

Form PTO-1595
(Rev. 03/01)
OMB No. 0651-0027 (exp. 5/31/2002)

RECORDATION FORM COVERSHEET TRADEMARKS ONLY

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

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

1. Name of conveying party(ies):
Three Dog Bakery, Inc. a Delaware corporation
Additional name(s) of conveying party(ies) attached? Yes No

2. Name and address of receiving party(ies)
Name: Manchester Commercial Finance LLC. a Minnesota limited liability company
Internal Address: 7400 Metro Boulevard, Suite 450
Street Address: _____
City: Minneapolis State MN Zip: 55439-2326
Additional name(s) & address(es) attached? Yes No

3. Nature of conveyance:
 Assignment Merger
 Security Agreement Change of Name
 Other
Execution Date: 31 December 2003


4. Application number(s) or patent number(s):
If this document is being filed together with a new application, the execution date of the application is: _____
A. Trademark Application No.(s)
76/544,169 76/476,729 76/432,888 76/484,206
76/334,196 76/168,555 76/476,744 76/219,444
76/510,643 76/510,532 76/482,712 76/481,651
76/461,041 76/427,980
Additional numbers attached? Yes No

B. Trademark Registration No.(s)
2,535,404 2,749,639 2,674,991 1,976,436 2,373,039
2,467,206 2,081,693 1,978,181 2,363,797 2,567,033
2,192,380 2,481,545 2,363,209 2,204,009 1,971,349
2,490,486 2,081,409 2,021,727 2,471,083 2,542,926

5. Name and address of party to whom correspondence concerning documents should be mailed:
Name: Connie R. Heikkila
Internal Address: Lindquist & Vennum, P.L.L.P.
Street Address: 4200 IDS Center, 80 So. 8th Street
City: Minneapolis State: MN Zip: 55402

6. Total number of applications and registrations involved: 34
7. Total fee (37 CFR 3.41).....\$ 865.00
 Enclosed
 Authorized to be charged to deposit account
8. Deposit account number:
50-0837

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.
Connie R. Heikkila, Paralegal  February 19, 2004
Name of Person Signing Signature Date
Total number of pages including coversheet, attachments, and documents:

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

CH \$865.00 500837 76544169

TRADEMARK COLLATERAL ASSIGNMENT AND SECURITY AGREEMENT

THIS AGREEMENT is made effective the 31st day of December, 2003, between THREE DOG BAKERY, INC., a Delaware corporation having a mailing address at 1843 North Topping Avenue, Kansas City, Missouri 64120 ("Assignor") and MANCHESTER COMMERCIAL FINANCE LLC, a Minnesota limited liability company, having a mailing address at 7400 Metro Boulevard, Suite 450, Minneapolis, MN 55439-2326 ("Lender").

STATEMENT OF FACTS

Assignor has executed and delivered an Assumption Agreement ("Assumption Agreement") dated effective December 31, 2003, pursuant to which Assignor has assumed all obligations and liabilities of Three Dog Bakery, a Missouri corporation, under a Financing Agreement dated May 15, 2000, as amended, between Three Dog Bakery, Inc., a Missouri corporation, and the Lender providing for financing in the maximum amount of \$1,000,000 (as amended from time to time, the "Financing Agreement"). In order to induce the Lender to permit the transfer of certain trademark rights from Three Dog Bakery, Inc., a Missouri corporation, to Assignor pursuant to a Bill of Sale and Assignment and Assumption Agreement dated as of December 31, 2003, Assignor has agreed to assign to Lender such trademark rights. This Trademark Collateral Assignment and Security Agreement is being executed contemporaneously with a Security Agreement under which the Lender is granted a lien on and security interest in machinery, equipment, manufacturing procedures, quality control procedures and product specifications ("Other Assets") relating to products sold under the Trademarks (as defined below), whereby Lender shall have the right to foreclose on the Trademarks and the Other Assets in the event of the occurrence and continuance of an Event of Default under the Financing Agreement, in order that the owner of the Trademarks may continue the manufacture of products to be sold under the Trademarks and maintain substantially the same product specifications and quality as maintained by Assignor.

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

1. To secure the complete and timely satisfaction of all obligations and liabilities of the Assignor under the Assumption Agreement and Financing Agreement (collectively the "Liabilities"), Assignor hereby grants, assigns and conveys to Lender the entire right, title and interest in and to the trademark applications and trademarks listed on Schedule A hereto (as the same may be amended pursuant hereto from time to time), including without limitation all renewals thereof, all proceeds of infringement suits, 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 the good will of the business to which each of the Trademarks relates.

2. Assignor covenants and warrants that:

a. To the best of Assignor's knowledge, the Trademarks are subsisting and have not been adjudged invalid or unenforceable;

b. To the best of Assignor's knowledge, each of the Trademarks 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 does or may violate the rights of any third person;

d. Except for a Trademark Collateral Assignment and Security Agreement from Three Dog Bakery, Inc., a Missouri corporation, in favor of Lender dated May 15, 2000, and filed May 21, 2000, and a Trademark Collateral Assignment and Security Agreement from Three Dog Bakery, Inc., a Missouri Corporation, in favor of Lender dated May 15, 2000, and filed June 19, 2002, Assignor is the sole and exclusive owner of the entire and

unencumbered right, title and interest in and to each of the Trademarks, 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 where deemed appropriate by Assignor; 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 sold under the Trademarks.

3. Assignor hereby grants to Lender and its employees and agents the right to visit Assignor's plants and facilities which manufacture, inspect or store products sold under any of the Trademarks, 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) above.

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

5. If, before the Liabilities shall have been satisfied in full, Assignor shall obtain rights to any new trademarks, the provisions of paragraph 1 shall automatically apply thereto and Assignor shall give Lender prompt written notice thereof.

6. Assignor authorizes Lender to modify this Agreement by amending Schedule A to include any future trademarks and trademark applications covered by paragraphs 1 and 5 hereof.

7. Unless and until there shall have occurred and be continuing an Event of Default (as defined in the Financing Agreement), Lender hereby grants to Assignor the exclusive, nontransferable right and license to use the Trademarks on and in connection with products sold by Assignor, for Assignor's own benefit and account and for none other. Assignor agrees not to sell or assign its interest in, or grant any sublicense under, the license granted to Assignor in this paragraph 7, without the prior written consent of Lender.

8. If any such Event of Default shall have occurred and be continuing, Assignor's license under the Trademarks, as set forth in paragraph 7 above, 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 Minnesota or in any jurisdiction in which the Trademarks may be located and, without limiting the generality of the foregoing, the Lender may immediately, without demand of performance and without other notice (except as set forth next below) or demand whatsoever to Assignor, all of which are hereby expressly waived, sell at public or private sale or otherwise realize upon, in Minneapolis, Minnesota, or elsewhere, all or from time to time any of the Trademarks, or any interest which the Assignor may have therein, and after deducting from the proceeds of sale or other disposition of the Trademarks all expenses (including all reasonable expenses for broker's fees and legal services), shall apply the residue of such proceeds to payment of the Liabilities. Any remainder of the proceeds after payment in full of the Liabilities shall be paid over to the Assignor or to the party otherwise entitled to such proceeds. The Assignor shall be liable for any deficiency. 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 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, the Lender (or any assignee of the Lender) may, to the extent permissible under applicable law, by applying all or any part of the Liabilities or by using other consideration,

purchase the whole or any part of the Trademarks sold, free from any right of redemption on the part of Assignor.

9. At such time as Assignor shall completely satisfy all of the Liabilities, 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, 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 fees for 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, the payment of encumbrances affecting the Trademarks, or otherwise protecting, maintaining or preserving the Trademarks, or in defending or prosecuting any actions or proceedings arising out of or related to the Trademarks, shall be borne and paid by Assignor on demand by Lender and until so paid shall be added to the principal amount of the Liabilities and shall bear interest at the highest rate prescribed in the Financing Agreement.

11. Assignor shall have the duty to prosecute diligently any trademark applications of the Trademarks pending as of the date of this Agreement or thereafter until the Liabilities 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 do any and all acts which are necessary or desirable to preserve and maintain all rights in the Trademark; provided, Assignor shall not be required to take such actions if in its reasonable business judgment Assignor determines that they are not in its best interest. Any expenses incurred in connection with the Trademarks shall be borne by Assignor. The Assignor shall not abandon any Trademark 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, in which event Lender may, if necessary, be joined as a nominal party to such suit if Lender shall be 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 attorney's fees, incurred by Lender in the fulfillment of the provisions of this paragraph 12.

13. In the event of the occurrence of an Event of Default under the Financing 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, or to grant or issue any exclusive or nonexclusive 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 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 life 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 Assignor's expense, and Assignor hereby agrees to reimburse Lender in full for all expenses, including reasonable attorney's fees, incurred by Lender in protecting, defending and maintaining the Trademarks.

15. No course of dealing between Assignor and Lender, nor any failure to exercise, or any delay in exercising, on the part of Lender, any right, power or privilege hereunder or under the Financing 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 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 Financing 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. Except as provided in paragraph 6, this Agreement is subject to modification only by a writing signed by the parties.

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 Minnesota.

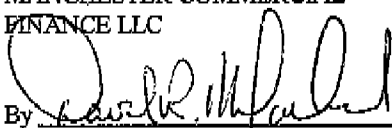
WITNESS the execution hereof under seal as of the day and year first above written.

LENDER:

ASSIGNOR:

MANCHESTER COMMERCIAL
FINANCE LLC

THREE DOG BAKERY, INC., a Delaware
corporation

By 

By 

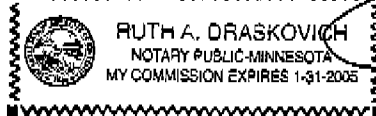
David R. McFarland, Vice President

Title CEO

CERTIFICATE OF ACKNOWLEDGEMENT

STATE OF MINNESOTA)
) SS
COUNTY OF HENNEPIN)

Before me, the undersigned, a Notary Public in and for the county aforesaid, on this 16th day of February, 2004, personally appeared David R. McFarland to me known personally, and who, being by me duly sworn, deposes and says that he is the Vice President of MANCHESTER COMMERCIAL FINANCE LLC, a Minnesota limited liability company, and that said instrument was signed on behalf of said company by authority of its board of governors, and said David R. McFarland acknowledged said instrument to be the free act and deed of said company.



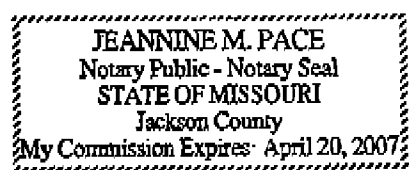
Ruth A. Draskovich
Notary Public
My commission expires: 1-31-05

CERTIFICATE OF ACKNOWLEDGEMENT

STATE OF Missouri
) SS
COUNTY OF Jackson)

Before me, the undersigned, a Notary Public in and for the county aforesaid, on this 13th day of February, 2004, personally appeared Robert Isinger to me known personally, and who, being by me duly sworn, deposes and says that he is the CEO of THREE DOG BAKERY, INC., a Delaware corporation, and that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and said CEO acknowledged said instrument to be the free act and deed of said corporation.

Jeannine M. Pace
Notary Public
My commission expires: 4/20/07



SCHEDULE A

To Trademark Collateral Assignment and Security Agreement dated effective December 31, 2003, between Three Dog Bakery, Inc., a Delaware corporation, as Assignor, and Manchester Commercial Finance LLC, a Minnesota limited liability company, as Lender.

PENDING APPLICATIONS - TRADEMARKS

<u>MARK</u>	<u>SERIAL NO.</u>	<u>COUNTRY</u>	<u>FILING DATE</u>
YAPPY MEAL	76/544169	United States	9/11/03
JAVA HOUND	76/476729	United States	12/19/02
FULLY-COOKED VETERINARY MEALS BY THREE DOG BAKERY	76/432888	United States	7/22/02
HEARTYDOG NATURAL RECIPE HEALTHY FOOD & TREATS FOR DOGS	76/484206	United States	9/23/03
REGULATED DIET	76/334196	United States	11/5/01
DOG'S RULE	76/168555	United States	11/20/00
CAROBATIERS	76/476744	United States	12/19/02
BEAGLE BAGELS	76/219444	United States	3/5/01
BARK'N BAKE OVEN	76/510643	United States	7/30/03
FETCH IT! STICKS	76/510532	United States	5/1/03
JOE'S TO GO! FOOD & TREATS FOR DOGS NATURAL RECIPE	76/482712	United States	1/16/03
LICK'NCRUNCH!	76/481651	United States	1/13/03
IT'S NOT PET FOOD, IT'S FOOD FOR PETS!	76/461041	United States	10/24/02
VETERINARY MEALS	76/427980	United States	7/8/02
BEAGLE BAGELS	117447300	Canada	4/8/03
ENTRÉE FOR DOGS	117447100	Canada	4/8/03
JUMP 'N SIT BITS	117446900	Canada	4/8/03
ITTY BITTY BONES	117391500	Canada	7/7/03
WOOFERS	117390900	Canada	7/7/03
CHASE 'N CHOMP	117390700	Canada	7/7/03
WE PITY THE KITTIES	117447200	Canada	4/8/03

PENDING APPLICATIONS - TRADEMARKS

<u>MARK</u>	<u>SERIAL NO.</u>	<u>COUNTRY</u>	<u>FILING DATE</u>
BARK 'N FETCH	117447000	Canada	4/8/03
FETCH IT! STICKS	117390800	Canada	4/7/03
LICK'N CRUNCH	117390600	Canada	4/7/03
MISCELLANEOUS DESIGN	2001-093481	Japan	10/18/01

REGISTERED MARKS

<u>MARK</u>	<u>REG. NO.</u>	<u>COUNTRY</u>	<u>REG. DATE</u>
NATURE'S REWARDS	2,535,404	United States	2/5/02
ENTRÉE FOR DOGS	2,749,639	United States	8/12/03
ROLLOVERS	2,674,991	United States	1/14/03
THREE DOG BAKERY THE BAKERY FOR DOGS & DESIGN	TMA537372	Canada	11/20/00
THREE DOG BAKERY THE BAKERY FOR DOGS & DESIGN	2,126,910	United Kingdom	8/21/98
THREE DOG BAKERY	294769	European Community	9/24/98
GRACIE'S GRAND SAMPLER	4571976	Japan	5/24/02
DOGALOG	4589185	Japan	7/26/02
DOTTIE'S SPOTS	4571975	Japan	5/24/02
BIG SCARY KITTIES	4571973	Japan	5/24/02
BEAGLE BAGELS	4579637	Japan	6/21/02
THREE DOG BAKERY A BAKERY FOR DOGS	4571978	Japan	5/24/02
DOTTIE'S DIPPED DELIGHTS	4571974	Japan	5/24/02
BARK'N FETCH	4571972	Japan	5/24/02
JUMP 'N SIT BITS	4571977	Japan	5/24/02
THREE DOG BAKERY	4127258	Japan	3/20/98

COMMON LAW TRADEMARKS

<u>MARKS</u>	<u>SERIAL NO.</u>	<u>ASSIGNEE</u>	<u>ABANDONED</u>
DESIGN ONLY	76/242899	NO	4/5/2002
SCOTTIE BISCOTTI	75/387069	NO	8/13/2000
THE WHOLE KITEN CABOODLE	75/824438	NO	12/20/2001
SNICKERPOODLES	74/674868	NO	8/4/1998
MUTT MUFFINS	74/674818	NO	3/5/2003
GRACIE'S GRAND SAMPLER	74/676397	YES	9/20/2003
ST. BERNARD BARS	74/676387	YES	10/18/2003
COLLIEFLOWERS	74/676396	NO	10/25/2003
DOG CATALOG	74/674925 Reg No. 2,024,969	YES	9/27/2003
SARAH'S SLAP O' RIB	74/674825 Reg No. 1976439	NO	3/1/2003
CHOW WOW CHEESE PIZZAS	74/676394	YES	3/18/1996
PUPCAKES	74/674819 Reg No. 1976436	YES	NO
NATURE'S REWARDS	75/824408 Reg No. 2,535,404	YES	NO
ITTY BITTY SCARY KITTIES	75/824358 Reg No. 2467206	YES	NO
DOGALOG	75/166848 Reg No. 2081693	YES	NO
TRUFFLES RUFFLES	74/677238 Reg No. 1980903	YES	3/22/2003
JUMP 'N SIT BITS	74/674048 Reg No. 1978181	YES	NO
BAKERY BLEND	75/541486 Reg No. 2363797	YES	NO
WE PITY THE KITTIES	76/169675 Reg No. 2567033	YES	NO
HARLEQUIN HEARTS	75/387325 Reg No. 2192380	YES	NO
HOUND DOG HEARTS	74/674824 Reg No. 1976438	YES	3/1/2003
ITTY BITTY BAGELS	75/825773 Reg No. 2481545	YES	NO
LICKETY-SPLIT	75/554843 Reg No. 2363209	YES	NO
BARK 'N FETCH	75/387403 Reg No. 2204009	YES	NO
WOLF HOUND WOOFLES	74/676393 Reg No. 1978211	YES	3/8/2003
THREE DOG BAKERY			

COMMON LAW TRADEMARKS

<u>MARKS</u>	<u>SERIAL NO.</u>	<u>ASSIGNEE</u>	<u>ABANDONED</u>
A BAKERY FOR DOGS	74/674923 Reg No. 1971349	YES	NO
SANTE FE OLE'			
SOUTHWEST SAMPLER	74/674833 Reg No. 2026435	NO	11/18/2003
CAROB-DIPPED ROLLOVERS	74/674823 Reg No. 1988298	YES	4/26/2003
DOTTIE'S DIPPED DELIGHTS	76/094012 Reg No. 2490486	YES	NO
DINO BONE	75/825772	NO	10/23/2000
THREE DOG BAKERY	75/138792 Reg No. 2081409	YES	NO
THREE DOG BAKERY			
A BAKERY FOR DOGS	74/674922 Reg No. 2021727	YES	NO
SARAH JEAN'S ORIGINAL SAMPLER	74/674832 Reg No. 1989781	YES	5/3/2003
GRACIE'S GREAT DANISH	74/674822 Reg No. 1978191	YES	3/8/2003
ITTY BITTY BONES	75/824351 Reg No. 2471083	YES	NO
BOXER BROWNIES	74/674821 Reg No. 1976437	YES	3/1/2003
TUMMY RUB CLUB	76/242070 Reg No. 2542926	YES	NO
DOTTIE'S SPOTS	75/823610 Reg No. 2373039	YES	NO
BONETIFUL HARVEST	75/596390	NO	1/26/2001
PUPTARTS	74/674820	NO	3/13/1997