARK SECURITY AGREEMENT

THIS PATENT AND TRADEMARK SECURITY AGREEMENT (this "Agreement"), dated as of April 19, 2002, is made between The Chalone Wine Group, Ltd., a California corporation (the "Borrower"), Canoe Ridge Vineyard, L.L.C., a Washington limited liability company, SHW Equity Co., a Washington corporation, and Staton Hills Winery Company Limited, a Washington corporation, Canoe Ridge Winery, Inc., a Washington corporation (each a "Grantor" and together with the Borrower, the "Grantors"), and Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A., "Rabobank International", New York Branch ("Rabobank"), as collateral agent for the Agent, the Lenders and the Noteholders referred to below (in such capacity, the "Collateral Agent").

The Borrower, certain lenders and Rabobank, as issuer of letters of credit (in such capacity, the "Issuing Lender"), as swingline lender (in such capacity, the "Swingline Lender") and as administrative agent (in such capacity, the "Agent"), are parties to a Credit Agreement dated as of April 19, 2002 (as amended, restated, modified, supplemented, renewed or extended from time to time, the "Credit Agreement") pursuant to which the Lenders have made available to the Borrower a revolving credit facility and term loan facility, as provided therein.

The Borrower and certain noteholders are parties to an Amended and Restated Note Purchase Agreement dated as of April 19, 2002 (as amended, restated, modified, supplemented, renewed or extended from time to time, the "Note Agreement") pursuant to which the Borrower and such noteholders have amended and restated the \$30,000,000 aggregate principal amount of the Borrower's Senior Guaranteed Notes, Series A, B and C, Due September 15, 2010 originally issued and sold to such noteholders on September 15, 2000 (collectively, the "Private Placement Notes"), as provided therein.

The Grantors have also entered into a Security Agreement dated as of April 19, 2002 (as amended, restated, modified, supplemented, renewed or extended from time to time, the "Security Agreement") pursuant to which each Grantor has granted a security interest in substantially all of its personal property in favor of the Collateral Agent, for itself and for the benefit of the Agent, the Lenders and the Noteholders.

It is a condition precedent to the borrowings and the issuance of letters of credit under the Credit Agreement and the amendment and restatement of the Private Placement Notes as provided in the Note Agreement that each Grantor enter into this Agreement and grant to the Collateral Agent, for itself and for the ratable benefit of the Agent, the Lenders and the Noteholders, the security interests hereinafter provided to secure the obligations of the Grantors as described below.

The Collateral Agent, the Agent, the Lenders, the Noteholders, the Grantors and certain of their affiliates have entered into an Intercreditor and Collateral Agency Agreement dated as of April 19, 2002 (as amended, restated, supplemented or otherwise modified from time to time, the "Intercreditor Agreement") pursuant to which, among other things, the Lenders and Noteholders have agreed (i) to the appointment of Rabobank as Collateral Agent and (ii) to the relative priority of their security interests in the Collateral and the manner and order in which

certain rights and remedies of the Lenders and Noteholders may be exercised, all as provided therein.

Accordingly, the parties hereto agree as follows:

SECTION 1 Definitions; Interpretation.

(a) Terms Defined in Credit Agreement. All capitalized terms used in this Agreement (including in the preamble and recitals of this Agreement) and not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement.

(b) Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

"Collateral" has the meaning set forth in Section 2.

"Credit Facility Secured Obligations" means the indebtedness, liabilities and other obligations of the Grantors to the Collateral Agent, the Agent and the Lenders under or in connection with the Credit Agreement, the Revolving Notes, the Term Notes, the Guaranties, the Letters of Credit and the other Loan Documents, including all unpaid principal of the Loans, all unpaid drawings under Letters of Credit, all interest accrued thereon, all fees due under the Credit Agreement and the other Loan Documents and all other amounts payable by any Grantor to the Collateral Agent, the Agent and the Lenders thereunder or in connection therewith, whether now existing or hereafter arising, and whether due or to become due, absolute or contingent, liquidated or unliquidated, determined or undetermined.

"Lenders" means the lenders from time to time party to the Credit Agreement as "Lenders". References to the Lenders shall include references to Rabobank in its capacity as the Issuing Lender and the Swingline Lender; for purposes of clarification only, to the extent that Rabobank may have any rights or obligations in addition to those of the Lenders due to its status as the Issuing Lender or the Swingline Lender, its status as such will be specifically referenced.

"Noteholders" means the noteholders from time to time holding one or more of the Private Placement Notes and in whose name such Private Placement Note(s) are registered in the register maintained by the Borrower pursuant to the Note Agreement.

"Private Placement Secured Obligations" means the indebtedness, liabilities and other obligations of the Grantors to the Collateral Agent and the Noteholders under or in connection with the Note Agreement, the Private Placement Notes, the Subsidiary Guarantee Agreement (as defined in the Note Agreement) and the other Loan Documents (as defined in the Note Agreement), including all unpaid principal of the Private Placement Notes, all interest accrued thereon, all fees due under the Note Agreement and the other Loan Documents (as so defined) and all other amounts payable by any Grantor to the Collateral Agent and the Noteholders thereunder or in connection therewith, whether now existing or hereafter arising, and whether due or to become due, absolute or contingent, liquidated or unliquidated, determined or undetermined.

"PTO" means the United States Patent and Trademark Office.

“Secured Obligations” means the Credit Facility Secured Obligations and the Private Placement Secured Obligations.

“UCC” means the Uniform Commercial Code as the same may, from time to time, be in effect in the State of New York.

(c) Terms Defined in UCC. Where applicable and except as otherwise defined herein, terms used in this Agreement shall have the meanings assigned to them in the UCC.

(d) Interpretation. The rules of interpretation set forth in Section 1.03 of the Credit Agreement shall be applicable to this Agreement and are incorporated herein by this reference.

SECTION 2 Security Interest.

(a) Grant of Security Interest. As security for the payment and performance of the Secured Obligations, each Grantor hereby assigns, transfers and conveys to the Collateral Agent, and grants a security interest in and mortgage to the Collateral Agent, for itself and on behalf of and for the ratable benefit of the Agent, the Noteholders and the Lenders, all of the Grantor’s right, title and interest in, to and under the following property, in each case whether now or hereafter existing or arising or in which such Grantor now has or hereafter owns, acquires or develops an interest and wherever located (collectively, the “Collateral”):

(i) all patents and patent applications, domestic or foreign, all licenses relating to any of the foregoing and all income and royalties with respect to any licenses (including, without limitation, such patents and patent applications as described in Schedule A), all rights to sue for past, present or future infringement thereof, all rights arising therefrom and pertaining thereto and all reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof;

(ii) all state (including common law), federal and foreign trademarks, service marks and trade names, and applications for registration of such trademarks, service marks and trade names, all licenses relating to any of the foregoing and all income and royalties with respect to any licenses (including, without limitation, such marks, names and applications as described in Schedule B), whether registered or unregistered and wherever registered, all rights to sue for past, present or future infringement or unconsented use thereof, all rights arising therefrom and pertaining thereto and all reissues, extensions and renewals thereof;

(iii) the entire goodwill of or associated with the businesses now or hereafter conducted by each Grantor connected with and symbolized by any of the aforementioned properties and assets;

(iv) all commercial tort claims associated with or arising out of any of the aforementioned properties and assets;

(v) all accounts, all intangible intellectual or other similar property and other general intangibles associated with or arising out of any of the aforementioned properties and

assets and not otherwise described above, including all license payments and payments under insurance (whether or not the Collateral Agent is the loss payee thereof) or any indemnity, warranty or guaranty payable by reason of loss or damage to or otherwise with respect to the foregoing Collateral; and

(vi) all products, proceeds and supporting obligations of or with respect to any and all of the foregoing Collateral.

(b) Continuing Security Interest. Each Grantor agrees that this Agreement shall create a continuing security interest in the Collateral which shall remain in effect until terminated in accordance with Section 20.

SECTION 3 Supplement to Security Agreement. The terms and provisions of this Agreement are intended as a supplement to the terms and provisions of the Security Agreement. Each Grantor acknowledges that the rights and remedies of the Collateral Agent with respect to the security interest in the Collateral granted hereby are more fully set forth in the Security Agreement and the other Loan Documents and all such rights and remedies are cumulative.

SECTION 4 Representations and Warranties. Each Grantor represents and warrants to the Agent, the Noteholders, each Lender and the Collateral Agent that:

(a) Patents. A true and correct list of all of the existing Collateral consisting of U.S. patents and patent applications and/or registrations owned by the Grantor, in whole or in part, is set forth in Schedule A.

(b) Trademarks. A true and correct list of all of the existing Collateral consisting of U.S. trademarks, trademark registrations and/or applications owned by such Grantor, in whole or in part, is set forth in Schedule B.

SECTION 5 Further Acts. On a continuing basis, each Grantor shall make, execute, acknowledge and deliver, and file and record in the proper filing and recording places, all such instruments and documents, and take all such action as may be necessary or advisable or may be requested by the Collateral Agent to carry out the intent and purposes of this Agreement, or for assuring, confirming or protecting the grant or perfection of the security interest granted or purported to be granted hereby, to ensure such Grantor's compliance with this Agreement or to enable the Collateral Agent to exercise and enforce its rights and remedies hereunder with respect to the Collateral, including any documents for filing with the PTO and/or any applicable state office. The Collateral Agent may record this Agreement, an abstract thereof, or any other document describing the Collateral Agent's interest in the Collateral with the PTO, at the expense of the Grantors.

SECTION 6 Future Rights. Except as otherwise expressly agreed to in writing by the Collateral Agent, if and when any Grantor shall obtain rights to any new patentable inventions or any new trademarks, or become entitled to the benefit of any of the foregoing, or obtain rights or benefits with respect to any reissue, division, continuation, renewal, extension or continuation-in-part of any patents or trademarks, or any improvement of any patent, the provisions of Section 2 shall automatically apply thereto and such Grantor shall give to the

Collateral Agent prompt notice thereof. Each Grantor shall do all things deemed necessary or advisable by the Collateral Agent to ensure the validity, perfection, priority and enforceability of the security interests of the Collateral Agent in such future acquired Collateral. Each Grantor hereby authorizes the Collateral Agent to modify, amend, or supplement the Schedules hereto and to reexecute this Agreement from time to time on such Grantor's behalf and as its attorney-in-fact to include any such future Collateral and to cause such reexecuted Agreement or such modified, amended or supplemented Schedules to be filed with the PTO.

SECTION 7 Collateral Agent Appointed Attorney-in-Fact. The Collateral Agent shall have the right to, in the name of each Grantor, or in the name of the Collateral Agent or otherwise, without notice to or assent by any Grantor, and each Grantor hereby constitutes and appoints the Collateral Agent (and any of the Collateral Agent's officers or employees or agents designated by the Collateral Agent) as its true and lawful attorney-in-fact, with full power and authority, and hereby authorizes the Collateral Agent: (i) to sign and file in the name of such Grantor any financing statement (with or without such Grantor's signature) or other instrument and any modification, supplement or amendment to this Agreement (including any described in Section 6), and to sign the name of such Grantor on all or any of such documents or instruments and perform all other acts that the Collateral Agent deems necessary or advisable in order to perfect or continue perfected, maintain the priority or enforceability of or provide notice of the Collateral Agent's security interest in, the Collateral; and (ii) to execute any and all other documents and instruments, and to perform any and all acts and things for and on behalf of such Grantor, which the Collateral Agent may deem necessary or advisable to maintain, preserve and protect the Collateral and to accomplish the purposes of this Agreement, including (A) to defend, settle, adjust or institute any action, suit or proceeding with respect to the Collateral, (B) to assert or retain any rights under any license agreement for any of the Collateral, including any rights of such Grantor arising under Section 365(n) of the Bankruptcy Code, and, (C) after the occurrence and during the continuance of any Event of Default, to execute any and all applications, documents, papers and instruments for the Collateral Agent to use the Collateral, to grant or issue any exclusive or non-exclusive license with respect to any Collateral, and to assign, convey or otherwise transfer title in or dispose of the Collateral; provided, however, that in no event shall the Collateral Agent have the unilateral power, prior to the occurrence of an Event of Default, to assign any of the Collateral to any Person, including itself, without the Grantor's written consent. The foregoing power of attorney is coupled with an interest and irrevocable so long as the Lenders have any Commitments or the Secured Obligations have not been paid and performed in full. Each Grantor hereby ratifies, to the extent permitted by law, all that the Collateral Agent shall lawfully and in good faith do or cause to be done by virtue of and in compliance with this Section 7.

SECTION 8 Collateral Agent Performance of Grantor Obligations. The Collateral Agent may perform or pay any obligation which any Grantor has agreed to perform or pay under or in connection with this Agreement, and the Grantor shall reimburse the Collateral Agent on demand for any amounts paid by the Collateral Agent pursuant to this Section 8.

SECTION 9 Collateral Agent's Duties. Notwithstanding any provision contained in this Agreement, the Collateral Agent shall have no duty to exercise any of the rights, privileges or powers afforded to it and shall not be responsible to any Grantor or any other Person for any failure to do so or delay in doing so. Except for and the accounting for moneys

actually received by the Collateral Agent hereunder, the Collateral Agent shall have no duty or liability to exercise or preserve any rights, privileges or powers pertaining to the Collateral.

SECTION 10 Remedies. Upon the occurrence and during the continuance of any Event of Default, the Collateral Agent shall have, in addition to all other rights and remedies granted to it in this Agreement, the Credit Agreement or any other Loan Document, all rights and remedies of a secured party under the UCC and other applicable laws. Without limiting the generality of the foregoing, each Grantor agrees that the Collateral Agent shall at all times have such royalty free licenses, to the extent permitted by law, for any Collateral that is reasonably necessary to permit the exercise of any of the Agent's or the Collateral Agent's rights or remedies upon or after the occurrence of an Event of Default. In addition to and without limiting any of the foregoing, upon the occurrence and during the continuance of an Event of Default, the Collateral Agent shall have the right but shall in no way be obligated to bring suit, or to take such other action as the Collateral Agent deems necessary or advisable, in the name of any Grantor or the Collateral Agent, to enforce or protect any Collateral, and any license thereunder, in which event the Grantor shall, at the request of the Collateral Agent, do any and all lawful acts and execute any and all documents required by the Collateral Agent in aid of such enforcement.

SECTION 11 Notices. All notices and other communications provided for hereunder shall be given as provided in Section 13.02 of the Credit Agreement.

SECTION 12 No Waiver; Cumulative Remedies. No failure on the part of the Collateral Agent to exercise, and no delay in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, remedy, power or privilege preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights and remedies under this Agreement are cumulative and not exclusive of any rights, remedies, powers and privileges that may otherwise be available to the Agent.

SECTION 13 Binding Effect. This Agreement shall be binding upon, and shall inure to the benefit of and be enforceable by, the Collateral Agent, the Agent, the Lenders, the Noteholders and the Grantors and their respective successors and assigns and shall bind any Person who becomes bound as a debtor to this Agreement.

SECTION 14 Governing Law. **THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK, EXCEPT AS REQUIRED BY MANDATORY PROVISIONS OF LAW AND TO THE EXTENT THE VALIDITY OR PERFECTION OF THE SECURITY INTERESTS HEREUNDER, OR THE REMEDIES HEREUNDER, IN RESPECT OF ANY COLLATERAL ARE GOVERNED BY THE LAW OF A JURISDICTION OTHER THAN NEW YORK.**

SECTION 15 Entire Agreement; Amendment. This Agreement contains the entire agreement of the parties with respect to the subject matter hereof and shall not be amended except by the written agreement of the parties as provided in the Credit Agreement.

SECTION 16 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under all applicable laws and regulations. If, however, any provision of this Agreement shall be prohibited by or invalid under any such law or regulation in any jurisdiction, it shall, as to such jurisdiction, be deemed modified to conform to the minimum requirements of such law or regulation, or, if for any reason it is not deemed so modified, it shall be ineffective and invalid only to the extent of such prohibition or invalidity without affecting the remaining provisions of this Agreement, or the validity or effectiveness of such provision in any other jurisdiction.

SECTION 17 Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

SECTION 18 Incorporation of Provisions of the Credit Agreement. To the extent the Credit Agreement contains provisions of general applicability to the Loan Documents, including any such provisions contained in Article XIII thereof, such provisions are incorporated herein by this reference.

SECTION 19 No Inconsistent Requirements. Each Grantor acknowledges that this Agreement and the other Loan Documents may contain covenants and other terms and provisions variously stated regarding the same or similar matters, and agrees that all such covenants, terms and provisions are cumulative and all shall be performed and satisfied in accordance with their respective terms.

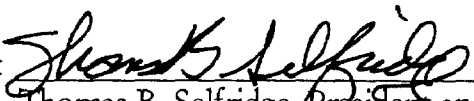
SECTION 20 Termination. Upon the termination of the Commitments of the Lenders, the surrender of the Letters of Credit and payment and performance in full of all Secured Obligations, the security interests contemplated by this Agreement shall terminate and the Collateral Agent shall promptly execute and deliver to each Grantor such documents and instruments reasonably requested by such Grantor as shall be necessary to evidence termination of all security interests given by such Grantor to the Collateral Agent hereunder, including cancellation of this Agreement by written notice from the Collateral Agent to the PTO.

[Signature pages follow.]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement, as of the date first above written.

THE GRANTOR

THE CHALONE WINE GROUP, LTD.

By: 
Thomas B. Selfridge, President and CEO

THE AGENT

COOPERATIEVE CENTRALE
RAIFFEISEN-BOERENLEENBANK B.A.,
"RABOBANK INTERNATIONAL", NEW
YORK BRANCH, as Agent

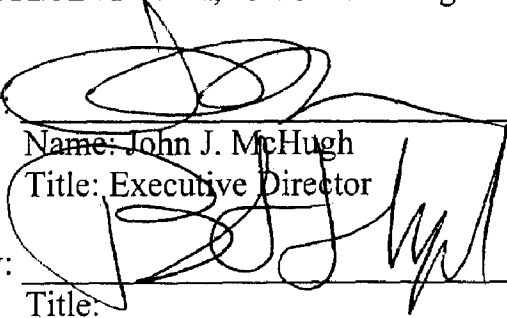
By: _____
Name:
Title:

By: _____
Name:
Title:

THE COLLATERAL AGENT

COOPERATIEVE CENTRALE
RAIFFEISEN-BOERENLEENBANK B.A.,
"RABOBANK INTERNATIONAL", NEW
YORK BRANCH, as Collateral Agent

By:


Name: John J. McHugh
Title: Executive Director

By:

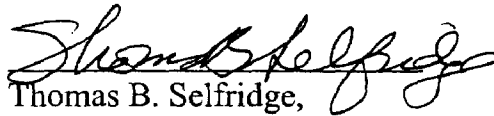

Title:

Barbara A. Hyland
Managing Director

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement, as of the date first above written.

CANOE RIDGE VINEYARD, L.L.C.

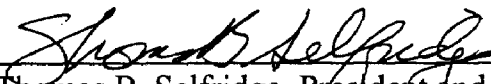
By: The Chalone Wine Group, Ltd.,
a California corporation
Its Managing Member

By: 
Thomas B. Selfridge,
President and CEO

CANOE RIDGE WINERY, INC.

By: 
Thomas B. Selfridge, President and CEO

SHW EQUITY CO.

By: 
Thomas B. Selfridge, President and CEO

STATON HILLS WINERY COMPANY LIMITED

By: 
Thomas B. Selfridge, President and CEO

SCHEDULE A
to the Patent and Trademark Security Agreement

THE CHALONE WINE GROUP, LTD.

Issued U.S. Patents of the Grantor

<u>Patent No.</u>	<u>Issue Date</u>	<u>Inventor</u>	<u>Title</u>
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A-1.

Pending U.S. Patent Applications of the Grantor

Serial No.

Filing Date

Inventor

Title

A-2.

SCHEDULE B
to the Patent and Trademark Security Agreement

THE CHALONE WINE GROUP, LTD.

U.S. Trademarks of the Grantor

<u>Registration No.</u>	<u>Registration Date</u>	<u>Filing Date</u>	<u>Registered Owner</u>	<u>Mark</u>
2,340,488	04/11/2000	12/14/1998	CWG	ACACIA
1,859,259	10/18/1994	06/05/1990	CRV, LLC	CANOE RIDGE
2,477,683	08/14/2001	03/31/2000	CRV, LLC	CANOE RIDGE
1,343,154	06/18/1985	03/28/1984	CWG	CHALONE VINEYARD
1,047,826	09/07/1976	02/26/1976	CWG	CHALONE VINEYARD & DESIGN
2,485,948	09/04/2001	08/11/1999	CWG	SAGELANDS
1,905,855	07/18/1995	07/25/1994	STATON HILLS	PINK RIESLING
1,780,495	07/06/1993	11/16/1992	CWG	STATON HILLS
1,834,863	05/03/1994	11/20/1992	CWG	MISTY RIDGE
1,980,448	06/18/1996	06/21/1994	CWG	PHOENIX
2,536,209	02/05/2002	12/29/2000	CWG	MOON MOUNTAIN
64,631 ¹	10/06/1981		CWG	ACACIA
74,954 ¹	11/01/1984		CWG	GAVILAN

Pending U.S. Trademark Applications of the Grantor

<u>Application No.</u>	<u>Filing Date</u>	<u>Applicant</u>	<u>Mark</u>
76,296,707	08/06/2001	CWG	PROVENANCE VINEYARD

Common Law Trademarks of the Grantor

Mark

ECHELON

CWG – the Chalone Wine Group, Ltd.
CRV, LLC – Canoe Ridge Vineyard, L.L.C.
STATON HILLS – Staton Hills Winery Company Limited

¹ California State registration