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102205359

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

1. Name of conveying party(ies):
Footmaxx Holdings Inc.

08-26-02

Individuals Association
 General Partnership Limited Partnership
 Corporation-State Delaware
 Other Corporation - Ontario, Canada

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

2. Name and address of receiving party(ies)

Name: Penfund Mezzanine Limited Partnership

Internal Address: _____

Street Address: 390 Bay Street, Suite 1720

City: Toronto State: Ontario Zip: M5H 2Y2
Canada

3. Nature of conveyance:

Assignment Merger
 Security Agreement Change of Name
 Other _____

Execution Date: 5/30/02

Individual(s) citizenship _____
 Association _____
 General Partnership _____
 Limited Partnership Ontario, Canada
 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)

Additional number(s) attached? Yes No

B. Trademark Registration No.(s)
 2,052,100
 2,115,072

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

Name: Ginabeth Hutchison

Internal Address: Alston & Bird LLP

Street Address: 1201 West Peachtree Street

City: Atlanta State: GA Zip: 30309-3424

6. Total number of applications and registrations involved: _____

7. Total fee (37 CFR 3.41)..... \$ 65.00

Enclosed
 Authorized to be changed 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.

Ginabeth Hutchison *Ginabeth Hutchison* 8/19/02
 Name of Person Signing Signature Date

Total number of pages including cover sheet, attachments, and documents: 20

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

08/28/2002 TDI AZ1 00000071 2052100
 01 FC:481 40.00 OP
 02 FC:482 25.00 OP

Continuation of information in Item 1:

Footmaxx Inc., as guarantor, a Delaware corporation

Footmaxx Ltd., as guarantor, a corporation of Ontario, Canada

Footmaxx International Inc., as guarantor, a corporation of Ontario, Canada

Continuation of information in Item 2:

Penfund Mezzanine Master Trust
390 Bay Street, Suite 1720
Toronto, Ontario, Canada M5H 2Y2
A Trust formed under the laws of Ontario

INTELLECTUAL PROPERTY SECURITY AGREEMENT

To: Penfund Mezzanine Limited Partnership
Penfund Mezzanine Master Trust

Address: 390 Bay Street, Suite 1720
Toronto, Ontario
M5H 2Y2

Attention: Barry Yontef
Facsimile: (416) 364-4149

RECITALS:

A. **FOOTMAXX HOLDINGS INC.** (the "Company"), as borrower, **FOOTMAXX INC.**, **FOOTMAXX LTD.**, and **FOOTMAXX INTERNATIONAL INC.**, as guarantors, and **PENFUND MEZZANINE LIMITED PARTNERSHIP** and **PENFUND MEZZANINE MASTER TRUST** (collectively referred to hereafter as "**Penfund**"), as lenders, are parties to a loan agreement dated as of May 30, 2002 (as it may be amended, restated, supplemented, replaced or otherwise modified from time to time, the "**Loan Agreement**").

B. To secure the payment and performance of the Obligations (this term, and other capitalized terms used in this Agreement, have the meanings set forth in Article 1), the Company has agreed to grant to Penfund security interests in respect of the Collateral in accordance with the terms of this Agreement.

For good and valuable consideration, the receipt and adequacy of which are acknowledged by the Company, the Company agrees with and in favour of Penfund as follows:

**ARTICLE 1
INTERPRETATION**

Section 1.1 Terms Incorporated for Reference. All capitalized terms used but not otherwise defined in this Intellectual Property Security Agreement shall have the meanings attributed to them in the Loan Agreement. Terms defined in the *Personal Property Security Act* (Ontario) (as amended from time to time, the "**PPSA**") and used but not otherwise defined in this Intellectual Property Security Agreement shall have the same meaning herein. In addition:

"**Collateral**" has the meaning set forth in Section 2.1;

"**Default**" means the occurrence of any of the following events or conditions

(a) an Event of Default;

- (b) the Company does not observe or perform any of the Company's obligations under this Agreement or any Related Document to which the Company is a party;
- (c) any representation, warranty or statement made by or on behalf of the Company to Penfund, in this Agreement, any Related Document to which the Company is a party, or otherwise, is untrue in any material respect when made;
- (d) the Company challenges or threatens to challenge the validity or enforceability of this Agreement or the Security Interests created by this Agreement; or
- (e) Penfund, acting in good faith and upon commercially reasonable grounds, believes that the prospect of payment or performance of any of the Obligations is or is about to be impaired or that all or any material part of the Collateral is or is about to be placed in jeopardy.

"Intellectual Property" means the Collateral, other than any proceeds or payments;

"Licenses" means any and all licenses, sub-licenses, leases, sub-leases, agreements to license or sub-license or lease or sub-lease, rights of use or control (whether as licensee or licensor or lessee or lessor and whether exclusive or non-exclusive) in respect of or in connection with the acquisition, ownership or use of Intellectual Property, together in each case with any amendments, supplements, modifications, extensions, renewals or replacements thereof, and **"License"** means any one of them;

"Obligations" has the meaning set forth in Section 2.2(1);

"Royalties" means all royalties, rents, issues, proceeds, profits or other fees (including, without limitation, license fees), charges, assessments or penalties payable to the Company or due or accruing due to the Company pursuant to any License;

"Trademarks" means (i) all trade marks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos, design marks, certification marks, distinguishing guises and other source or business identifiers, and the goodwill associated therewith, (ii) all registrations and recordings thereof, and all applications in connection therewith, (iii) all extensions, renewals and continuations thereof, and (iv) all rights to sue for past, present or future infringements of, dilution or depreciation of value to, passing off of or injury to, or loss of distinctiveness of, any thereof.

ARTICLE 2 SECURITY

Section 2.1 Grant of Security. The Company hereby (i) mortgages and charges to Penfund as and by way of a fixed mortgage and charge; (ii) pledges to Penfund; and (iii) grants to Penfund a security interest in, all of the Company's right, title and interest throughout the world in and to the following property, which is currently or in the future may be owned, created, acquired, or used (whether pursuant to a License or otherwise) by the Company, in whole or in part (collectively, the "Collateral", and all references thereto herein include any part thereof):

- (a) Trademarks and rights and interests which are capable of being protected as Trademarks, Licenses in respect thereof and rights to register, renew and extend such Trademarks and Trademark rights and any and all copyrights in such Trademarks;
- (b) patents, patent applications, industrial designs and industrial design applications, including all reissues, divisions and continuations in part, Licenses in respect thereof, foreign filing rights, and rights to register, renew and extend such rights;
- (c) the Trademarks, Trademark registrations and pending applications listed on Schedule A attached hereto, as the same may be updated hereafter from time to time, and all Licenses in respect thereof;
- (d) the patents, patent applications, industrial designs and industrial design applications listed on Schedule B attached hereto, as the same may be updated hereafter from time to time, and all Licenses in respect thereof;
- (e) the right to register Trademark claims and to apply for, renew and extend Trademark registrations and Trademark rights, the right (without obligation) to sue or bring opposition or cancellation proceedings in the name of the Company or in the name of Penfund for past, present and future infringements or violations of Trademarks, registrations, or other Trademark rights and the associated goodwill;
- (f) all of the Company's right, title and interest in and to all patentable and unpatentable inventions and all industrial designs, and to file applications for patents and industrial designs and to request reexamination and/or reissue of the patents, the right (without obligation) to sue or bring interference proceedings in the name of the Company or in the name of Penfund for past, present and future infringements of the patents and industrial designs;
- (g) all copyrights, copyright applications, copyright registrations, know-how, trade secrets, technical processes, recipes and formulae and Licenses in respect thereof;

- (h) all general intangibles relating to the foregoing, including all associated goodwill; and
- (i) all proceeds of and rights associated with any and all of the foregoing (including, without limitation, claims by the Company against third parties for past, present or future infringement of the Intellectual Property, including those items listed in the Schedules to this Agreement, or for injury to the goodwill associated with the use of any of the Trademarks or for breach or enforcement of any License, Royalties and proceeds of infringement suits) and, to the extent not otherwise included, all payments under insurance, or any indemnity, warranty, or guarantee, payable by reason of loss or damage to or otherwise with respect to the Collateral.

Section 2.2 Obligations Secured. (1) The Security Interests granted hereby shall be continuing collateral security for the due payment and performance of all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or unmatured, joint or several or joint and several, at any time due or accruing due by the Company to Penfund, wherever and however incurred, and any unpaid balance thereof (collectively, and together with the expenses, costs and charges set out in Section 2.2(2), the "Obligations").

(2) All reasonable expenses, costs and charges incurred by or on behalf of Penfund in connection with the preparation and issuance of this Intellectual Property Security Agreement, the perfection, preservation and protection of the Security Interest granted hereunder and the enforcement of Penfund's rights and remedies hereunder, including the realization of the Collateral, and including all legal fees (on a solicitor and solicitor's own client basis) and disbursements, court costs, receiver's or agent's remuneration and other expenses of taking possession of, repairing, protecting, insuring, preparing for disposition, realizing, collecting, selling, licensing, transferring, delivering or obtaining payment of the Collateral, shall be added to and form a part of the Obligations.

Section 2.3 Attachment. (1) The Company hereby acknowledges that (i) value has been given; (ii) the Company has rights in the Collateral (other than after-acquired Collateral); and (iii) the Company and Penfund have not agreed to postpone the time of attachment of the Security Interest granted hereunder.

(2) The Company agrees to promptly inform Penfund in writing of the acquisition by the Company of any rights in or to any registrable or unregistrable intellectual property which is not adequately described herein or of the entitlement to the benefit of any application or registration therefore, and the Company agrees to execute and deliver at its own expense from time to time amendments to this Intellectual Property Security Agreement or the schedules hereto or additional security agreements or schedules as may be required by Penfund in order that the Security Interest granted hereunder shall attach to such intellectual property.

Section 2.4 Scope of Security Interest. (1) Nothing in Section 2.1 shall be construed as a pledge (which term shall include a sub-license, mortgage, pledge or charge) by the Company of any Intellectual Property licensed to the Company as licensee or any License which, as a matter of law or by its terms, may not be pledged without the consent or authorization of the

licensor unless such consent or authorization has been obtained. To the extent that the creation of the Security Interest granted hereunder would constitute a breach or permit the acceleration of any License to which the Company is a party, such Security Interest shall not attach to the Intellectual Property licensed thereby or the License but the Company shall hold its interest therein in trust for Penfund, and, in the case of any such potential breach or acceleration of any License, shall use its best efforts to obtain the consent of the other party thereto. Upon the Company obtaining the consent of such other party, the Security Interest granted hereunder shall be deemed to have automatically attached to such Intellectual Property and License.

(2) Until the Security Interest granted hereunder shall have become enforceable, the grant of the Security Interest in the Intellectual Property shall not affect in any way the Company's rights to commercially exploit the Intellectual Property, to defend the Intellectual Property, to enforce the Company's rights therein or with respect thereto against third parties in any court or to claim and be entitled to receive any damages with respect to any infringement or violation thereof.

(3) The Security Interest granted hereunder shall not extend or apply to the last day of any term of years reserved by a License, but the Company shall stand possessed of any such reversion in trust to assign and dispose thereof as Penfund may direct.

(4) Penfund will not be deemed in any manner to have assumed any obligation of the Company under any License nor shall Penfund be liable to any Person by reason of any default by any Person under any contract. The Company agrees to indemnify and hold Penfund harmless of and from all liability, loss, damage or expense which it may or might incur by reason of any claim or demand against it based on its alleged assumption of the Company's duty and obligation to perform and discharge the terms, covenants and agreements in any License.

(5) It is expressly acknowledged by the Company that, notwithstanding any right or authority granted to the Company herein or in any other agreement or instrument to deal with the Collateral, it is the intention of the Company and Penfund that (i) the Security Interest granted hereunder shall operate and be construed as a fixed and specific charge of all Collateral in respect of which the Company presently has rights, and as a fixed and specific charge of all after-acquired Collateral which shall attach forthwith upon the Company acquiring rights therein, and (ii) such Security Interest shall neither operate nor be construed as a floating charge.

Section 2.5 Penfund's Care and Custody of Collateral. (1) Penfund shall not be bound to dispose of, realize, protect or enforce any of the Company's right, title and interest in and to the Collateral or to institute proceedings for the purpose thereof.

(2) Penfund shall have no obligation to keep Collateral in its possession identifiable.

(3) Penfund may, after the Security Interest granted hereunder shall have become enforceable, (i) notify any Person obligated on a License to make payment thereunder to Penfund whether or not either the Company was theretofore making collections thereon, and (ii) assume control of any proceeds arising from the Collateral.

Section 2.6 The Company's Dealings with Collateral. The Company shall not, without the prior written consent of Penfund, sell, exchange, license, release or abandon or otherwise dispose of the Collateral or create, assume or permit to remain outstanding any Security Interest (other than the Security Interest granted hereunder and Permitted Encumbrances) in, on or of the Collateral.

Section 2.7 Protective Disbursements. If the Company fails to perform any covenant on its part contained in this Intellectual Property Security Agreement then Penfund may, in its absolute discretion, perform any such covenant capable of being performed by it and, if any such covenant requires the payment or expenditure of money, Penfund may make such payment but shall be under no obligation to do so, and all sums so paid or expended by Penfund shall be immediately payable by the Company, shall bear interest at the Loan Rate then in effect until paid and shall be secured hereby, having the benefit of the Security Interest hereby created in priority to the indebtedness evidenced by this Intellectual Property Security Agreement. No such performance or payment shall relieve the Company from any default under this Intellectual Property Security Agreement or any consequences of such default.

ARTICLE 3 REPRESENTATIONS, WARRANTIES AND COVENANTS

The Company hereby represents, warrants, and covenants that:

Section 3.1 Intellectual Property Listing. (1) A true and complete schedule setting forth all Trademark registrations, pending applications and unregistered Trademarks owned or controlled by the Company or licensed to the Company, together with a summary description and full information in respect of the filing or issuance thereof and expiration dates is set forth on Schedule A attached hereto.

(2) A true and complete schedule setting forth all patents, patent applications, industrial designs and industrial design applications owned or controlled by the Company or licensed to the Company, together with a summary description and full information in respect of the filing or issuance thereof and expiration dates is set forth on Schedule B attached hereto.

(3) A true and complete schedule setting forth all copyright applications and registrations owned or controlled by the Company or licensed to the Company, together with a summary description and full information in respect of the filing or issuance thereof is set forth on Schedule C attached hereto.

Section 3.2 Validity; Enforceability. The Intellectual Property is valid and enforceable and the Company is not currently aware of any past, present, or prospective claim by any Person that any of the Intellectual Property is invalid or unenforceable or that the use of the Intellectual Property violates the rights of any Person, or of any basis for any such claims.

Section 3.3 Title. The Company is the sole and exclusive owner of the entire and unencumbered right, title, and interest in and to the Intellectual Property identified in Schedules A, B and C and in and to all other Intellectual Property except that, if any, which is

licensed from third parties, free and clear of any Security Interests (other than Permitted Encumbrances), including licenses, shop rights and covenants by the Company not to sue third parties.

Section 3.4 Notice. The Company has used and will continue to use proper statutory notice in connection with its use of each of the Intellectual Property.

Section 3.5 Quality. The Company has used and will continue to use consistent standards of high quality (which may be consistent with the Company's past practices) in the manufacture, sale and delivery of products and services sold or delivered under or in connection with all the Trademarks comprised within the Intellectual Property, including, to the extent applicable, in the operation and maintenance of its merchandising operations, and will continue to maintain the validity of the Intellectual Property.

Section 3.6 Perfection of Security Interest. Except for the filing of a financing statement with provincial or state personal property registries, and filings with the Canadian Patent Office, Canadian Copyright Office and Canadian Trademark Office, the United States Patent and Trademark Office and the United States Copyright Office, or the corresponding offices in any other country which may be necessary to perfect the Security Interest granted hereunder, no authorization, approval, or other action by, and no notice to or filing with, any governmental authority or regulatory body is required either for the grant by the Company of the Security Interest granted hereunder or for the execution, delivery or performance of this Intellectual Property Security Agreement by the Company or for the perfection of or the exercise by Penfund of its rights hereunder to the Collateral in Canada, the United States or any other jurisdiction.

Section 3.7 Litigation and Proceedings. The Company shall commence and diligently prosecute in the name of the Company such suits, administrative proceedings, or other actions for infringement or other causes of action as are in its reasonable business judgment necessary to protect the Collateral. The Company shall diligently defend all suits, administrative proceedings or other actions brought by third parties in respect of the Intellectual Property or use thereof. The Company shall provide to Penfund any information with respect thereto requested by Penfund. Penfund may, but shall not be required to, provide at the Company's expense all necessary cooperation in connection with any such suits, proceedings or actions including, without limitation, joining as a necessary party. Following the Company becoming aware thereof, the Company shall promptly notify Penfund of the institution of or any adverse determination in any proceeding in any patent, trademark or copyright office or other regulatory authority, or any Canadian, United States, state, provincial or foreign court regarding the Company's claim of ownership in any of the Intellectual Property, its right to apply for the same or its right to keep and maintain such rights.

Section 3.8 Right to Inspect. The Company grants to Penfund and its employees and agents the right to visit the Company's plants and facilities in which products are manufactured, inspected, stored or processed and in which services are offered or performed in association with any of the Intellectual Property and to inspect the products and quality control records relating thereto at reasonable times during regular business hours.

ARTICLE 4 ENFORCEMENT

Section 4.1 Remedies. On Default, all of the Obligations will, at the option of Penfund, become immediately due and payable and the security constituted by this Agreement will become enforceable, and Penfund may realize upon the Collateral and enforce the rights of Penfund by:

- (a) sale, assignment, license, sub-license, granting options or options to purchase or any other disposal of the Collateral including all associated goodwill;
- (b) collection of any proceeds arising in respect of the Collateral;
- (c) collection, realization or sale of or other dealing with Royalties;
- (d) the exercise of any contractual, legal or other rights or interests of the Company under or in respect of the Collateral;
- (e) the payment of any Security Interest that may exist or be threatened against the Collateral, in which event such amount and any costs, charges and expenses incurred in connection therewith shall be added to the Obligations;
- (f) the appointment by instrument in writing of a Receiver or agent of the Collateral and the removal or replacement of such Receiver or agent from time to time;
- (g) the institution of proceedings in any court of competent jurisdiction for the appointment of a receiver of the Collateral;
- (h) the institution of proceedings in any court of competent jurisdiction for sale or foreclosure of the Collateral;
- (i) filing proofs of claim and other documents to establish claims in any proceeding relating to the Company;
- (j) any other remedy or proceeding authorized or permitted by applicable law.

In addition, upon the occurrence of any Default, the Company hereby grants to Penfund a royalty-free license to use the Intellectual Property and associated goodwill to the extent necessary to enable Penfund to possess and realize upon the Intellectual Property prior to the realization thereon.

Such remedies may be exercised from time to time separately or in combination and are in addition to and not in substitution for any other rights of Penfund however created. Penfund may proceed by way of any action, suit or other proceeding available at law and no right, remedy or power of Penfund shall be exclusive of or dependent on any other. Penfund may exercise any of its rights, remedies or powers separately or in combination and at any time. Penfund shall not be bound to exercise any such rights or remedies, and the exercise of such rights and remedies shall

be without prejudice to the rights of Penfund in respect of the Obligations including the right to claim for any deficiency.

Section 4.2 Additional Rights. In addition to the remedies of Penfund set forth in Section 4.1, Penfund may, whenever the Security Interest granted hereunder has become enforceable, demand, commence, continue or defend any judicial or administrative proceedings for the purpose of protecting, seizing, collecting, realizing or obtaining possession or payment of the Collateral, and give valid and effectual receipts and discharges therefor and compromise or give time for the payment or performance of all or any part of the accounts or any contract or any other obligation of any third party to the Company relating to the Collateral.

Section 4.3 Concerning the Receiver. (1) Any Receiver appointed by Penfund shall be vested with the rights and remedies which could have been exercised by Penfund in respect of the Company or the Collateral and such other powers and discretions as are granted in the instrument of appointment and any instrument or instruments supplemental thereto. The identity of the Receiver, any replacement thereof and any remuneration thereof shall be within the unfettered discretion of Penfund.

(2) Any Receiver appointed by Penfund shall act as agent for Penfund for the purposes of taking possession of the Collateral, but otherwise and for all other purposes (except as provided below) as agent for the Company. The Receiver may sell, assign, license, sublicense, grant options or options to purchase or otherwise dispose of Collateral, including all associated goodwill, as agent for the Company or as agent for Penfund (but in all cases shall take direction from Penfund) as Penfund may determine in its sole and unfettered discretion. The Company agrees to ratify and confirm all actions of the receiver acting as agent for the Company and to release and indemnify the Receiver in respect of all such actions other than actions constituting gross negligence or misconduct.

(3) Penfund, in appointing or refraining from appointing any Receiver, shall not incur liability to the Receiver, the Company or otherwise and shall not be responsible for any misconduct or negligence of such Receiver.

Section 4.4 Appointment of Attorney. The Company hereby irrevocably appoints Penfund (and any officer thereof) as attorney of the Company (with full power of substitution) to exercise, whenever the Security Interest granted hereunder has become enforceable, in the name of and on behalf of the Company any of the Company's right (including the right of disposal), title and interest in and to the Collateral including the execution, endorsement and delivery of any agreements, documents, instruments and any notices, receipts, assignments or verifications of or in respect of Royalties. All acts of any such attorney are hereby ratified and approved, and such attorney shall not be liable for any act, failure to act or any other matter or thing in connection therewith, except for its own negligence or wilful misconduct.

Section 4.5 Dealing with the Collateral and the Security Interest. (1) Penfund shall not be obliged to exhaust its recourses against the Company or any other Person or Persons or against any other security it, Penfund may hold in respect of the Obligations before

realizing upon or otherwise dealing with the Collateral in such manner as Penfund may consider desirable.

(2) Penfund may grant extensions or other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Company and with other Persons, sureties or securities as Penfund may see fit, all without prejudice to the Obligations or the rights of Penfund in respect of the Collateral.

(3) Penfund shall not be (i) bound under any circumstances to realize upon the Collateral; (ii) liable or accountable for any failure to collect, realize or obtain payment in respect of the Collateral; (iii) bound to institute proceedings for the purpose of collecting, enforcing, realizing or obtaining payment of the Collateral or for the purpose of preserving any rights of Penfund and the Company or any other Persons in respect thereof; (iv) responsible for any loss occasioned by any sale or other dealing with the Collateral or by the retention of or failure to sell or otherwise deal therewith; or (v) bound to protect the Collateral from depreciating in value or becoming worthless.

(4) All moneys from time to time received by Penfund or the Receiver may be applied as follows: first, in discharge of all operating expenses and other ongoings affecting the Collateral; second, in keeping in good standing all Security Interests on the Collateral having priority over the Security Interest; third, in payment of the remuneration and disbursements of the Receiver (if any); fourth, in payment to Penfund of moneys payable hereunder and under the Loan Agreement or any other agreements between Penfund and the Company entered into pursuant thereto; and the balance, if any, shall be paid to the Company or as a court of competent jurisdiction may direct. If there shall be a deficiency, the Company shall remain liable for such deficiency and shall pay the amount of such deficiency to Penfund forthwith.

Section 4.6 Standards of Sale. Without prejudice to the ability of Penfund to dispose of the Collateral in any manner which is commercially reasonable, the Company acknowledges that a disposition of Collateral by Penfund which takes place substantially in accordance with the following provisions shall be deemed to be commercially reasonable:

- (a) Collateral may be disposed of in whole or in part;
- (b) Collateral may be disposed of by public action, public tender or private contract, with or without advertising and without any other formality;
- (c) any purchaser or licensee of such Collateral may be a customer or related party of Penfund;
- (d) a disposition of Collateral may be on such terms and conditions as to credit, deferred payment or otherwise as Penfund, in its discretion, may deem advantageous;
- (e) Penfund may establish an upset or reserve bid or price in respect of the Collateral; and

- (f) Penfund may buy in, rescind or vary any contract for the disposition of Collateral and may dispose of any Collateral again without being obligated to account or answer for any gain or loss occasioned thereby.

Section 4.7 Dealings by Third Parties. No Person dealing with Penfund or its agent or a Receiver shall be required (i) to determine whether the Security Interest granted hereunder has become enforceable; (ii) to determine whether the powers which Penfund or such agent or receiver on behalf of Penfund is purporting to exercise have become exercisable; (iii) to determine whether any money remains due to Penfund by the Company; (iv) to determine the necessity or expediency of the stipulations and conditions subject to which any sale or license shall be made; (v) to determine the propriety or regularity of any sale or of any other dealing by Penfund with the Collateral; or (vi) to see to the application of any money paid to Penfund.

Section 4.8 Statutory Waiver. To the fullest extent permitted by applicable law the Company waives all of the rights, benefits and protection provided to it by any statute which imposes limitations upon the rights, remedies or powers of a secured party.

ARTICLE 5 GENERAL

Section 5.1 Discharge. The Security Interest shall be released and discharged upon, but only upon, full payment of the Obligations and at the request and expense of the Company.

Section 5.2 No Merger, etc. No judgment recovered by Penfund shall operate by way of merger of or in any way affect the Security Interest granted hereunder, which is in addition to and not in substitution for any other security now or hereafter held by Penfund in respect of the Obligations.

Section 5.3 Waivers, etc. No amendment, consent or waiver by Penfund shall be effective unless made in writing and signed by an authorized officer of Penfund and then such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 5.4 Further Assurances. The Company shall from time to time, whether before or after the Security Interest granted hereunder shall have become enforceable, do all such acts and things and execute and deliver all such deeds, transfers, assignments and instruments as Penfund may reasonably require for protecting the Collateral or perfecting the Security Interest granted hereunder and for exercising all rights, remedies, powers, authorities and discretions hereby conferred upon Penfund, and the Company shall, from time to time after the Security Interest granted hereunder has become enforceable, do all such acts and things and execute and deliver all such deeds, transfers, assignments and instruments as Penfund may require for facilitating the sale of or other dealing with the Collateral in connection with any realization thereof.

Section 5.5 Notice. All notices, requests, demands, directions and communications hereunder shall be sent by facsimile or similar means of recorded communication or hand delivery and shall be effective if given in accordance with the terms and conditions of the Loan Agreement.

Section 5.6 Successors and Assigns. This Intellectual Property Security Agreement shall be binding upon the Company, its successors and permitted assigns, and shall enure to the benefit of Penfund and its successors and assigns. The Company may not may assign or novate any of its rights or obligations under this Intellectual Property Security Agreement without the prior written consent of Penfund.

Section 5.7 Headings, etc. The division of this Intellectual Property Security Agreement into sections and subsections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof.

Section 5.8 Severability. If and to the extent that any provision hereof shall conflict with any mandatory provision of the PPSA (including, without limitation, an exclusion or purported exclusion of a duty or onus imposed by the PPSA or a limitation or purported limitation of the liability of or the amount of damages recoverable from a Person who has failed to discharge a duty or obligation imposed by the PPSA), such provision of the PPSA shall govern. The provisions of this Intellectual Property Security Agreement are intended to be severable. If any provision of this Intellectual Property Security Agreement shall be held to be invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

Section 5.9 Governing Law. This Intellectual Property Security Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and of Canada applicable therein and shall be treated in all respects as an Ontario contract.

Section 5.10 Incorporation of Schedules. Schedules A, B and C shall, for all purposes hereof, form an integral part of this Intellectual Property Security Agreement.

Section 5.11 Acknowledgement of Receipt/Waiver. The Company acknowledges receipt of an executed copy of this Intellectual Property Security Agreement. The Company waives, to the extent permitted by applicable law, the right to receive a copy of any financing statement, financing change statement or verification statement registered with or issued by any personal property registry or other governmental agency or authority in connection with this Intellectual Property Security Agreement.

IN WITNESS WHEREOF the Company has duly executed this Intellectual Property Security Agreement under the hands of its properly authorized signatories duly authorized for such purpose as of the date first above written.

FOOTMAXX HOLDINGS INC.

By: 

Name: Leonard Simak

Title: President

SCHEDULE A

TRADEMARKS, TRADEMARK REGISTRATIONS AND PENDING APPLICATIONS

SCHEDULE "A"

Client No.	Mark No.	Case Type	Country	Trade Mark	Current Owner	Wares & Services	Serial No.	Filing Date	Registration No.	Registration Date	Due Date
008395	36	OP	Canada	SPORT-MAXX	Dura Max, Inc.	coverings for floor	1036243	Nov 17, 1998		00/00/00	EVID Jun 10, 2002
008395	4	TM	Canada	COMPUTHOTICS	Footmaxx Holdings Inc.	WARES: Computerized system for collecting, displaying and communicating digitized pressure data regarding the bio-mechanics of feet for use in the design and manufacture of orthotic insoles. (2) Computer designed orthotic insoles.	781574	Apr 26, 1995	479335	Jul 31, 1997	RENEW Jul 31, 2012
008395	28	TM	Canada	COMPUTHOTICS & DESIGN	Footmaxx Holdings Inc.	WARES: (1) Computer designed orthotic insoles (2) Computerized system for collecting, displaying and communicating digitized pressure data regarding the bio-mechanics of feet for use in the design and manufacture of orthotic insoles.	1044550	Jan 28, 2000		00/00/00	DU Jan 28, 2008
008395	32	TM	Canada	DURAFLEX	Footmaxx Holdings Inc.	WARES: Computer designed orthotic insoles and components thereof, namely modules.	1044554	Jan 28, 2000		00/00/00	REGREC Oct 12, 2002
008395	31	TM	Canada	DURAFOAM	Footmaxx Holdings Inc.	WARES: Computer designed orthotic insoles and components thereof, namely modules.	1044553	Jan 28, 2000	557055	Jan 29, 2002	RENEW Jan 29, 2017
008395	30	TM	Canada	DURAMAXX	Footmaxx Holdings Inc.	WARES: Computer designed orthotic insoles and components thereof, namely modules.	1044552	Jan 28, 2000	557970	Feb 4, 2002	RENEW Feb 04, 2017
008395	15	TM	Canada	FOOTMAXX	Footmaxx Holdings Inc.	Computer designed insoles for orthopedic use.	717789	Nov 27, 1991	442721	May 12, 1995	RENEW May 12, 2010
008395	7	TM	Canada	FOOTMAXX	Footmaxx Holdings Inc.	WARES: (1) Computerized system for collecting, displaying and communicating digitized pressure data regarding the bio-mechanics of feet for use in the design and manufacture of orthotic insoles.	781573	Apr 26, 1995	479334	Jul 31, 1997	RENEW Jul 31, 2012
008395	6	TM	Canada	METASCAN (TM)	Footmaxx Holdings Inc.	SERVICES: Services relating to providing computer analysis of digitized pressure information regarding the bio-mechanics of feet, and specifying orthotic insoles for the biomechanical pattern identified.	781575	Apr 26, 1995	479259	Jul 30, 1997	RENEW Jul 30, 2012
008395	131	TM	Canada	MODIFIED FOOTMAXX & DESIGN	Footmaxx Holdings Inc.	WARES: (1) Computer designed orthotic insoles (2) Computerized system for collecting, displaying and communicating digitized pressure data regarding the bio-mechanics of feet for use in the design and manufacture of orthotic insoles.	1044551	Jan 28, 2000		00/00/00	REGREC Oct 12, 2002
008395	10	TM	Canada	SPORTMAXX	Footmaxx Holdings Inc.	WARES: Footwear accessories, namely insoles.	787128	Jul 11, 1995	485018	Oct 30, 1997	RENEW Oct 30, 2012
008395	29	TM	Canada	SPORTMAXX & DESIGN	Footmaxx Holdings Inc.	WARES: Computer designed orthotic insoles.	1044549	Jan 28, 2000	557052	Jan 29, 2002	RENEW Jan 29, 2017
008395	35	TM	Canada	SPORTMAXX (AMENDMENT TO REG. NO. 485018)	Footmaxx Holdings Inc.	WARES: Computer designed orthotic insoles.	787128	Jan 28, 2000		00/00/00	DU Jan 28, 2003
008395	22	TM	European Union	FOOTMAXX	Footmaxx Holdings Inc.	CLASS 9: Scientific, electric, photographic, weighing and measuring apparatus and instruments; apparatus for recording, transmission or reproduction of sound, images and data; magnetic data carriers; recording discs; data processing equipment and computerized systems for collecting, displaying and communicating digitized pressure data regarding the bio-mechanics of feet for use in the design and manufacture of orthotic insoles. CLASS 10: Orthopedic articles; computer designed orthotic insoles. CLASS 25: Footwear and footwear accessories, namely insoles.	36293	Apr 1, 1996	36293	Feb 3, 1998	WORK Feb 03, 2003 RENEW Apr 01, 2006
008395	17	TM	Germany	FOOTMAXX & DESIGN	Footmaxx Holdings Inc.	Mit computerisierendem orthopedische Einlegesohlen für orthopedische Zwecke. (Computer designed insoles for orthopedic use.) Class 10.	419722/10WZ	Oct 11, 1991	2019803	5 Apr 1, 1992	RENEW Oct

TRADE MARK STATUS REPORT

Footmaxx Hold Invs Inc.

Client No.	Matter No.	Case Type	Country	Trade Mark	Current Owner	Wares & Services	Serial No.	Filing Date	Registration No.	Registration Date	Due Date
008395	16	TM	Sweden	FOOTMAXX & DESIGN	Footmaxx Holdings Inc.	Computer designed insoles for orthopedic use. Class 10	91-08894	Oct 17, 1991	211753	Oct 23, 1992	RENEW Oct 23, 2002
008395	5	TM	USA	COMPUTHOTICS	Footmaxx Holdings Inc.	Computerized system comprising computer hardware and software therefor, for collecting, displaying and communicating digitized pressure data regarding the bio-mechanics of feet for use in the design and manufacture of orthotic insoles. Computer designed orthotic insoles	75/007700	Oct 19, 1995	2052100	Apr 15, 1997	AFFUSE Apr 15, 2003 RENEW Apr 15, 2007
008395	8	TM	USA	FOOTMAXX	Footmaxx Holdings Inc.	Computerized system, comprising computer software and hardware therefor, for collecting, displaying and communicating digitized pressure data regarding the bio-mechanics of feet for use in the design and manufacture of orthotic insoles. Computer designed orthotic insoles	75/007677	Oct 19, 1995	2115072	Nov 25, 1997	AFFUSE Nov 25, 2003 RENEW Nov 25, 2007
008395	19	TM	United Kingdom	FOOTMAXX & DESIGN	Footmaxx Holdings Inc.	Orthopedic articles; medical apparatus; orthopaedic footwear; insoles for orthopedic use; computer designed insoles; pairs and fittings for all the aforesaid goods; all for use on the feet; all included in Class 10	1479401	Oct 11, 1991	1479401	May 28, 1993	RENEW Oct 11, 2008

SCHEDULE B

**PATENTS, PATENT APPLICATIONS, INDUSTRIAL DESIGNS
AND INDUSTRIAL DESIGN APPLICATIONS**

None.

SCHEDULE C
COPYRIGHT APPLICATIONS AND REGISTRATIONS

None.

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RECORDED: 08/26/2002

TRADEMARK
REEL: 002571 FRAME: 0454