

07-16-2002



Form PTO-1594
(Rev. 03/01)
OMB No. 0651-0027 (exp. 5/31/2002)
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U.S. DEPARTMENT OF COMMERCE
U.S. Patent and Trademark Office

102157664

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

1. Name of conveying party(ies):

7.11.02

CEDAR PET PRODUCTS COMPANY

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

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

2. Name and address of receiving party(ies)

Name: MFM INDUSTRIES, INC.

Internal

Address: _____

Street Address: 3951 West Highway 329

City: Reddick State: FL Zip: 32686

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

3. Nature of conveyance:

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

Execution Date: _____

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

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

1,859,249

dated October 18, 1994

Additional number(s) attached Yes No

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

Name: James Heekin, Esq.

Internal Address: Lowndes, Drosdick,

Doster, Kantor & Reed, P.A.

Street Address: 215 North Eola Drive

City: Orlando State: FL Zip: 32801

6. Total number of applications and registrations involved: 1

7. Total fee (37 CFR 3.41).....\$ 40.00

- Enclosed 37 CFR 1.21 (H)
- Authorized to be charged to deposit account

8. Deposit account number: _____

(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.

James Heekin, Esq.

Name of Person Signing

Matthew R. O'Kane for James Heekin
Signature

7-11-02

Date

Total number of pages including cover sheet, attachments, and document: 1

07/15/2002 6TOM11 00000146 1859249

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

01 FC:481

40.00 DP

TRADEMARK
REEL: 002544 FRAME: 0108

**STATE OF FLORIDA UNIFORM COMMERCIAL CODE
FINANCING STATEMENT FORM**

A. NAME & DAYTIME PHONE NUMBER OF CONTACT PERSON	
B. SEND ACKNOWLEDGEMENT TO:	
Name	James Heekin, Esq.
Address	Lowndes Drosdick Doster Kantor & Reed, P.A.
Address	215 North Eola Drive
City/State/Zip	Orlando, FL 32801

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - INSERT ONLY ONE DEBTOR NAME (1a OR 1b) - Do Not Abbreviate or Combine Names

1a. ORGANIZATION'S NAME CEDAR PET PRODUCTS COMPANY				
1b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
1c. MAILING ADDRESS 2255 Cumberland Parkway, Suite 1950		CITY Atlanta	STATE GA	POSTAL CODE 30339 COUNTRY USA
1d. TAX ID # 01-0678769	REQUIRED ADD'L INFO RE: ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION C - Corporation	1f. JURISDICTION OF ORGANIZATION Delaware	1g. ORGANIZATIONAL ID # 1748136 <input type="checkbox"/> NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - INSERT ONLY ONE DEBTOR NAME (2a OR 2b) - Do Not Abbreviate or Combine Names

2a. ORGANIZATION'S NAME				
2b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
2c. MAILING ADDRESS		CITY	STATE	POSTAL CODE COUNTRY USA
2d. TAX ID #	REQUIRED ADD'L INFO RE: ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID # <input type="checkbox"/> NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - INSERT ONLY ONE SECURED PARTY NAME (3a OR 3b)

3a. ORGANIZATION'S NAME MFM INDUSTRIES, INC., a Delaware corporation				
3b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
3c. MAILING ADDRESS P.O. Box 68		CITY Lowell	STATE FL	POSTAL CODE 32663 COUNTRY USA

4. This FINANCING STATEMENT covers the following collateral:

Word Mark: **Cedar Fresh**

United States Registered Trademark Number 1,859,249, dated October 18, 1994.

See attached Trademark Security Agreement and Schedule 1.

5. ALTERNATE DESIGNATION (if applicable) LESSEE/LESSOR CONSIGNEE/CONSIGNOR BAILEE/BAILOR
 AG. LIEN NON-UCC FILING SELLER/BUYER

6. Florida DOCUMENTARY STAMP TAX YOU ARE REQUIRED TO CHECK EXACTLY ONE BOX

All documentary stamps due and payable or to become due and payable pursuant to s. 201.22 F.S., have been paid.
 Florida Documentary Stamp Tax is not required.

7. OPTIONAL FILER REFERENCE DATA

COPY

TRADEMARK SECURITY AGREEMENT

THIS TRADEMARK SECURITY AGREEMENT (this "Agreement" made as of April 30, 2002, between CEDAR PET PRODUCTS COMPANY, a Delaware corporation ("Grantor"), and MFM INDUSTRIES, INC., a Delaware corporation ("Secured Party").

WITNESSETH:

WHEREAS, pursuant to that certain Asset Purchase Agreement dated as of April 30, 2002 (as amended, restated, supplemented or otherwise modified from time to time) the "Asset Purchase Agreement"; capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings given such terms in the Asset Purchase Agreement) between Grantor and Secured Party, Secured Party has agreed to sell, transfer, and assign to Grantor all of Secured Party's right, title and interest in and to the Assets, including the Trademark (as defined below); and

WHEREAS, pursuant to the terms of the Asset Purchase Agreement, Grantor has executed and delivered to Secured Party a promissory note of even date herewith (the "Note"), made by Grantor in favor of Secured Party in the aggregate principal face amount of \$6,856,463.95 in payment of a portion of the Purchase Price;

NOW, THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor and Secured Party hereby agree as follows:

1. Grant of Security Interest. To secure the complete and timely payment of all of Grantor's payment obligations under the Note (all such obligations being herein collectively called the "Secured Obligations"), Grantor hereby grants to Secured Party a present and continuing security interest in the entire right, title and interest of Grantor in and to the existing trademark of Grantor identified on Schedule 1 attached hereto and all proceeds thereof (the "Trademark").

2. Representations and Warranties. Grantor represents and warrants that as of the date hereof (assuming the accuracy of Secured Party's representations and warranties in the Asset Purchase Agreement and performance by Secured Party of all of its obligations under the Asset Purchase Agreement to be performed by Secured Party on or prior to the date hereof): (a) Grantor is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to the Trademark, free and clear of any liens, charges and encumbrances (other than Permitted Liens (defined below)), including without limitation licenses and covenants by Grantor not to sue third persons; (b) Grantor has the right to enter into this Agreement and perform its terms; (c) this Agreement is effective to create a valid and continuing lien on and, upon filing of this Agreement with the United States Patent and Trademark Office and the filing of the appropriate financing statements, perfected liens in favor of Secured Party in the Trademark; (d) such perfected liens are enforceable as such as against any and all creditors of and purchasers from

THE ORIGINAL HAS BEEN PLACED IN LDDKR SAFE ON 5-16-02 (DATE) REFERENCE SAFEKEEPING DOCUMENT LIST # 05602-01

Grantor (other than the First Priority Lenders (defined below)); and (e) upon filing of this Agreement with the United States Patent and Trademark Office and the filing of appropriate financing statements, all actions necessary or desirable to protect and perfect Secured Party's lien in the Trademark shall have been duly taken. As used herein, "**Permitted Liens**" means a first priority perfected security interest in the Trademark to be granted by Grantor to any Person or Persons (together with their successors and assigns, "**First Priority Lenders**") that now or hereafter enter into a financing arrangement pursuant to which such First Priority Lenders finance all or any portion of the Purchase Price that is due and payable by Grantor after the Closing Date, provided that such liens shall secure only the indebtedness and other obligations of Grantor to the First Priority Lenders under such financing arrangement.

3. **Covenants.** Grantor shall promptly notify Secured Party if Grantor knows that any application or registration relating to the Trademark may become abandoned or dedicated, or of any adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office) regarding Grantor's ownership of the Trademark, its right to register the same, or to keep and maintain the same. Grantor shall take all actions necessary to maintain the registration of the Trademark, including the filing of applications for renewal, affidavits of use, affidavits of noncontestability and opposition and interference and cancellation proceedings. If the Trademark is infringed upon, or misappropriated or diluted by a third party ("**Infringement**"), Grantor shall promptly after Grantor becomes aware of an Infringement notify Secured Party of such Infringement and, unless Grantor shall reasonably determine that the Trademark is no longer material to the conduct of its business or operations, promptly take such actions as Grantor shall reasonably deem appropriate under the circumstances to protect the Trademark and Grantor's rights therein, including filing suit for infringement, misappropriation or dilution and for recovery of any and all damages for such infringement, misappropriation or dilution.

4. **Remedies on Default.** Subject to the last sentence of this Section 4 and the subordination provisions in Section 6, if any Event of Default (as defined in the Note) shall have occurred and be continuing, (i) Secured Party shall have, in addition to all other rights and remedies given Secured Party by this Agreement and the Note, those allowed by law and the rights and remedies of a secured party under the Uniform Commercial Code in effect in the State of Florida, and (ii) Secured Party may, with 30 days written notice to Grantor, sell at public or private sale or otherwise realize upon the Trademark or any interest which Grantor may have therein and, after deducting from the proceeds of sale or other disposition of the Trademark all reasonable expenses (including all actual and reasonable expenses for legal services), shall apply the residue of such proceeds toward the payment of the Secured Obligations (which application shall be made first to Secured Party's reasonable costs and expenses of such collection, sale or other disposition, including actual and reasonable attorney's fees, and then to the payment of the other Secured Obligations then due to Secured Party). Grantor shall be liable for any deficiency remaining after the application of such proceeds. Any remainder of the proceeds after payment in full of the Secured Obligations shall promptly

be paid over to Grantor. At any such sale or other disposition Secured Party may, to the extent permissible under applicable law, purchase the Trademark, free from any right of redemption on the part of Grantor, which right is hereby waived and released. Notwithstanding anything in this Section 4 to the contrary, the Secured Party hereby agrees that for so long as any Permitted Liens remain in effect, any Trademark in its possession (including any proceeds of the Trademark received by Secured Party upon receipt by Secured Party) shall immediately be turned over to First Priority Lenders until all of Grantor's obligations owing to such First Priority Lenders have been satisfied in full, at which time, any remaining amounts will be applied as provided for in this Section 4. Prior to the turnover of the Trademark or proceeds, the Trademark and proceeds shall be deemed held in trust by Secured Party for the benefit of First Priority Lenders.

5. **Termination Date.** This Agreement and the security interest granted hereunder shall remain in full force and effect until payment in full of the Secured Obligations.

6. **Subordination of Liens.** The Secured Party hereby agrees that the security interest granted in the Trademark pursuant to Section 1 hereof is and shall at all times hereafter be subordinate and junior in priority to the Permitted Liens for so long as any such Permitted Liens remain in effect. The subordination provided for hereunder shall apply prior to, during and after the commencement of any bankruptcy or insolvency proceeding against the Grantor. Nothing contained in this Agreement shall impair the obligation of Grantor to make its regular payments of principal and interest under the Note, or to pay any ongoing trade bills to the Secured Party pursuant to the Manufacturing & Supply Agreement of even date herewith; provided, however, that the Secured Party shall not be entitled to receive, and Grantor shall not be obligated to make, any payments (including regular payments of principal and interest under the Note) under the Note for so long as Grantor is in default with respect to the payment of any of the Obligations (as defined in the Note) when due.

7. **Security Agreement.** Secured Party also has a lien in the Trademark under the terms of the Security Agreement, and this Agreement is intended to supplement the Security Agreement entered into as of April 30, 2002 between Cedar Pet Products Company and MFM Industries, Inc. ("**Security Agreement**"), but in the event of any inconsistency between the terms of this Agreement and those of the Security Agreement, the terms of the Security Agreement shall control, and Secured Party may elect to pursue its rights and remedies with respect to the Trademark under either or both of this Agreement or the Security Agreement.

8. **Miscellaneous.** No course of dealing between Grantor and Secured Party, nor any failure to exercise, nor any delay in exercising, on the part of Secured Party, any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. This Agreement is subject to modification only by a writing signed by Grantor and Secured Party. 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. This Agreement may be executed in any number of counterparts, each of which counterparts when so executed and delivered, shall be deemed to be an original, and all of which counterparts, taken together, shall constitute one and the same Agreement. Delivery of a counterpart hereof by facsimile transmission shall be as effective as delivery of a manually executed counterpart hereof. 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 FLORIDA APPLICABLE TO CONTRACTS MADE AND PERFORMED IN SUCH STATE AND THE APPLICABLE LAWS OF THE UNITED STATES OF AMERICA.

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IN WITNESS WHEREOF, Grantor has caused this Trademark Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

CEDAR PET PRODUCTS COMPANY,
as Grantor

By: [Signature]
Name: JAMES M. JULIAN
Title: President

ACCEPTED AND ACKNOWLEDGED BY:

MFM INDUSTRIES, INC.

By: [Signature]
Name: Michael Wilkinson
Title: President

ACKNOWLEDGMENT OF GRANTOR

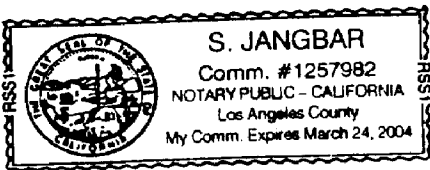
STATE OF California

COUNTY OF Los Angeles

Before me, the undersigned, a Notary Public in and for the state and aforesaid, on this 30 day of April, 2002, personally appeared James M. Julian and who, being by me duly sworn, deposes and says that he is the President of Cedar Pet Products Company and that said instrument was signed on behalf of said company by authority of its Board of Directors, and said officer acknowledged said instrument to be the free act and deed of said company.

[Signature]
Notary Public

My commission expires: 3/24/04



[NOTARIAL SEAL]

**SCHEDULE 1 TO
TRADEMARK SECURITY AGREEMENT**

Mark CEDAR FRESH, subject of United States Patent and Trademark Office
Registration No. 1,859,249, dated October 18, 1994.