

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	SECURITY INTEREST		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
Multiply Forest Products Inc.		12/22/2006	CORPORATION: CANADA
RECEIVING PARTY DATA			
Name:	Levesque Plywood Limited		
Street Address:	c/o 222 S.W. Columbia		
Internal Address:	Suite 1575		
City:	Portland		
State/Country:	OREGON		
Postal Code:	97201		
Entity Type:	CORPORATION: CANADA		
PROPERTY NUMBERS Total: 1			
Property Type	Number	Word Mark	
Registration Number:	2721591	MULTIPLY	
CORRESPONDENCE DATA			
Fax Number:	(503)796-2900		
	<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>		
Phone:	(503) 222-9981		
Email:	mcohen@schwabe.com		
Correspondent Name:	Michael A. Cohen		
Address Line 1:	1211 S.W. Fifth Avenue		
Address Line 2:	Suites 1500-1900		
Address Line 4:	Portland, OREGON 97204		
ATTORNEY DOCKET NUMBER:	013590-149464 MULTIPLY		
NAME OF SUBMITTER:	Michael A. Cohen		
Signature:	/Michael A. Cohen/		

CH \$40.00 2721591

Date:

03/01/2007

Total Attachments: 11

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TRADEMARK SECURITY AGREEMENT

THIS AGREEMENT is made as of December 22, 2006, between **MULTIPLY FOREST PRODUCTS INC.** (the "Corporation"), and **LEVESQUE PLYWOOD LIMITED** (together with its successors and assigns, the "Lender")

WHEREAS:

- A. the Corporation is the owner of certain rights to the Trademarks (as hereinafter defined) which is an important component of the ongoing operations of the Corporation's business;
- B. to secure payment and performance of all of the Obligations (as hereinafter defined), the Corporation has agreed to grant to the Lender a security interest in all of its right, title, interest and benefit in, to, under and in respect of the Trademarks (as hereinafter defined), on the terms and conditions set forth below; and
- C. the Corporation has duly authorized the execution, delivery and performance of this Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSES that for good and valuable consideration (the receipt and adequacy of which are hereby acknowledged), the Corporation covenants, agrees and declares with and in favour of the Lender as follows:

Article 1 - Interpretation

1.1 **Definitions.** In this Agreement and any Schedule hereto, unless there is something in the subject matter or text inconsistent therewith or unless the context otherwise specifies or requires, capitalized terms shall have the meanings set forth below:

"**Agreement**" means this Agreement, including the Schedules hereto, as the same may be amended, varied, supplemented, restated, renewed or replaced at any time and from time to time by mutual agreement of the Corporation and the Lender;

"**Business Day**" means any day except Saturday, Sunday or a statutory holiday;

"**Default**" has the meaning described in Section 4.1 of this Agreement;

"**Loan Documents**" has the meaning described in Section 2.2 of this Agreement;

"**Lender**" means Levesque Plywood Limited and its successors and assigns;

"**Obligations**" means all monies now or at any time and from time to time hereafter owing or payable by the Corporation to the Lender and all other covenants and obligations (whether now existing, presently arising or created in the future) of the Corporation in favour of the Lender, and whether direct or indirect, absolute or contingent, matured or not, whether arising from agreement or dealings between the Lender and the Corporation or from any agreement or dealings with any third person by which the Lender may be or become in any manner whatsoever a creditor or other obligee of the Corporation or however otherwise arising and whether the Corporation be bound alone or with another or others and whether as principal or surety;

"**Person**" means any natural person or artificial body (including among others any firm, corporation or government);

"Products" means all products sold under any of the Trademarks including the products set out in **Schedule "A"**;

"Purchase Agreement" means, collectively, the agreement of purchase and sale dated December 22, 2006 between the Corporation, as Purchaser, and the Lender, as Vendor, and any amendments, variations or supplements thereto from time to time;

"Receiver" means a receiver or a receiver and manager;

"Trademarks" has the meaning described in Section 2.1 of this Agreement;

1.2 **Interpretation Not Affected by Headings, etc.** Grammatical variations of any terms defined herein have similar meanings; words (including defined terms) importing the singular shall include the plural and vice versa; and words importing gender shall include the masculine, feminine and neuter genders. The division of this Agreement into separate Articles, Sections, Subsections, Paragraphs and Subparagraphs and the insertion of headings and references are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

Article 2 - Security etc.

2.1 **Security.** For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, to secure the due payment and performance of all of the Obligations, the Corporation grants and conveys to the Lender a security interest in, all of its right, title and interest in and in respect of the following property and rights (collectively, the **"Trademarks"**), whether now existing, owned or used or hereafter existing, owned, acquired, adopted or used:

- (a) the trade-marks, trade names and business names or styles described or referred to in **Schedule "A"** to this Agreement, and the goodwill associated therewith, all registrations and recordings thereof and all applications in connection therewith, including without limitation the registrations, recordings and applications with the Canadian Intellectual Property Office, the United States Patent & Trademark Office and any similar government office or agency in any other countries, and all renewals thereof, and all goodwill of the business to which each of the Trademarks relates;
- (b) any and all licenses currently in force, or that may in the future be in force, which directly or indirectly license, permit or otherwise authorize the Corporation, by any means whatsoever, to make, use, offer for sale, sell or advertise wares or services in connection with issued or pending applications for one or more trade-marks, trade names and business names or styles described or referred to in **Schedule "A"** to this Agreement, and all receivables, contract rights, and intangibles arising under or relating to each and every such license;
- (c) all proceeds and products of, and rights associated with, the foregoing, including any claim by the Corporation against third parties for the past, present or future infringement or violation of any of the rights described in clauses (a) and (b) or for any injury to the goodwill associated with the use of any such trade-mark or for breach or enforcement of any license agreement described in clause (b), and all rights corresponding thereto throughout the world; and

- (d) all goodwill of the business to which any of the property or matters in clauses (a), (b) and (c) relate.

2.2 **Agreement for Security Purposes.** The security interests granted hereby have been granted as a supplement to, and not in limitation of, the security interests granted by the Corporation to the Lender under any other documents executed in connection with the Purchase Agreement and the VTB Security (as defined in the Purchase Agreement) (collectively, including the Purchase Agreement and the VTB Security, the "Loan Documents"). Such Loan Documents (and all rights and remedies of the Lender therein) shall remain in full force and effect in accordance with their terms.

Article 3 – Covenants

3.1 The Corporation covenants, agrees and undertakes with the Lender that until all of the Obligations are satisfied as confirmed by the Lender in writing:

- (a) **Maintenance of Trademarks.** The Corporation will not do any act, or omit to do any act, whereby the Trademarks or any registration or application appurtenant thereto, may become abandoned, invalidated, unenforceable, avoided, avoidable, or will otherwise diminish in value, and shall notify the Lender immediately if it knows of any reason or has reason to know of any ground under which this result may occur. The Corporation shall take appropriate action at its expense to halt the infringement of the Trademarks.
- (b) **Notice of Conflict.** The Corporation shall notify the Lender in writing of any conflicting uses of any Trademarks, any application for or registration of any of them by anyone other than the Corporation and any acts of infringement or acts of unfair competition involving the Trademarks promptly after such matters come to its attention.
- (c) **No Encumbrances or Dispositions.** Other than as permitted under and in accordance with an Inter-Lender Agreement dated with even date herewith between the Corporation, the Lender, Royal Bank of Canada, Northern Ontario Heritage Fund Corporation and Northern Ontario Grow Bonds Corporation, and without the Lender's prior written consent which may be arbitrarily withheld, and subject to the provisions of an agreement (the "Ancillary Agreement") dated with even date herewith between the Corporation and the Lender respecting (among other things) timing of closing of the transactions provided for in the Purchase Agreement, the Corporation shall not create, permit or suffer to exist, and will defend the Trademarks against and take such other action as is necessary to remove, any lien, security interest, pledge, lease, hypothecation, assignment, encumbrance, claim or right, in or to the Trademarks, and will defend the right, title and interest of the Lender in and to any of the Corporation's rights under the licenses comprising part of the Trademarks and to the proceeds thereof whatsoever, against the claims and demands of all persons whomever; and the Corporation shall not sell, transfer, license, or otherwise dispose of the Trademarks.
- (d) **Notices.** The Corporation shall advise the Lender promptly, in reasonable detail: (i) of any lien or claim made or asserted against any of the Trademarks; and (ii) of the occurrence of any other event which would have a material adverse effect on the value of any of the Trademarks or on the security interests created hereunder.
- (e) **Compliance with Laws.** The Corporation shall at all times comply with local package marketing laws, regulations, decrees, and requirements.

- (f) **No Changes.** Nothing herein shall be construed as prohibiting or limiting the adoption or use of other designations or Trademarks by the Corporation; provided, however, that Corporation shall not combine or use in conjunction with the Trademarks another name or trade mark or otherwise modify or alter the Trademarks.
- (g) **No Registration.** The Corporation agrees that it will not independently register the Trademarks or translations thereof, or any trade mark or trade name which includes or is similar to the Trademarks, without the prior written consent of the Lender, which may be arbitrarily withheld.
- (h) **Proper Usage.** The Corporation undertakes and agrees that in the use of the Trademarks in the promotion and sale of the Products and in all other matters affecting the Products, it will conduct its business in a manner which will uphold and enhance the reputation of the Trademarks in the marketplace and that it will not engage in or permit any commercial or other practices which may tend to injure or impair the value of the Trademarks.
- (i) **Reports and Inspection.** Within twenty days after the end of each fiscal quarter, the Corporation shall deliver to the Lender financial statements of the Corporation (certified accurate by its Chief Financial Officer) and within 45 days of each fiscal year end the Corporation shall deliver to the Lender financial statements audited by duly qualified and recognized auditors. Upon request the Corporation shall prepare and deliver a report relating to the time period specified in the aforementioned request setting forth the quantity of all Products sold by the Corporation during the preceding month. The Corporation agrees to keep regular books of account in accordance with generally accepted accounting principles relating to the business conducted by it, which books shall fully and adequately reflect all transactions hereunder and be open to inspection by any authorized representative of the Lender at all reasonable times. Any financial statements shall include a balance sheet, statement of income and retained earnings, statement of cash flows and statement of changes in financial position.
- (j) **Indemnity.** Subject to the provisions of the Ancillary Agreement, the Corporation hereby agrees to indemnify and save harmless the Lender from and against all claims, demands, loss, costs, damages, expenses, actions, suits or other proceedings by whomsoever made, sustained, brought or prosecuted in any manner based upon, occasioned by or attributable to the manufacture, sale, purchase, use or consumption of Products, the Corporation assumes all responsibility and liability arising from the use of the Trademarks, and the Corporation hereby indemnifies and holds the Lender harmless from and against any claim, suit, loss, damage or expense (including reasonable legal costs) arising out of the Corporation's operations of its business from the use of the Trademarks.
- (k) **Insurance.** The Corporation shall, at all times, maintain insurance relating to the Products and provide the Lender certified copies of applicable policies, covering such risks, including but not limited to product liability risks, and in such amounts as the Lender shall reasonably require and shall include the Lender as an additional insured on such policies.

Article 4 – Default

4.1 **Default.** Any failure of the Corporation to make any payments due to the Lender or to perform any of its obligations pursuant to either of the VTB Notes (as defined in the Purchase Agreement), any breach by the Corporation of any term, obligation or covenant of or under this Agreement, or the occurrence of any default or breach by the Corporation or any of the Corporation's shareholders under or Event of Default as defined in any of the VTB Security (as defined in the Purchase Agreement) or the Purchase Agreement, or the occurrence of any Event of Default as defined in the general security agreement dated with even date herewith and granted by the Corporation to the Lender shall be a "Default" under this Agreement; provided that any Default which is a "curable default" as defined below in this Section 4.1 shall not constitute a Default unless it has continued without rectification by the Corporation for a least ten days after notice thereof has been given to the Corporation. The term "curable default" as used in this Section 4.1 shall mean any Default other than a default in payment, which in the sole determination of the Lender in its sole discretion is a Default which is capable of rectification.

4.2 **Rights upon Default.** Upon Default, the Lender and a Receiver, as applicable, will to the extent permitted by law have the following rights:

- (a) **Appointment of Receiver.** The Lender may by instrument in writing appoint any Person as a Receiver of all or any part of the Trademarks. The Lender may from time to time remove or replace a Receiver, or make application to any court of competent jurisdiction for the appointment of a Receiver. Any Receiver appointed by the Lender will (for purposes relating to responsibility for the Receiver's acts or omissions) be considered to be the Corporation's agent. The Lender may from time to time fix the Receiver's remuneration and the Corporation will pay the Lender the amount of such remuneration. The Lender will not be liable to the Corporation or any other Person in connection with appointing or not appointing a Receiver or in connection with the Receiver's actions or omissions.
- (b) **Dealings with the Trademarks.** The Lender or a Receiver may take possession of all or any part of the Trademarks and retain it for as long as the Lender or the Receiver considers appropriate, receive any rents and profits from the Trademarks, borrow on the security of the Trademarks, process the Trademarks, prepare the Trademarks for sale, lease or other disposition, and sell or lease (or concur in selling or leasing) or otherwise dispose of the Trademarks on such terms and conditions (including among other things by arrangement providing for deferred payment) as the Lender or the Receiver considers appropriate. The Lender or the Receiver may (without charge and to the exclusion of all other Persons including the Corporation) enter upon any location where the Corporation carries on business or where any of the Trademarks or Products are located.
- (c) **Realization.** The Lender or a Receiver may use, collect, sell, lease or otherwise dispose of, realize upon, release to the Corporation or other Persons and otherwise deal with, the Trademarks in such manner, upon such terms (including among other things by arrangement providing for deferred payment) and at such times as the Lender or the Receiver considers appropriate. The Lender or the Receiver may make any sale, lease or other disposition of the Trademarks in the name of and on behalf of the Corporation or otherwise.
- (d) **Application of Proceeds After Default.** All Proceeds of Trademarks received by the Lender or a Receiver may be applied to discharge or satisfy any expenses (including among other things the Receiver's remuneration and other expenses of enforcing the Lender's rights under this Agreement), charges, borrowings, taxes and other outgoings affecting the Trademarks or which are considered advisable by the Lender or the Receiver to preserve, process, maintain or

enhance the Trademarks or prepare it for sale, lease or other disposition, or to keep in good standing any mortgage, charge, pledge, lien, encumbrance or security interest on the Trademarks ranking in priority to any mortgage, charge, pledge, lien, encumbrance or security interest created by this Agreement, or to sell, lease or otherwise dispose of the Trademarks. The balance of such proceeds will be applied to the Obligations in such manner and at such times as the Lender considers appropriate and thereafter will be accounted for as required by law.

4.3 Other Legal Rights. Before and after Default, the Lender will have, in addition to the rights specifically provided in this Agreement, the rights of a secured party under the *Personal Property Security Act* (Ontario), and the Uniform Commercial Code (US) as well as the rights recognized at law and in equity. No right will be exclusive of or dependent upon or merge in any other right, and one or more of such rights may be exercised independently or in combination from time to time.

4.4 Deficiency. The Corporation will remain liable to the Lender for payment of any Obligations that are outstanding following realization of all or any part of the Trademarks.

4.5 The Lender not Liable. The Lender will not be liable to the Corporation or any other Person for any failure or delay in exercising any of its rights under this Agreement (including among other things any failure to take possession of, collect, or sell, lease or otherwise dispose of, any Trademarks).

Article 5 - General

5.1 Power of Attorney. The Corporation hereby constitutes and appoints the Lender and any officer or agent of the Lender in accordance with the *Powers of Attorney Act* (Ontario), with full power of substitution from time to time, as the Corporation's true and lawful attorney-in-fact, with full power and authority in the name and on behalf of the Corporation to take any appropriate action and to execute such assignments, transfers, registrations, agreements, licences, assurances, documents and instruments which the Corporation ought to execute and do, and which the Corporation has not taken or executed or done after being given a reasonable time to do so, under the covenants and provisions contained in this Agreement, and generally to use the name of the Corporation in the exercise of all or any of the powers hereby conferred on the Lender and the Corporation declares this to be a general power of attorney in the widest respect. This power of attorney shall not be revoked or terminated by any act or instrument other than the termination of this Agreement in accordance with Section 5.2.

5.2 Termination of this Agreement. Upon fulfillment by the Corporation of all of the Obligations, as confirmed by the Lender in writing, this Agreement shall be and become fully ended and terminated and all right, title and interest in and in respect of the Trademarks secured by the Corporation hereunder shall be released and all covenants and agreements of the Corporation hereunder shall be at an end and the Lender shall, upon the written request of the Corporation and at the expense of the Corporation, execute such instruments and other documents and give such notifications or assurances as may be necessary to fully release, cancel and discharge this Agreement in the circumstances.

5.3 Rights and Remedies Cumulative. The rights or remedies given to the Lender hereunder shall be cumulative of and not substituted for any rights or remedies to which Lender may be entitled under the Loan Documents, or any other agreement or security provided to the Lender in connection with the Loan Documents or with respect to the Obligations, or under statute or at law and may be exercised whether or not the Lender has pursued or is then pursuing any other such rights and remedies.

5.4 **Further Assurances.** The Corporation shall do, perform, execute and deliver all acts, deeds, documents and assurances as may be necessary from time to time to give full force and effect to the intent of this Agreement; including, without limitation, the delivery of any additional security documents to further or better provide for a security interest in favour of the Lender in all intellectual property rights which the Corporation may hold from time to time.

5.5 **Time of Essence.** Time shall be of the essence of this Agreement.

5.6 **Severability.** If any covenant, obligation or agreement contained in this Agreement, or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such covenant, obligation or agreement to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each covenant, obligation and agreement of this Agreement shall be separately valid and enforceable to the fullest extent permitted by law.

5.7 **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein, and without prejudice to the ability of the Lender to enforce this Agreement in any other proper jurisdiction, the Corporation hereby submits and attorns to the jurisdiction of the courts of the Province of Ontario for the purpose of all proceedings relating to this Agreement.

5.8 **Successors and Assigns.** This Agreement shall extend and enure to the benefit of the Lender and its successors and assigns and shall be binding upon the Corporation and its successors and permitted assigns. Subject to the Purchase Agreement, the Lender may from time to time assign or transfer all or any of the Obligations or any interest therein and, notwithstanding any such assignment or transfer or any subsequent assignment or transfer thereof, any such Obligation or part thereof so transferred or assigned shall be and shall remain an "**Obligation**" for the purposes of this Agreement and any immediate and successive assignee or transferee of any Obligation or any interest therein shall, to the extent of the interest so assigned or transferred, be entitled to the benefit of, and the right to enforce, this Agreement to the same extent as if such person were the Lender. The Corporation's obligations hereunder shall not be assigned or delegated without the prior written consent of the Lender which may be arbitrarily withheld.

5.9 **Amalgamation.** The Corporation acknowledges and agrees that in the event it amalgamates with any other company or companies it is the intention of the parties hereto that the security interests created hereby (i) shall extend to Trademarks owned by each of the amalgamating companies and the amalgamated company at the time of amalgamation and to any Trademarks thereafter owned or acquired by the amalgamated company, such that the term "**Corporation**" when used herein would apply to each of the amalgamating companies and the amalgamated company and (ii) shall secure the Obligations of each of the amalgamating companies and the amalgamated company to the Lender at the time of amalgamation and any Obligations of the amalgamated company to the Lender thereafter arising. The security interest shall attach to the additional Trademarks at the time of amalgamation and to any Trademarks owned or acquired by the amalgamated company when such becomes owned or is acquired.

5.10 **Notices.** Subject to the express provisions of this Agreement, any notice or written communication given pursuant to or in connection with this Agreement shall be in writing and shall be given by delivering the same personally or by prepaid courier, prepaid registered mail, telex or telecopier, addressed to the party to be notified at the address of such party set out herein or at such other address of which such party has given notice to the other parties hereto. Any such notice shall be conclusively deemed to have been

given and received on the day of actual receipt by the addressee or, if given by prepaid registered mail, on the third Business Day following the mailing date (absent a general disruption in postal service.)

5.11 Waiver. No consent or waiver, express or implied, by the Lender to or of any breach or default by the Corporation in the performance of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by the Corporation hereunder. Failure on the part of the Lender to complain of any act or failure to act of the Corporation or to declare the Corporation in default, irrespective of how long such failure continues, shall not, by itself, constitute a waiver by the Lender of the Lender's rights hereunder.

5.12 Amendments. This Agreement may not be modified or amended except with the written consent of the Corporation and the Lender.

5.13 Counterparts. This Agreement may be executed in any number of counterparts with the same effect as if all parties hereto had all signed the same document. All counterparts shall be construed together and shall constitute one and the same original agreement.

5.14 Transmission by Facsimile. Delivery of this Agreement by facsimile transmission shall constitute valid and effective delivery.

(SIGNATURE PAGE FOLLOWS)

IN WITNESS WHEREOF each of the parties hereto has duly executed this Agreement as of the day and year first above written.

MULTIPLY FOREST PRODUCTS INC.

By: *Gilles Boucher*

Name: Gilles Boucher

Title: President

I have authority to bind the Corporation.

Address: 1 Newton Street, Nipigon, Ontario P0T 2J0

LEVESQUE PLYWOOD LIMITED

By: _____

Name: Robert J. Picard

Title: Authorized Signatory

I have authority to bind the Lender.

Address: c/o Suite 1575 - 222 S. W. Columbia,
Portland, Oregon USA 97201

IN WITNESS WHEREOF each of the parties hereto has duly executed this Agreement as of the day and year first above written.

MULTIPLY FOREST PRODUCTS INC.

By:

Name: Gilles Boucher

Title: President

I have authority to bind the Corporation.

Address: 1 Newton Street, Nipigon, Ontario P0T 2J0

LEVESQUE PLYWOOD LIMITED

By:

Name: Robert J. Picard

Title: Authorized Signatory

I have authority to bind the Lender.

Address: c/o Suite 1575 - 222 S. W. Columbia,
Portland, Oregon USA 97201

SCHEDULE "A"

TRADEMARKS

Trademark "Multiply" registered as Canadian Trade-Mark Application Number 114933 (current registration number TMA607431) and US Trademark Application Serial Number 78154775 (current registration number 2721591) and business name known as or relating to "Multiply Business".

PRODUCTS

Flooring blanks and other floor underlayment products presently manufactured by Multiply Forest Products Inc., as well as any products manufactured by Multiply Forest Products Inc. while this Trade Mark Security Agreement remains in force.

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