

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
Duraflame International, Inc.		08/14/2007	CORPORATION: CALIFORNIA
Duraflame Holdings, Inc.		08/14/2007	CORPORATION: CALIFORNIA
Maple Leaf Firelog Products Company		08/14/2007	LIMITED LIABILITY COMPANY: CANADA
RECEIVING PARTY DATA			
Name:	Comerica Bank		
Street Address:	75 East Trimble Road, Mail Code 4774		
City:	San Jose		
State/Country:	CALIFORNIA		
Postal Code:	95131		
Entity Type:	CORPORATION: DELAWARE		
PROPERTY NUMBERS Total: 1			
Property Type	Number	Word Mark	
Registration Number:	2775843	FLAME-GLO	
CORRESPONDENCE DATA			
Fax Number:	(415)693-2222		
	<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>		
Phone:	4156932440		
Email:	crhem@cooley.com		
Correspondent Name:	Cooley Godward Kronish LLP		
Address Line 1:	101 California Street, 5th Floor		
Address Line 2:	Attn: Chris Rhem		
Address Line 4:	San Francisco, CALIFORNIA 94111		
ATTORNEY DOCKET NUMBER:	036703-1317		
NAME OF SUBMITTER:	Chris Rhem		

CH \$40.00 2775843

Signature:	/CR/
Date:	08/16/2007
Total Attachments: 9 source=DURAF001#page1.tif source=DURAF001#page2.tif source=DURAF001#page3.tif source=DURAF001#page4.tif source=DURAF001#page5.tif source=DURAF001#page6.tif source=DURAF001#page7.tif source=DURAF001#page8.tif source=DURAF001#page9.tif	

INTELLECTUAL PROPERTY SECURITY AGREEMENT

THIS INTELLECTUAL PROPERTY SECURITY AGREEMENT ("*Agreement*") is made as of August 14, 2007, by and among DURAFLAME INTERNATIONAL, INC., a California corporation ("*Duraflame International*"), DURAFLAME HOLDINGS, INC., a California corporation ("*Duraflame Holdings*"), MAPLE LEAF FIRELOG PRODUCTS COMPANY, a Nova Scotia unlimited liability company ("*Maple Leaf*"), and each other party as may hereafter become a grantor hereunder (each a "*Grantor*", and collectively, "*Grantors*"), in favor of COMERICA BANK, as agent for and on behalf of the Lenders (as defined below) ("*Agent*").

RECITALS

A. Pursuant to that certain Senior Secured Credit Agreement, dated as of August 14, 2007 (as the same may from time to time be amended, modified, supplemented or restated, the "*Credit Agreement*"), by and among DURAFLAME, INC., a California corporation ("*Parent*") and WONDERFUEL, LLC, a Kentucky limited liability company ("*Wonderfuel*" and together with Parent, "*Borrowers*"), the Lenders named therein (collectively, "*Lenders*") and Agent, Lenders have agreed to make certain advances of money and to extend certain financial accommodations to Borrowers in the amounts and manner set forth in the Credit Agreement (collectively, the "*Loans*").

B. Pursuant to the terms of that certain Security Agreement, dated as of August 14, 2007 (as the same may be amended, modified, supplemented or restated from time to time, the "*US Security Agreement*") by and among Duraflame International, Duraflame Holdings and Agent, such Grantors have granted to Agent, for and on behalf of Agent and Lenders, a security interest in all of such Grantors' right, title and interest in, to or under all of such Grantors' assets, and pursuant to the terms of that certain Security Agreement (All Assets), dated as of August 14, 2007 (as the same may be amended, modified, supplemented or restated from time to time, the "*Canadian Security Agreement*" and together with the US Security Agreement, the "*Security Agreements*") by Maple Leaf in favor of Agent, Maple Leaf has granted to Agent, for and on behalf of Agent and Lenders, a security interest in all of Maple Leaf's right, title and interest in, to or under all of Maple Leaf's assets

C. In connection with the Security Agreements and in order to induce Lenders to make the Loans to Borrowers, Grantors have agreed to assign certain intangible property to Agent for the purpose of securing the obligations of Grantors to Agent and Lenders.

NOW, THEREFORE, the parties hereto agree as follows:

1. **DEFINITIONS.** All capitalized terms used but not otherwise defined herein shall have the respective meanings assigned to them in the Security Agreements.

2. **GRANT OF SECURITY INTEREST.** As collateral security for the full, prompt and complete and final payment and performance when due (whether at stated maturity, by acceleration or otherwise) of all the Secured Obligations and in order to induce Lenders to cause the Loans to be made, each Grantor hereby assigns, conveys, mortgages, pledges, hypothecates and transfers to Agent, and hereby grants to Agent, for and on behalf of Agent and Lenders, a security interest in all of such Grantor's right, title and interest in, to and under the following, whether now owned or

hereafter acquired (all of which being collectively referred to herein as the “*Intellectual Property Collateral*”):

(a) Any and all Copyrights and Copyright Licenses, including, without limitation, those set forth on **Exhibit A** attached hereto and incorporated herein by this reference;

(b) Any and all trade secrets, and any and all intellectual property rights in computer software and computer software products;

(c) Any and all design rights which may be available to such Grantor;

(d) Any and all Patents and Patent Licenses, including, without limitation, those set forth on **Exhibit B** attached hereto and incorporated herein by this reference;

(e) Any and all Trademarks and Trademark Licenses, and the entire goodwill of the business of such Grantor connected with and symbolized by all such Trademarks, including, without limitation, those set forth on **Exhibit C** attached hereto and incorporated herein by this reference;

(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 other licenses or other rights to use any of the Intellectual Property, and all license fees and royalties arising from such use to the extent permitted by such license or rights;

(h) All amendments, renewals and extensions of any of the Intellectual Property;
and

(i) 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.

The security interest granted hereunder is granted in conjunction with the security interests granted to Agent under the Security Agreements. The rights and remedies of Agent and Lenders with respect to the security interest granted hereby are in addition to those set forth in the Security Agreements, the Credit Agreement and the other Loan Documents, and those which are now or hereafter available to Agent or Lenders as a matter of law or equity. Each right, power and remedy of Agent provided for herein or in the Security Agreements, the Credit Agreement or any of the other Loan Documents, or now or hereafter existing at law or in equity shall be cumulative and concurrent and shall be in addition to every right, power or remedy provided for herein and the exercise by Agent of any one or more of the rights, powers or remedies provided for in this Agreement, the Security Agreements, the Credit Agreement or any of the other Loan Documents, or now or hereafter existing at law or in equity, shall not preclude the simultaneous or later exercise by any Person, including Lenders or Agent, of any or all other rights, powers or remedies.

3. AUTHORIZATION AND REQUEST. Grantors authorize and request that the Register of Copyrights and the Commissioner of Patents and Trademarks record this security interest.

4. COVENANTS AND WARRANTIES. Each Grantor represents, warrants, covenants and agrees as follows, which shall be in addition to those covenants and warranties set forth in the Security Agreements:

(a) This Agreement, creates, and in the case of after-acquired Intellectual Property Collateral, will create at the time such Grantor first has rights in such after-acquired Intellectual Property Collateral, in favor of Agent, a valid and perfected, first priority security interest in the Intellectual Property Collateral securing the payment and performance of the Secured Obligations, upon making the filings referred to in **Sections 4(b)** and **4(c)** below and execution of the Affiliate Subordination Agreement, subject only to Permitted Liens; and

(b) Except for, and upon, the filings with, as applicable, (1) the United States Patent and Trademark Office, (2) the Register of Copyrights and (3) the UCC Division of the applicable office of the Secretary of State, 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 United States governmental authority or United States regulatory body is required either (a) for the grant by Grantors of the security interest granted hereby or for the execution, delivery or performance of this Agreement by Grantors or (b) for perfection in the United States or the exercise by Agent of its rights and remedies hereunder; and

(c) Except for, and upon, any filings with foreign governmental authorities 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 foreign governmental authority or foreign regulatory body is required for perfection in any jurisdiction outside the United States.

5. AGENT'S RIGHTS. Agent shall have the right, but not the obligation, to take, at Grantors' sole expense, any actions that any Grantor is required under this Agreement to take but which any Grantor fails to take. Grantors shall reimburse and indemnify Agent for all costs and reasonable expenses incurred in the exercise of its rights under this **Section 5**.

6. FURTHER ASSURANCES; ATTORNEY IN FACT.

(a) On a continuing basis, each Grantor will 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 the Register of Copyrights, and take all such action as may be requested by Agent, to perfect Agent's security interest in all Intellectual Property, and otherwise to carry out the intent and purposes of this Agreement, or for assuring and confirming to Agent the grant or perfection of a security interest in all Intellectual Property Collateral.

(b) Each Grantor hereby irrevocably appoints Agent as such Grantor's attorney-in-fact, with full authority in the place and stead of such Grantor and in the name of such Grantor, from time to time in Agent's discretion, to take any action and to execute any instrument which may be necessary or advisable to accomplish the purposes of this Agreement, including (i) to modify, in its discretion, this Agreement without first obtaining such Grantor's approval of or signature to such

modification by amending **Exhibit A**, **Exhibit B** or **Exhibit C** hereof, as appropriate, to include reference to any material right, title or interest in any Intellectual Property acquired by such Grantor after the execution hereof or to delete any reference to any right, title or interest in any Intellectual Property in which such Grantor no longer has or claims any right, title or interest, (ii) to file, in its discretion, one or more financing or continuation statements and amendments thereto, relative to any of the Intellectual Property Collateral without the signature of such Grantor where permitted by law, and (iii) to transfer the Intellectual Property Collateral into the name of Agent or a third party to the extent permitted under the UCC; *provided*, that Agent agrees that it shall not exercise its powers as attorney-in-fact under this **Section 6(b)(iii)** except upon the occurrence and during the continuance of an Event of Default.

7. EVENTS OF DEFAULT. The occurrence of any “Event of Default” as defined in the Credit Agreement shall constitute an “*Event of Default*” under this Agreement.

8. REMEDIES. After any Event of Default shall have occurred and while such Event of Default is continuing, Agent may exercise in addition to all other rights and remedies granted to it under this Agreement, the Security Agreements, the Credit Agreement and under any other instrument or agreement securing, evidencing or relating to the Secured Obligations, all rights and remedies of a secured party under the UCC, including, without limitation, the right to require Grantors to assemble the Intellectual Property Collateral and any tangible property in which Agent has a security interest and to make it available to Agent at a place designated by Agent. Agent shall have a nonexclusive, royalty free license or other right, solely pursuant to the provisions of this **Section 8**, to use, without charge, the Intellectual Property and any property of a similar nature as it pertains to the Intellectual Property Collateral, to the extent necessary to permit Agent to exercise its rights and remedies pursuant to this **Section 8**, including, without limitation, the completion of production, advertising for sale and the sale of any Intellectual Property Collateral and, in connection with Agent’s exercise of its rights hereunder, each Grantor’s rights under all licenses and all franchise agreements shall inure to the benefit of Agent. Grantors will pay any expenses (including reasonable attorneys’ fees) incurred by Agent in connection with the exercise of any of Agent’s rights under this Agreement, including, without limitation, any expense incurred in disposing of the Intellectual Property Collateral. All of Agent’s rights and remedies with respect to the Intellectual Property Collateral shall be cumulative.

9. INDEMNITY. Each Grantor agrees to defend, indemnify and hold harmless Agent and each Lender and each of their respective officers, employees, and agents (“*Indemnitee*”) 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 any Indemnitee as a result of or in any way arising out of, following or consequential to the transactions between Agent and/or Lenders and any Grantor, whether under this Agreement or otherwise (including, without limitation, reasonable attorneys’ fees and expenses), except for losses arising from or out of such Indemnitee’s gross negligence or willful misconduct.

10. SUCCESSORS AND ASSIGNS. This Agreement and all obligations of Grantors hereunder shall be binding upon the successors and assigns of Grantors, and shall, together with the rights and remedies of Agent hereunder, inure to the benefit of Agent and Lenders, any future holder(s) of any Note and their respective successors and assigns. No sales of participations, other

sales, assignments, transfers or other dispositions of any agreement governing or instrument evidencing the Secured Obligations or any portion thereof or interest therein shall in any manner affect the security interest created herein and granted to Agent hereunder.

11. REINSTATEMENT. This Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against any Grantor for liquidation or reorganization, should any Grantor become insolvent or make an assignment for the benefit of creditors or should a receiver or trustee be appointed for all or any significant part of any Grantor's property and assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Secured Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Secured Obligations, whether as a "voidable preference," "fraudulent conveyance," or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Secured Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

12. TERMINATION OF THIS AGREEMENT. Subject to **Section 11** above, this Agreement shall terminate upon the indefeasible payment and performance in full of the Secured Obligations.

13. NO FAILURE OR DELAY. No failure or delay on the part of Agent in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof.

14. AMENDMENTS. Except as otherwise provided herein, this Agreement may be amended only by a written instrument signed by both parties hereto.

15. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which when so delivered shall be deemed an original, but all such counterparts shall constitute but one and the same instrument.

16. GOVERNING LAW. In all respects, including all matters of construction, validity and performance, this Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of California applicable to contracts made and performed in such state, without regard to the principles thereof regarding conflict of laws, except to the extent that the UCC provides for the application of another jurisdiction.

17. CONFLICT. In the event of a conflict between any term and/or provision contained in this Agreement with any term and/or provision contained in the Security Agreements, the term and/or provision of this Agreement shall govern.

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

GRANTORS:

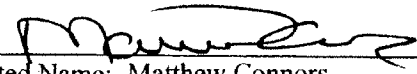
DURAFLAME INTERNATIONAL, INC.

By: 
Printed Name: Matthew Connors
Title: Chief Financial Officer

DURAFLAME HOLDINGS, INC.

By: 
Printed Name: Matthew Connors
Title: Chief Financial Officer

MAPLE LEAF FIRELOG PRODUCTS COMPANY

By: 
Printed Name: Matthew Connors
Title: Treasurer

AGENT:

COMERICA BANK


By: 
Printed Name: Daniel Backer
Title: Vice President - Western Market

EXHIBIT A
COPYRIGHTS

- 1. REGISTERED:** List titles below or indicate "None"

None

- 2. UNREGISTERED:** List titles below or indicate "None"

None

- 3. APPLICATIONS IN PROCESS:** List titles, applicable dates, application numbers, etc. below or indicate "None"

None

EXHIBIT B

U.S. PATENTS AND PATENT APPLICATIONS

1. **REGISTERED:** List titles below or indicate "None"

None

2. **UNREGISTERED:** List titles below or indicate "None"

None

3. **APPLICATIONS IN PROCESS:** List titles, applicable dates, application numbers, etc. below or indicate "None"

None

EXHIBIT C

U.S. TRADEMARKS AND TRADEMARK APPLICATIONS

1. REGISTERED: List titles below or indicate "None"

I. Company: Duraflame International

None

II. Company: Duraflame Holdings

None

III. Company: Maple Leaf

Mark	Serial No. [Reg. No.]
Flame-Glo	[2775843]

2. UNREGISTERED: List titles below or indicate "None"

None

3. APPLICATIONS IN PROCESS: List titles, applicable dates, application numbers, etc. below or indicate "None"

None

TRADE NAMES AND TRADE STYLES

Duraflame International, Inc.

City, State

Stockton, California

Trade Name/ Trade Style

Duraflame International, Inc. – not registered

Duraflame Holdings, Inc.

City, State

Stockton, California

Trade Name/ Trade Style

Duraflame Holdings, Inc. – not registered