

06-16-2003



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

Form PTO-1594
(Rev. 10/02)
OMB No. 0651-0027 (exp. 6/30/2005)
Tab settings

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

1. Name of conveying party(ies):
Pharmaceutical Formulations, Inc.
6-11-03

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

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

2. Name and address of receiving party(ies)
 Name: The CIT Group/Business Credit, Inc.
 Internal Address: _____
22nd Floor
 Street Address: 1211 Avenue of the Americas
 City: Hartford State: CT Zip: 06103

Individual(s) citizenship _____
 Association _____
 General Partnership _____
 Limited Partnership _____
 Corporation-State New York
 Other _____

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No
 (Designations must be a separate document from assignment)
 Additional name(s) & address(es) attached? Yes No

3. Nature of conveyance:
 Assignment Merger
 Security Agreement Change of Name
 Other _____

Execution Date: May 15, 2003

4. Application number(s) or registration number(s):
 A. Trademark Application No.(s)
 B. Trademark Registration No.(s)
1948508; 1719295; 2237471

Additional number(s) attached Yes No

6. Total number of applications and registrations involved: 3

5. Name and address of party to whom correspondence concerning document should be mailed:
 Name: Richard B. Polivy, Esq.
 Internal Address: Polivy & Taschner, LLC

 Street Address: Six Central Row

 City: Hartford State: CT Zip: 06103

7. Total fee (37 CFR 3.41).....\$ 90.00
 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.

Richard B. Polivy *[Signature]* 6/6/03
 Name of Person Signing Signature Date

Total number of pages including cover sheet, attachments, and document: 1
 Documents to be recorded with required cover sheet information to:
 Commissioner of Patent & Trademarks, Box Assignments
 Washington, D.C. 20231

06/13/2003 BYRNE 00000222 1948508
 01 FC:0521
 02 FC:0522
 40.00
 50.00

TRADEMARK
REEL: 002754 FRAME: 0920

**ASSIGNMENT OF TRADEMARKS
AS SECURITY**

THIS AGREEMENT is made as of the 15th day of May, 2003 between and Pharmaceutical Formulations, Inc., a Delaware corporation with a principal place of business at 460 Plainfield Avenue, Edison, New Jersey 08817 ("Assignor") and The CIT Group/Business Credit, Inc., with an office located at 1211 Avenue of the Americas, 22nd Floor, New York, New York 10036 ("Lender").

WHEREAS, Assignor is the registered owner of the Trademarks listed on Schedule A annexed hereto (collectively, the "Trademarks"), as evidenced by records at the United States Patent and Trademark Office in Washington, D.C.; and

WHEREAS, Assignor is the owner of and has exclusive right, title and interest in and to said Trademarks; and

WHEREAS, Assignor has executed and delivered a First Amended and Restated Financing Agreement (the "Loan Agreement") with respect to the extension to it of up to \$20,000,000.00 by Lender. In order to induce Lender to execute and deliver the Loan Agreement, Assignor has agreed to assign to Lender certain trademark and trade name rights. This Agreement is being executed contemporaneously with the Loan Agreement under which the Lender is granted a lien on and security interest in, without limitation, accounts, inventory, goods including machinery and equipment, contract rights and general intangibles of Assignor ("Other Assets") whereby Lender shall have the right to foreclose on the trademark and trade name rights and the Other Assets in the event of the occurrence and continuance of an Event of Default under the Loan Agreement.

NOW, THEREFORE, in consideration of the premises, Assignor hereby agrees with Lender as follows:

1. To secure the complete and timely satisfaction of Assignor's Obligations (as defined in the Loan Agreement), Assignor hereby grants, assigns and conveys to Lender the entire right, title and interest in and to the trademark applications, trademarks and trade names listed on Schedule A hereto (as the same may be amended pursuant hereto from time to time), including without limitation all proceeds thereof (such as, by way of example, license royalties), the right to sue for past, present and future infringements and all rights corresponding thereto throughout the world (all of the foregoing are collectively called the "Trademarks and Tradenames"), and the goodwill of the business and property to which each of the Trademarks and Tradenames relates.

2. Assignor covenants and warrants that:

(a) The Trademarks and Tradenames are subsisting and have not been adjudged invalid or unenforceable;

(b) To the best of Assignor's knowledge, each of the Trademarks and Tradenames is valid and enforceable;

(c) To the best of Assignor's knowledge, no claim has been made that the use of any of the Trademarks and Tradenames does or may violate the rights of any third person;

(d) Assignor is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each of the Trademarks and Tradenames, free and clear of any liens, charges and encumbrances, including without limitation pledges, assignments, licenses, registered user agreements and covenants by Assignor not to sue third persons;

(e) Assignor has the unqualified right to enter into this Agreement and perform its terms;

(f) Assignor has used, and will continue to use for the duration of this Agreement, proper statutory notice in connection with its use of the Trademarks and Tradenames; and

(g) Assignor has used, and will continue to use for the duration of this Agreement, consistent standards of quality in its manufacture of products manufactured, sold or leased under the Trademarks and Tradenames.

3. Assignor hereby grants to Lender and its employees and agents the right on reasonable prior notice to visit Assignor's plants and facilities which manufacture, inspect or store products sold or leased under any of the Trademarks and Tradenames, and to inspect the products and quality control records relating thereto at reasonable times during regular business hours. Assignor shall do any and all acts required by Lender to ensure Assignor's compliance with Paragraph 2(g).

4. Assignor agrees that, until all of Assignor's Obligations shall have been satisfied in full, it will not enter into any agreement which is inconsistent with Assignor's obligations under this Agreement, without Lender's prior written consent.

5. If Assignor shall obtain rights to any new Trademarks or Tradenames during any period in which any of Assignor's Obligations remain outstanding, the provisions of Paragraph 1 shall automatically apply thereto and Assignor shall give to Lender prompt notice thereof in writing.

6. Assignor authorizes Lender to modify this Agreement by amending Schedule A to include any future Trademarks, Trademark applications and Tradenames covered by Paragraphs 1 and 5 hereof.

7. Unless and until there shall have occurred an Event of Default (as defined in the Loan Agreement), Lender hereby grants to Assignor the exclusive, nontransferable right and license to use the Trademarks and Tradenames on and in connection with the products and material manufactured, sold and distributed by Assignor, for Assignor's own benefit and account and for none other. Assignor agrees not to sell or lease or assign its interest in, or grant any sublicense under, the license granted to Assignor in this Paragraph 7 except a Trademark which is obsolete or no longer useful provided fair value is received for such Trademark without the prior written consent of Lender.

8. If an Event of Default (as defined in the Loan Agreement) shall have occurred, during the continuance thereof, Assignor's license under the Trademarks and Tradenames, as set forth in Paragraph 7, shall terminate forthwith, and the Lender shall have, in addition to all other rights and remedies given it by this Agreement, those allowed by law and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in any jurisdiction in which the Trademarks and Tradenames may be located and, without limiting the generality of the foregoing, the Lender may immediately, without demand or notice (except as set forth below) and without advertisement, sell at public or private sale or otherwise realize upon, in New York, New York, or elsewhere, all or from time to time any of the Trademarks or Tradenames, or any interest which the Assignor may have therein, and after deducting from the proceeds of sale or other disposition of the Trademarks and Tradenames all expenses (including all reasonable expenses for brokers' fees and legal services), shall apply the residue of such proceeds toward the payment of Assignor's Obligations. Any remainder of the proceeds after payment in full of Assignor's Obligations (as defined in the Loan Agreement) shall be paid over to the Assignor. Notice of any sale or other disposition of the Trademarks shall be given to Assignor at least ten (10) days before the time of any intended public or private sale or other disposition of the Trademarks and Tradenames is to be made, which Assignor hereby agrees shall be reasonable notice of such sale or other disposition. At any such sale or other disposition, Lender may, to the extent permissible under applicable law, purchase the whole or any part of the Trademarks and Tradenames sold, free from any right of redemption on the part of Assignor, which right is hereby waived and released.

9. At such time as Assignor shall completely satisfy all of its Obligations (as defined in the Loan Agreement), this Agreement shall terminate and Lender shall execute and deliver to Assignor all deeds, assignments and other instruments as may be necessary or proper to re-vest in Assignor full title to the Trademarks and Tradenames, subject to any disposition thereof which may have been made by Lender pursuant hereto.

10. Any and all fees, costs and expenses, of whatever kind or nature, including the reasonable attorneys' fees and legal expenses incurred by Lender in connection with the filing or recording of any documents (including all taxes in connection therewith) in public offices, the payment or discharge of any taxes, counsel fees, maintenance fees, encumbrances or otherwise protecting, maintaining or preserving the Trademarks or Tradenames, or in defending or prosecuting any actions or proceedings arising out of or related to the Trademarks and Tradenames, shall be borne and paid by Assignor on demand by Lender and until so paid shall be added to the principal amount of the Obligations and shall bear interest at the default rate set forth in the Loan Agreement.

11. Assignor shall have the duty diligently to prosecute, through counsel acceptable to Lender, any application for a Trademark pending as of the date of this Agreement or thereafter until its Obligations shall have been paid in full, to make federal application on registrable but unregistered Trademarks, to file and prosecute opposition and cancellation proceedings and to perform any and all acts which are necessary or desirable to preserve and maintain all rights in the Trademarks and Tradenames. Any expenses incurred in connection with the Trademarks and Tradenames shall be borne by Assignor. The Assignor shall not abandon any Trademark or Tradename without the consent of the Lender, which consent shall not be unreasonably withheld.

12. Assignor shall have the right, with the prior written consent of Lender, which will not be unreasonably withheld, to bring any opposition proceedings, cancellation proceedings or lawsuit in its own name to enforce or protect the Trademarks and Tradenames, in which event Lender may, if necessary, be joined as a nominal party to such suit if Lender shall have been satisfied that it is not thereby incurring any risk of liability because of such joinder. Assignor shall promptly, upon demand, reimburse and indemnify Lender for all damages, costs and expenses, including reasonable attorneys' fees, incurred by Lender in the fulfillment of the provisions of this Paragraph 12.

13. Upon the occurrence and continuance of an Event of Default under the Loan Agreement, Assignor hereby authorizes and empowers Lender to make, constitute and appoint any officer or agent of Lender as Lender may select, in its exclusive discretion, as Assignor's true and lawful attorney-in-fact, with the power to endorse Assignor's name on all applications, documents, papers and instruments necessary for Lender to use the Trademarks and Tradenames, or to grant or issue any exclusive or non-exclusive license under the Trademarks to anyone else, or necessary for Lender to assign, pledge, convey or otherwise transfer title in or dispose of the Trademarks and Tradenames to anyone else. Assignor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable for the term of this Agreement.

14. If Assignor fails to comply with any of its obligations hereunder, Lender may do so in Assignor's name or in Lender's name, but at the expense of Assignor, and Assignor hereby agrees to reimburse Lender in full for all expenses, including reasonable attorneys' fees, incurred by Lender in protecting, defending and maintaining the Trademarks and Tradenames.

15. No course of dealing between Assignor and Lender, nor any failure to exercise, nor any delay in exercising, on the part of Lender, any right, power or privilege hereunder or under the Loan Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

16. All of Lender's rights and remedies with respect to the Trademarks, whether established hereby or by the Loan Agreement, or by any other agreements or by law shall be cumulative and may be exercised singularly or concurrently.

17. The provisions of this Agreement are severable, and if any clause or provision shall

be held invalid and unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Agreement in any jurisdiction.

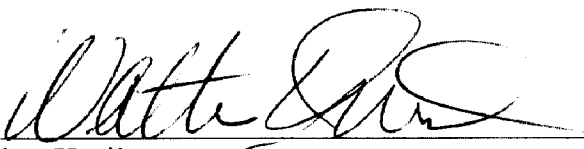
18. This Agreement is subject to modification only by a writing signed by the parties, except as provided in Paragraph 6.

19. The benefits and burdens of this Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties.

20. The validity and interpretation of this Agreement and the rights and obligations of the parties shall be governed by the laws of the State of New York.

WITNESS the execution hereof under seal as of the day and year first above written.

PHARMACEUTICAL FORMULATIONS, INC.

By 

Walter Kreil
Its Vice President
Duly Authorized

Schedule A

Trademarks/Trademark Applications
and Tradenames

Registration No.

Allerfed
Leg Ease
Pharma Health

1948508 With a Serial Number of 74594617
1719295 With a Serial Number of 74074747
2237471 With a Serial Number of 75271483

Pharmacists Signature

With a Serial Number of 6449591

Heartburn 200
Acid Reducer 75
Health Pharm
Somnitabs
Stay-A-Wake
Rest Simply
Fibercal