

12-09-2002

EET

Docket No.:

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JON2.TMA.02



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Tab settings

To the Honorable Commissioner of Patents

... attached original documents or copy thereof.

1. Name of conveying party(ies):

GT BICYCLES, INC.

11-18-02

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

Additional names(s) of conveying party(ies)  Yes  No

3. Nature of conveyance:

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

Execution Date: October 22, 1999

2. Name and address of receiving party(ies):

Name: Kirk Jones

Internal Address:

Street Address: 1553 Via Monserate

City: Fallbrook State: CA ZIP: 92029

Individual(s) citizenship US

Association

General Partnership

Limited Partnership

Corporation-State

Other

If assignee is not domiciled in the United States, a domestic designation is  Yes  N  
(Designations must be a separate document from Additional name(s) & address(es)  Yes  N

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

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

2,016,941

Additional numbers  Yes  No

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

Name: Joseph C. Andras

Internal Address: MYERS DAWES & ANDRAS LLP

Street Address: 1990 MacArthur Boulevard

Suite 1150

City: Irvine State: CA ZIP: 92612

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

1

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

Enclosed

Authorized to be charged to deposit account

8. Deposit account number:

01-1960

12/06/2002 DBYRNE 00000107 2016941

DO NOT USE THIS SPACE

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40.00 OP

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.

Joseph C. Andras

Name of Person Signing

Signature

November 14, 2002

Date

Total number of pages including cover sheet, attachments, and

8

TRADEMARK

## STOCK PURCHASE AGREEMENT

This STOCK PURCHASE AGREEMENT (this "Agreement") is made as of December 21, 1999 (the "Execution Date"), but made effective as of October 22, 1999 (the "Effective Date"), by and between GT BICYCLES, INC., a California corporation ("Seller"), and KIRK JONES, an individual ("Buyer"), with reference to the following facts:

A. Seller owns four hundred fourteen and five-tenths (414.5) shares of the common stock of Innovations in Composites, Inc., a California corporation (the "Company"), which represents 45.3% of the total issued and outstanding stock in the Company (the "Shares"). Seller is also the registered owner of the "SPIN" trademark, registered with the U.S. Patent and Trademark Office (the "PTO") on November 19, 1996, as Registration No. 2,016,941 (the "SPIN Trademark"), the SPIN MAX ATB all-terrain bicycle wheel mold (aka the "Eon") and any other molds purchased by Seller for the Company (collectively, the "SPIN Molds"), which trademark and molds are used in conjunction with the business of the Company.

B. Seller now desires to sell, and Buyer now desires to purchase all of Seller's interest in the Company, subject to (i) Buyer granting Seller an option to purchase an amount of shares in the Company representing up to a fifteen percent (15%) interest in the outstanding shares in the Company at the time of exercise of such option granted to Seller pursuant to the terms of this Agreement, and (ii) Buyer granting Seller a security interest in Buyer's interest in (a) United States Patent No. 5,184,874 entitled "INJECTION MOLDED PLASTIC BICYCLE WHEEL" and issued February 9, 1993 to Buyer and Douglas Olson, an individual ("Olson"), (b) United States Patent No. 5,415,463 entitled "INJECTION MOLDED PLASTIC BICYCLE WHEEL" and issued May 16, 1995, to Buyer and Olson (the patents referred to in this item (b) and item (a) above are collectively referred to herein as the "Patents"), (c) the SPIN Trademark following Seller's assignment of the SPIN Trademark to Buyer hereby, (d) the SPIN Molds following Seller's assignment of the SPIN Mold to Buyer hereby, and (e) any current or future license and royalty agreement which relates to or arises out of either of the Patents, including any royalty income generated thereby (collectively, the "Collateral").

C. Further, in consideration for Buyer entering into this Agreement, Seller also desires to (i) assign all of Seller's right, title and interest in and to the SPIN Trademark and the SPIN Molds to Buyer, (ii) terminate any and all contracts and agreements between the Company and Seller or GT Bicycles California, Inc., a California corporation ("GT-CA"), and (iii) waive any and all interest currently accrued on that certain amount loaned to the Company by Seller and/or GT-CA in the current outstanding principal balance of approximately One

Million One Hundred Eighty-Five Thousand Five Hundred Fifty-Three Dollars (\$1,185,553.00) (the "Debt").

D. This Agreement now sets forth the terms and conditions under which Seller has agreed to sell to Buyer, and Buyer has agreed to purchase from Seller, the Shares.

NOW, THEREFORE, in consideration of the foregoing facts and the mutual covenants and conditions hereinafter contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. PURCHASE AND SALE OF SHARES.

(a) Purchase and Sale. For the purchase price specified in Section 1(b) below, Seller hereby agrees to sell, assign, and transfer to Buyer, and Buyer hereby agrees to purchase and acquire from Seller, the Shares.

(b) Amount of Purchase Price. The aggregate purchase price for the Shares being sold pursuant hereto shall be Two Hundred Eighty-Five Thousand Three Hundred Fifteen Dollars and Seventy-Five Cents (\$285,315.75) (the "Purchase Price"), which amount shall be paid by Buyer in the manner described in Section 1(c) below.

(c) Manner of Paying Purchase Price. Upon the execution by Seller and delivery to Buyer of this Agreement and a Stock Assignment Separate From Certificate representing the Shares, Buyer shall execute and deliver to Seller a Secured Promissory Note payable to Seller in the amount of the Purchase Price (the "GT Note"). The GT Note shall be in the form of the Secured Promissory Note attached hereto as Exhibit "A" and incorporated herein by this reference. The GT Note shall be secured by Seller's interest in and to the Collateral and shall otherwise be nonrecourse against Buyer.

(d) Delivery of Stock Assignment. Concurrently with the execution and delivery of this Agreement by Seller and Buyer, Seller shall execute and deliver to Buyer a Stock Assignment Separate From Certificate, in the form attached hereto as Exhibit "B," conveying to Buyer the Shares. At the Closing, Seller shall also deliver, or cause to be delivered, to Buyer (or Buyer's designee) the original Stock Certificate evidencing Seller's ownership of the Shares, and the Secretary of the Company shall cancel said original Stock Certificates and re-issue such new Stock Certificates as are consistent with the transactions contemplated by this Agreement (which means that a new Stock Certificate representing four hundred fourteen and five-tenths (414.5) shares of stock in the Company will be issued to Buyer).

(e) Closing. The closing of the transactions contemplated by this Agreement (the "Closing") shall take place at such time and place as may be mutually agreed upon by the parties hereto.

## 2. SECURITY.

In consideration of Seller entering into this Agreement, and to secure the payment and performance of all of Buyer's obligations under the GT Note, Buyer shall execute and deliver to Seller a Security Agreement, in the form attached hereto as Exhibit "C" and incorporated herein by this reference (the "Security Agreement"). The Security Agreement shall grant Seller a security interest in all of Buyer's right, title and interest in and to the Collateral.

## 3. ASSIGNMENT OF SPIN TRADEMARK AND SPIN MOLDS.

Concurrently with the Closing, Seller shall assign to Buyer all of Seller's right, title and interest in and to the SPIN Trademark, pursuant to an assignment in form sufficient to allow the PTO to reflect Buyer as being the owner of the SPIN Trademark, and the SPIN Molds. The parties hereto hereby agree to execute any and all further documentation, pursuant to Section 7(h), necessary to properly assign the SPIN Trademark and the SPIN Molds to Buyer, including, without limitation, any notice to the PTO and any Bill of Sale.

## 4. TERMINATION OF CONTRACTS AND ACCRUAL OF INTEREST.

Except for the Debt and the product liability insurance currently carried by Seller and/or GT-CA insuring the Company, each of the parties hereto agrees that all contracts, loan agreements, promissory notes, and accommodation agreements, between the Company and Seller or the Company and GT-CA, including, without limitation, that certain Exclusive Distributor Agreement dated March 11, 1993, by and between the Company and Seller, are hereby terminated and of no further force or effect whatsoever except for any warranty or indemnification provisions which shall survive the date of the Closing. The product liability insurance currently carried by Seller and/or GT-CA and insuring the Company shall continue to be maintained by Seller and/or GT-CA at Seller's and/or GT-CA's expense for a period of forty-five (45) days from the Execution Date hereof. Following such 45-day period, Seller and/or GT-CA shall continue to provide product liability insurance covering the Company, at the Company's expense, in the amount actually incurred by GT and/or GT-CA in connection with the provision of such product liability insurance, for a period of up to one (1) year from the Effective Date hereof. The Company shall pay, on a monthly basis, the premiums owed to Seller under this section. The obligations of Seller and/or GT-CA with regard to the maintenance of product liability insurance for the benefit of the Company shall terminate upon the earlier of the following: (i) October 31, 2000; (ii) the date neither

pcw  
Seller nor GT-CA continues to hold any ownership interest in the Company; or (iii) the date the Company stops paying the Company's pro rata share of insurance premiums paid by Seller on behalf of the Company; provided, however, that upon such nonpayment, Seller shall provide the Company with notice of such nonpayment and the Company shall have fifteen (15) days to cure such nonpayment. Furthermore, each of the parties agrees that the "Debt" shall not bear interest prior to the date hereof and that interest shall accrue on the Debt from and after the date of the Closing hereof at the rate of ten percent (10%) per annum.

## 5. REPRESENTATIONS, WARRANTIES AND COVENANTS.

(a) Representations of Seller. Seller hereby represents and warrants to Buyer and Buyer's successors and assigns that, except as provided below, (i) Seller has not, as of the Effective Date and as of the Closing, assigned, transferred, sold, hypothecated, pledged or encumbered all or any portion of the Shares or the SPIN Trademark, to anyone other than Buyer in accordance with this Agreement; (ii) upon the Closing of the transaction contemplated hereby, the Buyer will acquire from Seller good and marketable title in and to the Shares and the Company shall acquire from Seller all of Seller's right, title and interest in and to the SPIN Trademark; (iii) upon the Closing, any employees of Seller that are currently employees and/or directors of the Company shall submit their resignations from such positions to the Company and the Company agrees to accept such resignations; and (iv) this Agreement does not contain any misstatement of a material fact or omission to state a material fact necessary to enable the statements contained herein not to be misleading.

(b) Representations of Buyer. Buyer hereby represents and warrants to and for the benefit of Seller and Seller's successors and assigns that (i) upon the execution and delivery of the GT Note at the Closing, the GT Note will be the legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with the terms of the GT Note; (ii) Buyer acknowledges that Buyer is, and has been since the formation of the Company, a director and managing officer of the Company, that Buyer has had full access to all financial information relating to the Company and has personal knowledge of the financial condition of the Company and Buyer is acquiring the Shares "as is" and without warranty of any kind from Seller; and (iii) Buyer is acquiring the Shares for Buyer's own account, not as a nominee or agent, for investment and not with a view to, or for resale in connection with, any distribution or public offering thereof within the meaning of the Securities Act of 1933, as amended.

## 6. OPTION.

Buyer hereby grants to Seller the exclusive right and option (the "Option") to purchase shares in the Company in an amount equal to up to, but not to exceed, fifteen percent (15%) of the then outstanding number of shares in the

Company at the time of exercise of the Option, but in no event to exceed fifty percent (50%) of the shares in the Company, if any, held by Buyer at the time of exercise of the Option, at a price equal to the price at which Buyer is acquiring the Shares under this Agreement (that is, \$6,293.71 per 1% interest in the Company). The Option may be exercised by written notice to Buyer given to Buyer at any time during the period commencing November 30, 2000 and ending on November 30, 2004 (the "Exercise Period"). The Option shall lapse automatically unless the Option is exercised by Seller during the Exercise Period. At such time as the Option lapses, the Option shall be of no further force or effect whatsoever. The Option may be exercised upon thirty (30) days' prior written notice given by Seller to Buyer. Buyer shall provide Seller with financial information concerning the Company every six (6) months in order to allow Seller to make an informed decision with respect to the Option. The Option is assignable by Seller in Seller's sole discretion.

No assurances can be made that the Company will continue to operate and remain in existence under the laws of the State of California for the term of the Exercise Period. Seller hereby represents that Seller is familiar with the Company's current financial position.

7. MISCELLANEOUS.

(a) Entire Agreement. This Agreement, together with the Exhibits hereto, constitute the entire contract among the parties relative to the subject matter hereof and no party shall be liable or bound to the other in any manner by any warranties, representations, or covenants except as specifically set forth herein (or in any of the Exhibits hereto). Any previous agreement among the parties with respect to the purchase and sale of the shares is superseded by this Agreement.

(b) Assignability. Except as provided in Section 6 hereof with respect to the Option, neither party shall assign, alienate, or transfer any of their respective rights under this Agreement without the written consent of the other party.

(c) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

(d) Headings. The headings of the sections of this Agreement are for convenience only and shall not be used in the interpretation of this Agreement.

(e) Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery, twenty-four (24) hours after transmission by telefax, or three (3) business days after the deposit of the notice in the United States mail, registered or certified,

postage pre-paid with return receipt requested, addressed to the parties at the addresses specified below. The parties may change their respective address by written notice to the other parties in accordance with this Section 7(e).

To Seller: GT Bicycles, Inc.  
2100 Dyer Road  
Santa Ana, California 92705  
Attn: President

To Buyer: Mr. Kirk Jones  
Innovations in Composites, Inc.  
2620 Progress St., Suite B  
Vista, California 92083

(f) Amendment or Waiver of Agreement. The provisions of this Agreement may not be amended or waived except by a written instrument signed by both parties.

(g) Attorneys' Fees. In the event of any litigation among the parties arising out of the obligations of the parties under this Agreement, the GT Note, or concerning the meaning or interpretation of any provision contained herein or therein, the losing party shall pay the prevailing party's costs and expenses in such litigation, including, without limitation, court costs, reasonable attorneys' fees and disbursements. Any such attorneys' fees and other expenses incurred by either party in enforcing a judgment in its favor under this Agreement (or under the GT Note) shall be recoverable separately from and in addition to any other amount included in such judgment, and such attorneys' fees obligation is intended to be severable from the other provisions of this Agreement (and the GT Note) and to survive and not be merged into any such judgment.

(h) Further Assurances. The parties hereto agree to execute any and all other documents and to take any further actions reasonably necessary to consummate the transaction contemplated hereby.

IN WITNESS WHEREOF, this Stock Purchase Agreement has been executed effective as of the Effective Date.

"SELLER"

GT BICYCLES, INC., a California corporation

By: 

"BUYER"

  
KIRK JONES, an individual

Its: \_\_\_\_\_

GT-CA, by GT-CA's signature below, is agreeing to the terms of this Stock Purchase Agreement with respect to Section 4 hereof.

"GT-CA"

GT BICYCLES CALIFORNIA, INC.,  
a California corporation


By: 

Its: via president

### INDEMNIFICATION

The Company hereby agrees to indemnify, defend and hold Seller harmless from any and all claims or liabilities relating to the Company which arise after the date of the Closing hereof.

INNOVATIONS IN COMPOSITES, INC.,  
a California corporation

By:   
Kirk Jones, President

Innovations/Docs/Stock Purchase Agmt-10