

RECORDATION FORM COVER SHEET  
TRADEMARKS ONLY

To the Director of the U.S. Patent and Trademark Office: Please record the attached documents or the new address(es) below.

1. Name of conveying party(ies)/Execution Date(s):

Nova Development

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

Citizenship (see guidelines) California

Execution Date(s) August 1, 2004

Additional names of conveying parties attached?  Yes  No

3. Nature of conveyance:

- Assignment
- Security Agreement
- Other
- Merger
- Change of Name

2. Name and address of receiving party(ies)

Additional names, addresses, or citizenship attached?  Yes  No

Name: Wells Fargo Bank, National Association

Internal

Address: Attn: John Ray

Street Address: 460 E. Esplanade Dr., Ste 100

City: Oxnard

State: CA

Country: USA Zip: 93030

- Association Citizenship
- General Partnership Citizenship
- Limited Partnership Citizenship
- Corporation Citizenship
- Other national bank Citizenship US

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)

4. Application number(s) or registration number(s) and identification or description of the Trademark.

A. Trademark Application No.(s) n/a

B. Trademark Registration No.(s) 2,264,219

Additional sheet(s) attached?  Yes  No

C. Identification or Description of Trademark(s) (and Filing Date if Application or Registration Number is unknown):

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

Name: Federal Research Co., LLC

Internal Address:

Street Address: 1030 15th St., NW, Suite 920

City: Washington

State: DC Zip: 20005

Phone Number: 202-783-2700

Fax Number: 202-783-0145

Email Address:

6. Total number of applications and registrations involved:

1

7. Total fee (37 CFR 2.6(b)(6) & 3.41) \$ 40.00

- Authorized to be charged by credit card
- Authorized to be charged to deposit account
- Enclosed

8. Payment Information:

a. Credit Card Last 4 Numbers \_\_\_\_\_  
Expiration Date \_\_\_\_\_

b. Deposit Account Number 50-3155  
Authorized User Name Federal Research

9. Signature:

*Julie Cravitz*  
Signature

August 20, 2004  
Date

Julie Cravitz  
Name of Person Signing

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

Documents to be recorded (including cover sheet) should be faxed to (703) 306-5995, or mailed to:  
Mail Stop Assignment Recordation Services, Director of the USPTO, P.O. Box 1450, Alexandria, VA 22313-1450

American LegalNet, Inc.  
www.USCourtForms.com

CH \$40.00 603156 2264219

## INTELLECTUAL PROPERTY SECURITY AGREEMENT

THIS INTELLECTUAL PROPERTY SECURITY AGREEMENT (this "Agreement") is entered into as of August 1, 2004, by and between NOVA DEVELOPMENT, a California corporation ("Debtor"), and WELLS FARGO BANK, NATIONAL ASSOCIATION ("Bank").

### RECITALS

WHEREAS, Bank has extended or will hereafter extend credit to Debtor, and to secure its obligations to Bank, Debtor has executed or will hereafter execute various agreements, including without limitation, that certain Continuing Security Agreement: Rights to Payment and Inventory dated as of March 1, 2004, covering among other items, various proprietary rights, trademarks, service marks and other general intangibles (which security agreement, together with any and all amendments and modifications thereto from time to time entered into, and any security agreements at any time hereafter executed in replacement and/or in substitution thereof and/or in addition thereto, shall be referred to herein as the "Security Agreement"); and

WHEREAS, Debtor and Bank wish to supplement the Security Agreement and further clarify their respective rights and obligations with regard to certain collateral in an instrument to be recorded with the United States Patent and Trademark Office and elsewhere (including, at Bank's election the United States Copyright Office) as Bank may require.

NOW, THEREFORE, for valuable consideration, receipt of which is hereby acknowledged, Debtor and Bank hereby agree as follows:

1. SECURITY INTERESTS. Pursuant to the Security Agreement and subject to and upon the additional terms, covenants and conditions hereof, Debtor hereby grants to Bank a security interest in all of Debtor's now owned or existing and hereafter acquired or arising right, title and interest in the following (the "Intellectual Property"):

(a) (i) all United States, state and foreign trademarks, service marks, certification marks, collective marks, trade names, corporate names, company names, business names, fictitious business names, internet domain names, trade dress, trade styles, logos, or other indicia of origin or source identification, designs and general intangibles of a like nature, rights of publicity and privacy pertaining to the right to use names, likenesses and biographical data, all trademark and service mark registrations, and applications for trademark or service mark registrations and any new renewals thereof, including, without limitation, each registration and application identified in Exhibit A (as such schedule may be amended or supplemented from time to time), (ii) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations thereof, (iii) all income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all licenses entered into in connection therewith, and damages and payments for past, present or future infringements thereof), and (iv) all other rights of any kind whatsoever of Debtor accruing thereunder or pertaining thereto, together in each case with the goodwill of the business connected with the use of, and symbolized by, each of the above (collectively, the "Trademarks");

(b) (i) all patents, patent applications and patentable inventions, including, without limitation, each issued patent and patent application identified in Exhibit A (if any), (ii) all inventions and improvements described and claimed therein, (iii) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations thereof, (iv) all income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all licenses entered into in connection therewith, and damages and payments for past, present or future infringements thereof), and (v) all reissues, divisions, continuations, continuations-in-part, substitutes, renewals, and extensions thereof, all improvements thereon and all other rights of any kind whatsoever of Debtor accruing thereunder or pertaining thereto (collectively, the "Patents");

(c) (i) all copyrights, whether or not the underlying works of authorship have been published, and all works of authorship and other intellectual property rights therein, all copyrights of works based on, incorporated in, derived from or relating to works covered by such copyrights, all right, title and interest to make and exploit all derivative works based on or adopted from works covered by such copyrights, and all copyright registrations and copyright applications, and any renewals or extensions thereof, including, without limitation, each registration and application identified in Exhibit A (if any), (ii) the rights to print, publish and distribute any of the foregoing, (iv) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations thereof, (iv) all income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all licenses entered into in connection therewith, and damages and payments for past, present or future infringements thereof), and (v) all other rights of any kind whatsoever of Debtor accruing thereunder or pertaining thereto ("Copyrights");

(d) (i) all trade secrets and all confidential and proprietary information, including know-how, manufacturing and production processes and techniques, inventions, research and development information, technical data, financial, marketing and business data, pricing and cost information, business and marketing plans, customer and supplier lists and information, all trade secrets, proprietary rights, designs, inventions and patents, and all general intangibles related thereto or related to or arising out of any of the Trademarks, and all the goodwill of Debtor's business symbolized by the Trademarks or associated therewith, and all books, records, computer programs, source codes, object codes, data bases, computer tapes and disks, flow diagrams, specification sheets and other physical manifestations of the foregoing including, without limitation, any of the foregoing identified in Exhibit A (if any), (ii) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations thereof, (iii) all income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all licenses entered into in connection therewith, and damages and payments for past, present or future infringements thereof), and (iv) all other rights of any kind whatsoever of Debtor accruing thereunder or pertaining thereto (collectively, the "Trade Secrets");

(e) all licenses or agreements, whether written or oral, providing for the grant by or to Debtor of: (i) any right to use any Trademark or Trade Secret, (ii) any right to manufacture, use or sell any invention covered in whole or in part by a Patent, and (iii) any right under any Copyright including, without limitation, the grant of rights to manufacture, distribute, exploit and

sell materials derived from any Copyright including, without limitation, any of the foregoing identified in Exhibit A (if any);

(f) whatever is receivable or received from or upon the sale, lease, license, collection, use, exchange or other disposition, whether voluntary or involuntary, of any of the foregoing, including without limitation (i) any and all accounts, deposit accounts, chattel paper (whether electronic or tangible), instruments, promissory notes, documents, general intangibles, cash, and any and all other rights to payment and/or proceeds payable to or for the account of Debtor from time to time in respect of any of the foregoing, (ii) any and all proceeds of any insurance, guaranty, indemnity or warranty payable to or for the account of Debtor from time to time with respect to any of the foregoing, (iii) any and all claims and payments (in any form whatsoever) made or due and payable to Debtor from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the foregoing by any person or entity acting under color of governmental authority, and (iv) any and all other amounts from time to time paid or payable under or in connection with any of the foregoing or for or on account of any damage or injury to or conversion of any of the foregoing by any person or entity.

2. OBLIGATIONS SECURED. The obligations secured hereby are the payment and performance of: (a) all present and future Indebtedness of Debtor to Bank; (b) all obligations of Debtor and rights of Bank under this Agreement; and (c) all present and future obligations of Debtor to Bank of other kinds. The word "Indebtedness" is used herein in its most comprehensive sense and includes any and all advances, debts, obligations and liabilities of Debtor, or any of them, heretofore, now or hereafter made, incurred or created, whether voluntary or involuntary and however arising, whether due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined, and whether Debtor may be liable individually or jointly with others, or whether recovery upon such Indebtedness may be or hereafter becomes unenforceable.

3. TERMINATION. This Agreement will terminate upon the performance of all obligations of Debtor to Bank, including without limitation, the payment of all Indebtedness of Debtor to Bank, and the termination of all commitments of Bank to extend credit to Debtor, existing at the time Bank receives written notice from Debtor of the termination of this Agreement.

4. PROTECTION OF SECURITY INTEREST. Debtor hereby covenants and agrees to prepare, execute, acknowledge, deliver and record or file such instruments and documents and to do and perform all other acts which may be necessary or which Bank reasonably deems necessary or appropriate to perfect or protect Bank's security interest in the Intellectual Property. With respect to the filing of any copyright, patent or trademark application or the acquisition of any interest in or to any copyright, patent or trademark by Debtor from and after the date of this Agreement, Debtor shall, at such time or times as may be required under the terms of any other agreement entered between Bank and Debtor in connection herewith, and in any event immediately upon Bank's demand therefor, duly execute, acknowledge and record in the United States Copyright Office and/or the United States Patent and Trademark Office, as the case may be, an Intellectual Property Security Agreement substantially in the form of this Agreement; provided that Exhibit A to each such Intellectual Property Security Agreement shall describe (with such particularity as may be required by said Copyright Office, Patent and

Trademark Office or other applicable governmental authorities or agencies from time to time) only the additional copyrights, patents, trademarks and applications therefor which have not been previously recorded as subject to Bank's security interest.

5. **ASSIGNMENTS AND LICENSES.** Debtor agrees not to sell or assign its interest in, or grant any license under, the Intellectual Property, without Bank's prior written consent; provided however, that so long as no Event of Default (defined below) exists, Debtor may grant such bona fide licenses for good and valuable consideration as are necessary and usual in the ordinary course of Debtor's business as it is presently conducted and as it may be legally expanded, on the condition that such licenses so granted shall be subject to the terms and conditions of this Agreement and the Security Agreement.

6. **WARRANTIES.** In addition to the representations and warranties made by Debtor in the Security Agreement, Debtor represents and warrants that:

(a) the Intellectual Property listed on Exhibit A represents all of the United States federally registered Intellectual Property and all of the United States federal pending applications for any Intellectual Property that Debtor intends to acquire in connection with that certain asset purchase transaction with Sierra Entertainment Inc., and the information set forth in such Exhibit A is entirely correct;

(b) with respect to any Intellectual Property for which Debtor is a licensee, Debtor has provided Bank with true, correct, and complete copies of the related license agreements as required under the terms of this Agreement; and

(c) Debtor (i) has rights in and good title to the existing Intellectual Property; (ii) with respect to the Intellectual Property listed on Exhibit A as being owned by Debtor, Debtor is the sole and exclusive owner thereof, free and clear of any liens, claims, charges, encumbrances, security interests, and rights of others (other than the security interests and rights of Bank and licenses thereof permitted under this Agreement), including, without limitation, licenses, registered user agreements and covenants by Debtor not to sue others; (iii) with respect to any Intellectual Property for which Debtor is either a licensor or a licensee pursuant to a license or licensing agreement regarding such Intellectual Property, each such license or licensing agreement is in full force and effect, the Debtor is not in default of any of its obligations thereunder and other than the parties to such license or licensing agreement, no other person or entity has any rights in or to any of the Intellectual Property, and the past, present and contemplated future use of the Intellectual Property by the Debtor has not, does not and will not infringe upon or violate any right, privilege or license agreement of or with any other person or entity.

7. **COVENANTS.** Debtor hereby covenants and agrees to cooperate with Bank in whatever manner may be necessary or which Bank may deem necessary or appropriate so that Bank may enjoy its rights and interests hereunder to the fullest extent. Such cooperation shall include, without limitation:

(a) in accordance with Section 9, prompt preparation and execution (at Debtor's expense) of all petitions, oaths, specifications, declarations or other papers that may be necessary

or which Bank reasonably may deem necessary or appropriate for prosecuting any applications for the registration, renewal or extension of any Intellectual Property in which Bank acquires a security interest hereunder and for prosecuting infringement proceedings involving any such Intellectual Property;

(b) in accordance with Section 9, prompt assistance and cooperation (at Debtor's expense) in the prosecuting of any legal actions or other proceedings involving any Intellectual Property or application pertaining to any Intellectual Property in which Bank acquires a security interest hereunder, including without limitation, oppositions, cancellation proceedings, priority contests, public use proceedings and court actions alleging infringement or any other cause of action; and

(c) with respect to any and all Intellectual Property in which Debtor derives its rights as a licensee, Debtor shall (i) provide Bank with copies of the applicable license agreement at such time or times as may be required under the terms of any other agreement entered between Bank and Debtor in connection herewith, and in any event immediately upon Bank's demand therefor, and (ii) obtain consents from the licensors of such agreements or from such other parties as Bank may reasonably require, which consents shall be in form and substance reasonably satisfactory to Bank, and include, without limitation, provisions whereby the licensors of such Intellectual Property shall recognize Bank's interest in their respective license agreements, provide Bank with notice and an opportunity to cure defaults by Debtor thereunder, permit Bank to utilize and/or exercise Debtor's rights thereunder, and permit Bank to enforce its rights and remedies thereunder (including, without limitation, foreclosing on such rights and assigning such rights in connection with such foreclosure or other exercise of its rights and remedies).

8. **DEFENSE OF INTELLECTUAL PROPERTY; INDEMNITY.** Debtor hereby covenants and agrees promptly upon request of Bank to defend the Intellectual Property and Bank's rights and interests therein and to promptly notify Bank of any event, occurrence or legal action which affects the Intellectual Property or the rights of the parties in relation thereto. Debtor acknowledges that Bank may, but shall have no obligation whatsoever to, commence any legal action or other proceeding to defend the Intellectual Property or to contest the use by any other party of the Intellectual Property or any portion thereof if Debtor fails to. Debtor shall unconditionally indemnify Bank and hold Bank harmless from and against all claims, causes of action, damages, liability, costs and expenses, including reasonable attorneys' fees, that Bank may be subject to in connection with this Agreement (except those arising out of the gross negligence or willful misconduct of Bank), including, without limitation, any infringement suits that may be brought against Bank.

9. **POWERS OF BANK.** Bank shall have the right, in the name of Debtor, or in the name of Bank or otherwise, without notice to or assent by Debtor, and Debtor hereby irrevocably constitutes and appoints Bank (and any of Bank's officers or employees or agents designated by Bank) as Debtor's true and lawful attorney-in-fact with full power and authority (a) to sign the name of Debtor on all or any of such documents or instruments and perform all other acts that Bank deems necessary or advisable in order to perfect or continue perfected, maintain the priority or enforceability of or provide notice of Bank's security interest in, the Intellectual Property; and (b) after the occurrence of any Event of Default, to execute any and all other

documents and instruments, and perform any and all acts and things for and on behalf of Debtor, which Bank may deem necessary or advisable to maintain, preserve, or protect the Intellectual Property and to accomplish the purposes of this Agreement, including without limitation (i) to assert or retain any rights under any license agreement for any of the Intellectual Property, (ii) to defend, settle, adjust or institute any action, suit or proceeding with respect to the Intellectual Property, and (iii) to execute any and all applications, documents, papers and instruments for Bank to use the Intellectual Property, to grant or issue any exclusive or non-exclusive license with respect to any Intellectual Property, and to assign, convey or otherwise transfer title in or dispose of any of the Intellectual Property; provided however, that in no event shall Bank have the unilateral power prior to the occurrence of an Event of Default to assign any of the Intellectual Property to any person, including itself, without Debtor's written consent. Debtor agrees that Bank shall at all times have and hereby grants to Bank such irrevocable, worldwide, fully paid, royalty-free, non-exclusive, sublicensable and assignable licenses ) exercisable without payment or royalty or other compensation to Debtor), to the extent permitted by law, for, with respect to, or to use, license or sublicense any of Debtor's general intangibles, to the extent permitted by law, that is reasonably necessary to permit the exercise of any of Bank's rights or remedies upon or after the occurrence of an Event of Default with respect to (among other things) any tangible asset of Debtor in which Bank has a security interest, including Bank's rights to sell inventory, tooling or packaging which is acquired by Debtor (or its successor, assignee or trustee in bankruptcy). The foregoing shall in no way limit Bank's rights and remedies upon or after the occurrence of an Event of Default. This power of attorney, being coupled with an interest, is irrevocable until termination of this Agreement.

10. DEFAULTS. The occurrence of any of the following shall constitute an "Event of Default" under this Agreement: (a) any representation or warranty made by Debtor herein shall prove to be or become incorrect, false or misleading in any material respect; (b) Debtor shall fail to observe or perform any obligation or agreement contained herein; or (c) any default in the payment or performance of any obligation, or any defined event of default (including, without limitation any "Event of Default" defined in the Security Agreement) under any contract, instrument or agreement evidencing or relating to any Indebtedness of Debtor to Bank (in which case, subject to applicable cure provisions, if any, Bank shall have the rights and remedies available to a secured party under law and/or expressly provided in any such other contract, instrument or agreement and hereunder).

If any Event of Default shall have occurred and be continuing, Bank shall have the right to sue for past infringement of the Intellectual Property and to collect all damages and profits for past infringements and, following the giving of any notices required hereby, Bank shall have, in addition to all other rights and remedies given it by this Agreement and the Security 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 Intellectual Property may be located and, without limiting the generality of the foregoing, Bank may immediately, without demand of performance and without other notice (except as set forth next below) or demand whatsoever to Debtor, all of which are expressly waived, and without advertisement, sell at public or private sale or otherwise realize upon the whole or from time to time any part of the Intellectual Property or any interest which the Debtor may have therein, and after deducting from the proceeds of sale or other disposition of the Intellectual Property all expenses (including all reasonable expenses for brokers' fees and legal services), shall apply the residue of such proceeds

toward the payment of the Indebtedness secured hereby. Any remainder of the proceeds after payment in full of such obligations shall be paid over to the Debtor or to such other party who may be entitled to such remaining proceeds. Notice of any sale or other disposition of the Intellectual Property shall be given to Debtor at least five (5) days before the time of any intended public or private sale or other disposition of the Intellectual Property is to be made, which Debtor hereby agrees shall be reasonable notice of such sale or other disposition. At any such sale or other disposition, any holder of any Indebtedness or Bank may, to the extent permissible under applicable law, purchase the whole or any part thereof. Bank shall not be obligated to preserve any rights Debtor may have against prior parties, to liquidate or realize on the Intellectual Property at all or in any particular manner or order, or apply any cash proceeds of Intellectual Property in any particular order.

11. **RELATION TO SECURITY AGREEMENT.** This Agreement is a supplement to the Security Agreement, and Bank's rights and remedies, and Debtor's obligations and waivers, under the Security Agreement, and the interpretive principles stated in the Security Agreement shall be applicable hereunder; provided however, that this Agreement and the Security Agreement shall be construed together so as to grant Bank the greatest rights and remedies with regard to the Intellectual Property; and provided further, that Bank's rights and remedies hereunder may be expressly modified by amendments to the Security Agreement from time to time.

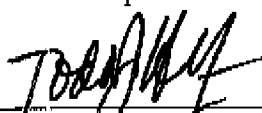
12. **SUCCESSORS; ASSIGNS.** This Agreement shall be binding upon and inure to the benefit of the heirs, executors, administrators, legal representatives, successors and assigns of the parties; provided however, that Debtor may not assign this Agreement or any interest herein without Bank's prior written consent.

13. **SEVERABILITY OF PROVISIONS.** If any provision of this Agreement shall be held to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or any remaining provisions of this Agreement.


14. **GOVERNING LAW.** Except to the extent that Federal law preempts, this Agreement shall be governed by and construed in accordance with the laws of the State of California.

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

NOVA DEVELOPMENT,  
a California corporation

By:   
Title: President

WELLS FARGO BANK,  
NATIONAL ASSOCIATION

By:   
Title: VP



**EXHIBIT A**  
 to  
**INTELLECTUAL PROPERTY SECURITY AGREEMENT**  
 between  
**NOVA DEVELOPMENT**  
 and  
**WELLS FARGO BANK, NATIONAL ASSOCIATION**  
 Dated as of August 10, 2004

A. TRADEMARKS:

<u>Registration Number</u>	<u>Title</u>	<u>Registration Date</u>
2264219	Print Artist	7/27/1999

B. COPYRIGHTS:

<u>Form</u>	<u>Title of Work</u>	<u>Registration Number</u>	<u>Date of Registration</u>	<u>First Publication Date</u>	<u>Author</u>
PA	Hallmark Card Studio Deluxe 2003	Pending		3-Sep-02	Sierra Entertainment, Inc.
PA	Hallmark Card Studio Deluxe 2004	Pending		9-Sep 03	Sierra Entertainment, Inc.