

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 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):

Franklin Electronic Publishers, Inc.

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

Citizenship (see guidelines) _____

Execution Date(s) December 7, 2004

Additional names of conveying parties attached? Yes No

3. Nature of conveyance:

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

2. Name and address of receiving party(ies)

Additional names, addresses, or citizenship attached? Yes No

Name: PNC Bank, NA

Internal

Address: _____

Street Address: Two Tower Center Boulevard

City: South Brunswick

State: New Jersey

Country: USA Zip: 08818

- Association Citizenship _____
- General Partnership Citizenship _____
- Limited Partnership Citizenship _____
- Corporation Citizenship Pennsylvania
- 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)

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)

1,459,047

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: Philip Braginsky

Internal Address: Sills Cummis Epstein & Gross

Street Address: 399 Park Avenue

City: New York

State: New York Zip: 11022

Phone Number: 646-735-3706

Fax Number: 212-643-6550

Email Address: pbraginsky@sillscummis.com

6. Total number of applications and registrations involved:

18

7. Total fee (37 CFR 2.6(b)(6) & 3.41) \$ 720

- 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 03-1250
Authorized User Name Philip Braginsky

9. Signature:



December 10, 2004

Signature

Date

Philip Braginsky Reg No. 40,527

Name of Person Signing

Total number of pages including cover sheet, attachments, and document: 10

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

CH \$720.00 031250 1459047

Attachment to the Assignment Recordation Cover Sheet

<u>Mark</u>	<u>Registration or Application No.</u>
FRANKLIN	Reg. No. 1,478,400
WORDMASTER	Reg. No. 1,606,191
FRANKLIN LOGO (High Tech Logo)	Reg. No. 1,608,922
NEXT CENTURY	Reg. No. 1,828,823
PROXIMITY	Reg. No. 1,343,914
CONFUSABLES	Reg. No. 1,898,747
CLASSMATES	Reg. No. 1,925,234
Little Man Logo	Reg. No. 1,938,541
BOOKMAN	Reg. No. 1,896,789
Device Logo	Reg. No. 2,045,365
Dataguard	Reg. No. 2,161,188
Homework Wiz	Reg. No. 2,188,520
EBOOKMAN	Reg. No. 2,518,756
FRANKLIN (Hi Tech Logo)	Reg. No. 2,676,279
"E" (Little Man Logo)	Reg. No. 2,629,177
Communicator	Reg. No. 2,849,036
Touch File	Reg. No. 2,884,957

Security Agreement – Trademarks

THIS SECURITY AGREEMENT – TRADEMARKS (“**Security Agreement**”) is executed as of this 7th day of December, 2004, by and between FRANKLIN ELECTRONIC PUBLISHERS, INC., a Pennsylvania Corporation (the “**Grantor**”) with an address at One Franklin Plaza, Burlington, New Jersey and PNC BANK, NATIONAL ASSOCIATION (the “**Bank**”), with an address at Two Tower Center Boulevard, East Brunswick, New Jersey 08818. This Security Agreement is incorporated into and made part of certain other financing documents and security agreements executed by and between the Grantor and the Bank or by and between the Borrowers (as defined in the Revolving Credit and Security Agreement dated the date hereof) and the Bank (all such documents including this Security Agreement being collectively referred to as “**Loan Documents**”). All capitalized terms not otherwise defined in this Security Agreement shall have the same meanings ascribed to such terms in the other Loan Documents.

The Grantor has United States trademark registrations listed on Schedule “A” attached hereto and made part hereof (the “**Trademarks**”).

The Bank desires to acquire a lien and security interest on the Trademarks and the registration thereof, together with all the goodwill of the Grantor associated therewith and represented thereby, as security for all of the Obligations (as defined in the Revolving Credit and Security Agreement) to the Bank, and the Bank desires to have its security interest in such Trademarks confirmed by a document identifying same and in such form that it may be recorded in the United States Patent and Trademark Office.

NOW, THEREFORE, with the foregoing background deemed incorporated by reference and made part hereof, the parties hereto, intending to be legally bound hereby, covenant and agree as follows:

1. Grant of Security Interest. In consideration of and pursuant to the terms of the Loan Documents, and for other good, valuable and sufficient consideration, the receipt and sufficiency of which is hereby acknowledged, and to secure payment and performance of the Obligations, the Grantor grants a lien and security interest to the Bank in all its present and future right, title and interest in and to the Trademarks, together with all the goodwill and other tangible assets of the Grantor associated with and represented by the Trademarks and the right (but not the obligation) to sue for past, present and future infringements, and the proceeds thereof, including, without limitation, license royalties and proceeds of infringement suits.

2. Representations and Warranties. The Grantor represents, warrants and covenants that: (a) the Trademarks are subsisting and have not been abandoned, suspended, voluntarily terminated or canceled by the Grantor, have not been adjudged invalid or unenforceable, and to the best of the Grantor’s knowledge, there is no reason why the Trademarks should be adjudged invalid or unenforceable; (b) to the best of Grantor’s knowledge, each of the Trademarks is valid and enforceable; (c) the Grantor is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each of the Trademarks, and each of the Trademarks is free and clear of any liens, charges and encumbrances, including, without limitation, pledges, assignments, licenses and covenants by the Grantor not to sue third persons; (d) the Grantor has the unqualified right to enter into this Security Agreement and perform its terms; (e) the Grantor has used, and will continue to use for the duration of this Security Agreement, proper notice, as required by 15 U.S.C. §§ 1051-1127 in connection with its use of the Trademarks; (f) the Grantor has used, and will continue to use for the duration of this Security Agreement, consistent standards of quality in products and services leased or sold under the Trademarks; and (g) the Grantor will not (and will not permit any licensee thereof to) do any act or knowingly omit to do any act whereby any of the Trademarks may become invalidated, abandoned (without Bank’s prior written consent, which shall not be unreasonably withheld), unenforceable, avoided, avoidable or otherwise diminished in value, and shall notify the Bank immediately if it knows of any reason or has any reason to know of any grounds under which any of the foregoing may occur.

3. Covenants. The Grantor further covenants to the Bank that until all of the Obligations have been satisfied in full: (a) (without Bank’s prior written consent, which in the case of abandonment shall not be unreasonably withheld), the Grantor shall maintain the Trademarks in full force and effect; (b) the Grantor will not enter into any agreements which are inconsistent with the Grantor’s obligations under this Security

Agreement or which restrict or impair the Bank's rights hereunder; and (c) if the Grantor acquires additional United States registrations on trademarks, the provisions of this Security Agreement shall automatically apply thereto and the Grantor shall give the Bank prompt written notice thereof along with an amended Schedule A; provided, however, that notwithstanding anything to the contrary contained in this Agreement, the Grantor shall have the right to enter into agreements in the ordinary course of business with respect to the Trademarks.

5. **Exclusive Use of Trademarks.** So long as this Security Agreement is in effect and so long as the Grantor has not received notice from the Bank that an Event of Default has occurred under the Loan Documents, the Grantor shall continue to have the exclusive right to use the Trademarks including licenses thereof, and the Bank shall have no right to use the Trademarks or issue any exclusive or non-exclusive license with respect thereto, or assign, pledge or otherwise transfer title in the Trademarks to anyone else.

6. **Negative Pledge.** The Grantor agrees not to sell, assign (by operation of law or otherwise) or further encumber its rights and interest in the Trademarks without prior written consent of the Bank. The Grantor shall defend the Trademarks against and shall take other action as is necessary to remove any lien, security interest, claim, right or other encumbrance of any nature whatsoever in or to the Trademarks, and will defend the right, title and interest of the Bank in and to any of the Grantor's rights under the Trademarks against the claims or demands of all persons whatsoever.

7. **No Additional Trademarks.** As of the date hereof, the Grantor does not own any United States registrations on trademarks other than as listed on Schedule A annexed hereto and made a part hereof.

8. **Pledge of Additional Trademarks.** The Grantor hereby grants the Bank a power of attorney, irrevocable until the Obligations are fully paid and satisfied, to modify this Security Agreement by amending Schedule A, as applicable, to include any future trademarks covered by this Security Agreement.

9. **Remedies Upon Default.** (a) Anything herein contained to the contrary notwithstanding, if and while the Grantor shall be in default hereunder or an Event of Default exists under the Loan Documents, the Grantor hereby covenants and agrees that the Bank, as the holder of a security interest under the Uniform Commercial Code, may take such action permitted under the Loan Documents or permitted by law, in its exclusive discretion, to foreclose upon the Trademarks covered hereby.

(b) For such purposes, and in the event of the Grantor's default hereunder or an Event of Default under the Loan Documents and while such default or Event of Default exists, the Grantor 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 the Grantor's true and lawful attorney-in-fact, with the power to endorse the Grantor'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 non-exclusive 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. The Grantor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof, except for the gross negligence or willful misconduct of such attorney. This power of attorney shall be irrevocable for the life of this Security Agreement and the Loan Documents, and until all the Obligations are satisfied in full.

(c) The Grantor expressly acknowledges that this Security Agreement shall be recorded with the Patent and Trademark Office in Washington, D.C.

10. **Subject to Security Agreement.** This Security Agreement shall be subject to the terms, provisions, and conditions set forth in the Security Agreement and may not be modified without the written consent of the party against whom enforcement is being sought.

11. **Inconsistent with Security Agreement.** All rights and remedies herein granted to the Bank shall be in addition to any rights and remedies granted to the Bank under the Loan Documents. In the event of an inconsistency between this Security Agreement and the Revolving Credit Security Agreement, the language of the Revolving Credit and Security Agreement shall control. The terms and conditions of the Security Agreement are hereby incorporated herein by reference.

12. Termination of Agreement. Upon payment and performance of all Obligations under the Loan Documents, the Bank shall execute and deliver to the Grantor all documents necessary to re-vest all rights in and to the Trademarks in the Grantor and/or terminate any interest of the Bank therein.

13. Responsibility and Liability. The Grantor assumes all responsibility and liability arising from the use of the Trademarks, and hereby indemnifies and holds the Bank and each director, officer, employee, affiliate and agent thereof, harmless from and against any claim, suit, loss, damage or expense (including attorneys' fees and expenses) arising out of any alleged defect in any product or service manufactured, promoted or sold by the Grantor in connection with any of the Trademarks or otherwise arising out of the Grantor's operation of its business from the use of the Trademarks. In any suit, proceeding or action brought by the Bank under any License for a Trademark for any sum owing thereunder, or to enforce any provisions of such License, the Grantor will indemnify and keep the Bank harmless from and against all expense, loss or damage suffered by reason of any defense, set off, recoupment, claim, counterclaim, reduction or liability whatsoever of the obligee thereunder or arising out of a breach of the Grantor of any obligation thereunder or arising out of any agreement, indebtedness or liability at any time owing to or in favor of such obligee or its successors from the Grantor, and all such Obligations of the Grantor shall be and remain enforceable against and only against the Grantor and shall not be enforceable against the Bank.

14. Bank's Rights. The Bank may, in its sole discretion, pay any amount or do any act required of the Grantor hereunder or requested by the Bank to preserve, defend, protect, maintain, record or enforce the Grantor's obligations contained herein, the Obligations of the Grantor to the Bank, the Trademarks, or the right, title and interest granted the Bank herein, and which the Grantor fails to do or pay, and any such payment shall be deemed an advance by the Bank to the Grantor and shall be payable on demand together with interest thereon at the default rate specified in the Loan Documents.

15. Protection of the Trademarks. The Grantor agrees that if it learns of any use by any person or any term or design likely to cause confusion with any Trademark, or of any claim of any lien, security interest, claim, right or other encumbrance of any nature whatsoever in or to the Trademarks, the Grantor shall promptly notify the Bank of such use, lien, security interest, claim, right or other encumbrance and, if requested by the Bank, shall join with the Bank, at the Grantor's expense, in such action as the Bank, in its reasonable discretion, may deem advisable for the protection of the Bank's interest in and to the Trademarks, it being understood that the foregoing shall not preclude the Grantor from bringing an action against a person for the protection of the Grantor's interest in and to such Trademarks.

16. Additional Remedies. Upon the occurrence of an Event of Default under the Loan Documents, the Bank may, without any obligation to do so, complete any obligation of the Grantor hereunder, in the Grantor's name or in the Bank's name, but at the Grantor's expense, and the Grantor hereby agrees to reimburse the Bank in full for all reasonable expenses, including reasonable attorney's fees, incurred by the Bank in protecting, defending and maintaining the Trademarks.

17. Governing Law. THIS SECURITY AGREEMENT WILL BE INTERPRETED AND THE RIGHTS AND LIABILITIES OF THE PARTIES HERETO DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE WHERE THE BANK'S OFFICE INDICATED ABOVE IS LOCATED, EXCLUDING ITS CONFLICT OF LAWS RULES, EXCEPT THAT THE FEDERAL LAWS OF THE UNITED STATES OF AMERICA SHALL GOVERN TO THE EXTENT APPLICABLE.

18. Counterparts. This Security Agreement may be signed in any number of counterpart copies and by the parties hereto on separate counterparts, but all such copies shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by facsimile transmission shall be effective as delivery of a manually executed counterpart. Any party so executing this Agreement by facsimile transmission shall promptly deliver a manually executed counterpart, provided that any failure to do so shall not affect the validity of the counterpart executed by facsimile transmission.

WITNESS the due execution hereof as a document under seal, as of the date first written above.

FRANKLIN ELECTRONIC PUBLISHERS, INC.

Barbara Anderson

By: *Arnold Levitt*

Print Name: Barbara Anderson

Print Name: Arnold Levitt

Title: Assistant Treasurer

Title: Senior Vice President

PNC BANK, NATIONAL ASSOCIATION

By: *Michael Raynor*

Print Name: Michael Raynor

Title: Vice President

STATE OF NEW JERSEY)

COUNTY OF ESSEX)

ss:

On this, the 7th day of December, 2004, before me, a Notary Public, the undersigned officer, personally appeared Arnold Levitt, who acknowledged himself/herself to be the Senior Vice President of Franklin Electronic Publishers, Inc., a Pennsylvania corporation, and that he/she, in such capacity, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing on behalf of said corporation.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

My commission expires:

[Signature]
Notary Public
ATTORNEY OF STATE
OF New Jersey

STATE OF NEW JERSEY

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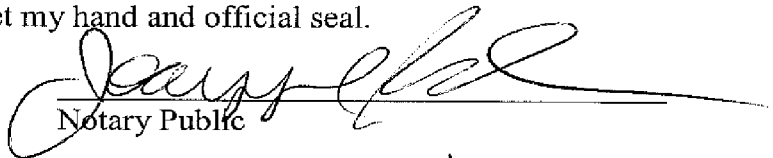
ss:

)

COUNTY OF ESSEX

On this, the 7th day of December, 2004, before me, a Notary Public, the undersigned officer, personally appeared Michael Raynor, who acknowledged himself/herself to be the Vice President of PNC BANK, NATIONAL ASSOCIATION and that he/she, as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing on behalf of said bank as such officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.


Notary Public

My commission expires:

Joanne G. Paul
Notary Public of New Jersey
My Commission Expires
02/11/08

Schedule A

**FRANKLIN ELECTRONIC PUBLISHERS
U.S. TRADEMARK REGISTRATIONS**

<u>MARK</u>	<u>REG. NO.</u>
SPELLING ACE	Reg. No. 1,459,047
FRANKLIN	Reg. No. 1,478,400
WORDMASTER	Reg. No. 1,606,191
FRANKLIN LOGO (High Tech Logo)	Reg. No. 1,608,922
NEXT CENTURY	Reg. No. 1,828,823
CONFUSABLES	Reg. No. 1,898,747
CLASSMATES	Reg. No. 1,925,234
Little Man Logo	Reg. No. 1,938,541
BOOKMAN	Reg. No. 1,896,789
Device Logo	Reg. No. 2,045,365
DATAGUARD	Reg. No. 2,161,188
HOMEWORK WIZ	Reg. No. 2,188,520
EBOOKMAN	Reg. No. 2,518,756
FRANKLIN (Hi Tech Logo)	Reg. No. 2,676,279
"E" (Little Man Logo)	Reg. No. 2,629,177
COMMUNICATOR	Reg. No. 2,849,036
TOUCHFILE	Reg. No. 2,884,957

TRADEMARK ASSIGNMENT

WHEREAS, FRANKLIN ELECTRONIC PUBLISHERS, INC. (the "**Grantor**") is the owner of the entire right, title and interest in and to the United States trademarks, trade names and registrations listed on Schedule A attached hereto and made a part hereof (collectively, the "**Trademarks**"), which are registered in the United States Patent and Trademark Office or which are subject of pending applications in the United States Patent and Trademark Office; and

WHEREAS, PNC BANK, NATIONAL ASSOCIATION, having a place of business at Two Tower Center Boulevard, East Brunswick, New Jersey 08818, identified as the "**Bank**" under that certain Security Agreement to Security Agreement - Trademarks (the "**Security Agreement**") of even date herewith (the "**Grantee**") is desirous of acquiring said Trademarks;

WHEREAS, the Grantee has a security interest in the assets of the Grantor adequate to carry on the business of the Grantor; and

WHEREAS, the Security Agreement provides that this Assignment shall become effective upon the occurrence of an Event of Default as defined in the Security Agreement dated as of December 7, 2004 by and between the Grantor and the Grantee.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, the Grantor, for itself and its successors and assigns does hereby collaterally transfer, assign and set over unto Grantee, its successors, transferees and assigns, all of its present and future right, title and interest in and to the Trademarks, the goodwill of the business associated with such Trademarks and all proceeds thereof and all rights and proceeds associated therewith.

IN WITNESS WHEREOF, the undersigned has caused this Trademark Assignment to be executed by its duly authorized officer on this _____ day of _____, _____.

WITNESS / ATTEST:

FRANKLIN ELECTRONIC PUBLISHERS, INC.

By: _____ (SEAL)

Print Name: _____

Print Name:

Title: _____
(Include title only if an officer of entity signing to the right)

Title:

STATE OF NEW JERSEY)
)
COUNTY OF ESSEX)

ss:

On this, the _____ day of December, 2004, before me, a Notary Public, the undersigned officer, personally appeared _____, who acknowledged himself/herself to be the _____ of Franklin Electronic Publishers, Inc., a _____ corporation, and that he/she, in such capacity, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing on behalf of said corporation.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public

My commission expires:
