

**TRADEMARK ASSIGNMENT**

Electronic Version v1.1  
 Stylesheet Version v1.1

<b>SUBMISSION TYPE:</b>	NEW ASSIGNMENT
<b>NATURE OF CONVEYANCE:</b>	SECURITY INTEREST

**CONVEYING PARTY DATA**

Name	Formerly	Execution Date	Entity Type
Innovative Art		04/05/2007	CORPORATION: CALIFORNIA

**RECEIVING PARTY DATA**

<b>Name:</b>	BFI Finance
<b>Street Address:</b>	1655 The Alameda
<b>City:</b>	San Jose
<b>State/Country:</b>	CALIFORNIA
<b>Postal Code:</b>	95126
<b>Entity Type:</b>	CORPORATION: CALIFORNIA

**PROPERTY NUMBERS Total: 21**

Property Type	Number	Word Mark
Serial Number:	78654191	FINISHING TOUCHES
Serial Number:	78654232	STUDIO ACCENTS
Registration Number:	3072020	PORTAL
Registration Number:	3072019	PORTAL
Registration Number:	2809471	MUTTIVATIONS
Serial Number:	77108383	DAZZLERS
Serial Number:	77107781	DECORATIFS
Serial Number:	77107748	THE GALLERY COLLECTION
Serial Number:	77059087	COLORBLOOM
Registration Number:	2566226	OCCASIONS BY PORTAL
Registration Number:	2613321	IMAGINEX COLLECTION
Registration Number:	2470260	THE SMART CHART
Registration Number:	2164146	P O R T A L
Registration Number:	2164145	P O R T A L

**CH \$540.00 78654191**

Registration Number:	2039194	PORTAL
Registration Number:	2265710	SENTIMIENTOS DE PORTAL
Registration Number:	2198599	PORTAL
Registration Number:	2244114	STREAMERS
Registration Number:	2040747	PORTAL
Registration Number:	1759165	WOLFSONG
Registration Number:	1598530	DEVON EDITIONS

**CORRESPONDENCE DATA**

Fax Number: (650)849-4800  
*Correspondence will be sent via US Mail when the fax attempt is unsuccessful.*  
Phone: (650)849-4400  
Email: mary.zimmerman@bingham.com  
Correspondent Name: Mary R. Zimmerman  
Address Line 1: c/o Bingham McCutchen LLP  
Address Line 2: Three Embarcadero Center  
Address Line 4: SAN FRANCISCO, CALIFORNIA 94111-4067

ATTORNEY DOCKET NUMBER:	3003097-0000313437
NAME OF SUBMITTER:	Mary R. Zimmerman
Signature:	/Mary R. Zimmerman/
Date:	06/18/2007

**Total Attachments: 12**

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## INTELLECTUAL PROPERTY SECURITY AGREEMENT

This Intellectual Property Security Agreement (this "Agreement") is made as of this 5 day of April, 2007 by and between Innovative Art, a California corporation ("Pledgor") and BFI Business Finance ("Secured Party"), a California corporation.

### RECITALS

A. Secured Party has agreed to lend to Pledgor certain funds (the "Loan"), and Pledgor desires to borrow such funds from Secured Party and will be secured in part pursuant to the terms of a Security Agreement, Loan and Security Agreement, and/or Secured Promissory Note executed or to be executed in connection herewith (either, as amended, the "Loan Agreement").

B. In order to induce Secured Party to make the Loan, Pledgor has agreed to grant a security interest in certain intangible property to Secured Party for purposes of securing the obligations of Pledgor to Secured Party.

### AGREEMENT

NOW, THEREFORE, the parties hereto agree as follows:

1. Patent Mortgage and Grant of Security Interest. As collateral security for the prompt and complete payment and performance of all of Pledgor's present or future indebtedness, obligation and liabilities to Secured Party, Pledgor hereby transfers, conveys and grants a mortgage to Secured Party, as security, Pledgor's entire right, title and interest in, to and under the following (all of which shall sometimes collectively be called the "Collateral"):

a. Any and all copyright rights, copyright application, copyright registrations and like protections in each work or authorship and derivative work thereof, whether published or unpublished and whether or not the same also constitutes a trade secret, now or hereafter existing, created, acquired or held, including without limitation those set forth on Exhibit A attached hereto (collectively, the "Copyrights");

b. Any and all trade secrets, and any and all intellectual property rights in computer software and computer software products now or hereafter existing, created, or acquired or held;

c. Any and all design rights which may be available to Pledgor now or hereafter existing, created, acquired or held;

d. All patents, patent applications and like protections including, without limitation, improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same, including without limitation the patents and patent applications set forth on Exhibit B attached hereto (collectively, the "Patents");

e. Any trademark and service mark rights, whether registered or not, applications to register and registrations of the same and like protections, and the entire goodwill of the business of Pledgor connected with and symbolized by such trademarks, including without limitation those set forth on Exhibit C attached hereto (collectively, the "Trademarks").

f. Any and all claims for damages by way of past, present and future infringement of any of the rights included above, with the right, but not the obligation, to sue for and collect such damages for said use or infringement of the intellectual property rights identified above;

g. All licenses or other rights to use any of the Copyrights, Patents or Trademarks, and all license fees and royalties arising from such use; and



h. All proceeds and products of the foregoing, including without limitation all payments under insurance or any indemnity or warranty payable in respect of any of the foregoing.

2. Authorization and Request. Pledgor authorizes and requests that the Register of Copyrights and the Commissioner of Patents and Trademarks record this Agreement.

3. Covenants and Warranties. Pledgor represents, warrants, covenants and agrees as follows:

a. Pledgor is now the sole owner of the Collateral, except for non-exclusive licenses granted by Pledgor to its customers in the ordinary course of business and except for liens, encumbrances or security interests described in Exhibit D attached hereto;

b. Performance of this Agreement does not conflict with or result in a breach of any agreement to which Pledgor is party or by which Pledgor is bound;

c. During the term of this Agreement, Pledgor will not transfer or otherwise encumber any interest in the Collateral, except for non-exclusive licenses granted by Pledgor, copies of which Pledgor will provide from time to time to Secured Party at the request of Secured Party;

d. Each of the Patents is valid and enforceable, and no part of the Collateral has been judged invalid or unenforceable, in whole or in part, and no claim has been made that any part of the Collateral violates the rights of any third party;

e. Pledgor shall promptly advise Secured Party of any material change in the composition of the Collateral, including but not limited to any subsequent ownership right of the Pledgor in or to any Trademark, Patent or Copyright not specified in this Agreement;

f. Pledgor shall (i.) protect, defend and maintain the validity and enforceability of the Trademarks, Patents and Copyrights, (ii.) use its best efforts to detect infringements of the Trademarks, Patents and Copyrights and promptly advise Secured Party in writing of material infringements detected and (iii.) not allow any Trademarks, Patents or Copyrights to be abandoned, forfeited or dedicated to the public without the written consent of Secured Party, which shall not be unreasonably withheld;

g. Pledgor shall not register any maskworks, software, computer programs or other works of authorship subject to United States copyright protection with the United States Copyright Office without first complying with the following: (i) providing Secured Party with at least fifteen (15) days' prior written notice thereof; (ii) providing Secured Party with a copy of the application for any such registration; and (iii) executing and filing such other instruments, and taking such further actions as Secured Party may reasonably request from time to time to perfect or continue the perfection of Secured Party's interest in the Collateral, including without limitation the filing with the United States Copyright Office, simultaneously with the filing by Pledgor of the application for any such registration, of a copy of this Agreement or a Supplement hereto in form acceptable to Secured Party identifying the maskworks, software, computer programs or other works of authorship being registered and confirming the grant of a security interest therein in favor of Secured Party;

h. This Agreement creates, and in the case of after acquired Collateral, this Agreement will create at the time Pledgor first has rights in such after acquired Collateral, in favor of Secured Party a valid and perfected first priority security interest in the Collateral in the United States securing the payment and performance of the obligations evidenced by the Loan Agreement upon making the filings referred to in clause 3.i below;

i. Except for, and upon, the filing of the UCC-1 Financing Statements and the filing with the United States Patent and Trademark office with respect to the Patents and Trademarks and the Register of Copyrights with respect to the Copyrights necessary to perfect the security interests created hereunder, and, except as has been already made or obtained, no authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required either (i.) for the grant by Pledgor of the security interest



granted hereby or for the execution, delivery or performance of this Agreement or by Pledgor; or (ii.) for the perfection in the United States or the exercise by Secured Party of its rights and remedies hereunder;

j. All information heretofore, herein or hereafter supplied to Secured Party by or on behalf of Pledgor with respect to the Collateral is accurate and complete in all material respects;

k. Pledgor shall not enter into any agreement that would materially impair or conflict with Pledgor's obligations hereunder without Secured Party's prior written consent. Pledgor shall not permit the inclusion in any contract to which it becomes a party of any provisions that could or might in any way impair or prevent the creation of a security interest in Pledgor's rights and interests in any property included within the definition of the Collateral acquired under such contracts; and

l. Upon any officer of Pledgor obtaining knowledge thereof, Pledgor will promptly notify Secured Party in writing of any event that materially adversely affects the value of any of the Collateral, the ability of Pledgor or Secured Party to dispose of any of the Collateral or the rights and remedies of Secured Party in relation thereto, including the levy of any legal process against any of the Collateral.

4. Secured Party's Rights. Secured Party shall have the right, but not the obligation, to take, at Pledgor's sole expense, any actions that Pledgor is required under this Agreement to take but which Pledgor fails to take, after five (5) days' telephonic or written notice to Pledgor. Pledgor shall reimburse and indemnify Secured Party for all costs and expenses incurred in the reasonable exercise of its rights under this section 4.

5. Inspection Rights. Pledgor hereby grants to Secured Party and its employees, representatives and agents the right to visit, during reasonable hours upon prior reasonable notice to Pledgor, and any of Pledgor's and its subcontractors' plants and facilities that manufacture, install or store products (or that have done so during the prior six-month period) that are sold under any of the Collateral, and to inspect the products and quality control records relating thereto upon reasonable notice to Pledgor and as often as may be reasonably requested; provided, however, nothing herein shall entitle Secured Party to access to Pledgor's trade secrets and other proprietary information.

6. Further Assurances: Attorney in Fact.

a. On a continuing basis, Pledgor will, subject to any prior licenses, encumbrances and restrictions and prospective licenses, make, execute, acknowledge and deliver, and file and record in the proper filing and recording places in the United States, all such instruments, including, appropriate financing and continuation statements and collateral agreements and filings with the United States Patent and Trademark Office and Register of Copyrights, and take all such action as may reasonably be deemed necessary or advisable, or as requested by Secured Party to carry out the intent and purposes of this Agreement, or for assuring and confirming to Secured Party the grant or perfection of a security interest in all Patents.

b. Pledgor hereby irrevocably appoints Secured Party as Pledgor's attorney-in-fact, with full authority in the place and stead of Pledgor and in the name of Pledgor, Secured Party or otherwise, from time to time in Secured Party's discretion, to take any action and to execute any instrument which Secured Party may deem necessary or advisable to accomplish the purposes of this Agreement, including:

i. To modify in its sole discretion this Agreement without first obtaining Pledgor's approval of or signature to such modification by amending Exhibit A, Exhibit B and Exhibit C thereof, to include reference to any right title or interest in any copyright, patents, or trademarks acquired by Pledgor after the execution hereof or to delete any reference to any right, title, interest in any copyrights, patents, or trademarks in which Pledgor no longer has or claims any right, title or interest; and,

ii. To file, in its sole discretion, one or more UCC financing or continuation statements and amendments thereto, relative to any of the Collateral without the signature of Pledgor where permitted by law.



7. Events of Default. The occurrence of any of the following shall constitute an Event of Default under this Agreement:

a. An Event of Default occurs under the Loan Agreement or any other agreement between Pledgor and Secured Party; or

b. Pledgor breaches any warranty or agreement made by Pledgor in this Agreement.

8. Remedies. Upon the occurrence of an Event of Default, Secured Party shall have the right to exercise all the remedies of a secured party under the California Uniform Commercial Code, including without limitation the right to require Pledgor to assemble the Collateral and to make it available to Secured Party at a place designated by Secured Party. Pledgor will pay any expenses (including attorneys' fees) incurred by Secured Party in connection with the exercise of any of Secured Party's rights hereunder, including without limitation any expense incurred in disposing of the Collateral. All of Secured Party's rights and remedies with respect to the Collateral shall be cumulative.

9. Indemnity. Pledgor agrees to defend, indemnify and hold harmless Secured Party and its officers, employees, and agents against: (a.) all obligations, demands, claims, and liabilities claimed or asserted by any other party in connection with the transactions contemplated by this Agreement, and (b.) all losses or expenses in any way suffered, incurred, or paid by Secured Party as a result of or in any way arising out of, following or consequential to transactions between Secured Party and Pledgor, whether under this Agreement or otherwise (including, without limitation, attorneys' fees and expenses), except for losses arising from or out of Secured Party's gross negligence or willful misconduct.

10. Release. At such time as Pledgor shall completely satisfy all of the obligations secured hereunder, Secured Party shall execute and deliver to Pledgor all deeds, releases and other instruments as may be necessary or proper to revest in Pledgor full title to the property granted hereunder, subject to any disposition thereof which may have been made by Secured Party pursuant hereto.

11. Course of Dealing. No course of dealing, nor any failure to exercise, nor any delay in exercising any right, power or privilege hereunder shall operate as a waiver thereof.

12. Attorneys' Fees. If any action relating to this Agreement is brought by either party hereto against the other party, the prevailing party shall be entitled to recover reasonable attorneys' fees, costs, and disbursements.

13. Amendments. This Agreement may be amended only by a written instrument signed by both parties hereto.

14. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute the same instrument.

15. California Law and Jurisdiction. This Agreement shall be governed by the laws of the State of California, without regard for choice of law provisions. Pledgor and Secured Party consent to the non-exclusive jurisdiction of any state or federal court located in Santa Clara County, California.

This Agreement is subject to the terms and conditions set forth in Addendum A attached hereto and made a part hereof.

[signature page follows]

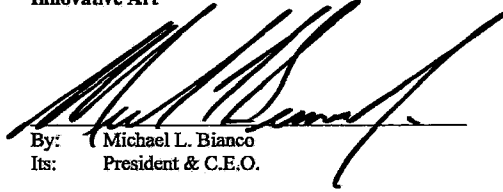
IN WITNESS WHEREOF, the parties hereto have executed this Intellectual Property Security Agreement on the day and year first above written.

Address of Pledgor:

201 Alameda Del Prado  
Novato, California 94949

**PLEDGOR:**

Innovative Art



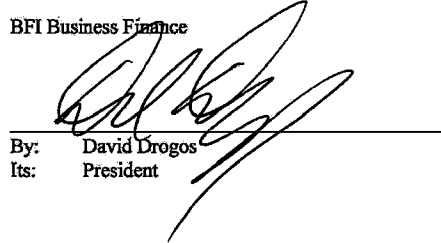
By: Michael L. Bianco  
Its: President & C.E.O.

Address of Secured Party:

1655 The Alameda  
San Jose, California 95126

**SECURED PARTY:**

BFI Business Finance



By: David Drogos  
Its: President

### Addendum A to Intellectual Property Security Agreement

Pursuant to this Addendum A to Intellectual Property Security Agreement (this "Addendum"), the foregoing Intellectual Property Security Agreement (the "Agreement") by and between **BFI Business Finance** ("Lender") and **Innovative Art** ("Borrower") is hereby amended and/or supplemented by the following terms and conditions, which are incorporated by this reference in the Agreement, as the following additional sections of the Agreement:

16. Also notwithstanding any contrary provision of the definition of "Collateral", with respect to any ITU Application included within the Collateral, to the extent that such ITU Application would under the Trademark Act be deemed transferred in violation of 15 U.S.C. Section 1060 as a result of the security interest granted pursuant to this Agreement or any other agreement or otherwise invalidated or made unenforceable as a result of the execution or performance of this Agreement or any other agreement, no security interest shall be deemed granted in such ITU Application until such time as the circumstances that would give rise to such violation, invalidation or unenforceability no longer exist. For the purposes hereof, "ITU Application" shall mean a trademark application filed with the United States Patent and Trademark Office pursuant to 15 U.S. C. Section 1051 (b) and "Trademark Act" shall mean the U.S. Trademark Act of 1946, as amended.

17. Pledgor shall not be required to maintain any Collateral as required hereunder in any agreement in the event Pledgor determines, in its good faith business judgment, that the maintenance of such Collateral is no longer necessary in Pledgor's business, provided that Pledgor shall so advise Lender in advance of any such decision not to maintain any Collateral and obtain Lender's prior written consent to such decision, which decision shall not be unreasonably withheld.



**EXHIBIT "A"**

**COPYRIGHTS**

All present and future registered and unregistered copyrights, including but not limited to the following:

<b>Reg. Number</b>	<b>Title</b>	<b>Reg. Date</b>
VA-136-908	The Secret world of teddy bears II	10/6/1983
VA-136-909	The Secret world of teddy bears III	10/6/1983
VA-266-774	Christmas Day at the North Pole: [no.]CR020/ill. By Mary Engelbreit.	6/8/1987
VA-335-273	Dressing warm ; Party bonnet.	1/27/1989
VA-540-152	Winter night: [no.] CCX32 / by Mary Engelbreit.	3/6/1992
VA-711-043	Sloop: no. SS041.	2/24/1995
VA-698-606	Chick Image	02/03/1995
VA-667-244 (COHM)	[Sharpei image]	12/14/1994

**EXHIBIT "B"**

**PATENTS**

All present and future registered and unregistered patents, including but not limited to the following:

NONE



**EXHIBIT "C"**

**TRADEMARKS**

All present and future registered and unregistered trademarks, including but not limited to the following:

Serial Number	Reg. Number	Word Mark	Date Filed
78654191		FINISHING TOUCHES	6/20/2005
78654232		STUDIO ACCENTS	6/20/2005
78427009	3072020	PORTAL	3/21/2006
78426992	3072019	PORTAL	3/21/2006
78167849	2809471	MUTTIVATIONS	1/27/2004
77108383		DAZZLERS	2/15/2007
77107781		DECORATIFS	2/14/2007
77107748		THE GALLERY COLLECTION	2/14/2007
77059087		COLORBLOOM	12/7/2006
76239804	2566226	OCCASIONS BY PORTAL	4/30/2002
76124891	2613321	IMAGINEX COLLECTION	8/27/2002
75657436	2470260	THE SMART CHART	7/17/2001
75329747	2164146	P O R T A L	6/9/1998
75329746	2164145	P O R T A L	6/9/1998
75117925	2039194	PORTAL	2/18/1997
75413036	2265710	SENTIMIENTOS DE PORTAL	7/27/1999
75399455	2198599	PORTAL	10/20/1998
75105365	2244114	STREAMERS	5/11/1999
75101742	2040747	PORTAL	2/25/1997
74191738	1759165	WOLFSONG	3/16/1993
73813120	1598530	DEVON EDITIONS	5/29/1990

**EXHIBIT "D"**

**PERMITTED LIENS**

**NONE**

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

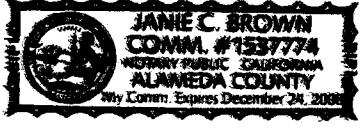
County of Marin

On 4.5.07 before me, JAMIE C. BROWN, Notary Public

personally appeared Michael L. Blanko

- personally known to me
- proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.  
Jamie C. Brown  
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

*Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.*

Description of Attached Document

Title or Type of Document: INTELLECTUAL PROPERTY SECURITY AGREEMENT

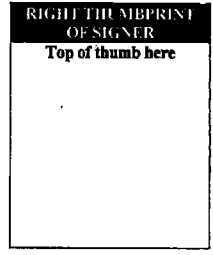
Document Date: 4.5.07 Number of Pages: 11

Signer(s) Other Than Named Above: \_\_\_\_\_

Capacity(ies) Claimed by Signer

- Signer's Name: \_\_\_\_\_
- Individual
  - Corporate Officer - Title(s): \_\_\_\_\_
  - Partner -  Limited  General
  - Attorney in Fact
  - Trustee
  - Guardian or conservator
  - Other: \_\_\_\_\_

Signer is Representing: \_\_\_\_\_



CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Santa Clara

} ss.

On April 6, 2007, before me, Oanh T. Nguyen, Notary Public

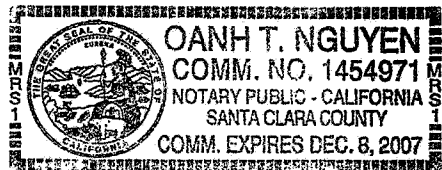
personally appeared David Dao

Name and Title of Officer (e.g. "Jane Doe, Notary Public")

Name(s) of Signer(s)

- personally known to me
- proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she~~/~~they~~ executed the same in his/~~her~~/~~their~~ authorized capacity(ies), and that by his/~~her~~/~~their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



Place Notary Seal Above

WITNESS my hand and official seal.

Oanh T. Nguyen  
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: \_\_\_\_\_

Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_

Signer(s) Other Than Named Above: \_\_\_\_\_

Capacity(ies) Claimed by Signer

Signer's Name: \_\_\_\_\_

- Individual
- Corporate Officer – Title(s): \_\_\_\_\_
- Partner -  Limited  General
- Attorney in Fact
- Trustee
- Guardian or conservator
- Other: \_\_\_\_\_

Signer is Representing: \_\_\_\_\_

