

TRADEMARK ASSIGNMENT

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SUBMISSION TYPE:	NEW ASSIGNMENT
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NATURE OF CONVEYANCE:	Order to Allow Secured Creditor to Receive Collateral
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CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
Petals, Inc.		10/30/2003	CORPORATION: DELAWARE

RECEIVING PARTY DATA

Name:	Martin Road Ltd.
Street Address:	Harbor House, Waterfront Drive
City:	Road Town, Tortola
State/Country:	VIRGIN ISLANDS, BRITISH
Entity Type:	CORPORATION: VIRGIN ISLANDS, BRITISH

PROPERTY NUMBERS Total: 4

Property Type	Number	Word Mark
Registration Number:	2004870	WATER ILLUSIONS
Registration Number:	1592150	PETALS
Registration Number:	1348408	PETALS
Registration Number:	1348165	PETALS

CORRESPONDENCE DATA

Fax Number: (202)942-5999
Correspondence will be sent via US Mail when the fax attempt is unsuccessful.
Phone: 202-942-5163
Email: trademarkdocketing@aporter.com
Correspondent Name: Anna W. Manville
Address Line 1: 555 Twelfth Street, N.W.
Address Line 2: IP Docketing, Arnold & Porter LLP
Address Line 4: Washington, DISTRICT OF COLUMBIA 20004

DOMESTIC REPRESENTATIVE

Name:
Address Line 1:

CH \$115.00 2004870

Address Line 2:

Address Line 3:

Address Line 4:

NAME OF SUBMITTER:

Elizabeth Vary

Signature:

/elizabeth vary/

Date:

01/05/2006

Total Attachments: 3

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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 In re: : Chapter 11
 :
 PETALS INC., *et al.*, : Case Nos.: 03-13285 (CB)
 : and 03-13368 (CB)
 : and 03-13371 (CB)
 Debtors. : through 03-13374 (CB)
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**ORDER GRANTING RELIEF FROM STAY TO PURSUANT TO
§ 362(d) TO PERMIT MARTIN ROAD LTD. TO EXERCISE ITS
RIGHTS AND REMEDIES AS A SECURED CREDITOR**

Upon (a) the Stipulation between Martin Road Ltd. ("Martin Road") and Petals, Inc., et al., the debtors herein (the "Debtors") Providing For the Use of Cash Collateral Pursuant to 11 U.S.C. § 363(c) and Adequate Protection Pursuant to 11 U.S.C. § 361 dated as of May 21, 2003 (the "Stipulation"); (b) this Court's Final Order dated August 21, 2003 (i) Authorizing Use of Cash Collateral Pursuant to 11 U.S.C. § 363(c), and (ii) Providing for Adequate Protection Pursuant to 11 U.S.C. § 361 and 363 (the "Final Order"); (c) the Debtor's pre-petition loan agreements (the "Loan Agreements") and the Security Agreement (as hereinafter defined; and together with the Loan Agreements, the "Loan Documents") with Martin Road and its predecessor in interest, Foothill Capital Corporation ("Foothill"; and collectively with Martin Road, the "Lender"); (d) the Affidavit of Stephen Hicks, principal of Southridge Capital Management, L.L.C., sub-investment advisor to Martin Road duly sworn to on October 23, 2003 in support of entry of an order terminating the Debtors' right to use Cash Collateral; and it appearing that, pursuant to the terms of the Final Order, the Debtors' right to use Martin Road's Cash Collateral expires on October 30, 2003 and that the Debtors have failed to adequately protect Martin Road's interest in the Cash Collateral and cannot in the future provide adequate

protection of Martin Road's interest in the Cash Collateral; and it appearing that the Debtors have inadequate funding to continue ongoing operations; and it appearing that the Lender's collateral is in immediate jeopardy; and upon the proceedings having been had herein; and good and sufficient cause appearing therefor: it is hereby

ORDERED, that Martin Road is hereby granted relief from the automatic stay pursuant to § 362(d) to enable Martin Road to exercise any and all rights as a secured creditor and all rights and remedies granted to Lender under the Loan Documents and under the provisions of § 9-601 *et seq.* of Revised Article 9 of the Uniform Commercial Code, including but not limited to the rights to:

- (a) accelerate the payment of all of the Debtors' obligations to Martin Road;
- (b) ~~with or without judicial process or the aid or assistance of others, without~~ breaching the peace, by itself or its agents, enter upon the premises of the Debtors and assemble, and/or take possession for the purpose of safeguarding, and of all collateral granted to Lender under the Loan Documents, the Stipulation and the Final Order (collectively, the "Collateral") and/or complete manufacturing, assembly or repair of same;
- (c) collect, foreclose, receive, appropriate, setoff and realize upon any and all Collateral;
- (d) remove any or all of the Collateral from any premises on or in which the same may be located for the purpose of effecting the sale, foreclosure or other disposition thereof or for any other purpose;

- (e) sell, lease, transfer, assign, deliver or otherwise dispose of any and all Collateral (including entering into contracts with respect thereto and the conduct of public or private sales), conducted in a commercially reasonable manner upon notice to the Debtors and all parties entitled to such notice in accordance with the Uniform Commercial Code and the provisions of the Loan Documents; and
- (f) exercise such other rights and remedies and take such other actions as may be necessary and appropriate and consistent with the provisions of the Loan Documents and the Uniform Commercial Code.

Dated: New York, New York
October 30, 2003

/s/ Cornelius Blackshear
UNITED STATES BANKRUPTCY JUDGE