

10-04-2002

10/4/02

Form PTO-1594

(Rev. 03/01)

OMB No. 0651-0027 (exp. 5/31/2002)

Tab settings ⇨ ⇨ ⇨ ▼



102241905

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

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

1. Name of conveying party(ies):

The Vermont Teddy Bear Co., Inc.

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

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

3. Nature of conveyance:

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

Execution Date: 09272002

2. Name and address of receiving party(ies)

Name: Banknorth, National Association

Internal

Address: _____

Street Address: 111 Main Street

City: Burlington State: Vermont Zip: 05401

- ☐ 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

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

A. Trademark Application No.(s)

See Attached

B. Trademark Registration No.(s)

See Attached

Additional number(s) attached ☒ Yes ☐ No

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

Name: Thomas R. Melloni, Esq.

Internal Address: _____

Bank Andersen & Melloni, LLC

Street Address: 30 Main Street, Suite 210

City: Burlington State: VT Zip: 05401

6. Total number of applications and registrations involved: _____

39

7. Total fee (37 CFR 3.41).....\$ 990.00

- ☒ Enclosed
☐ 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.

THOMAS R. MELLONI

Name of Person Signing

Signature

Date

14

Total number of pages including cover sheet, attachments, and document: 14

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

10/04/2002 6TON11 00000097 75775866

01 FC:481
02 FC:48240.00 DP
950.00 DPTRADEMARK
REEL: 002593 FRAME: 0300

Attachment to Form PTO-1594 Recordation Form Cover Sheet Trademarks Only
Continuation of Item #4A and Item #4B

#4 A. Trademark Application No.(s):

76410778	75775866
76366740	75837935
76204550	75911599
76179602	75753153
76354946	75911598
76420456	75896780
76209730	75837934
76109175	75774077
76209729	75030467

#4 B. Trademark Registration No.(s):

2625569	2131281
2568118	2377833
2553662	1941986
2547579	1985986
2518493	1941985
2499043	1646301
2430925	2012975
2324850	1885425
2187868	1552999
2201145	1578706
2201144	

PATENT, TRADEMARK
AND COPYRIGHT SECURITY AGREEMENT

THIS PATENT, TRADEMARK AND COPYRIGHT SECURITY AGREEMENT (the "Security Agreement") is entered into as of this 27 day of September 2002, by **The Vermont Teddy Bear Co., Inc.**, a New York corporation, with its principal place of business at 6655 Shelburne Road, P.O. Box 965, Shelburne, Vermont 05482 (the "Borrower") in favor of **Banknorth, National Association**, with an office at 111 Main St., P.O. Box 409, Burlington, VT 05402-0409 (the "Bank").

WHEREAS, Borrower and Bank are parties to a certain Loan Agreement dated as of September 27, 2002 (the "Loan Agreement") and a Security Agreement, dated as of September 27, 2002 which provides: (i) for Bank, to extend certain loans to or for the account of the Borrower, and (ii) for the grant by the Borrower to Bank of a security interest in all of the Borrower's assets, including, without limitation, its patents, patent applications, trademarks, trademark applications, goodwill, service marks, trade names, trade styles, copyrights, copyright applications, mask works, trade-secrets information, and other proprietary rights, together with all additions, accessions, accessories, amendments, attachments, modifications, substitutions, and replacements, proceeds and products of any of the foregoing, as set forth in the Loan Agreement and the other Loan Documents (capitalized terms used herein and not otherwise defined have the respective meanings given in the Loan Agreement);

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants and agreements contained, and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Borrower and the Bank agree as follows:

1. Security Interest in Patents, Trademarks and Licenses. To secure the complete and timely satisfaction of all of Borrower's "Obligations" (as that term is defined in the Loan Agreement) to Bank, Borrower hereby grants and conveys to Bank a security interest (having priority over all other security interests) with power of sale, to the extent permitted by law, in all of its now owned or existing, and hereafter acquired or arising:

- (a) patents, patent applications, including, without limitation, any invention and improvement to a patent or patent application, and those patents and patent applications listed in Schedule A;
- (b) trademarks, registered trademarks and trademark applications, trade names, trade styles, service marks, registered service marks and service mark applications including, without limitation, the registered trademarks, trademark applications, registered service marks and service mark applications listed on Schedule B and (i) all renewals thereof, (ii) all accounts receivable, income, royalties, damages and payments now and hereafter due and/or payable with respect thereto, including, without limitation, payments under all licenses entered into in connection therewith and damages and payments for past, present or future

infringements and dilutions thereof, and (iii) the right to sue for past, present and future infringements and dilutions thereof, and (iv) all of the Borrower's rights corresponding thereto throughout the world (all of the foregoing registered trademarks, trademark applications, trade names, trade styles, registered service marks and service mark applications, together with the items described in clauses (i)-(iv) in this Section 1(b), being sometimes hereinafter individually and/or collectively referred to as the "Trademarks";

- (c) the goodwill of Borrower's business connected with and symbolized by the Trademarks;
- (d) all general intangibles, accounts, equipment, and contract rights;
- (e) license agreements with any other party now or hereafter entered into in connection with any Trademarks or such other party's trademarks, registered trademarks and trademark applications, trade names, trade styles, service marks, registered service marks and service mark applications, whether borrower is a licensor or licensee under any such license agreement, including, but not limited to, the license agreements listed on Schedule C, and the right upon the occurrence and during the continuance of an Event of Default to use the foregoing in connection with the enforcement of the rights of Bank under the Loan Agreement, any other Loan Document, the Lease or any Lease Collateral Document (all of the foregoing being hereinafter referred to collectively as the "Licenses");

together with all additions, accessions, accessories, amendments, attachments, modifications, substitutions, and replacements, proceeds and products of the foregoing.

2. Recording of Patents and Trademarks. Borrower represents and warrants that (1) the patents and patent applications listed in Schedule A, and (2) the trademark and trademark applications described in Schedule B, have each been duly recorded in the U.S. Patent and Trademark Office (the "PTO"); and that no other patents, patent applications, trademarks, or trademark applications have been filed or recorded with the PTO in which the Borrower has an interest.

3. Recording of Copyrights. Borrower represents and warrants that no copyright, or copyright applications have been recorded in the U.S. Copyright Office, in which the Borrower has an interest.

4. Restrictions on Future Agreements. Borrower will not, without Bank's prior written consent, enter into any agreement, including, without limitation, any license agreement, which is inconsistent with this Agreement, and Borrower further agrees that it will not take any action, and will use reasonable efforts not to permit any action to be taken by others subject to its control, including licensees, or fail to take any action, which would in any material respect affect

the validity or enforcement of the rights transferred to Bank under this Agreement or the rights associated with those Patents, Trademarks and/or Licenses which are necessary or desirable in the operation of Borrower's business.

5. New Patents, Trademarks and Licenses. Borrower represents and warrants that the Patents, Trademarks and Licenses listed on Schedules A, B and C, include all of the patents, patent applications, trademarks, trademark registrations, trademark applications, trade names, trade styles, service marks, service marks registrations, service mark applications and license agreements in connection with trademarks, registered trademarks, trademark applications, trade names, trade styles, service marks, registered service marks, service mark applications now owned or held by Borrower. If, prior to the termination of this Agreement, Borrower shall (i) create or obtain rights to any new patents, trademarks, trademark registrations, trademark applications, trade names, trade styles, service marks, service marks registrations, service mark applications, or license agreements in connection with trademarks, registered trademarks, trademark applications, trade names, trade styles, service marks, registered service marks, service mark applications or (ii) become entitled to the benefit of any patent, trademark, trademark registration, trademark application, trade name, trade style, service mark, service mark registration, service mark application, the provisions of Section 1 above shall automatically apply thereto and Borrower shall give Bank prompt written notice thereof. Borrower hereby authorizes Bank to modify this Agreement by (a) amending Schedules A, B and /or C, as the case may be, to include any future patents, trademarks, trademark registrations, trademark applications, trade name, trade styles, service marks, service mark registrations, service mark applications and trade names that are Patents, Trademarks or Licenses under Section 1 above, or under this Section 5 (whether or not any such notice from Borrower has been sent or received), and (b) filing, in addition to and not in substitution for this Agreement, a supplement or addendum to this Agreement containing on Schedule B therein, as the case may be, such trademarks, registered trademarks, trademark applications, trade names, trade styles, service marks, registered service marks, service mark applications and trade names which are Trademarks or Licenses under Section 1 above or this Section 5 and to take any action Bank otherwise deems appropriate to perfect or maintain the rights and interest of Bank under this Agreement with respect to such Patents, Trademarks and Licenses.

6. Royalties. Borrower hereby agrees that the use by Bank of the Patents, Trademarks and Licenses as authorized hereunder shall be co-extensive with Borrower's rights thereunder and with respect thereto and without any liability for royalties or other related charges from Bank to Borrower or anyone.

7. Nature and Continuation of Security Interest; Notice to Third Parties. This Security Agreement has the effect of giving third parties notice of the Bank's Security Interest in Borrower's patents, patent applications, trademarks, trademark applications, Licenses, and general intangibles. This Agreement is made for collateral security purposes only. This Agreement shall create a continuing security interest in the Patents, Trademarks and Licenses and shall remain in full force and effect until the liabilities and Obligations of the Borrower to the Bank have been paid in full, including all obligations under the Loan Agreement, and until all

of the Borrower's obligations under the Lease and the Lease Collateral Documents have been performed.

8. Right to Inspect; Assignments and Security Interests. Bank shall have the right, at any reasonable time and from time to time, to inspect Borrower's premises and to examine Borrower's books, records and operations relating to the Patents and the Trademarks, including, without limitation, Borrower's quality control processes; provided, that in conducting such inspections and examinations, Bank shall use reasonable efforts not to disturb unnecessarily the conduct of Borrower's ordinary business operations. From and after the occurrence of an event of default, under the Loan Agreement, or the Lease or any Lease Collateral Documents ("Event of Default"), Borrower agrees that Bank, or a conservator appointed by Bank, shall have the right to take any action to renew or to apply for registration of any Trademarks as Bank or said conservator, on its sole judgment, may deem necessary or desirable in connection with the enforcement of Bank's rights hereunder. Borrower agrees (i) not to sell or assign its respective interests in the Patents, Trademarks and/or Licenses without the prior written consent of Bank and (ii) to maintain the quality of any and all products in connection with which the Trademarks are used, consistent with the quality of said products as of the date hereof.

9. Duties of Borrower. Borrower shall have the duty, to the extent necessary or desirable in the normal conduct of Borrower's business, to (i) prosecute diligently any patent application, trademark application or service mark application that is part of the Trademarks pending as of the date hereof or thereafter until the termination of this Agreement, (ii) make application for patents, trademarks and service marks as Borrower deems appropriate, and (iii) preserve and maintain all of Borrower's rights in the patents, patent applications, trademark applications, service mark applications and trademark and service mark registrations that are part of the Trademarks and Licenses. Any expenses incurred in connection with the foregoing shall be borne by Borrower. Borrower shall not abandon any trademark or service mark which is the subject of a registered trademark, service mark or application therefor and which, is or shall be necessary or economically desirable in the operation of the Borrower's business. Bank shall not have any duty with respect to the Patents, Trademarks and/or Licenses. Without limiting the generality of the foregoing, Bank shall not be under any obligation to take any steps necessary to preserve rights in the Patents, Trademarks and/or Licenses against any other parties, but may do so at its option during the continuance of an Event of Default, and all expenses incurred in connection therewith shall be for the sole account of Borrower and added to the Obligations and liabilities secured hereby, by the Loan Documents and by the Lease Collateral Documents.

10. Bank's Right to Sue. From and after the occurrence and during the continuance of an Event of Default, Bank shall have the right, but shall not be obligated, to bring suit or take any other action to enforce the Patents, Trademarks and Licenses and, if Bank shall commence any such suit or take any such action, Borrower shall, at the request of Bank, do any and all lawful acts and execute any and all proper documents required by Bank in aid of such enforcement. Borrower shall, upon demand, promptly reimburse and indemnify Bank for all costs and expenses incurred by Bank in the exercise of its rights under this Section 10 (including, without limitation, all attorneys' fees). If, for any reason whatsoever, Bank is not reimbursed

with respect to the costs and expenses referred to in the preceding sentence, such costs and expenses shall be added to the Liabilities secured hereby, and in accordance with the Lease.

11. Waivers. The Borrower waives presentment, demand, notice, protest, notice of acceptance of this Agreement, notice of any loans made, credit or other extensions granted, collateral received or delivered or any other action taken in reliance hereon and all other demands and notices of any description, except for such demands and notices as are expressly required to be provided to the Borrower under this Agreement or any other document evidencing the Obligations or the liabilities under the Lease or the Lease Collateral Documents. With respect to both the Obligations and the Collateral, the Borrower assents to any extension or postponement of the time of payment or any other forgiveness or indulgence, to any substitution, exchange or release of Collateral, to the addition or release of any party or person primarily or secondarily liable, to the acceptance of partial payment thereon and the settlement, compromise or adjustment of any thereof, all in such manner and at such time or times as the Bank may deem advisable. The Bank may exercise its rights with respect to the Collateral without resorting, or regard, to other collateral or sources of reimbursement for Obligations. The Bank shall not be deemed to have waived any of its rights with respect to the Obligations or the Collateral unless such waiver is in writing and signed by the Bank. No delay or omission on the part of the Bank in exercising any right shall operate as a waiver of such right or any other right. A waiver on any one occasion shall not bar or waive the exercise of any right on any future occasion. All rights and remedies of the Bank in the Obligations or the Collateral, whether evidenced hereby or by any other instrument or papers, are cumulative and not exclusive of any remedies provided by law or any other agreement, and may be exercised separately or concurrently.

12. Successors and Assigns. This Agreement shall be binding upon the Borrower, its respective successors and assigns, and shall inure to the benefit of and be enforceable by the Bank and its successors and assigns. Without limiting the generality of the foregoing sentence, the Bank may assign or otherwise transfer any agreement or any note held by it evidencing, securing or otherwise executed in connection with the Obligations, or sell participations in any interest therein, to any other person or entity.

13. General. This Agreement may not be amended or modified except by a writing signed by the Borrower and the Bank, nor may the Borrower assign any of its rights hereunder. This Agreement and the terms, covenants and conditions hereof shall be construed in accordance with, and governed by, the laws of The State of Vermont (without giving effect to any conflicts of law provisions contained therein). In the event that any Collateral stands in the name of the Borrower and another or others jointly, the Bank may deal with the same for all purposes as if it belonged to or stood in the name of the Borrower alone.

14. WAIVER OF JURY TRIAL; VENUE.

THE BORROWER AND THE BANK HEREBY WAIVE TRIAL BY JURY IN ANY LITIGATION IN ANY COURT WITH RESPECT TO, IN CONNECTION WITH OR, ARISING OUT OF: (A) THIS AGREEMENT OR ANY OTHER INSTRUMENT OR DOCUMENT DELIVERED IN CONNECTION WITH THE OBLIGATIONS; (B) THE

VALIDITY, INTERPRETATION, COLLECTION OR ENFORCEMENT THEREOF; OR (C) ANY OTHER CLAIM OR DISPUTE HOWEVER ARISING BETWEEN THE BORROWER AND THE BANK.

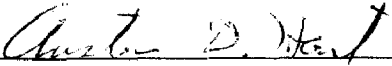
THE BORROWER AGREES THAT ANY SUIT FOR THE ENFORCEMENT OF THE OBLIGATIONS, ARISING OUT OF OR IN ANY MANNER RELATING TO THIS AGREEMENT OR ANY TRANSACTION RELATING TO ANY LOAN DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF VERMONT OR ANY FEDERAL COURT SITTING THEREIN AND CONSENTS TO THE NON-EXCLUSIVE JURISDICTION OF SUCH COURT AND TO SERVICE OF PROCESS IN ANY SUCH SUIT BEING MADE UPON THE BORROWER BY MAIL AT THE ADDRESS SPECIFIED IN THE LOAN AGREEMENT. THE BORROWER HEREBY WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH SUIT OR ANY SUCH COURT OR THAT SUCH SUIT WAS BROUGHT IN AN INCONVENIENT COURT. THE BORROWER SHALL NOT BE ENTITLED IN ANY SUCH ACTION OR PROCEEDING TO ASSERT ANY DEFENSE GIVEN OR ALLOWED UNDER THE LAWS OF ANY STATE OTHER THAN THE STATE OF VERMONT UNLESS SUCH DEFENSE IS ALSO GIVEN OR ALLOWED BY THE LAWS OF THE STATE OF VERMONT. NOTHING IN THIS SECTION SHALL AFFECT OR IMPAIR IN ANY MANNER OR TO ANY EXTENT THE RIGHT OF THE BANK TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST THE BORROWER IN ANY JURISDICTION OR TO SERVE PROCESS IN ANY MANNER PERMITTED BY LAW.


[Signature Page Follows]

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

BORROWER:

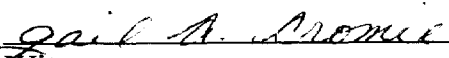
THE VERMONT TEDDY BEAR CO., INC.

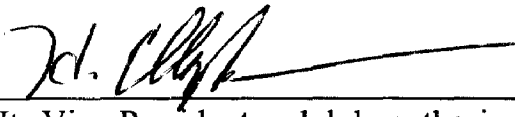

Witness

By: 
Its President and duly authorized agent

BANK:

BANKNORTH, NATIONAL ASSOCIATION


Witness


By: 
Its Vice-President and duly authorized agent

ACKNOWLEDGMENT

STATE OF VERMONT
County of Chittenden, SS.

At Burlington, in said County, on this 27th day of September, 2002, personally appeared Elisabeth B. Robert, President and duly authorized agent of The Vermont Teddy Bear Co., Inc., and she acknowledged this instrument, by her, sealed and subscribed, to be her free act and deed and the free act and deed of The Vermont Teddy Bear Co., Inc.

Before me,



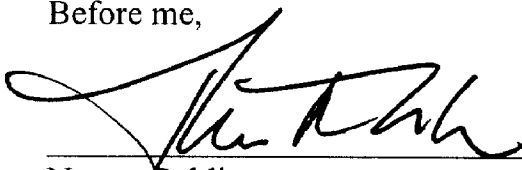
Notary Public
My Commission Expires: 2-10-2003

ACKNOWLEDGMENT

STATE OF VERMONT
County of Chittenden, SS.

At Burlington, in said County, on this 27th day of September, 2002, personally appeared H. Ellery Perkinson, Vice-President and duly authorized agent of Banknorth, National Association, and he acknowledged this instrument, by him, sealed and subscribed, to be his free act and deed and the free act and deed of Banknorth, National Association.

Before me,



Notary Public
My Commission Expires: 2-10-2003

Schedule A
Patents and Patent Applications

Application/Registration #	Description	Record Owner
411595	Hybrid bear-feline Plush toy	The Vermont Teddy Bear Company, Inc.
413946	Hybrid bear-giraffe Plush toy	The Vermont Teddy Bear Company, Inc.
425147	Hybrid bear-lion Plush toy	The Vermont Teddy Bear Company, Inc.
413945	Hybrid bear-zebra Plush toy	The Vermont Teddy Bear Company, Inc.
09693939	Integrated Pick Ticket	
453033	Penguin golfer stuffed toy	The Vermont Teddy Bear Co., Inc.
392697	Female birth stone bear	The Vermont Teddy Bear Co., Inc.

Schedule B
Trademarks and Trademark Applications

Application/Registration #	Description	Record Owner
76410778	Tastygram	The Vermont Teddy Bear Co., Inc.
76366740	Vermont Teddy Bear	The Vermont Teddy Bear Co., Inc.
76204550	PreFUR'd Member	The Vermont Teddy Bear Co., Inc.
76179602	SendAmerica	The Vermont Teddy Bear Co., Inc.
76354946	Show You Care, Send A Bear	The Vermont Teddy Bear Co., Inc.
76420456	Friend for Life	The Vermont Teddy Bear Co., Inc.
76209730	MonkeyGram	The Vermont Teddy Bear Company, Inc.
76109175	Bears to Business	The Vermont Teddy Bear Company, Inc.
76209729	Pajamagram	The Vermont Teddy Bear Co., Inc.
2625569	Ted Ex	The Vermont Teddy Bear Company, Inc.
75775866	Huffin'Puffin'	The Vermont Teddy Bear Company, Inc.
75837935	SendVermont	The Vermont Teddy Bear Co., Inc.
75911599	Making the world a better place one bear at a time	The Vermont Teddy Bear Company, Inc.
75753153	Teddy Express	The Vermont Teddy Bear Company, Inc.
75911598	Nothing says you care like a bear	The Vermont Teddy Bear Company, Inc.
2568118	Make a Friend for Life Logo	The Vermont Teddy Bear Company, Inc.
2553662	Bears Say It Best	The Vermont Teddy Bear Company, Inc.
2547579	Coffee Cub	The Vermont Teddy Bear Company, Inc.
2518493	Love is in the Bear	The Vermont Teddy Bear Company, Inc.

75896780	Design Only	The Vermont Teddy Bear Co., Inc.
2499043	The creative alternative to flowers	The Vermont Teddy Bear Company, Inc.
75837934	SendAmerica	The Vermont Teddy Bear Co., Inc.
75774077	Design Only	The Vermont Teddy Bear Co., Inc.
2430925	Bear-Gram	The Vermont Teddy Bear Co., Inc.
2324850	BearAnimal	The Vermont Teddy Bear Company, Inc.
2187868	Beau & BeeBee	The Vermont Teddy Bear Co., Inc.
2201145	The Vermont Teddy Bear Co. Plus Design (modified)	The Vermont Teddy Bear Company, Inc.
2201144	Vermont Teddy Bear Plus Design	The Vermont Teddy Bear Company, Inc.
2131281	Make a Friend for Life	The Vermont Teddy Bear Company, Inc.
2377833	The All-American Teddy Bear	The Vermont Teddy Bear Company, Inc.
75030467	The Great American Teddy Bear	The Vermont Teddy Bear Company, Inc.
1985986	Vermont Bear-gram	The Vermont Teddy Bear Company, Inc.
1941986	The Vermont Teddy Bear Co. and Design (modified)	The Vermont Teddy Bear Company, Inc.
1941985	The Vermont Teddy Bear Company	The Vermont Teddy Bear Company, Inc.
1646301	Teddy Bear-gram (SM)	The Vermont Teddy Bear Company, Inc.
2012975	Bear-gram	The Vermont Teddy Bear Company, Inc.
1885425	Bear Counselor	The Vermont Teddy Bear Company, Inc.
75030467	The Great American Teddy Bear	The Vermont Teddy Bear Company, Inc.
1552999	The Vermont Teddy Bear Company	The Vermont Teddy Bear Company, Inc.

Schedule C
Licenses