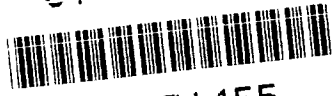


01-22-2004



102651455  
TRADEMARKS ONLY

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

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

2004 JAN 16 AM 9:27

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

1. Name of conveying party(ies):  
TAG-IT PACIFIC, INC.  
*1-16-04*  
 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: UPS Capital Global Trade Finance Corporation  
Internal Address: Suite 360  
Street Address: 35 Glenlake Parkway, N.E.  
City: Atlanta State: GA Zip: 30328  
 Individual(s) citizenship \_\_\_\_\_  
 Association \_\_\_\_\_  
 General Partnership \_\_\_\_\_  
 Limited Partnership \_\_\_\_\_  
 Corporation-State Delaware  
 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 Collateral Assignment and Security Agreement (Trademarks)  
Execution Date: 11-17-03 No. 2

4. Application number(s) or registration number(s):  
A. Trademark Application No.(s) \_\_\_\_\_  
See attached schedule  
B. Trademark Registration No.(s) \_\_\_\_\_  
See attached schedule  
Additional number(s) attached  Yes  No

6. Total number of applications and registrations involved: 16

5. Name and address of party to whom correspondence concerning document should be mailed:  
Name: Donna J. Hunter, Paralegal  
Internal Address: Paul, Hastings, Janofsky & Walker LLP  
Street Address: 600 Peachtree Street, N.E.  
Suite 2400  
City: Atlanta State: GA Zip: 30308

7. Total fee (37 CFR 3.41).....\$ 415.00  
 Enclosed  
 Authorized to be charged to deposit account

8. Deposit account number:  
16-0752

DO NOT USE THIS SPACE

9. Signature.  
Donna J. Hunter  
Name of Person Signing  
00000196 1490317  
*Donna J. Hunter*  
Signature  
January 16, 2004  
Date  
Total number of pages including cover sheet, attachments, and document: 10

01/21/2004 DBYRNE  
01 FC:8521  
02 FC:8522

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

TRADEMARK  
REEL: 002899 FRAME: 0504

SCHEDULE I

REGISTERED U.S. TRADEMARKS

<u>Mark</u>	<u>Number</u>
42	1,490,317
O.E.B.	1,553,846
OMNI	1,506,065
ROBIN	1,490,316
STRIP-ZIP	1,348,173
TALON	243,746
TALON	501,162
TALON	501,774

PENDING U.S. TRADEMARK APPLICATIONS

<u>Mark</u>	<u>Number</u>
TEKFIT BY TALON	76436520
TALON.COM	76436519
TEKFIT	76436518
ZIPKLIP	76436517
TALON	76436516
TALON TEKFIT	76374374
TEKFIT	76374373
EVERYTHING BUT THE FABRIC	76356940

**COLLATERAL ASSIGNMENT AND  
SECURITY AGREEMENT (TRADEMARKS) NO. 2**

THIS COLLATERAL ASSIGNMENT AND SECURITY AGREEMENT (TRADEMARKS) NO. 2 (this "Agreement") is dated as of November 17, 2003, made by the undersigned (the "Company"), to and in favor of UPS CAPITAL GLOBAL TRADE FINANCE CORPORATION ("Lender"), pursuant to that certain Loan and Security Agreement dated as of May 30, 2001, between the Company (AMONG OTHER PARTIES IDENTIFIED AS "Borrower" therein) and Lender (as heretofore amended and modified and as the same may hereafter be modified, amended, restated or supplemented from time to time, the "Credit Agreement"). Capitalized terms used herein, but not expressly defined herein, shall have the meanings given to such terms in the Credit Agreement.

W I T N E S S E T H:

RECITALS.

A. As an inducement to Lender to enter into the Credit Agreement and to make the Advances provided for therein, the Company executed and delivered that certain Collateral Assignment and Security Agreement (Trademarks) dated as of May 30, 2001 (the "2001 Collateral Assignment"); and

B. Borrower and Lender are entering into that certain Loan Modification Agreement No. 7 and Waiver dated as of the date hereof (the "Amendment No. 7"), pursuant to which Lender will make the Term Loan to Borrower and reduce the Maximum Amount; and

C. The Company owns certain trademarks which are registered in, or applications for registration which have been filed in, the United States Patent and Trademark Office, and rights under certain Trademark Licenses, all as more fully described on Schedule I attached hereto and by reference made part hereof; and

D. Lender proposes to make certain loans to the Company pursuant to the Credit Agreement; and

E. Pursuant to the Credit Agreement, the Company has assigned, conveyed, mortgaged, pledged, hypothecated and transferred to Lender all of its right, title and interest in and to, and granted to Lender a security interest in, the property described therein, including, without limitation, (a) all of the Company's Trademarks (as herein defined), whether presently existing or hereafter acquired or arising, or in which the Company now has or hereafter acquires rights and wherever located, (b) all of the Company's Trademark Licenses (as herein defined), whether presently existing or hereafter acquired or in which the Company now has or hereafter acquires rights and wherever located, and (c) all products and proceeds any of the foregoing, as security for all of the Obligations; and

F. As a condition precedent to the extension of such financial accommodations pursuant to the Amendment No. 7 and in furtherance of the Credit Agreement, including, without limitation, for purposes of perfecting the security interests granted therein, Lender has required

that the Company grant to Lender a security interest in and a collateral assignment of the Property (as herein defined);

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

1. For purposes of this Agreement and in addition to terms defined elsewhere in this Agreement, the following terms shall have the meanings herein specified (such meaning to be equally applicable to both the singular and plural forms of the terms defined):

“Trademark License” means any written agreement now or hereafter in existence granting to the Company any right to use any Trademark, including, without limitation, the agreements listed on Schedule I attached hereto.

“Trademarks” means all of the following: (i) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos, other source or business identifiers, prints and labels on which any of the foregoing have appeared or appear, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, including, without limitation, registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof, including, without limitation, those listed on Schedule I attached hereto together with all the rights, benefits and privileges derived therefrom and the goodwill of the business symbolized thereby, (ii) all renewals thereof and (iii) all proceeds of the foregoing.

2. As security for all of the Obligations, the Company hereby grants and conveys a security interest to Lender in, and collaterally assigns to Lender, all of its right, title and interest in, to and under the following (collectively, the “Property”):

(a) each Trademark now or hereafter owned by the Company or in which the Company now has or hereafter acquires rights and wherever located and the goodwill of the business of the Company relating thereto or represented thereby, including, without limitation, each Trademark referred to in Schedule I attached hereto; and

(b) each Trademark License now or hereafter held by the Company or in which the Company now has or hereafter acquires rights, to the extent each of the Trademark Licenses does not prohibit assignment or the granting of a security interest in the rights thereunder, and wherever located, including, without limitation, the Trademark Licenses, if any, referred to in Schedule I attached hereto; and

(c) all products and proceeds of the foregoing, including, without limitation, any claim by the Company against third parties for past, present or future infringement of any Trademark or breach of Trademark

Licenses, if any, including, without limitation, any Trademark or Trademark License referred to in Schedule I attached hereto.

Notwithstanding the foregoing or anything else contained in this Agreement to the contrary, the assignment set forth above shall not be effective as a transfer of title to the Property unless and until Lender exercises the rights and remedies accorded to it under the Credit Agreement and by law with respect to the realization upon its security interest in and collateral assignment of the Property, and until such time the Company shall own, and may use and enjoy, the Property in connection with its business operations, and exercise all incidents of ownership, including, without limitation, granting licenses thereof in the ordinary course of business and enforcement of its rights and remedies with respect to the Property, but with respect to all Property being used in the Company's business, only in a manner consistent with the preservation of the current substance, validity, registration and the security interest and collateral assignment herein granted in such Property.

3. The Company does hereby further acknowledge and affirm that the representations, warranties and covenants of the Company with respect to the Property and the rights and remedies of Lender with respect to the security interest in and collateral assignment of the Property made and granted hereby are more fully set forth in the Credit Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

4. This Agreement shall terminate upon termination of the Credit Agreement. At any time and from time to time prior to such termination, Lender may terminate its security interest in or reconvey to the Company any rights with respect to any or all of the Property. Upon termination of this Agreement and following a request from the Company, Lender shall, at the expense of the Company, execute and deliver to the Company all deeds, assignments and other instruments as may be necessary or proper in the reasonable judgment of the Company in order to evidence such termination, subject to any disposition of the Property which may have been made by Lender pursuant hereto or pursuant to the Credit Agreement.

5. If at any time before the termination of this Agreement in accordance with Section 4, the Company shall obtain or acquire rights to any new Trademark or Trademark License, the provisions of Section 2 shall automatically apply thereto and the Company shall comply with the terms of the Credit Agreement with respect to such new Trademark or Trademark License. The Company authorizes Lender to modify this Agreement by amending Schedule 1 to include any future Trademarks and Trademark Licenses covered by Section 2 or by this Section 5.

6. The Company further agrees that (a) Lender shall not have any obligation or responsibility to protect or defend the Property and the Company shall at its own expense protect, defend and maintain the same in accordance with the terms and conditions set forth in the Credit Agreement, (b) the Company shall forthwith advise Lender promptly in writing upon detection of infringements of any of the Property being used in the Company's business and (c) if the Company fails to comply with the requirements of the preceding clause (a), Lender may do so in the Company's name or in its own name, but in any case at the Company's expense, and the Company hereby agrees to reimburse Lender for all expenses, including attorneys' fees, incurred by Lender in protecting, defending and maintaining the Property.

7. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF GEORGIA, EXCEPT TO THE EXTENT THAT PERFECTION (AND THE EFFECT OF PERFECTION AND NONPERFECTION) AND CERTAIN REMEDIES MAY BE GOVERNED BY THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF GEORGIA.

[Signature on Following Page]

IN WITNESS WHEREOF, the party hereto has caused this Agreement to be duly executed under seal by its duly authorized officers as of the date first above written.

TAG-IT PACIFIC, INC.

By: \_\_\_\_\_  
Name: Colin Dyne  
Title: President

~~STATE OF CALIFORNIA )  
                                  ) ss.:  
COUNTY OF LOS ANGELES )~~

PLEASE SEE  
ATTACHED ACKNOWLEDGMENT

~~On November \_\_, 2003, before me personally came Colin Dyne, to me personally known and known to me to be the person described in and who executed the foregoing instrument as the President of TAG-IT PACIFIC, INC., who being by me duly sworn, did depose and say that he (she) is the President of said corporation described in and which executed the foregoing instrument; that the said instrument was signed by him (her) on behalf of said corporation by order of its Board of Directors; that he (or she) signed his name thereto by like order; and that he (or she) acknowledged said instrument to be the free act and deed of said corporation.~~

Notary Public

My Commission Expires:

\_\_\_\_\_

[NOTARIAL SEAL]

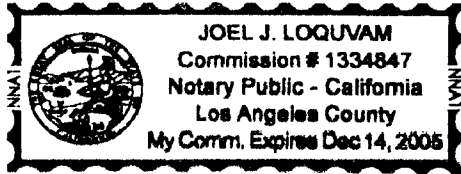
# CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California )  
County of Los Angeles ) ss.

On November 14, 2003, before me, JOEL J. LOQUVAM, Notary Public, personally appeared

COLIN DYNE

- personally known to me - OR -
- proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.



WITNESS my hand and official seal.

*[Handwritten Signature]*  
 \_\_\_\_\_  
 Signature of Notary Public

**OPTIONAL**

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

### Description of Attached Document

Title or Type of Document: COLLATERAL ASSIGNMENT OF TRADEMARKS NO.2

Document Date: November 14, 2003 Number of Pages: \_\_\_\_\_

Signer(s) Other Than Named Above: None

### Capacity(ies) Claimed by Signer(s)

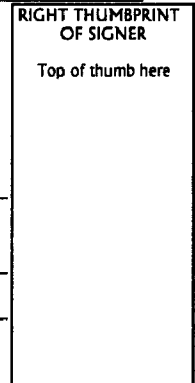
Signer's Name: COLIN DYNE

Signer's Name: \_\_\_\_\_

- Individual
- Corporate Officer  
Title(s): PRESIDENT
- Partner -  Limited  General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_



- Individual
- Corporate Officer  
Title(s): \_\_\_\_\_
- Partner -  Limited  General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_



Signer is Representing:

TAG-IT PACIFIC, INC

Signer is Representing:



SCHEDULE I

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TALON	501,162
TALON	501,774

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<u>Mark</u>	<u>Number</u>
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TEKFIT	76436518
ZIPKLIP	76436517
TALON	76436516
TALON TEKFIT	76374374
TEKFIT	76374373
EVERYTHING BUT THE FABRIC	76356940

TRADEMARK LICENSES

Trademark Licenses with respect to which  
the Company is a licensor:

NONE, except the non-exclusive license of the mark "Talon" to distributors and resellers of the Company's zipper products in the ordinary course of business.

Trademarks and Trademark Applications with respect to which  
the Company is a licensee:

NONE.