

06-28-2002



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TRADEMARKS ONLY

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

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

Tab settings

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

<p>1. Name of conveying party(ies): Reda Sports, Inc. 110 Main Street West Easton, PA 18043</p> <p><i>06/24/02</i></p> <p><input type="checkbox"/> Individual(s) <input type="checkbox"/> Association <input type="checkbox"/> General Partnership <input type="checkbox"/> Limited Partnership <input checked="" type="checkbox"/> Corporation-State <input type="checkbox"/> Other _____</p> <p>Additional name(s) of conveying party(ies) attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	<p>2. Name and address of receiving party(ies) Name: <u>Summit Business Capital Corp. d/b/a Fleet</u> <u>Internal Capital - Business Finance Group</u> Address: _____ Street Address: <u>750 Walnut Avenue</u> City: <u>Cranford</u> State: <u>NJ</u> Zip: <u>07016</u></p> <p><input type="checkbox"/> Individual(s) citizenship _____ <input type="checkbox"/> Association _____ <input type="checkbox"/> General Partnership _____ <input type="checkbox"/> Limited Partnership _____ <input type="checkbox"/> Corporation-State _____ <input checked="" type="checkbox"/> Other <u>Bank - lending corp.</u></p> <p>If assignee is not domiciled in the United States, a domestic representative designation is attached: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (Designations must be a separate document from assignment) Additional name(s) & address(es) attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>3. Nature of conveyance:</p> <p><input type="checkbox"/> Assignment <input type="checkbox"/> Merger <input checked="" type="checkbox"/> Security Agreement <input type="checkbox"/> Change of Name <input type="checkbox"/> Other _____</p> <p>Execution Date: <u>06/20/2002</u></p>	

<p>4. Application number(s) or registration number(s):</p> <p>A. Trademark Application No.(s)</p>	<p>B. Trademark Registration No.(s) 1707388; 2379453; 1110924; 1322256; 1392432; 1615010; 1372771; 1549289; 1564645</p> <p>Additional number(s) attached <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
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<p>5. Name and address of party to whom correspondence concerning document should be mailed: Name: <u>Peter E. Nussbaum, Esq.</u> Internal Address: <u>Wolff & Samson, P.A.</u> Street Address: <u>5 Becker Farm Road</u> City: <u>Roseland</u> State: <u>NJ</u> Zip: <u>07068</u></p>	<p>6. Total number of applications and registrations involved: 9</p> <p>7. Total fee (37 CFR 3.41).....\$ <u>240.00</u></p> <p><input checked="" type="checkbox"/> Enclosed <input type="checkbox"/> Authorized to be charged to deposit account</p> <p>8. Deposit account number: _____</p> <p>(Attach duplicate copy of this page if paying by deposit account)</p>
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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.

Peter E. Nussbaum *[Signature]* June 20, 2002
Name of Person Signing Signature Date

Total number of pages including cover sheet, attachments, and document: 8

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

06/27/2002 LNWELLER 00000201 1707388

01 FC:481 40.00 OP
02 FC:482 200.00 OP



TRADEMARK SECURITY AGREEMENT

THIS TRADEMARK SECURITY AGREEMENT (this "Agreement") is dated as of June 20th, 2002, by and between REDA SPORTS, INC., a Pennsylvania corporation, with its principal place of business located at 110 Main Street, West Easton, Pennsylvania 18043 (the "Assignor"), and SUMMIT BUSINESS CAPITAL CORP., d/b/a Fleet Capital - Business Finance Group, having an address at 750 Walnut Avenue, Cranford, New Jersey 07016 (the "Assignee").

W I T N E S S E T H:

WHEREAS, concurrently herewith the Assignor and Kappa USA, LLC, a Delaware limited liability company (collectively, the "Borrowers"), and the Assignee are entering into a Loan and Security Agreement (the "Loan Agreement"), pursuant to which, among other things, the Assignee has agreed, subject to the terms and conditions contained therein, to (i) make advances to the Borrowers in an aggregate principal amount not to exceed \$7,000,000 (the "Revolving Credit Loan") and (ii) make available to Borrower a line of credit in the maximum principal amount of \$500,000 to purchase or sell foreign currencies pursuant to foreign exchange contracts (the "Foreign Exchange Contracts" and, together with the Revolving Credit Loan, the "Loans"); and

WHEREAS, the Assignor owns certain Trademarks listed on Schedule A hereto; and

WHEREAS, the Assignor desires to mortgage, pledge and grant to the Assignee a security interest in all of its right, title and interest in, to and under the Collateral (as hereinafter defined), including the property listed on the attached Schedule A, together with any renewal or extension thereof, and all proceeds thereof, to secure the payment of all principal, interest and other amounts under the Loans and all other Obligations (as defined in the Loan Agreement); and

WHEREAS, in order to induce the Assignee to enter into the Loan Agreement and make the Loans thereunder, the Assignor has agreed to execute and deliver this Agreement;

NOW THEREFORE, in consideration of the premises and of the mutual covenants of the parties hereto and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, it is hereby agreed as follows:

1. Definitions. Capitalized terms used herein without definition shall have the meanings ascribed to them in the Loan Agreement.
2. Assignment of Marks. To secure the complete and timely payment and satisfaction of all of the Obligations, the Assignor hereby grants, assigns and conveys to the Assignee a security interest in and to all trademark applications, trademarks (whether registered, unregistered or for which any application to register has been filed), service mark applications, service marks (whether registered, unregistered or for which any application to register has been filed) and tradenames of the Assignor, including, but not limited to, the marks listed in Schedule A hereto (as the same may

be amended pursuant hereto from time to time), including, without limitation, all renewals thereof and all proceeds thereof (such as, by way of example, license royalties and proceeds of infringement suits), the right to sue for past, present and future infringements, all rights owned by the Assignor corresponding thereto throughout the world (all of the foregoing are collectively called the "Marks"), together with the goodwill of the business symbolized by each Mark and the registrations (if any) thereof.

3. Warranties and Representations. The Assignor hereby covenants and warrants that: (a) the Assignor is the sole and exclusive owner of the entire right, title and interest in the Marks, free and clear of any liens, pledges, assignments or other encumbrances, other than a lien in favor of Patrick License A.S. on the Mark designated with an asterisk on Schedule A; (b) the Assignor has the unqualified right to enter into this Agreement and perform its terms; (c) the Marks are subsisting and have not, to the Assignor's knowledge, been adjudged invalid or unenforceable; (d) the Marks are valid and enforceable; (e) the Assignor has not received notice of any claim that the use of the Marks does or may violate the rights of any third person; and (f) the Assignor has used and, subject to the provisions of Section 8 below, will continue to use for the duration of this Agreement, consistent standards of quality in its manufacture of products and delivery of services sold or provided under the Marks. The Assignor shall, in any event, indemnify and hold the Assignee harmless from all losses, damages, reasonable out-of-pocket costs and expenses, including legal costs and counsel fees, incurred by the Assignee as the direct or indirect result of any action, claim or demand, whether or not groundless, alleging that the Marks infringe any trademarks held by third parties.

4. Right To Inspect. The Assignor hereby grants to the Assignee and its employees and agents the right, upon reasonable prior notice, to visit the Assignor's warehouses, retail stores and other facilities where products sold or services provided under the Marks are manufactured, inspected, stored, or provided, and to inspect and review the products and quality control records relating thereto during normal business hours. The Assignor shall do any and all acts reasonably required by the Assignee to ensure the Assignor's compliance with Section 3(f) above.

5. Right to Benefits. If, before the Obligations shall have been satisfied in full, the Assignor shall become entitled to the benefit of any additional trademark or service mark registration, or any renewal or affidavit of any Mark, the provisions of Section 3 hereof shall automatically apply thereto, and the Assignor shall give the Assignee prompt written notice thereof.

6. Future Marks. The Assignor authorizes the Assignee to modify this Agreement at Assignor's sole cost and expense by amending Schedule A to include any future trademarks, service marks or tradenames, which are Marks under Section 2 or Section 5 hereof.

7. Default. The term "Default", as used herein, shall mean: (a) any Event of Default under the Loan Agreement; (b) if any representation or warranty made by the Assignor herein proves to be false or inaccurate in any material respect at the time when made; or (c) any violation by the Assignor of any material obligation, agreement, or covenant contained in this Agreement which is not waived or cured and remedied within thirty (30) calendar days after notice thereof to the Assignor.

8. Assignor's Right to Use Marks. Unless a Default shall occur and be continuing, the Assignor shall retain the legal and equitable title to the Marks and shall have the right to use the Marks in the ordinary course of its business but shall not be permitted to sell, assign, transfer or otherwise encumber the Marks or any part thereof; provided, however, that nothing herein contained shall prohibit the Assignor from failing to renew or otherwise abandoning any item included within the Marks if, in the Assignor's good judgment, the retention of such item is not material to the proper conduct of its business; provided, however, that the Assignor shall give the Assignee ten (10) days' prior written notice of any abandonment of or failure to renew any item included within the Marks.

9. Assignee's Rights as Secured Party. If a Default shall have occurred and be continuing, the Assignee shall have, in addition to all other rights and remedies given it by this Agreement and the other Loan Documents, those 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 Marks may be located and, without limiting the generality of the foregoing, the Assignee may immediately, without demand of performance and without advertisement, sell at public or private sale or otherwise realize upon, in New Jersey or elsewhere, the whole or from time to time any part of the Marks and the goodwill associated therewith, or any interest which the Assignor has therein, and after deducting from the proceeds of said sale or other disposition of the Marks all expenses (including all reasonable expenses for brokers' fees and legal services), shall apply the residue of such proceeds to the payment of the Obligations. Notice of any sale or other disposition of the Marks shall be given to the Assignor at least ten (10) calendar days before the time of any intended public or private sale or other disposition of the Marks is to be made, which the Assignor hereby agrees shall be reasonable notice of such sale or other disposition. At any such sale or other disposition, the Assignee may, to the extent permissible under applicable law, purchase the whole or any part of the Marks sold, free from any right of redemption on the part of the Assignor, which right is hereby waived and released.

10. Power of Attorney. If a Default shall have occurred and be continuing, the Assignor hereby authorizes and empowers the Assignee to make, constitute and appoint any officer or agent of the Assignee as the Assignee may select in its reasonable discretion, as the Assignor's true and lawful attorney-in-fact, with the power to endorse the Assignor's name on all applications, documents, papers and instruments necessary for the Assignee to use the Marks, or to grant or issue any exclusive or non-exclusive license under the Marks to any third person, or necessary for the Assignee to assign, pledge, convey or otherwise transfer title in or dispose of the Marks and the goodwill associated therewith, to any third person. The Assignor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof, except for any actions constituting gross negligence or willful misconduct. This power of attorney shall be irrevocable for the life of this Agreement and coupled with an interest.

11. Termination. At such time as the Assignor shall completely satisfy all of the Obligations and the Assignee shall have no further obligation to extend credit under the Loan Agreement, the Assignee shall execute and deliver to the Assignor all deeds, assignments and other instruments as may be necessary or proper to re-vest in the Assignor the full unencumbered title to the Marks and the goodwill associated therewith, subject to any disposition thereof which may have been made by the Assignee pursuant hereto.

12. Fees and Expenses of Assignee. Any and all fees, costs and expenses, of whatever kind or nature, including reasonable attorneys' fees and legal expenses, incurred by the Assignee in connection with the payment or discharge of any taxes, counsel fees, maintenance fees, encumbrances or otherwise protecting, maintaining or preserving the Marks, or in defending or prosecuting any actions or proceedings arising out of or related to the Marks, shall be borne and paid by the Assignor on demand by the Assignee, and until so paid shall be added to the principal amount of the Obligations and shall bear interest at a rate equal to the Default Rate.

13. Protection of Marks. Subject only to the first proviso in Section 8 hereof, the Assignor shall take all actions reasonably necessary to protect and defend the Marks and shall institute such proceedings to enforce the Marks as it, in its reasonable business judgment, deems appropriate. The Assignee shall, upon the reasonable request of the Assignor, do any and all lawful acts and execute all proper documents in aid of such protection, defense and enforcement, and the Assignor shall promptly, upon demand, reimburse and indemnify the Assignee for all costs and expenses incurred by the Assignee in connection therewith.

If a Default shall have occurred and be continuing, the Assignee shall have the right, but shall in no way be obligated, to bring suit in its own name to enforce the Marks, in which event the Assignor shall at the request of the Assignee do any and all lawful acts and execute any and all proper documents required by the Assignee in aid of such enforcement, and the Assignor shall promptly, upon demand, reimburse and indemnify the Assignee for all costs and expenses incurred by the Assignee in the exercise of its rights under this Section 13.

14. No Waiver. No course of dealing between the Assignor and the Assignee nor any failure to exercise, nor any delay in exercising, on the part of the Assignee, any right, power or privilege hereunder or under any of the other 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 or the exercise of any other right, power or privilege.

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

16. Manufacture and Sale. The parties understand and agree that the collateral assignment of the Marks as provided for in this Agreement, together with other collateral provided to the Assignee pursuant to the Loan Agreement and the other Loan Documents, will permit the Assignee, upon the happening of a Default, to make use of all rights to the Marks and the goodwill associated therewith, all of which will permit the Assignee to manufacture and sell the products for which the use of the Marks is associated and maintain substantially the same product specifications and quality as maintained by the Assignor.

17. Amendment. This Agreement is subject to modification only by a writing signed by the parties, except as provided in Section 5 hereof.

18. Successors and Assigns. The benefits and burdens of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties.

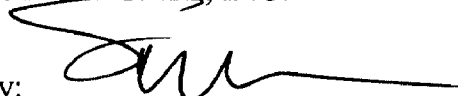
18. Governing Law. The validity and interpretation of this Agreement and the rights and obligations of the parties shall be governed by the laws of the State of New Jersey.

19. Judicial Proceedings. EACH PARTY TO THIS AGREEMENT AGREES THAT ANY SUIT, ACTION, OR PROCEEDING, WHETHER CLAIM OR COUNTERCLAIM, BROUGHT OR INSTITUTED BY ANY PARTY HERETO OR ANY SUCCESSOR OR ASSIGN OF ANY PARTY, ON OR WITH RESPECT TO THIS AGREEMENT OR THE DEALINGS OF THE PARTIES WITH RESPECT HERETO, SHALL BE TRIED ONLY BY A COURT AND NOT BY A JURY. EACH PARTY HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY SUCH SUIT, ACTION OR PROCEEDING. FURTHER, THE ASSIGNOR WAIVES ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER, IN ANY SUCH SUIT, ACTION OR PROCEEDING, ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES OR ANY DAMAGES OTHER THAN, OR IN ADDITION TO, ACTUAL DAMAGES. THE ASSIGNOR ACKNOWLEDGES AND AGREES THAT THIS SECTION IS A SPECIFIC AND MATERIAL ASPECT OF THIS AGREEMENT.

20. Counterparts. This Agreement may be executed in any number of duplicate originals or counterparts, each of such duplicate originals or counterparts shall be deemed to be an original and all taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, and intending to be legally bound hereby, the parties hereto have executed this Agreement the day and year first above written.

REDA SPORTS, INC.

By: 
Name: Scott C. Reda
Title: COO / CEO


SUMMIT BUSINESS CAPITAL CORP., d/b/a Fleet
Capital - Business Finance Group

By: 
Name: JOHN P. LEIFER
Title: LOAN OFFICER, Vice President

ACKNOWLEDGMENTS

STATE OF NEW JERSEY)
) ss.:
COUNTY OF ESSEX)


BE IT REMEMBERED, that on this 20th day of June, 2002, before me personally came Scott L. Reda, to me known, who, being by me duly sworn, did depose and say that he is the CEO of REDA SPORTS, INC., the corporation described in and which executed the foregoing instrument; and that he being by me duly sworn, acknowledged he signed his name thereto by order of the Board of Directors of said corporation for the uses and purposes expressed therein.



CHERYL A. PERZELY
NOTARY PUBLIC, State of New Jersey
Commission Expires August 15, 2003

STATE OF NEW JERSEY)
) ss.:
COUNTY OF ESSEX)

BE IT REMEMBERED, that on this 20th day of June, 2002, before me personally came John P. Leifer, to me known, who, being by me duly sworn, did depose and say that he is the VP & Loan officer of SUMMIT BUSINESS CAPITAL CORP., d/b/a Fleet Capital - Business Finance Group, the corporation described in and which executed the foregoing instrument; and that he being by me duly sworn, acknowledged that he signed his name thereto by order of the Board of Directors of said corporation for the uses and purposes expressed therein.



CHERYL A. PERZELY
NOTARY PUBLIC, State of New Jersey
Commission Expires August 15, 2003

SCHEDULE A

LIST OF LIVE TRADEMARKS OWNED BY REDA SPORTS, INC.

REGISTRATIONS

<u>MARK</u>	<u>REG. NUMBER</u>	<u>REG. DATE</u>
REDA SPORTS EXPRESS	1707388	August 11, 1992
R RSG BRANDS & DESIGN	2379453	August 22, 2000
PATRICK*	1110924	January 9, 1979
TWO STRIPE DESIGN*	1322256	February 26, 1985
P PATRICK & DESIGN*	1392432	May 6, 1986
THREE TRIANGLE DESIGN*	1615010	September 25, 1990
STEELE'S	1372771	November 26, 1985
GRIP OF STEELE	1549289	July 25, 1989
STEELE'S	1564645	November 7, 1989

APPLICATIONS

NONE

* Indicates security interest to Patrick License A.S.