

11-21-2003

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



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

102606070

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

1. Name of conveying party(ies):

Hi-Lex Corporation

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

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

2. Name and address of receiving party(ies)

Name: The Canada Trust Company

Internal Address: 4th Floor, Canadian Pacific Tower,

Street Address: 100 Wellington Street West Toronto-Dominion Centre, P.O. Box 1

City: Toronto State: Ontario Zip: M5K 1A2

- Individual(s) citizenship Association General Partnership Limited Partnership Corporation-State Trust Corporation 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:

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

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

1,263,346 1,905,213 811,183 927,090 923,402 787,710 2,427,324

Additional number(s) attached Yes No

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

Name: Penelope J.A. Agodoa

Internal Address: Federal Research Corporation

Street Address: 1030 Fifteenth Street, NW, Suite 920

City: Washington State: DC Zip: 20005

6. Total number of applications and registrations involved:

7

7. Total fee (37 CFR 3.41) \$ 190.00

- 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.

Willie Lewis Name of Person Signing

Signature

November 20, 2003

Date

Total number of pages including cover sheet, attachments, and document: 9

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

11/24/2003 EC00PER 00000042 1263346

01 FD:8521 40.00 OP 02 FD:8522 150.00 OP

50-12-11

**SCHEDULE A****U.S. TRADEMARKS REGISTRATIONS AND APPLICATIONS**

<b>TRADEMARK</b>	<b>OWNER/ASSIGNEE</b>	<b>REGISTRATION OR SERIAL NUMBER</b>	<b>STATUS</b>
6-40	Hi-Lex Corporation	1,263,346	Registered
ARCTIC GUARD	Hi-Lex Corporation	1,905,213	Registered
DAY-BRITE	Hi-Lex Corporation	811,183	Renewed
HI-LEX	Hi-Lex Corporation	927,090	Renewed
HI-LEX BLEACH AND DESIGN	Hi-Lex Corporation	923,402	Renewed
PETAL	Hi-Lex Corporation	787,710	Renewed
PETALS	Hi-Lex Corporation	2,427,324	Registered

## GRANT OF SECURITY INTEREST IN TRADEMARK RIGHTS

THIS GRANT OF SECURITY INTEREST IN TRADEMARK RIGHTS ("*Agreement*"), dated as of November 19, 2003 is made by Hi-Lex Corporation, a Minnesota corporation (the "*Grantor*"), in favour of THE CANADA TRUST COMPANY, as agent (in such capacity, the "*Noteholder Agent*") for the purchasers (the "*Noteholders*") listed on Schedule A to the separate and several Note Purchase Agreements, each dated as of November 19, 2003 (as amended, restated, supplemented or otherwise modified from time to time, collectively, the "*Note Agreements*"), among KIK Holdco Company, a Nova Scotia unlimited liability company (the "*Company*"), the other entities listed on the signature pages as guarantors thereto and the Noteholders.

### WITNESSETH:

WHEREAS, pursuant to the Note Agreements, the Company has issued and sold to the Noteholders \$67,000,000 aggregate principal amount of its 5.13% Senior Secured Guaranteed Notes, Series A, due November 20, 2008 (the "*Notes*") upon the terms and subject to the conditions set forth therein;

WHEREAS, in connection with the Note Agreements, the Grantor and certain other related entities have executed and delivered a Security Agreement, dated November 19, 2003 in favour of the Noteholder Agent for the ratable benefit of the Noteholders (together with all amendments, restatements, supplements and modifications, if any, from time to time thereafter made thereto, the "*Security Agreement*");

WHEREAS, pursuant to the Security Agreement, the Grantor granted to the Noteholder Agent, for the ratable benefit of the Noteholders, a security interest in, among other things, all Intellectual Property now owned or at any time hereafter acquired by Grantor or in which such Grantor now has or at any time in the future may acquire any right, title or interest, including the Trademarks; and

WHEREAS, the Grantor has duly authorized the execution, delivery and performance of this Agreement;

The foregoing recitals are statements of fact made by the Grantor and not by the Noteholder Agent.

NOW, THEREFORE, in consideration of the premises and to induce the Noteholders to enter into the Note Agreements and to induce the Noteholders to purchase the Notes from the Company thereunder, the Grantor hereby agrees with the Noteholder Agent, for the ratable benefit of the Noteholders, as follows:

*Section 1. Definitions.* Unless otherwise defined herein or the context otherwise requires, terms used in this Agreement, including its preamble and recitals, have the meanings provided or provided by reference in the Note Agreements or the Security Agreement.

*Section 2. Grant of Security Interest.* The Grantor hereby grants a security interest in, and a right of setoff against, and effective upon demand made upon the occurrence and during the continuance of an Event of Default assigns, transfers and conveys, the Trademarks (including, without limitation, those items listed on Schedule A hereto), to the Noteholder Agent for the ratable benefit of the Noteholders to secure payment, performance and observance of the Obligations.

*Section 3. Purpose.* This Agreement has been executed and delivered by the Grantor for the purpose of recording the grant of security interest herein with the United States Patent and Trademark Office. The security interest granted hereby has been granted to the Noteholder Agent, for the ratable benefit of the Noteholders in connection with the Security Agreement and is expressly subject to the terms and conditions thereof. In the event of any inconsistency between the terms of this Agreement and the terms of the Security Agreement, the terms of the Security Agreement shall be controlling. The Security Agreement (and all rights and remedies of the Noteholder Agent and the Noteholders thereunder) shall remain in full force and effect in accordance with its terms.

*Section 4. Acknowledgment.* The Grantor does hereby further acknowledge and affirm that the rights and remedies of the Noteholder Agent and the Noteholders with respect to the security interest in the Trademarks granted hereby are more fully set forth in the Note Agreements and the Security Agreement, the terms and provisions of which (including the remedies provided for therein) are incorporated by reference herein as if fully set forth herein.

*Section 5. Counterparts.* This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together constitute one and the same original.

*Section 6. Amendments.* No amendment to or waiver of any provision of this Agreement nor consent to any departure by the Grantor herefrom, shall in any event be effective unless the same shall be in writing and signed by the Noteholder Agent, at the direction of the Required Noteholders, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Grant of Security Interest  
in Trademark Rights

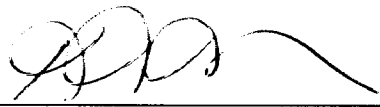
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the day and year first above written.

HI-LEX CORPORATION

By: Ray Speare  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Grant of Security Interest  
in Trademark Rights  
Hi-Lex Corporation

THE CANADA TRUST COMPANY, as Noteholder  
Agent for the Noteholders

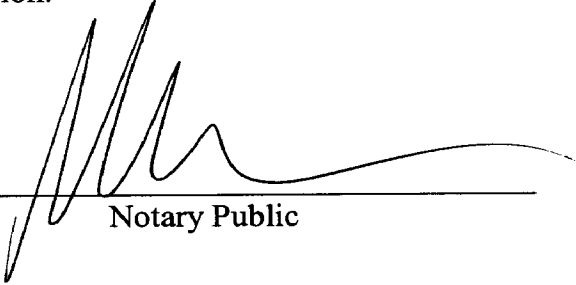
By:   
Name: Kathryn Thorpe  
Title: Assistant Vice President

By:   
Name: Susan Khokher  
Title: Account Manager

Province

~~STATE~~ OF Ontario )  
 ) SS  
~~COUNTY~~ \_\_\_\_\_ )

On the 17<sup>th</sup> day of November 2003, before me personally came Roy Peane, who is personally known to me to be the Chief Financial Officer of HI-LEX CORPORATION, a Minnesota corporation; who, being duly sworn, did depose and say that she/he is the Chief Financial Officer in such corporation, the corporation described in and which executed the foregoing instrument; that she/he executed and delivered said instrument pursuant to authority given by the Board of Directors of such corporation; and that she/he acknowledged said instrument to be the free act and deed of said corporation.

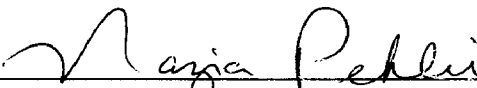
  
\_\_\_\_\_  
Notary Public

(PLACE STAMP AND SEAL ABOVE)

Grant of Security Interest  
in Trademark Rights  
Hi-Lex Corporation

PROVINCE OF) *Ontario*  
COUNTY OF) *Toronto* ) SS

On the 12th day of November, 2003, before me personally came Kathryn Thorpe and Susan Khokher, who are personally known to me to be the Assistant Vice President, Corporate Trust and Account Manager, Corporate Trust, respectively, of THE CANADA TRUST COMPANY, who, being duly sworn, did depose and say that she/he is the Assistant Vice President, Corporate Trust and Account Manager, Corporate Trust, respectively, in such corporation, the corporation described in and which executed the foregoing instrument; that she/he executed and delivered said instrument pursuant to authority given by the Board of Directors of such corporation; and that she/he acknowledged said instrument to be the free act and deed of said corporation.

  
\_\_\_\_\_  
Notary Public

(PLACE STAMP AND SEAL ABOVE)



**SCHEDULE A**

**U.S. TRADEMARK REGISTRATIONS AND APPLICATIONS**

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