

10-15-2004



102875552

Form PTO-1594 (Rev. 03/05)
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):

AUTOMATIC PRODUCTS INTERNATIONAL, LTD.

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

Citizenship (see guidelines)

Additional names of conveying parties attached? Yes No

3. Nature of conveyance /Execution Date(s) :

Execution Date(s) 04122004

- 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: ASSOCIATED COMMERCIAL FINANCE, INC.

Internal

Address: MS 7858

Street Address: 1960 WEST BLUEMOUND ROAD

City: MILWAUKEE

State: WISCONSIN

Country: UNITED STATES Zip: 53045

- Association
- General Partnership
- Limited Partnership
- Corporation
- 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)
78289405

B. Trademark Registration No.(s)
1859501

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: EDWARD L. MUNSON

Internal Address: SUITE 3500

Street Address: 225 SOUTH SIXTH STREET

City: MINNEAPOLIS

State: MINNESOTA Zip: 55402

Phone Number: 612-604-6694

Fax Number: 612-604-6894

Email Address: emunson@winthrop.com

6. Total number of applications and registrations involved:

19

7. Total fee (37 CFR 2.6(b)(6) & 3.41) \$1,880.00

- 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 _____
Authorized User Name _____

9. Signature:

Edward L. Munson

Signature

04122005

Date

EDWARD L. MUNSON

Name of Person Signing

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

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

10/12/04

RECORDATION FORM COVER SHEET CONTINUATION TRADEMARKS ONLY

FORM PTO-1618C
Expires 06/30/99
OMB 0651-0027

U.S. Department of Commerce
Patent and Trademark Office
TRADEMARK

Conveying Party

Enter Additional Conveying Party

Mark if additional names of conveying parties attached

Execution Date
Month Day Year

Name

Formerly

Individual General Partnership Limited Partnership Corporation Association

Other

Citizenship State of Incorporation/Organization

Receiving Party

Enter Additional Receiving Party

Mark if additional names of receiving parties attached

Name

DBA/AKA/TA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)

City

State/Country

Zip Code

Individual General Partnership Limited Partnership

Corporation Association

Other

Citizenship/State of Incorporation/Organization

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached (Designation must be a separate document from the Assignment.)

Trademark Application Number(s) or Registration Number(s)

Mark if additional numbers attached

Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

Trademark Application Number(s)

Registration Number(s)

76453812		

1859501	2559518	1186542
977220	2759860	1212259
1479343	2623822	1000514
2355726	2507052	
2774008	2546910	
2792399	2617987	
2478493	2683114	

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "Agreement") is made as of this 12th day of April, 2004, by AUTOMATIC PRODUCTS INTERNATIONAL, LTD., a Minnesota corporation (the "Debtor"), in favor of ASSOCIATED COMMERCIAL FINANCE, INC., a Wisconsin corporation (the "Secured Party").

In order to secure the payment of the obligations of the Debtor and Gross-Given Manufacturing Company, a Minnesota corporation ("Gross-Given," and together with the Debtor, the "Borrowers"), to the Secured Party pursuant to that certain Revolving Credit Agreement of even date herewith (the "Credit Agreement") by and among the Borrowers and the Secured Party and as evidenced by the Notes (as defined in the Credit Agreement), and each and every other debt, liability and obligation of every type and description which the Debtor may now or at any time hereafter owe to the Secured Party, Associated Bank, National Association, Associated Bank Minnesota, National Association or Associated Banc-Corp National Association (whether such debt, liability or obligation now exists or is hereafter created or incurred, whether it arises under or is evidenced by this Agreement, the Credit Agreement, the Notes or any other present or future instrument or agreement or by operation of law, and whether it is direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, or sole, joint or joint and several) (all such debts, liabilities and obligations of the Borrowers to the Secured Party, Associated Bank, National Association, Associated Bank Minnesota, National Association or Associated Banc-Corp National Association are herein collectively referred to as the "Secured Obligations"), the Debtor hereby agrees as follows:

1. SECURITY INTEREST AND COLLATERAL. In order to secure the payment and performance of the Secured Obligations, the Debtor hereby grants to the Secured Party a security interest (herein called the "Security Interest") in and to the following property (hereinafter collectively referred to as the "Collateral"):

**SEE EXHIBIT A ATTACHED HERETO AND INCORPORATED
HEREIN BY THIS REFERENCE.**

2. REPRESENTATIONS, WARRANTIES AND AGREEMENTS. The Debtor hereby represents and warrants to, and covenants and agrees with, the Secured Party as follows:

(a) The Collateral will be used primarily for business purposes. The Collateral shall be located on the real property located at the locations listed on Schedule 4.1 of the Credit Agreement.

(b) The Debtor is a Minnesota corporation and the address of the Debtor's chief executive office is 75 West Plato Boulevard, Saint Paul, Minnesota 55107, and it keeps and will keep all of its books and records with respect to all of its accounts at such address. The Debtor shall not change its state of organization or chief executive office without the Secured Party's prior written consent. The Debtor's state of organization has been its state of organization since the date of the Debtor's organization.

(c) If any part or all of the Collateral will become so related to particular real estate as to become a fixture, the Debtor will promptly advise the Secured Party as to real estate concerned and the record owner thereof and execute and deliver any and all instruments necessary to perfect the Security Interest therein and to assure that such Security Interest will be prior to the interest therein of the owner of the real estate.

(d) During the preceding one (1) year, the Debtor has not changed its name or operated or conducted business under any trade name or "d/b/a" which is different from its corporate name. The Debtor shall promptly notify the Secured Party of any change in such name or if it operates or conducts business under any trade name or "d/b/a" which is different from such name.

(e) The Debtor has (or will have at the time the Debtor acquires rights in Collateral hereafter acquired or arising) and will maintain absolute title to each item of Collateral free and clear of all security interests, liens and encumbrances, except the Security Interest, and such other security interests as are permitted under the Credit Agreement (the Security Interest and the security interests permitted under the Credit Agreement are hereinafter collectively referred to as the "Permitted Interests"), and will defend the Collateral against all claims or demands of all persons other than the Secured Party and those holding Permitted Interests. Except as permitted in the Credit Agreement, the Debtor will not sell or otherwise dispose of the Collateral or any interest therein.

(f) The Debtor will not permit any Collateral to be located in any state (and, if a county filing is required, in any county) in which a financing statement covering such Collateral is required to be, but has not in fact been, filed.

(g) The Debtor authorizes the Secured Party to file all of the Secured Party's financing statements and amendments to financing statements, and all terminations of the filings of other secured parties, all with respect to the Collateral, in such form and substance as the Secured Party, in its sole discretion, may determine.

(h) All rights to payment and all instruments, documents, chattel paper and other agreements constituting or evidencing Collateral are (or will be when arising or issued) the valid, genuine and legally enforceable obligation, subject to no defense, set-off or counterclaim (other than those arising in the ordinary course of business) of each account debtor or other obligor named therein or in the Debtor's records pertaining thereto as being obligated to pay such obligation. The Debtor will not agree to any modification, amendment or cancellation of any such obligation without the Secured Party's prior written consent, and will not subordinate any such right to payment to claims of other creditors of such account debtor or other obligor.

(i) The Debtor will (i) keep all Collateral in good repair, working order and condition, normal depreciation excepted, and will, from time to time, replace any worn, broken or defective parts thereof; (ii) other than taxes and other governmental charges contested in good faith and by appropriate proceedings, promptly pay all taxes and other governmental charges levied or assessed upon or against any Collateral or upon or against the creation, perfection or continuance of the Security Interest; (iii) keep all

Collateral free and clear of all security interests, liens and encumbrances except the Permitted Interests; (iv) at all reasonable times, permit the Secured Party or its representatives to examine or inspect any Collateral, wherever located, and to examine, inspect and copy the Debtor's books and records pertaining to the Collateral and its business and financial condition and to discuss with account debtors and other obligors requests for verifications of amounts owed to the Debtor; (v) keep accurate and complete records pertaining to the Collateral and pertaining to the Debtor's business and financial condition and will submit to the Secured Party such periodic reports concerning the Collateral and the Debtor's business and financial condition as the Secured Party may from time to time reasonably request; (vi) promptly notify the Secured Party of any loss or material damage to any Collateral or of any material adverse change, known to the Debtor, in the prospect of payment of any sums due on or under any instrument, chattel paper or account constituting Collateral; (vii) if the Secured Party at any time so requests promptly deliver to the Secured Party any instrument, document or chattel paper constituting Collateral, duly endorsed or assigned by the Debtor to the Secured Party; (viii) at all times keep all Collateral insured against risks of fire (including so called extended coverage), theft, collision (in case of collateral consisting of motor vehicles) and such other risks and in such amounts as the Secured Party may reasonably request, with any loss payable to the Secured Party to the extent of its interest and notify the Secured Party in writing of any loss or damage to the Collateral or any part; (ix) from time to time execute such financing statements or other forms, including, without limitation, patent and trademark recordation forms, as the Secured Party may reasonably deem required to be filed in order to perfect the Security Interest and, if any Collateral is covered by a certificate of title, execute such documents as may be required to have the Security Interest properly noted on a certificate of title; (x) pay when due or reimburse the Secured Party on demand for all costs of collection of any of the Secured Obligations and all other out-of-pocket expenses (including in each case all reasonable attorneys' fees) incurred by the Secured Party in connection with the creation, perfection, satisfaction or enforcement of the Security Interest or the execution or creation, continuance or enforcement of this Agreement or any or all of the Secured Obligations including expenses incurred in any litigation or bankruptcy or insolvency proceedings; (xi) execute, deliver or endorse any and all instruments, documents, assignments, security agreements and other agreements and writings which the Secured Party may at any time reasonably request in order to secure, protect, perfect or enforce the Security Interest and the Secured Party's rights under this Agreement, including, without limitation, an assignment of claim with respect to any account which is a government receivable; (xii) not use or keep any Collateral, or permit it to be used or kept, for any unlawful purpose or in violation of any federal, state or local law, statute or ordinance; (xiii) permit the Secured Party at any time and from time to time to send requests (both before and after the occurrence of an Event of Default) to account debtors or other obligors for verification of amounts owed to Debtor; and (xiv) not permit any Collateral to become part of or to be affixed to any real property, without first assuring to the reasonable satisfaction of the Secured Party that the Security Interest will be prior and senior to any interest or lien then held or thereafter acquired by any mortgagee of such real property or the owner or purchaser of any interest therein. If the Debtor at any time fails to perform or observe any agreement contained in this Section 2(i), and if such failure shall continue

for a period of ten (10) calendar days after the Secured Party gives the Debtor written notice thereof (or, in the case of the agreements contained in clauses (viii) and (ix) of this Section 2(i), immediately upon the occurrence of such failure, without notice or lapse of time) the Secured Party may (but need not) perform or observe such agreement on behalf and in the name, place and stead of the Debtor (or, at the Secured Party's option, in the Secured Party's own name) and may (but need not) take any and all other actions which the Secured Party may reasonably deem necessary to cure or correct such failure (including, without limitation, the payment of taxes, the satisfaction of security interests, liens or encumbrances (other than Permitted Interests), the performance of obligations under contracts or agreements with account debtors or other obligors, the procurement and maintenance of insurance, the execution of financing statements, the endorsement of instruments, and the procurement of repairs, transportation or insurance); and, except to the extent that the effect of such payment would be to render any loan or forbearance of money usurious or otherwise illegal under any applicable law, the Debtor shall thereupon pay the Secured Party on demand the amount of all moneys expended and all costs and expenses (including reasonable attorneys' fees) incurred by the Secured Party in connection with or as a result of the Secured Party's performing or observing such agreements or taking such actions, together with interest thereon from the date expended or incurred by the Secured Party at the Default Rate. To facilitate the performance or observance by the Secured Party of such agreements of the Debtor, the Debtor hereby irrevocably appoints (which appointment is coupled with an interest) the Secured Party, or its delegate, as the attorney-in-fact of the Debtor with the right (but not the duty) from time to time to create, prepare, complete, execute, deliver, endorse or file, in the name and on behalf of the Debtor, any and all instruments, documents, financing statements, forms, applications for insurance and other agreements and writings required to be obtained, executed, delivered or endorsed by the Debtor under this Section 2.

3. ASSIGNMENT OF INSURANCE. The Debtor hereby assigns to the Secured Party, as additional security for the payment of the Secured Obligations, any and all moneys (including but not limited to proceeds of insurance and refunds of unearned premiums) due or to become due under, and all other rights of the Debtor under or with respect to, any and all policies of insurance covering the Collateral, and the Debtor hereby directs the issuer of any such policy to pay any such moneys to the Secured Party. Before and upon the occurrence of an Event of Default, and at any time thereafter, the Secured Party may (but need not) in its own name or in the Debtor's name, execute and deliver proofs of claim, receive all such moneys (subject to the Debtor's rights), endorse checks and other instruments representing payment of such monies, and adjust, litigate, compromise or release any claim against the issuer of any such policy.

4. COLLECTION OF ACCOUNTS. The Secured Party may, or at the Secured Party's request, the Debtor shall, either prior to or after the occurrence of an Event of Default, and at any time thereafter, notify any account debtor or any obligor on an instrument to make payment directly to the Lockbox pursuant to the Lockbox Agreement under the sole control of the Secured Party, whether or not the Secured Party was theretofore making collections with respect thereto, and the Secured Party shall be entitled to take control of any proceeds thereof. If so requested by the Secured Party, the Debtor shall insert appropriate language on each invoice directing its customers to make payment to the Lockbox. The Debtor hereby authorizes and directs the Secured Party to deposit into the Collateral Account to be established and maintained

pursuant to the Collateral Account Agreement all checks, drafts and cash payments, received in the Lockbox. All deposits in the Collateral Account shall constitute proceeds of Collateral and shall not constitute payment of any of the Secured Obligations. At its option, the Secured Party may, at any time, apply finally collected funds on deposit in the Collateral Account to the payment of the Secured Obligations in such order of application as the Secured Party may determine, or permit the Debtor to withdraw all or any part of the balance on deposit in the Collateral Account. The Debtor agrees that it will promptly deliver to the Secured Party for deposit into the Collateral Account, all payments on accounts and chattel paper received by it in accordance with the Collateral Account Agreement. All such payments shall be delivered to the Secured Party in the form received (except for the Debtor's endorsement where necessary). Until so deposited, all payments on accounts and chattel paper received by the Debtor shall be held in trust by the Debtor for and as the property of the Secured Party and shall not be commingled with any funds or property of the Debtor.


5. REMEDIES. Upon the occurrence of an Event of Default, and at any time thereafter, the Secured Party may exercise any one or more of the following rights or remedies if any or all of the Secured Obligations are not paid when due: (i) exercise and enforce any or all rights and remedies available after default to a secured party under the Uniform Commercial Code, including but not limited to the right to take possession of any Collateral, proceeding without judicial process or by judicial process (without a prior hearing or notice thereof, which the Debtor hereby expressly waives), and the right to sell, lease or otherwise dispose of or use any or all of the Collateral; (ii) the Secured Party may require the Debtor to assemble the Collateral and make it available to the Secured Party at a place to be designated by the Secured Party which is reasonably convenient to both parties; (iii) exercise its rights under any lessors' agreements regardless of whether or not the Debtor is in default under such leases; and (iv) exercise or enforce any or all other rights or remedies available to the Secured Party by law or agreement against the Collateral, against the Debtor or against any other person or property. The Secured Party is hereby granted a non-exclusive, worldwide and royalty-free license to use or otherwise exploit all trademarks, franchises, copyrights and patents of the Debtor that the Secured Party deems necessary or appropriate to the disposition of any Collateral. If notice to the Debtor of any intended disposition of Collateral or any other intended action is required by law in a particular instance, such notice shall be deemed commercially reasonable if given (in the manner specified in Section 6 below) at least ten (10) calendar days prior to the date of intended disposition or other action.

6. MISCELLANEOUS. This Agreement does not contemplate a sale of accounts or chattel paper, and, as provided by law, the Debtor is entitled to any surplus and shall remain liable for any deficiency. This Agreement can be waived, modified, amended, terminated or discharged, and the Security Interest can be released, only explicitly in a writing signed by the Secured Party. A waiver signed by the Secured Party shall be effective only in the specific instance and for the purpose given. Mere delay or failure to act shall not preclude the exercise or enforcement of any of the Secured Party's rights or remedies. All rights and remedies of the Secured Party shall be cumulative and may be exercised singularly or concurrently, at the Secured Party's option, and the exercise or enforcement of any one such right or remedy shall neither be a condition to nor bar the exercise or enforcement of any other. All notices to be given to the Debtor shall be deemed sufficiently given if deposited in the United States mails, registered or certified, postage prepaid, or personally delivered to the Debtor at its address set forth herein. The Secured Party's

duty of care with respect to Collateral in its possession (as imposed by law) shall be deemed fulfilled if the Secured Party exercises reasonable care in physically safe keeping such Collateral or, in the case of Collateral in the custody or possession of a bailee or other third person, exercises reasonable care in the selection of the bailee or other third person, and the Secured Party need not otherwise preserve, protect, insure or care for any Collateral. The Secured Party shall not be obligated to preserve any rights the Debtor may have against any other party, to realize on the Collateral at all or in any particular manner or order, or to apply any cash proceeds of Collateral in any particular order of application. This Agreement shall be binding upon and inure to the benefit of the Debtor and the Secured Party and their respective heirs, representatives, successors and assigns and shall take effect when signed by the Debtor and delivered to the Secured Party, and the Debtor waives notice of the Secured Party's acceptance hereof. Except to the extent otherwise required by law, this Agreement shall be governed by the laws of the State of Minnesota and, unless the context otherwise requires, all terms used herein which are defined in Articles 1 and 9 of the Uniform Commercial Code, as in effect in said state, shall have the meanings therein stated and all capitalized terms used herein which are defined in the Credit Agreement shall have the meanings therein stated. If any provision or application of this Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications which can be given effect, and this Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby. All representations and warranties contained in this Agreement shall survive the execution, delivery and performance of this Agreement and the creation and payment of the Secured Obligations.

IN WITNESS WHEREOF, the Debtor has executed and delivered to the Secured Party this Security Agreement as of the day and year first above written.

AUTOMATIC PRODUCTS
INTERNATIONAL, LTD.

By: 
Mark A. Schmidt
Its: Vice President of Finance

11100-9
2095288v1

EXHIBIT A

(Description of Collateral)

All of the Debtor's Accounts, chattel paper (including, without limitation, electronic chattel paper and tangible chattel paper), deposit accounts, documents, Equipment, General Intangibles, goods, instruments, Inventory, Investment Property, letter-of-credit rights, letters of credit, patents, patent rights, copyrights, trademarks, trade names, goodwill, royalty rights, franchise rights, license rights, software, payment intangibles, all sums on deposit in the Collateral Account, any items in the Lockbox, and Receivables; together with (i) all substitutions and replacements for and products of any of the foregoing; (ii) proceeds of any and all of the foregoing; (iii) in the case of all tangible goods, all accessions; (iv) all accessories, attachments, parts, equipment and repairs now or hereafter attached or affixed to or used in connection with any tangible goods; (v) all warehouse receipts, bills of lading and other documents of title now or hereafter covering such goods; (vi) all collateral subject to the lien of any Security Document; (vii) any money, or other assets of the Debtor, that now or hereafter come into the possession, custody or control of the Lender; and (viii) all supporting obligations. Capitalized terms used herein shall have the meanings assigned thereto in the Credit Agreement.