

**TRADEMARK ASSIGNMENT**

Electronic Version v1.1  
 Stylesheet Version v1.1

<b>SUBMISSION TYPE:</b>	NEW ASSIGNMENT		
<b>NATURE OF CONVEYANCE:</b>	SECURITY INTEREST		
<b>CONVEYING PARTY DATA</b>			
<b>Name</b>	<b>Formerly</b>	<b>Execution Date</b>	<b>Entity Type</b>
Lazar Industries, LLC		11/17/2006	LIMITED LIABILITY COMPANY: DELAWARE
<b>RECEIVING PARTY DATA</b>			
<b>Name:</b>	Textron Financial Corporation		
<b>Street Address:</b>	4949 SW Meadows Road, Suite 500		
<b>City:</b>	Lake Oswego		
<b>State/Country:</b>	OREGON		
<b>Postal Code:</b>	97305		
<b>Entity Type:</b>	CORPORATION: DELAWARE		
<b>PROPERTY NUMBERS Total: 3</b>			
<b>Property Type</b>	<b>Number</b>	<b>Word Mark</b>	
<b>Serial Number:</b>	78655809	THE COUCH COMPANY RELAXED AMERICAN CLASSICS	
<b>Registration Number:</b>	2843094	ACME BRAND COUCH COMPANY	
<b>Registration Number:</b>	2467853	DX DESIGN XPRESS	
<b>CORRESPONDENCE DATA</b>			
<b>Fax Number:</b>	(503)972-3840		
	<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>		
<b>Phone:</b>	503-802-2140		
<b>Email:</b>	kareno@tonkon.com		
<b>Correspondent Name:</b>	Bruce Berning		
<b>Address Line 1:</b>	888 SW Fifth Ave., Suite 1600		
<b>Address Line 4:</b>	Portland, OREGON 97204		
<b>NAME OF SUBMITTER:</b>	Bruce G. Berning		
<b>Signature:</b>	/bgb/		

OP \$90.00 78655809

Date:

11/28/2006

**Total Attachments: 8**

source=2006.11.28#page1.tif

source=2006.11.28#page2.tif

source=2006.11.28#page3.tif

source=2006.11.28#page4.tif

source=2006.11.28#page5.tif

source=2006.11.28#page6.tif

source=2006.11.28#page7.tif

source=2006.11.28#page8.tif

**PATENT, COPYRIGHT AND TRADEMARK  
COLLATERAL ASSIGNMENT AND SECURITY AGREEMENT**

This Patent, Copyright and Trademark Collateral Assignment and Security Agreement (this "Agreement") is made as of the 17 day of November, 2006 between Lazar Industries, LLC, a Delaware limited liability company ("Assignor"), and Textron Financial Corporation, a Delaware corporation ("Secured Party"). All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Loan Agreement (as this term is defined below).

**RECITALS**

A. Assignor and Secured Party have entered into that certain Loan and Security Agreement dated as of even date herewith, pursuant to which Secured Party has agreed to extend credit to Assignor in the maximum amount of \$3,000,000 (as amended, restated, modified and supplemented from time to time, the "Loan Agreement").

B. In order to induce Secured Party to enter into the Loan Agreement and the transactions contemplated thereby, and as a condition thereto, Assignor is required to execute and deliver to Secured Party this Agreement and pursuant hereto to assign and grant to Secured Party a security interest in and to all of Assignor's right, title, and interest in (i) the Copyrights, (ii) the Patents, and (iii) the Trademarks, including without limitation, formulations, manufacturing procedures, quality control procedures and product specifications relating to any products sold under the Patents, Copyrights and Trademarks (collectively, the Copyrights, the Patents, and the Trademarks shall be called the "Intellectual Property Collateral"). Such Intellectual Property Collateral is listed on Schedule A attached hereto and incorporated herein by reference, as the same may be amended and supplemented from time to time.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. As collateral security for the prompt and punctual payment and performance of the Obligations by Assignor and for the prompt performance by Assignor of its obligations and undertakings under this Agreement, Assignor hereby grants to Secured Party, its successors and assigns, a security interest in all of the Intellectual Property Collateral, whether now owned or hereafter acquired by Assignor, and hereby grants, pledges and hypothecates such Intellectual Property Collateral to Secured Party.

2. (a) In addition to, and not by way of limitation of, the grant, pledge, and hypothecation of the Intellectual Property Collateral provided in Section 1 hereof, as collateral security for the prompt and punctual payment and performance of the Obligations by Assignor and for the prompt performance by Assignor of its obligations and undertakings under this Agreement Assignor hereby grants, assigns, transfers, and conveys to Secured Party Assignor's entire right, title and interest in and to the Intellectual Property Collateral.

(b) Unless and until there shall have occurred and be continuing an Event of Default, Secured Party hereby grants to Assignor the exclusive, nontransferable right and license to use any part of the Intellectual Property Collateral on and in connection with the conduct of Assignor's business, for Assignor's own benefit and account and for none other; *provided, however*, that the foregoing right and license shall be no greater in scope than, and shall be limited by, the rights assigned to Secured Party by the Assignor hereby.

3. Assignor covenants, warrants and represents that:

(a) Set forth on Schedule A attached hereto is a true and complete list of all of Assignor's Intellectual Property Collateral.

(b) Assignor is the sole and exclusive owner of all of the Intellectual Property Collateral, free and clear of all liens and encumbrances, except for the security interest and assignment created by this Agreement and the other Loan Documents. Assignor will defend the right, title and interest in and to the Intellectual Property Collateral against any and all claims of any third parties.

(c) To Assignor's knowledge, all of the Intellectual Property Collateral set forth on Schedule A is subsisting and has not been adjudged invalid or unenforceable, in whole or in part, and Assignor has not received any claim by any third party that any such Intellectual Property Collateral is invalid or unenforceable.

(d) Execution, delivery and performance of this Agreement by Assignor does not (i) violate, conflict with, result in a breach of, constitute a default under, result in the termination of, or result in the creation of any encumbrances upon any of the Intellectual Property Collateral, under any agreement to which Assignor is a party or by which Assignor is bound, or (ii) violate any laws, rules, regulations or orders applicable to any of the Intellectual Property Collateral.

(e) Assignor has used, and will continue to use for the duration of this Agreement, reasonably consistent standards of quality in its manufacture of the products sold under the Trademarks or utilizing any Patents, or Copyrights.

(f) Assignor shall take any and all actions as are necessary or appropriate to properly maintain, protect, preserve, care for, and enforce any of the Intellectual Property Collateral that is material to the business of Assignor, including, without limitation, payment when due of such fees, taxes, and other expenses which shall be incurred or which shall accrue with respect to any of the Intellectual Property Collateral.

(g) If Secured Party deems it necessary to perfect Secured Party's interest in the Intellectual Property Collateral conveyed hereunder, Assignor shall cause this Agreement to be properly recorded with the United States Patent and Trademark Office, the United States Copyright Office, and any other government or public office or agency of the United States of America, as applicable, and, except for these filings, no authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body of the United States of America is required either (i) for the grant by Assignor of the security interest granted hereby or for the execution, delivery or performance of this Agreement by Assignor or (ii) for the perfection or the exercise by Secured Party of its rights and remedies hereunder.

(h) All information heretofore, herein or hereafter supplied to Secured Party by or on behalf of Assignor with respect to any of the Intellectual Property Collateral is accurate and complete in all material respects.

4. Assignor hereby grants to Secured Party and its employees, representatives and agents the right to visit during regular business hours any of Assignor's plants and facilities that manufacture, inspect or store products that are sold utilizing any of the Intellectual Property Collateral, and to inspect the products and quality control records relating thereto, provided that Secured Party shall not interfere with the daily operations of Assignor. Assignor shall do any and all acts required by Secured Party to ensure Assignor's compliance with Section 3(e).

5. Assignor agrees that, until all of the Obligations of Assignor under the Loan Documents shall have been satisfied in full, Assignor will not sell, assign, transfer, or sub-license any of its rights or interests hereunder, or enter into any other agreement which is inconsistent with Assignor's obligations hereunder, without the prior written consent of Secured Party.

6. If, before the Obligations of the Assignor shall have been satisfied in full, Assignor shall obtain rights to any new Copyrights, Patents, or Trademarks not listed in Schedule A, the provisions of this Agreement shall automatically apply thereto and Assignor shall give Secured Party prompt written notice thereof.

7. Assignor authorizes Secured Party to modify this Agreement by amending Schedule A to include any new Copyrights, Patents, or Trademarks without the necessity of Assignor's approval of or signature to such amendment, and Assignor shall do all such other acts (at its own expense) deemed reasonably necessary or appropriate by Secured Party to implement or preserve Secured Party's interests therein. All representations and warranties of Assignor set forth herein shall be deemed to be restated by Assignor as of the date of any such amendment of or supplement to Schedule A with full force and effect as though made on such date.

8. If any Event of Default shall have occurred and be continuing, Assignor's license, as set forth in Section 2(b), shall terminate forthwith and Assignor shall immediately cease and desist from the use, sale, license or transfer of any Intellectual Property Collateral, and Secured Party shall have, in addition to all other rights and remedies given by this Agreement, those allowed by law and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in any applicable jurisdiction and, without limiting the generality of the foregoing, Secured Party may immediately, without demand of performance and without other notice (except as set forth next below) or demand whatsoever to Assignor, all of which are hereby expressly waived, and without advertisement, sell at public or private sale or otherwise realize upon, in Portland, Oregon, or elsewhere, all or from time to time any part of the Intellectual Property Collateral, or any interest which Assignor may have therein, and after deducting from the proceeds of sale or other disposition of any part of the Intellectual Property Collateral all expenses (including all reasonable expenses for broker's fees and legal services), shall apply the residue of such proceeds to the payment of the Obligations of Assignor. Any remainder of the proceeds after payment in full of the Obligations of Assignor shall be paid over to Assignor. Notice of any sale or other disposition of any part of the Intellectual Property Collateral shall be given to Assignor at least ten (10) days before the time of any intended public or private sale or other disposition thereof is to be made, which Assignor hereby agrees shall be reasonable notice of such sale or other disposition. At any such sale or other disposition, Secured Party may, to the extent permissible under applicable law, purchase the whole or any part of any of the Intellectual Property Collateral sold, free from any right of redemption on the part of Assignor, which right is hereby waived and released.

9. Subject to the terms of the Loan Agreement, at such time as Assignor shall completely satisfy all of the Obligations, this Agreement shall terminate and Secured Party shall execute and deliver to Assignor all deeds, assignments, termination statements under the Uniform Commercial Code, and other instruments as may be necessary or proper to release Secured Party's security interest in and/or re-vest in Assignor full title to any part of the Intellectual Property Collateral, subject to any disposition thereof which may have been made by Secured Party pursuant hereto.

10. Any and all fees, costs and expenses, of whatever kind or nature, including the reasonable attorneys' fees and legal expenses incurred by Secured Party in connection with the preparation of this Agreement and all other documents relating hereto and the consummation of this transaction, the filing or recording of any documents (including all taxes in connection therewith) in public offices, the payment or discharge of any taxes, counsel fees, maintenance fees, encumbrances or otherwise protecting, maintaining or preserving any part of the Intellectual Property Collateral, or in defending or prosecuting

any actions or proceedings arising out of or related to any part of the Intellectual Property Collateral, shall be borne and paid by Assignor on demand by Secured Party and until so paid shall be added to the principal amount of the Obligations and shall bear interest at the highest rate prescribed in the Loan Agreement.

11. Assignor shall have the duty, through counsel acceptable to Secured Party, to prosecute diligently any applications related to any Intellectual Property Collateral pending as of the date of this Agreement or thereafter until the Obligations of the Assignor shall have been paid in full, and to make federal application on registrable but unregistered Trademarks, Copyrights or Patents that are material to the business of Borrower. Any expenses incurred in connection therewith shall be borne by Assignor. Assignor shall not abandon or dedicate to the public any of the Intellectual Property Collateral that is material to the business of Borrower, nor do any act nor omit to do any act if such act or omission is of a character that tends to cause or contribute to the abandonment or dedication to the public of any part of the Intellectual Property Collateral that is material to the business of Borrower or loss of or adverse effect on any rights in any part of the Intellectual Property Collateral that is material to the business of Borrower, without the consent of Secured Party, which consent shall not be unreasonably withheld.

12. Assignor shall have the right, with the prior written consent of Secured Party, which will not be unreasonably withheld, to bring any opposition proceedings, cancellation proceedings or lawsuit in its own name to enforce or protect any part of the Intellectual Property Collateral, in which event Secured Party may, if necessary, be joined as a nominal party to such suit if Secured Party shall have been satisfied that it is not thereby incurring any risk of liability because of such joinder. Assignor shall promptly, upon demand, reimburse and indemnify Secured Party for all damages, costs and expenses, including attorneys' fees, incurred by Secured Party in the fulfillment of the provisions of this Section 12.

13. In the event of the occurrence of an Event of Default under the Loan Agreement, Assignor hereby authorizes and empowers Secured Party to make, constitute and appoint any officer or agent of Secured Party as Secured Party may select, in its exclusive discretion, as Assignor's true and lawful attorney-in-fact, with the power to endorse Assignor's name on all applications, documents, papers and instruments necessary for Secured Party to use any of the Intellectual Property Collateral, or to grant or issue any exclusive or non-exclusive license under any of the Intellectual Property Collateral to anyone else, or necessary for Secured Party to assign, pledge, convey or otherwise transfer title in or dispose of any of the Intellectual Property Collateral to anyone else. Assignor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable until this Agreement shall terminate pursuant to the terms herein.

14. If Assignor fails to comply with any of its obligations hereunder, Secured Party may do so in Assignor's name or in Secured Party's name, but at Assignor's expense, and Assignor hereby agrees to reimburse Secured Party in full for all expenses, including reasonable attorneys' fees, incurred by Secured Party in protecting, defending and maintaining any of the Intellectual Property Collateral.

15. This Agreement is supplemental to the Loan Agreement, and in no event shall this Agreement, or the recordation of this Agreement or any other documents in connection herewith with the United States Patent and Trademark Office, the United States Copyright Office, or any other government or public office or agency of the United States of America, adversely effect or impair, in any way or to any extent, the other Loan Documents, and the security interest of Secured Party in the Collateral (including the Intellectual Property Collateral) pursuant to the other Loan Documents. Any and all rights and interests of Secured Party in and to the Intellectual Property Collateral (and any and all obligations of Assignor with respect to the Intellectual Property Collateral) provided herein, or arising hereunder or in connection herewith, shall only supplement and be cumulative and in addition to the rights and interests of Secured Party (and the obligations of Assignor) in, to, or with respect to the Collateral (including

Intellectual Property Collateral) provided in or arising under or in connection with the other Loan Documents.

16. No course of dealing between Assignor and Secured Party, nor any failure to exercise, nor any delay in exercising, on the part of Secured Party, any right, power or privilege hereunder or under the Loan Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

17. All of Secured Party's rights and remedies with respect to any of the Intellectual Property Collateral, whether established hereby or by the Loan Agreement, or by any other agreements or by law shall be cumulative and may be exercised singularly or concurrently.

18. Notices that are required to be delivered hereunder shall be sufficient if in writing and sent to the addresses set forth in the Loan Agreement, in the manner and within the time specified in the Loan Agreement.

19. The provisions of this Agreement are severable, and if any clause or provision shall be held invalid and unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Agreement in any jurisdiction.

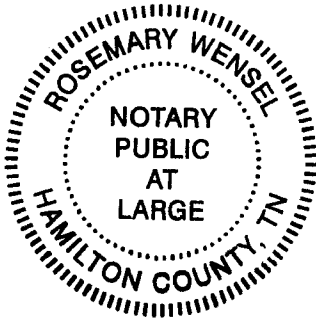
20. This Agreement is subject to modification only by a writing signed by the parties, except as provided in Section 7.

21. The benefits and burdens of this Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties.

22. The validity and interpretation of this Agreement and the rights and obligations of the parties shall be governed by the laws of the State of Oregon, without reference to applicable conflict of law principles.

23. This Agreement may be executed in one or more counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. The parties hereby acknowledge and agree that facsimile signatures of this Agreement shall have the same force and effect as original signatures.

IN WITNESS WHEREOF, the undersigned have executed and delivered this Agreement as of the date set forth above.



ASSIGNOR:

LAZAR INDUSTRIES, LLC

By:   
J. Mark Jones, Secretary/Treasurer

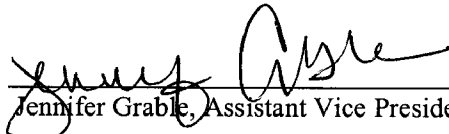
620 E. Slauson Ave.  
Los Angeles, CA 90011  
Facsimile: (323) 232-0766

with copies to:

J. Mark Jones, Partner  
River Associates Investments, LLC  
633 Chestnut St. Suite 1640  
Chattanooga, TN 37450

SECURED PARTY:

TEXTRON FINANCIAL CORPORATION

By:   
Jennifer Grable, Assistant Vice President

4949 SW Meadows Road, Suite 500  
Lake Oswego, OR 97305  
Attention: SVP- ABL Credit & Operations  
Facsimile: 503-675-5776

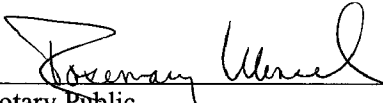
with a copy to:

Steven M. Schott, Esq.  
Textron Financial Corporation  
Suite 210  
11575 Great Oaks Way  
Alpharetta, GA 30022  
Facsimile: (770) 360-1458



STATE OF Tennessee )  
 ) ss:  
COUNTY OF Hamilton )

BEFORE ME, the undersigned, a Notary Public in and for the county aforesaid, on this 16<sup>th</sup> day of November, 2006, personally appeared J. Mark Jones to me known personally, and who, being by me duly sworn, deposes and says that he/she is the Secretary/Treasurer of LAZAR Industries, LLC, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and said \_\_\_\_\_ acknowledged said instrument to be the free act and deed of said corporation.

  
\_\_\_\_\_  
Notary Public

My Commission Expires: 9/5/2007

SCHEDULE A  
Intellectual Property Collateral

**TRADEMARKS**

<u>Trademark/Service Mark</u>	<u>Status</u>	<u>Serial No.</u>	<u>Filing Date</u>	<u>Registration No.</u>	<u>Registration Date</u>	<u>International Class</u>
ACME BRAND COUCH COMPANY	Registered	78/237,753	4/15/2003	2,843,094	5/18/2004	20
DX DESIGN XPRESS & Design	Registered	76/079,223	6/27/2000	2,467,853	7/10/2001	35
THE COUCH COMPANY RELAXED AMERICAN CLASSICS	Pending	78/655,809	6/22/2005			20

**PATENTS**

NONE

**COPYRIGHTS**

NONE

031841\00036\715267 V004

PATENT, COPYRIGHT AND TRADEMARK COLLATERAL  
ASSIGNMENT AND SECURITY AGREEMENT - SCHEDULE A

**RECORDED: 11/28/2006**

**TRADEMARK  
REEL: 003434 FRAME: 0671**