

Form PTO-1594 (Rev. 06/04)  
OMB Collection 0651-0027 (exp. 6/30/2005)

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

**RECORDATION FORM COVER SHEET** Docket No. 081643-13  
**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):**  
Gruv International, Inc.

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

Citizenship (see guidelines) Canada

Execution Date(s) September 24, 2004

Additional names of conveying parties attached?  Yes  No

**2. Name and address of receiving party(ies)**  Yes  
Additional names, addresses, or citizenship attached?  No

Name: National Bank of Canada  
Internal  
Address: 11th Floor, 600 Rue de la  
Street Address: Gauchetiere Ouest  
City: Montreal  
State: Quebec  
Country: Canada Zip: H3B 4L2

Association Citizenship \_\_\_\_\_  
 General Partnership Citizenship \_\_\_\_\_  
 Limited Partnership Citizenship \_\_\_\_\_  
 Corporation Citizenship \_\_\_\_\_  
 Other \_\_\_\_\_ Citizenship \_\_\_\_\_

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)

**3. Nature of conveyance:**

Assignment       Merger  
 Security Agreement       Change of Name  
 Other \_\_\_\_\_

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

A. Trademark Application No.(s)  
B. Trademark Registration No.(s)  
2,840,751; 2,727,829

Additional sheet(s) attached?  Yes  No

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

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

Name: Nixon Peabody LLP  
Internal Address: Susan M. Freedman  
Street Address: 401 9th Street, N.W.  
Suite 900  
City: Washington  
State: D.C. Zip: 20004-8220  
Phone Number: (202) 585-8264  
Fax Number: (202) 585-8080  
Email Address: s.freedman@nixonpeabody.com

**6. Total number of applications and registrations involved:** 2

**7. Total fee (37 CFR 2.6(b)(6) & 3.41) \$ 65.00**

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 19-2380  
Authorized User Name Nixon Peabody

**9. Signature:** Susan M. Freedman November 15, 2004  
Signature Date

Susan M. Freedman  
Name of Person Signing

Total number of pages including cover sheet, attachments, and document: 8

Documents to be recorded (including cover sheet) should be faxed to (703) 308-5995, or mailed to:  
Mail Stop Assignment Recordation Services, Director of the USPTO, P.O. Box 1450, Alexandria, VA 22313-1450

CH \$66.00 192380 2840761

**GENERAL HYPOTHEC ON MOVABLE PROPERTY****1. HYPOTHEC**

1.1 For good and valid consideration, the undersigned (the "Customer") hypothecates in favour of the National Bank of Canada (the "Bank") the property referred to in paragraph 1.3 hereof (the "mortgaged property"). This hypothec is granted for the sum of **Three Million Two Hundred Thousand Dollars (\$3,200,000)**, with interest at the rate of 25% per annum from the date hereof.

1.2 The terms "mortgaged property" also include the following property to the extent that it is not already included in the description in paragraph 1.3. The following property is therefore also charged by the hypothec created hereunder:

- a) the proceeds of any sale, lease or other disposition of the property referred to in paragraph 1.3, any debt resulting from the sale, lease or other disposition of this property, as well as any property acquired to replace same;
- b) any insurance or expropriation proceeds payable in respect of the mortgaged property;
- c) the principal and the income of the mortgaged property as well as any right attached to the mortgaged property;
- d) where the property described in paragraph 1.3 includes shares or securities, all shares and securities issued in replacement of these shares or securities;
- e) all deeds, documents, registers, invoices and books of accounts evidencing the mortgaged property or relating thereto.

**1.3 Description of property:**

- all the Customer's movable property, corporeal and incorporeal, present and future, wherever they may be, namely its intellectual property.

**2. OBLIGATIONS SECURED**

2.1 This hypothec is granted to secure all obligations of the Customer to the Bank resulting from the terms of the guarantee in the amount of \$3,200,000 consented by the Customer in favour of the Bank on the same day in guarantee of the obligations of 3510697 Canada Inc. towards the Bank, present and future, including, without limitation, any contract, document or agreement related thereto, as well as any amendment, renewal or replacement thereof (the "Guarantee").

2.2 This hypothec is also granted to secure all other obligations of the Customer to the Bank, present and future, direct and indirect.

**3. DECLARATIONS**

The Customer represents and warrants the following:

- 3.1 The Customer owns the mortgaged property and the mortgaged property is free and clear of all rights, hypothecs or security, except for the charges granted or to be granted in favour of the Bank .
- 3.2 The mortgaged property is situated in the Province of Quebec.
- 3.3 The mortgaged property is not intended to be used in more than one province or state.
- 3.4 Other than its corporate name, the Customer does not own and does not do business under any other name.
- 3.5 The trade marks, licences, patents or any other intellectual property rights owned by the Customer are the following:
 

-	GRUV	TMA576441;
-	GRUV ("g" logo)	TMA583295;
-	(USA) GRUV	2727829;
-	(USA) GRUV ("g" logo)	2840751.
- 3.5 The Customer's head or registered office (or domicile, if the Customer is an individual) is located at the address indicated in the last page of the present agreement.

**4. COVENANTS**

- 4.1 The Customer shall inform the Bank without delay of any change to its name or to the contents of the representations made in article 3.
- 4.2 The Customer shall pay, when due, all sums due relating to the mortgaged property as well as any debt which could rank prior to the hypothec constituted hereunder and shall provide to the Bank, on demand, evidence that the payments described herein have been made.
- 4.3 The Customer shall insure the mortgaged property and keep it constantly insured for its full insurable value against damage caused by theft, fire and all other risks against which a prudent administrator would insure the mortgaged property. The Bank is hereby designated as the beneficiary of the indemnities payable under these policies and the Customer shall cause such designation to be inscribed in the policies. The Customer shall provide the Bank with a copy of each policy and, at least thirty (30) days prior to the expiration or cancellation of a policy, a copy of the renewal or replacement thereof.
- 4.4 The Customer shall do all things and sign all documents necessary to preserve its rights in the mortgaged property and for the hypothec constituted hereunder to have full effect and be perfected and constantly enforceable against third parties in all jurisdictions where the mortgaged property may be situated or used.
- 4.5 The Customer shall protect and adequately maintain the mortgaged property and exercise its activities in such a manner as to preserve its value. The Customer shall fully comply

- 3 -

with all laws and regulations applicable to the operation of its business and to the mortgaged property, including without limitation environmental laws and regulations.

- 4.6 The Customer shall keep all books, records and accounts which a prudent administrator would keep with respect to the mortgaged property and shall permit the Bank to examine said books, records and accounts and obtain copies of same.
- 4.7 The Customer shall keep the mortgaged property free of all real rights, hypothecs or security interests, save those which the Bank has consented to in writing.
- 4.8 The Customer shall not dispose of the mortgaged property or lease same unless the Bank consents thereto in writing. However, if not in default hereunder, the Customer may sell or lease its inventory in the ordinary course of its business.
- 4.9 The Customer shall not change the use, destination or nature of the mortgaged property nor remove same from its present location unless the Bank consents thereto in writing. If the Customer is a corporation, it shall not amalgamate with another person nor commence liquidation or dissolution proceedings without the written consent of the Bank.
- 4.10 Where the mortgaged property includes inventory and accounts receivable, the Customer shall provide the Bank monthly with a statement of the value of its inventory (calculated at the lesser of cost or market value) and a list of its accounts receivable (indicating their amount and age).
- 4.11 Where the mortgaged property includes intellectual property rights, the Customer shall furnish a description of it to the Bank and shall inform the Bank without delay of all new acquisition or use of said rights. The Customer shall register and renew all registration necessary or useful for the protection of its intellectual property rights and shall also advise the Bank of all claims or litigations concerning them.
- 4.12 The Customer shall provide the Bank with all information reasonably required by it with regards to the mortgaged property or to verify if the Customer is in compliance with the covenants and obligations contained herein. The Customer shall inform the Bank of any fact or event which could adversely affect the financial condition of the Customer or the value of the mortgaged property.
- 4.13 The Customer shall pay all costs relating to the present agreement, including the costs incurred in order to render the hypothec created hereunder opposable to third parties and the costs of any legal opinion required by the Bank and relating to the validity and rank of this hypothec.
- 4.14 The Customer shall reimburse the Bank for all costs and expenses incurred by it to fulfil the obligations of the Customer or to exercise its rights, with interest at the prime rate of the Bank in effect from time to time, plus 3%. The hypothec granted under article 1 hereof shall also secure the reimbursement of these costs and expenses as well as the payment of this interest. The prime rate of the Bank is the annual interest rate announced as being its reference rate to determine interest rates on loans made in Canadian dollars by the Bank in Canada.

## 5. RIGHTS OF THE BANK

- 5.1 The Bank may inspect or have the mortgaged property appraised from time to time at the Customer's expense and, for that purpose, shall be permitted access to the premises where the mortgaged property is located and to the Customer's places of business. The

- 4 -

Customer shall also allow the Bank to examine and obtain copies of all books of accounts and documents relating to the mortgaged property.

- 5.2 The Bank may, without being bound to do so, perform any or all of the obligations of the Customer hereunder.
- 5.3 The Customer may collect all debts forming part of the mortgaged property until the Bank withdraws its authorization to the Customer to do so; unless the Bank's consent thereto is obtained, the Customer must however deposit at the Bank the proceeds of any collection. If the Bank withdraws its authorization from the Customer to collect the debts forming part of the mortgaged property, the Bank may collect such debts and shall be entitled to a reasonable commission which it may deduct from any amount collected.
- 5.4 When the mortgaged property includes shares or securities, the Bank may, without being bound to do so, cause itself to be registered as the holder of these shares or securities and exercise any right attached thereto, including any right to vote and any right of conversion or redemption.
- 5.5 If the Bank has possession of the mortgaged property, it shall have no obligation to maintain the use for which the mortgaged property is normally intended nor to make it productive nor to continue its use or operation.
- 5.6 The Bank may, without being bound to do so, sell the mortgaged property in its possession where it believes in good faith that the mortgaged property is likely to perish, decrease in value or depreciate.
- 5.7 The Customer constitutes and appoints the Bank as its irrevocable attorney, with full power of substitution, in order to do any act and to sign any document necessary or useful to the exercise of the rights conferred on the Bank hereunder.
- 5.8 The rights conferred on the Bank under this article 5 may be exercised by the Bank irrespective of whether the Customer is or is not in default hereunder.

## 6. DEFAULT AND RECOURSES

- 6.1 The Customer shall be in default in each and everyone of the following events:
- a) if any or all of the obligations secured under this agreement are not paid or performed when due;
  - b) if any of the representations made in article 3 is untrue;
  - c) if the Customer does not fulfil any one of its covenants hereunder;
  - d) if the Customer is in default under any other contract or agreement between it and the Bank, including, without limitation, the Guarantee under any other hypothec or security affecting the mortgaged property;
  - e) if the Customer ceases to carry on its business, becomes insolvent or bankrupt; or

- 5 -

f) if any or all of the mortgaged property is seized or is subject to a taking of possession by a creditor, a receiver or any other person performing similar functions;

6.2 Upon the Customer's default, the Bank may terminate any obligation it may have had to grant credit or make advances to the Customer and declare exigible all obligations of the Customer which are not yet due. Upon such default, the Bank may also exercise all recourses available to it under applicable law, including the rights resulting from its hypothec.

6.3 In order to realize on its hypothec, the Bank may use the premises where the mortgaged property and other property of the Customer are situated at the expense of the Customer. Where the mortgaged property includes debts, the Bank may compromise or transact with the debtors of these debts and may grant releases and discharges in respect of same. Where the mortgaged property includes inventory, the Bank may complete the manufacture of such inventory and do all things necessary or useful to its sale.

## 7. ADDITIONAL HYPOTHEC

7.1 To secure the payment of interest not already secured by the hypothec created in article 1 and to further secure the performance of its obligations hereunder, the Customer hypothecates all of the property described in article 1 for an additional amount equal to twenty percent (20%) of the principal amount of the hypothec created in article 1.

## 8. GENERAL PROVISIONS

8.1 The hypothec created hereby is in addition to and not in substitution for any other hypothec or security held by the Bank.

8.2 This hypothec is a continuing security and shall subsist notwithstanding the payment from time to time, in whole or in part, of the obligations secured hereunder.

8.3 In each case provided in paragraph 6.1, the Customer shall be in default by the mere lapse of time, without the necessity of any notice or demand.

8.4 If more than one person is referred to as "Customer", such persons shall be solidarily liable for all obligations stipulated herein.

8.5 Any sum collected by the Bank in the exercise of its rights may be held by the Bank as mortgaged property, or may be applied to the payment of the obligations secured hereunder, whether or not yet due. The Bank shall have discretion as to how any such collected sum shall be applied.

8.6 The exercise by the Bank of any of its rights shall not preclude the Bank from exercising any other right resulting from the present agreement. The failure of or forbearance by the Bank to exercise any of its rights shall not constitute a renunciation to the later exercise of such right. The Bank may exercise its rights resulting from this agreement without being required to exercise its other rights against the Customer or against any other person liable for the payment of the obligations secured hereunder or to realize on any other security held for the payment of such obligations.

- 6 -

- 8.7 The Bank shall only be required to exercise reasonable care in the exercise of its rights and the performance of its obligations. Moreover, it shall only be liable for its intentional fault or gross negligence.
- 8.8 The Bank may delegate to another person the exercise of its rights or the performance of its obligations resulting from the present agreement. In such a case, the Bank is authorized to provide that person with any information it may have concerning the Customer or the mortgaged property.
- 8.9 This agreement shall be binding upon the Customer and enure to the benefit of the Bank and any successor thereof by way of amalgamation or otherwise.
- 8.10 Any notice to the Customer may be given at the address indicated below or any other address communicated in writing by the Customer to the Bank.
- 8.11 Should any clause hereof be invalid or inoperative, the other clauses of the present agreement shall remain fully operative.
- 8.12 This agreement shall be governed and interpreted by the law in force in the Province of Quebec. It must also be interpreted so that mortgaged property located in another jurisdiction is affected by a valid security under the applicable law of this other jurisdiction.
- 8.13 The parties hereto have expressly agreed that this agreement and all deeds, documents or notices relating thereto be executed in English./Les parties aux présentes ont expressément convenu que cet acte et tout autre acte, document ou avis y afférent soient rédigés en anglais.

- 7 -

SIGNED AND DELIVERED AT Montreal, Province of Quebec, this 24 day of September, 2004.

[Signature]  
Witness

**GRUV INTERNATIONAL INC.**

Per: [Signature]  
Sylvia Thaemlitz  
President

Per: [Signature]  
Vasiliki Hountalas  
Secretary

Address of Customer  
(for notice and correspondence purposes):

4230, St-Jean Blvd., Suite 219  
Dollard-des-Ormeaux, Québec H9H 3X4