

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

**RECORDATION FORM COVER SHEET  
TRADEMARKS ONLY**

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.

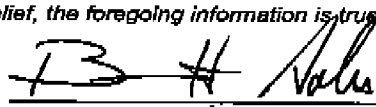
<p>1. Name of conveying party(ies): Party City Corporation</p> <p><input type="checkbox"/> Individual(s)      <input type="checkbox"/> Association  <input type="checkbox"/> General Partnership      <input type="checkbox"/> Limited Partnership  <input checked="" type="checkbox"/> Corporation-State  <input type="checkbox"/> Other:</p> <p>Additional name(s) of conveying party(ies) attached?      <input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No</p>	<p>2. Name and address of receiving party(ies): Name: <u>Midlantic Bank NA</u></p> <p>Internal Address: Street Address: <u>Metro Park Plaza</u>  <u>P.O. Box 600</u>  <u>499 Thornall Street</u></p> <p>City: <u>Edison</u>  State: <u>New Jersey</u>      Zip: <u>08818</u></p> <p><input type="checkbox"/> Individual(s) citizenship: _____  <input checked="" type="checkbox"/> Association: <u>national banking</u>  <input type="checkbox"/> General Partnership: _____  <input type="checkbox"/> Limited Partnership: _____  <input type="checkbox"/> Corporation-State: _____  <input type="checkbox"/> Other: _____</p> <p>If assignee is not domiciled in the United States, a domestic representative designation is attached: (Designations must be a separate document from assignment)      <input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No</p> <p>Additional name(s) &amp; address(es) attached?      <input type="checkbox"/> Yes      <input checked="" type="checkbox"/> No</p>
<p>3. Nature of Conveyance:</p> <p><input type="checkbox"/> Assignment      <input type="checkbox"/> Merger  <input type="checkbox"/> Security Agreement      <input type="checkbox"/> Change of Name  <input checked="" type="checkbox"/> Other: <u>Correction of assignment at Reel 1293, Frame 0371 to show conveyance as a security interest.</u></p> <p>Execution Date: <u>February 15, 1995</u></p>	

<p>4. Application Number(s) or Registration Number(s):</p> <p>A. Trademark Application No.(s):</p> <p style="text-align: right;">Additional numbers attached?      <input type="checkbox"/> Yes      <input checked="" type="checkbox"/> No</p>	<p>B. Trademark Registration No.(s):</p> <p><u>1,553,347</u>      <u>1,806,095</u>  <u>1,974,890</u>      <u>1,811,298</u>  <u>1,815,585</u></p>
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<p>5. Name and address of party to whom correspondence concerning document should be mailed:</p> <p>Name: <u>LERNER, DAVID, LITTENBERG, KRUMHOLZ &amp; MENTLIK, LLP</u></p> <p>Internal Address: _____</p> <p>Street Address: <u>600 South Avenue West</u></p> <p>City: <u>Westfield</u>      State: <u>NJ</u>      Zip: <u>07090</u></p>	<p>6. Total Number of applications and registrations involved: <u>5</u></p> <p>7. Total fee (37 CFR 3.41)      \$ <u>140.00</u></p> <p><input type="checkbox"/> Enclosed  <input checked="" type="checkbox"/> Authorized to be charged to Deposit Account  <input type="checkbox"/> Authorized to be charged to credit card (Form 2038 enclosed)</p> <p>B. Deposit account number: <u>12-1095</u>  (Attach duplicate copy of this page if paying by deposit account)</p>
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**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.*

Bruce H. Sales            May 14, 2004  
Name of Person Signing      Signature      Date

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

CH \$140.00 121095 1553347



RECORDATION FORM COVER SHEET TRADEMARKS ONLY

To the Honorable Commissioner of Patents and Trademarks: Please forward the enclosed original documents of 0007 Patent.

1. Name of conveying party(ies): PARTY CITY CORPORATION

2. Name and address of receiving party(ies): Name: MIDLANTIC BANK, N.A. Mailed Address: Metro Park Plaza, P.O. Box 600 Street Address: 499 Thornall Street City: Edison State: NJ Zip: 08818

3. Nature of conveyance: 01. Assignment Security Agreement Other: February 15, 1995

4. Application number(s) or registration number(s): A. Trademark Application No.(s) B. Trademark registration No(s) 1) No. 1,840,651 2) No. 1,806,095 3) No. 1,811,298

5. Name and address of party to whom correspondence concerning documents should be mailed: Name: Paul M. Antinori, Esq. Internal Address: Crummy, DeJ Deo, Dolan, Griffinger & Vecchione Street Address: One Riverfront Plaza City: Newark State: NJ Zip: 07102

6. Total number of applications and registrations involved: 6. Total fee (27 CFR 2.101): 165.00. 7. Deposit account number: 89191482

8. Signature and date: Paul M. Antinori, Esq. 2/22/95

Mail documents to be recorded with required cover sheet indicated to: Commissioner of Patents and Trademarks, Washington, D.C. 20531. Public burden reporting for this sample cover sheet is estimated to average about 30 minutes per document to be recorded, including time for reviewing the documents and gathering the data needed, and completing and reviewing the sample cover sheet.

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0 482 125.00 CK

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ASSIGNMENT BRANCH  
TRADEMARK  
1293 3171

**ATTACHMENT**

- 4(B). Trademark registration No.(s)  
4) No. 1,553,347  
5) No. 1,815,585  
6) No. 1,697,223

TRADEMARK

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TS 725383

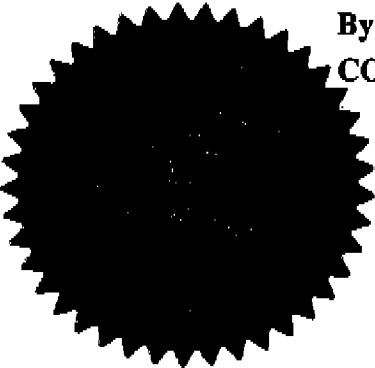
**THE UNITED STATES OF AMERICA**

**TO ALL TO WHOM THESE PRESENTS SHALL COME:**

**UNITED STATES DEPARTMENT OF COMMERCE  
United States Patent and Trademark Office**

**May 11, 2004**

**THIS IS TO CERTIFY THAT ANNEXED IS A TRUE COPY FROM THE  
RECORDS OF THIS OFFICE OF A DOCUMENT RECORDED ON  
February 24, 1995.**



**By Authority of the  
COMMISSIONER OF PATENTS AND TRADEMARKS**

**E. BORNETT  
Certifying Officer**

**TRADEMARK  
REEL: 002854 FRAME: 0**

**TRADEMARK ASSIGNMENT**

ASSIGNMENT made February 15, 1995 by PARTY CITY CORPORATION, a New Jersey corporation, having its chief executive offices located at 1440 Route 46, Parsippany, New Jersey 07054 (the "Assignor") in favor of MIDLANTIC BANK, N.A., with an address at Metro Park Plaza, P.O. Box 600, 499 Thornall Street, Edison, New Jersey 08818 (the "Bank").

**RECITALS:**

A. Assignor is an operator and franchisor of retail stores which sell party supplies and related merchandise.

B. Pursuant to the Loan and Security Agreement, of even date herewith (the "Loan Agreement"), between the Assignor and the Bank, the Bank has agreed, upon the terms and conditions set forth therein, to make available to Borrower a revolving credit facility.

C. Proceeds of the loans will be used only for the opening of Assignor-owned stores, the purchase of inventory and to support other working capital needs pending receipt of royalty payments.

D. It is a condition precedent to the obligations of the Bank under the Loan Agreement that Assignor shall have executed and delivered this Assignment.

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

1. Capitalized terms used herein, unless otherwise defined, shall have the meanings given to them in the Loan Agreement.

2. To secure the complete and timely satisfaction of all Obligations, Assignor hereby grants, assigns and conveys to the Bank its entire right, title and interest in and to the trademark applications and trademarks listed in 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.

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TRADEMARK

3. Assignor covenants and warrants that:

(a) The Trademarks, as to which applications have been granted, 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) No claim has been made that the use of any of the Trademarks 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, free and clear of any liens, charges and encumbrances, including without limitation pledges, assignments, licenses other than licenses to approved franchisees of Assignor ("Approved Franchisees"), registered user agreements and covenants by Assignor not to sue third persons;

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

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

(g) Assignor has used and required, and will continue to use and require for the duration of this Assignment, consistent standards of quality in the uses made under the Trademarks.

4. To the extent applicable, Assignor hereby grants to the Bank and its employees and agents the right to visit Assignor's facilities, and to inspect the products sold under any of the Trademarks and to inspect the quality control records relating thereto at reasonable times during regular business hours. Assignor shall do any and all acts required by the Bank to ensure Assignor's compliance with paragraph 3(g).

5. Assignor agrees that, until all of the Obligations shall have been satisfied in full, it will not enter into any agreement (for example, a license agreement), other than with Approved Franchisees which is inconsistent with Assignor's obligations under this Assignment, without the Bank's prior written consent.

6. If, before the Obligations shall have been satisfied in full, Assignor shall obtain rights to any new trademarks, the provisions of paragraph 2 shall automatically

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TRADEMARK

apply thereto and Assignor shall give the Bank prompt written notice thereof.

7. Assignor authorizes the Bank to modify this Assignment by amending Schedule A to include any future trademarks and trademark applications covered by paragraphs 2 and 6 hereof.

8. Unless and until there shall have occurred and be continuing an Event of Default, the Bank hereby grants to Assignor the exclusive, nontransferable right and license to use the Trademarks 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 (except to Approved Franchisees), the license granted to Assignor in this paragraph 8, without the prior written consent of the Bank.

9. If any Event of Default shall have occurred and be continuing and the Bank shall have elected to exercise its remedies under the Loan Agreement, Assignor's license under the Trademarks, as set forth in paragraph 8, shall terminate forthwith, and the Bank shall have, in addition to all other rights and remedies given it by this Assignment, those allowed by law and the rights and remedies of a secured party under the UCC and without limiting the generality of the foregoing, the Bank 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, and without advertisement, sell at public or private sale or otherwise realize upon, at any of the Bank's offices, 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 brokers fees and legal services), shall apply the residue of such proceeds to payment of the Obligations. Any remainder of the proceeds after payment in full of the Obligations shall be paid over to the Assignor. Notice of any sale or other disposition of the Trademarks shall be given to Assignor at least five (5) 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 Bank may, to the extent permissible under applicable law, purchase the whole or any part of the Trademarks sold, free from any right of redemption on the part of Assignor, which right is hereby waived and released.

10. At such time as Assignor shall completely satisfy all of the Obligations, this Assignment shall terminate and the Bank shall execute and deliver to Assignor all deeds,

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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 the Bank pursuant hereto.

11. Any and all fees, costs and expenses, of whatever kind or nature, including the reasonable attorneys' fees and legal expenses incurred by the Bank in connection with the preparation of this Assignment and all other documents relating hereto and the consummation of this transaction, 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 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 the Bank and until so paid shall be added to the principal amount of the Obligations and shall bear interest at the Default Rate applicable to Prime Rate Loans.

12. Assignor shall have the duty, through counsel acceptable to the Bank, to prosecute diligently any trademark applications of the Trademarks pending as of the date of this Assignment or thereafter until the 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 do any and all acts which are necessary or desirable to preserve and maintain all rights in the Trademarks. 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 Bank, which consent shall not be unreasonably withheld.

13. Assignor shall have the right, with the prior written consent of the Bank, 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 the Bank may, if necessary, be joined as a nominal party to such suit if the Bank 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 the Bank for all damages, costs and expenses, including attorneys' fees, incurred by the Bank in the fulfillment of the provisions of this paragraph 13.

14. In the event of the occurrence of an Event of Default, Assignor 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

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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 the Bank to use the Trademarks, or to grant or issue any exclusive or nonexclusive license under the Trademarks to anyone else, or necessary for the Bank 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 Assignment.

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

16. No course of dealing between Assignor and the Bank, nor any failure to exercise, nor any delay in exercising, on the part of the Bank, any right, power or privilege hereunder or under any Loan Document 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.

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

18. The provisions of this Assignment 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 Assignment in any jurisdiction.

19. This Assignment is subject to modification only by a writing signed by the parties, except as provided in paragraph 7.

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

21. The validity and interpretation of this Assignment and the rights and obligations of the parties shall be governed by the laws of the State of New Jersey.

IN WITNESS WHEREOF, this Assignment has been duly executed as of the date first above written.

ATTEST:

PARTY CITY CORPORATION, a New Jersey corporation

By: [Signature]  
Name: Henry Kaplan  
Title: Secretary

By: [Signature]  
Name: Steven Mandel  
Title: President

MIDLANTIC BANK, N.A.

By: [Signature]  
Name: Gregory Chin  
Title: Vice President

TRADEMARK

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**ACKNOWLEDGMENT**

STATE OF NEW JERSEY:

COUNTY OF ESSEX:

Before me, the undersigned, an attorney of the State of New Jersey, on this 15 day of February 1999, personally appeared Steven Mandell to me known personally, and who, being by me duly sworn, deposes and says that he is the President of Party City Corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and said President acknowledged said instrument to be the free act and deed of said corporation.

John P. Maloney  
Attorney at Law  
State of New Jersey

*JANET L. STAGG*  
Notary Public  
STATE OF NEW JERSEY

JANET L. STAGG  
NOTARY PUBLIC  
State of New Jersey  
ID #2065201  
My Commission Expires 9-7-99

TRADEMARK  
MEL 1293 RUM 379

**SCHEDULE A**

1. **CREATE A FAVOR**, registration no. 1,840,651, registered June 21, 1994.
2. **PARTY CITY**
  - (i) no. 1,806,095, registered November 23, 1993
  - (ii) no. 1,811,298, registered December 4, 1993  
(Stylized letters)
  - (iii) no. 1,553,347, registered August 22, 1989  
(with Design)
3. **HALLOWEEN COSTUME WAREHOUSE**, no. 1,815,585, registered January 4, 1994.
4. **THE DISCOUNT PARTY SUPER STORE**, no. 1,697,223, registered June 23, 1992.

TRADEMARK

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PATENT & TRADEMARK OFFICE

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