09-30-2002

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

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

Tab settings ⇨⇨⇨

OFFICE OF PUBLIC RECORDS
2002 SEP 24 AM 11: 10
FINANCE SECTION

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

1. Name of conveying party(ies):

IMAGINENGINE DIRECT PUBLISHING CORPORATION

☐ Individual(s) ☐ Association

☐ General Partnership ☐ Limited Partnership

☒ Corporation-State **DELAWARE**

9/24/02

Other

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

2. Name and address of receiving party(ies)

Name: **WELLS FARGO BANK, NATIONAL ASSOCIATION**

Internal Address:

Street Address: **333 SOUTH GRAND AVENUE**

City: **LOS ANGELES** State: **CA** Zip: **90071**

☐ Individual(s) citizenship

☐ Association

☐ General Partnership

☐ Limited Partnership

☐ Corporation-State

☒ Other **NATIONAL BANKING ASSOCIATION**

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: **MAY 31, 2002**

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

A. Trademark Application No.(s) **SEE SCHEDULE A**

B. Trademark Registration No.(s) **SEE SCHEDULE A**

Additional number(s) attached ☒ Yes ☐ No

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

Name **REX D. FRAZIER, ESQ.**

Internal Address

PILLSBURY WINTHROP LLP

Street Address: **725 SOUTH FIGUEROA STREET**

City: **LOS ANGELES** State: **CA** Zip: **90017-5406**

6. Total number of applications and registrations involved: .....**40**.....

7. Total fee (37 CFR 3.41).....$ **1,015.00**

☒ Enclosed

☐ Authorized to be charged to deposit account

8. Deposit account number: **16-1805**

(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.

REX D. FRAZIER
Name of Person Signing

Signature

9/24/02
Date

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

09/27/2002 DBYRNE 00000065 2316452
01 FC:481 40.00 OP
02 FC:482 975.00 OP

SCHEDULE A TO TRADEMARK ASSIGNMENT

U.S. Trademark	Serial / Registration No.	Filing/Issue Date
A BETTER WAY OF LEARNING	75/619,588 2,316,452	2/8/00
A BETTER WAY OF LEARNING	75/619,099 2,318,949	2/15/00
DETECTIVE DIGIT	75/978,127 2,263,797	7/20/99
GAMES2LEARN	75/783,635 2,426,431	2/6/01
THE PHONICS GAME A BETTER WAY OF LEARNING	75/619,654 2,505,031	11/6/01
18-HOUR PHONICS	75/976,592	9/30/96
18-HOUR PHONICS	75/321,599	7/9/97
18-HOUR PHONICS	75/173,509	9/30/96
18-HOUR PHONICS	75/130,754	7/8/96
18-HOUR PHONICS	75/321,599	7/9/97
DETECTIVE DIGIT	75/978,126	11/13/96
DETECTIVE DIGIT	75/197,463	11/13/96
ED (and design)	75/977,223	11/13/96
ED (and design)	75/197,431	11/13/96
G2L	75/815,873	10/5/99
G2L	75/814,925	10/5/99
GAMES2LEARN	75/767,413	8/4/99
GAMES2LEARN.COM	75/815,845	10/5/99
GET A CLUE	75/976,820	10/23/96
GET A CLUE	75/185,901	10/23/96
GET A CLUE	75/173,694	9/30/96
JUNIOR PHONICS	75/976,591	9/30/96
JUNIOR PHONICS	75/321,397	7/9/97
JUNIOR PHONICS	75/173,510	9/30/96
Q-UP: THE INTELLIGENCE GAME	75/197,465	11/13/96

U.S. Trademark	Serial / Registration No.	Filing/Issue Date
Q-UP: THE INTELLIGENCE GAME	75/197,464	11/13/96
SMART-N-UP	75/359,692	9/19/97
THE MATH GAME A BETTER WAY OF LEARNING	75/619,316	1/12/99
THE MATH GAME A BETTER WAY OF LEARNING	75/618,925	1/12/99
THE MATH GAME JUNIOR A BETTER WAY OF LEARNING	75/619,468	1/12/99
THE MATH GAME JUNIOR A BETTER WAY OF LEARNING	75/619,467	1/12/99
THE PHONIC GAME JUNIOR A BETTER WAY OF LEARNING	75/618,929	1/12/99
THE PHONIC GAME JUNIOR A BETTER WAY OF LEARNING	75/618,927	1/12/99
THE PHONICS GAME	75/977,097	10/23/96
THE PHONICS GAME	75/976,871	10/23/96
THE PHONICS GAME (Stylized Letters)	75/185,957	10/23/96
THE PHONICS GAME	75/185,900	10/23/96
THE PHONICS GAME	75/173,508	9/30/96
THE PHONICS GAME	75/131,118	7/8/96
THE PHONICS GAME A BETTER WAY OF LEARNING	75/619,578	1/12/99

TRADEMARK SECURITY AGREEMENT

THIS TRADEMARK SECURITY AGREEMENT (this "Agreement") is executed as of May 31, 2002 by and between IMAGINENGINE DIRECT PUBLISHING CORPORATION, a Delaware corporation (the "Borrower"), with an address at 2501 Alton Parkway, Irvine, California 92606, and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association (the "Bank").

Recitals

A. The Borrower and the Bank have entered into a Credit Agreement dated as of May 31, 2002 (said Agreement, as it may hereafter be amended, restated or otherwise modified from time to time, herein called the "Credit Agreement"). Terms defined in the Credit Agreement and not otherwise defined herein have the same respective meanings when used herein.

B. The Bank is extending credit to the Borrower pursuant to the Credit Agreement. To secure the Borrower's obligations to the Bank under the Credit Agreement, the Borrower has granted the Bank a security interest thereunder in, among other items, trademarks and general intangibles.

C. The Borrower and the Bank wish to further clarify their respective rights and obligations with regard to the Trademark Collateral (as defined below), and the Bank desires to have its security interest in the Trademark Collateral confirmed by a document identifying the same and in such form that it may be recorded in the United States Patent and Trademark Office.

D. It is a condition precedent to the effectiveness of the Credit Agreement that the Borrower execute and deliver this Agreement, and the Borrower and the Bank accordingly agree as set forth below.

1. Grant of Security Interest. In consideration of and pursuant to the terms of the Loan Documents, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to secure the Borrower's obligations under the Loan Documents, the Borrower hereby assigns for security, and grants the Bank a lien and security interest in, all of the Borrower's right, title and interest in and to the following, whether now owned or hereafter acquired, whether now or hereafter existing, and wherever located (the "Trademark Collateral"): (a) all trademarks, servicemarks and tradenames owned by the Borrower (the "Trademarks"), including, without limitation, the trademarks, servicemarks and tradenames listed in Schedule A to the Trademark Assignment attached hereto as Exhibit A (the "Trademark Assignment"); (b) all applications for trademarks, servicemarks and tradenames (the "Applications"), including, without limitation, the applications listed in Schedule A to the Trademark Assignment; (c) all of the goodwill of the Borrower associated with and/or represented by the Trademarks and/or the Applications; (d) all registrations of the Trademarks; (e) all royalties and other amounts paid or payable to the Borrower in respect of the Trademarks (the Trademarks, the Applications, such royalties and other amounts, and the proceeds of the foregoing herein called the "Trademark Rights"); (f) all rights, interests, claims and demands that

the Borrower has or may have for past or future infringements of the Trademark Rights and (g) all proceeds of any and all of the foregoing.

2. Maintenance of Trademark Collateral. The Borrower covenants and agrees to maintain the Trademark Collateral, other than Trademark Collateral that expires automatically upon completion of its term or as permitted by Section 8(a) hereof, in full force and effect until all of the Borrower's liabilities and obligations to the Bank under the Loan Documents have been satisfied in full.

3. Representations and Warranties. The Borrower represents, warrants and covenants to the Bank as follows: (a) the execution, delivery and performance by the Borrower of this Agreement and all other documents contemplated hereby have been duly and validly authorized and do not violate any law or any provision of, and are not grounds for acceleration under, any agreement or instrument which is binding upon the Borrower; (b) except for the Trademarks set forth on Schedule A to the Trademark Assignment, the Borrower does not own any Trademark as of the date hereof; (c) the Trademarks are subsisting and have not been adjudged invalid or unenforceable; (d) the Borrower has not received any notice that a suit or action has been commenced or threatened against it, or any notice of a claim asserted or threatened against it, with reference to any of the Trademark Rights or the security interest granted herein, including, without limitation, any claim, suit or action alleging or asserting that a Trademark Right is not valid or enforceable; (e) the Borrower has no knowledge of any factual basis for such a claim, suit or action; (f) the Borrower is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each of the Trademark Rights, and each of the Trademark Rights is free and clear of any lien, charge, claim, option, license (except for nonexclusive licenses granted in the ordinary course of business) and encumbrance, including, without limitation, any pledge, assignment or covenant by the Borrower not to sue third persons; (g) the Borrower has full corporate power and authority to execute and deliver this Agreement and perform its terms; (h) the Borrower has used, and shall continue to use for the duration of this Agreement, proper notice, as permitted by 15 U.S.C. §1051-1127 in connection with its use of the Trademark Rights; (i) the Borrower has used, and will continue to use for the duration of this Agreement, consistent standards of quality in products leased or sold under the Trademark Rights and hereby grants to the Bank and its employees and agents the right to visit the Borrower's locations that lease, sell or store products under any of the Trademark Rights and to inspect the products and quality-control records relating thereto at reasonable times during regular business hours to ensure the Borrower's compliance with this Section 3(h); and (j) the Borrower has adopted, has used and is using, and has registered or has filed applications for the registration of, the Trademarks listed in Schedule A to the Trademark Assignment.

4. Covenants. The Borrower covenants for the benefit of the Bank as follows: (a) until all of the Borrower's obligations under the Loan Documents have been satisfied in full, the Borrower shall not (i) enter into any agreement which is inconsistent with the Borrower's obligations under this Agreement or (ii) pledge, license (other than licensing on a nonexclusive basis in the ordinary course of the Borrower's business), grant a security interest in or otherwise encumber any of the Trademark Collateral, except in favor of the Bank; and (b) if the Borrower adopts, uses or files an application for the registration of any new Trademark Collateral, the provisions of this Agreement shall automatically apply thereto, and the Borrower shall give the

Bank prompt written notice thereof along with an amended Schedule A to the Trademark Assignment.

5. Exclusive Use of Trademark Collateral. So long as this Agreement is in effect and so long as the Borrower has not received notice from the Bank that an Event of Default has occurred and that the Bank has elected to exercise its rights to assignment hereunder, the Borrower shall continue to own the Trademark Collateral and to have the right, to the exclusion of the Bank, to use the Trademark Collateral and to grant nonexclusive licenses with respect thereto in the ordinary course of business, and the Bank shall have no right to use the Trademark Collateral or issue any exclusive or nonexclusive license with respect thereto or to assign, pledge or otherwise transfer title to any of the Trademark Collateral to anyone else.

6. Remedies Upon Default.

(a) Notwithstanding anything in this Agreement to the contrary, the Borrower agrees that, if an Event of Default occurs and is continuing, the Bank as the holder of a security interest under the Uniform Commercial Code, as now or hereafter in effect in the State of California, may take such action permitted under the Loan Documents or permitted by law, in its exclusive discretion, to foreclose upon the Trademark Collateral covered hereby.

(b) For such purposes, if an Event of Default occurs and is continuing, the Borrower hereby authorizes and empowers the Bank to make, constitute and appoint any officer or agent of the Bank as the Bank may select, in its exclusive discretion, as the Borrower's true and lawful attorney-in-fact, with the power to endorse the Borrower's name on all applications, documents, papers and instruments necessary for the Bank to use the Trademark Collateral or to grant or issue any exclusive or nonexclusive license under the Trademark Collateral to anyone else, or necessary for the Bank to assign, pledge, convey or otherwise transfer title to, or dispose of, the Trademark Collateral. The Borrower hereby ratifies all that such attorney lawfully does or causes to be done by virtue hereof, except for the gross negligence or willful misconduct of such attorney. This power of attorney shall be irrevocable for the life of this Agreement and the other Loan Documents and until all of the Borrower's obligations under the Loan Documents are satisfied in full.

(c) The Borrower expressly acknowledges that the Bank shall record this Agreement with the United States Patent and Trademark Office in Washington, D.C. Contemporaneously herewith, the Borrower shall also execute and deliver to the Bank the conditional Trademark Assignment in the form attached hereto as Exhibit A, which assignment shall have no force or effect and shall be held by the Bank, in escrow, until the occurrence of an Event of Default. After such occurrence, the Trademark Assignment shall take effect immediately upon certification of such fact by an authorized officer of the Bank in the form reflected on the face of the Trademark Assignment, and the Bank may, at its sole option, record the Trademark Assignment with the United States Patent and Trademark Office.

7. Termination of Agreement. Upon payment and performance of all of the Borrower's obligations under the Loan Documents, the Bank shall immediately execute and deliver to the Borrower all documents necessary to terminate the Bank's security interest in the

Trademark Collateral and shall deliver to the Borrower the original and all copies of the previously executed Trademark Assignment.

8. Prosecution of Trademark Applications.

(a) Subject to the terms of the Credit Agreement, the Borrower shall have the duty to (i) prosecute diligently any application with respect to the Trademark Collateral that is pending as of the date of this Agreement or thereafter, until the Borrower's obligations under the Loan Documents are satisfied in full, (ii) preserve and maintain all rights in the Trademark Collateral and (iii) upon the reasonable request of the Bank, file federal applications with respect to registrable but unregistered Trademarks belonging to the Borrower. Any expenses incurred in connection with such applications shall be borne by the Borrower. The Borrower shall not abandon any Trademark registration or application without the prior written consent of the Bank, except with regard to any Trademark Collateral that the Borrower reasonably determines is of negligible economic value to it.

(b) The Borrower shall have the right to bring suit in its own name to enforce the Trademark Collateral, in which event the Bank may, if the Borrower deems it necessary or upon the occurrence and during the continuation of an Event of Default, be joined as a nominal party to such suit if the Bank is satisfied that it is not thereby incurring any risk of liability by such joinder. The Borrower shall promptly, upon demand, reimburse, indemnify, defend and hold harmless the Bank for all damages, reasonable costs and reasonable expenses, including, without limitation, attorneys' fees, incurred by the Bank in the fulfillment of the provisions of this Section 8(b).

9. Additional Remedies. Upon the occurrence and during the continuation of an Event of Default, the Bank may, without any obligation to do so, complete any obligation of the Borrower hereunder, in the Borrower's name or in the Bank's name, but at the Borrower's expense, and the Borrower hereby agrees to reimburse the Bank in full for all reasonable expenses, including, without limitation, reasonable attorneys' fees, incurred by the Bank in protecting, defending and maintaining the Trademark Collateral.

10. Relation to Credit Agreement. This Agreement is a supplement to the Credit Agreement, and the Bank's rights and remedies, and the Borrower's obligations and waivers, under the Credit Agreement, and the interpretive principles stated in the Credit Agreement, shall be applicable hereunder; provided, however, that this Agreement and the Credit Agreement shall be construed together so as to grant the Bank the greatest rights and remedies with regard to the Trademark Collateral; further provided, however, that the Bank's rights and remedies hereunder may be expressly modified by amendments to the Credit Agreement from time to time.

11. Governing Law. THIS AGREEMENT SHALL BE INTERPRETED, AND THE RIGHTS AND LIABILITIES OF THE PARTIES HERETO SHALL BE DETERMINED, IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA, EXCLUDING ITS CONFLICT-OF-LAW RULES, EXCEPT THAT THE FEDERAL LAWS OF THE UNITED STATES OF AMERICA SHALL GOVERN TO THE EXTENT APPLICABLE.

12. Counterparts. This Agreement may be signed in any number of counterpart copies and by the parties hereto on separate counterparts, which may be delivered by facsimile, and all such copies shall constitute one and the same instrument.

Attest:

Name:

IMAGINENGINE DIRECT PUBLISHING CORPORATION

By:

Name: Jon Goldman
Title President

WELLS FARGO BANK, NATIONAL ASSOCIATION

By:

Name:
Title

20376132v4

TRADEMARK
REEL: 002590 FRAME: 0548

12. Counterparts. This Agreement may be signed in any number of counterpart copies and by the parties hereto on separate counterparts, which may be delivered by facsimile, and all such copies shall constitute one and the same instrument.

Attest:

IMAGINENGINE DIRECT PUBLISHING CORPORATION

Name:

By:
Name:
Title

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: Larry Mazo
Name: LARRY MAZO
Title Vice President

20376132v4

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

On MAY 31, 2002, before me, the undersigned Notary Public, personally appeared MICHAEL J WEILAND AND JON GOLDMAN, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

DEANNA L. MORRIS
Commission # 1234025
Notary Public - California
Orange County
My Comm. Expires Sep 5, 2003

Signature Deanna L. Morris (Seal)

20376132V4

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

On MAY 31 2002, before me, the undersigned Notary Public, personally appeared MICHAEL J. WEILAND AND JON GOLDMAN, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Deanna L. Morris (Seal)

DEANNA L. MORRIS
Commission # 1234025
Notary Public - California
Orange County
My Comm. Expires Sep 5, 2003

20376132V4

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

On MAY 31 2002, before me, the undersigned Notary Public, personally appeared Michael J. Weiland and Jon Goldman, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Deanna L. Morris (Seal)

DEANNA L. MORRIS
Commission # 1234025
Notary Public - California
Orange County
Comm. Expires Dec 5 2003

20376132V4

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

On May 31, 2002, before me, the undersigned Notary Public, personally appeared Michael F. Weland AND JON GOLDMAN, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

DEANNA L. MORRIS
Commission # 1234025
Notary Public - California
Orange County
My Comm. Expires Sep 5, 2003

Signature Deanna L. Morris (Seal)

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THIS DOCUMENT SHALL BE HELD BY WELLS FARGO BANK, NATIONAL ASSOCIATION (THE "BANK") IN ESCROW PURSUANT TO AND IN ACCORDANCE WITH THE PROVISIONS OF THE TRADEMARK SECURITY AGREEMENT DATED AS OF MAY 31, 2002 BETWEEN THE BORROWER AND THE BANK (THE "SECURITY AGREEMENT"). BY SIGNING IN THE SPACE PROVIDED BELOW, THE UNDERSIGNED OFFICER OF THE BANK CERTIFIES THAT AN EVENT OF DEFAULT (AS DEFINED IN THE CREDIT AGREEMENT REFERRED TO IN THE SECURITY AGREEMENT) HAS OCCURRED AND THAT THE BANK, AS GRANTEE HEREUNDER, HAS ELECTED TO TAKE POSSESSION OF THE TRADEMARKS (AS DEFINED BELOW) AND TO RECORD THIS DOCUMENT WITH THE UNITED STATES PATENT AND TRADEMARK OFFICE. UPON RECORDING OF THIS DOCUMENT WITH THE UNITED STATES PATENT AND TRADEMARK OFFICE, THIS LEGEND SHALL CEASE TO HAVE ANY FORCE OR EFFECT.

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: _____
Name: _____
Title: _____
Date: _____

TRADEMARK ASSIGNMENT

A. IMAGINENGINE DIRECT PUBLISHING CORPORATION, a Delaware corporation (the "Borrower"), is the owner of the entire right, title and interest in and to the United States trademarks, servicemarks and tradenames listed on Schedule A attached hereto (the "Trademarks") and made part hereof, which are registered in the United States Patent and Trademark Office or which are the subject of pending applications in the United States Patent and Trademark Office.

B. WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association (the "Bank"), wishes to acquire the Trademarks.

C. The Bank has a security interest in the assets of the Borrower, adequate to carry on the business of the Borrower.

D. The Security Agreement provides that this Assignment shall become effective upon the occurrence of an "Event of Default," as defined in the Credit Agreement referred to in the Trademark Security Agreement.

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Accordingly, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Borrower, for itself and its successors and assigns, subject to the limitations stated in the paragraph immediately following, hereby transfers, assigns and sets over to the Bank and its successors, transferees and assigns all of the Borrower's current and future right, title and interest in and to the Trademarks, all proceeds thereof and all goodwill and other rights associated therewith.

This Trademark Assignment shall be effective only upon the certification by an authorized officer of the Bank, as provided above, that (1) an Event of Default has occurred and (2) the Bank has elected to take possession of the Trademarks.

The undersigned has caused this Trademark Assignment to be executed by its duly authorized officer as of May 31, 2002.

Attest:

Name: _____

IMAGINENGINE DIRECT PUBLISHING CORPORATION

By: _____

Name: Jon Goldman

Title President

20376132V4