



Form PTO 1594 (Rev. 07/05)  
OMB Collection 0651-0027 (exp. 8/30/2008)

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U. S. DEPARTMENT OF COMMERCE  
States Patent and Trademark Office

**RECORDATION FORM COVER SHEET  
TRADEMARKS ONLY**

To the Director of the U. S. Patent and Trademark Office: Please record the attached documents or the new address(es) below.

1. Name of conveying party(ies): Global Affiliates, Inc

Individual(s)       Association  
 General Partnership       Limited Partnership  
 Corporation- State: Delaware  
 Other \_\_\_\_\_

Citizenship (see guidelines) \_\_\_\_\_

Additional names of conveying parties attached?  Yes  No

2. Name and address of receiving party(ies)  Yes  
Additional names, addresses, or citizenship attached?  No

Name: Sovereign Bank  
Internal Address: \_\_\_\_\_  
Street Address: 1500 Market Street  
City: Philadelphia  
State: Pennsylvania  
Country: USA Zip: 19103

Association      Citizenship \_\_\_\_\_  
 General Partnership      Citizenship \_\_\_\_\_  
 Limited Partnership      Citizenship \_\_\_\_\_  
 Corporation      Citizenship \_\_\_\_\_  
 Other Federal Savings Bank  
Citizenship \_\_\_\_\_

If assignee is not domiciled in the United States, a domestic representative designation is attached.  Yes  No  
(Designations must be a separate document from assignment)

3. Nature of conveyance // Execution Date(s):  
Execution Date(s) November 19, 2007

Assignment       Merger  
 Security Agreement       Change of Name  
 Other \_\_\_\_\_

4. Application number(s) or registration number(s) and identification or description of the Trademark.  
A. Trademark Application No. (s) \_\_\_\_\_  
B. Trademark Registration No. (s) \_\_\_\_\_

Additional sheet(s) attached?  Yes  No

C. Identification or Description of Trademark(s) (and Filing Date if Application or Registration Number is unknown):

5. Name & address of party to whom correspondence concerning document should be mailed:  
Name: Danette Zoccola  
Internal Address: Spector, Gordon & Rosen, P.C.  
Street Address: 1635 Market St  
7th Floor  
City: Philadelphia  
State: PA Zip: 19103  
Phone Number: 215-825-8952  
Fax Number: 215-241-9844  
Email Address: d.zoccola@lawsgri.com

6. Total number of applications and registrations involved: Seven

7. Total fee (37 CFR 2.6(b)(6) & 3.41) \$ 190.00

Authorized to be charged by credit card  
 Authorized to be charged to deposit account  
 Enclosed

190E

8. Payment Information:  
a. Credit Card      Last 4 Number \_\_\_\_\_  
Expiration Date \_\_\_\_\_  
b. Deposit Account Number 50-3722  
Authorized User Name Spector Gordon & Rosen

9. Signature: Danette Zoccola      December 17, 2007  
Signature      Date

Danette Zoccola  
Name of Person Signing

Total number of pages including cover sheet, attachments, and documents: 14

Documents to be recorded (including cover sheet) should be faxed to (671) 273-0140, or mailed to: Mail Stop Assignment Recordation Services, Director of the USPTO, P.O. Box 1480, Alexandria, VA 22313-1450

Additional Sheet for Serial Numbers

<u>MARK</u>	<u>SERIAL NUMBER</u>
GLOBALFIT	78926851
WE PUT THE FIT IN BENEFIT	78926848
GLOBALFIT	78926847
GLOBALFIT FITNESS SOLUTIONS	78220960
THE SOURCE FOR A BETTER YOU	77091363
DESTINATION YOU	77254257
DESTINATION: YOU	77091501

413246 1 DOC

**PATENTS, TRADEMARKS, COPYRIGHTS AND LICENSES SECURITY AGREEMENT**

**THIS PATENTS, TRADEMARKS, COPYRIGHTS AND LICENSES SECURITY AGREEMENT** (this "Security Agreement") is made effective as of November 19, 2007 by and between GLOBAL AFFILIATES, INC. ("Borrower") and SOVEREIGN BANK ("Lender").

**BACKGROUND**

A. Pursuant to that certain Revolving Credit Loan Agreement dated of even date herewith by and between Lender and Borrower (such Revolving Credit Loan Agreement, as heretofore or hereafter amended, modified or restated, being referred to herein as the "Loan Agreement"), Lender agreed to extend to Lender a revolving credit facility in an amount not to exceed \$2,500,000.00 outstanding at any time.

B. The Loan Agreement provides, *inter alia*, that Borrower will grant to Lender a security interest in all of Borrower's assets, including, without limitation, its patents, patent rights, patent applications, servicemarks, trademarks, service trademark applications, service tradenames, goodwill, copyrights and licenses.

**NOW THEREFORE**, in consideration of the premises set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower and Lender agree as follows:

1. **Incorporation of Loan Agreement**. The Loan Agreement and the terms and provisions thereof are hereby incorporated herein in their entirety by this reference thereto. All capitalized terms not otherwise defined herein shall have the meanings set forth in the Loan Agreement.

2. **Security Interest**. To secure the complete and timely payment and satisfaction of all Obligations, Borrower hereby assigns, mortgages and pledges to Lender and grants to Lender a security interest in, as and by way of a first mortgage and security interest having priority over all other security interests, with power of sale, to the extent permitted by law, all of Borrower's right, title and interest in and to all of the following, whether now owned or existing and filed or hereafter acquired or arising and filed (collectively, the "**Intellectual Property Collateral**"):

2.1 all of Borrower's patents and patent applications, including, without limitation, the inventions and improvements described and claimed therein, and those patents listed on **Exhibit "A"**, attached hereto and made a part hereof, and (a) the reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof, (b) all income, royalties, damages and payments now and hereafter due and/or payable under and with respect thereto, including, without limitation, damages and payments for past or future infringements thereof, (c) the right to sue for past, present and future infringements thereof, and (d) all rights corresponding thereto throughout the world (all of the foregoing patents and applications, together with the items described in clauses (a)-(d), are sometimes hereinafter individually and/or collectively referred to as the "**Patents**");

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2.2 all of Borrower's copyrights, copyright registrations, copyright applications and all computer programs, operating systems, application systems, hardware or software of any nature whatsoever owned by Borrower, whether operational, under development or inactive, including all object codes, source codes, modules, technical manuals, user manuals, operating instructions and procedures, in-pu and out-pu formats, program listings, narrative descriptions, program flow charts, file layouts, report layouts, screen layouts and other documentation therefore (including internal notes, memoranda, status evaluations, marketing information and write-ups), and all improvements, modifications, enhancements, new releases and revisions thereof, whether in machine-readable form, programming language or any other language or symbols, and whether stored, encoded, recorded or written on disk, tape, film, memory device, paper or other media of any nature; together with all tangible media upon which any of the foregoing are recorded or encoded, including, without limitation, all chips, disks, tapes, film and paper; including, without limitation, the copyrights, copyrights registrations and copyrights applications listed on Exhibit "B" attached hereto and made a part hereof, and (a) all renewals thereof, (b) all income, royalties, damages and payments now and hereafter due and/or payable with respect thereto, including, without limitation, damages and payments for past or future infringements thereof, and (c) the right to sue for past, present and future infringements thereof (all of the foregoing items are sometimes referred to herein collectively as the "Copyrights"); and

2.3 all of Borrower's license agreements with any other party, whether Borrower is a licensor or licensee under any such license agreement, including, without limitation, the licenses listed on Exhibit "C" attached hereto and made a part hereof, and the right to prepare for sale, sell and advertise for sale all inventory now or hereafter owned by Borrower and now or hereafter covered by such licenses (all of the foregoing is hereinafter referred to collectively as the "Licenses").

2.4 all of Borrower's servicemarks, trademarks, servicemark and trademark registrations, tradenames, trademark applications, and all goodwill attendant thereto, including, without limitation, the servicemarks, trademarks and applications listed on Exhibit "D", attached hereto and made a part hereof, and (a) all renewals thereof, (b) all income, royalties, damages and payments now and hereafter due and/or payable with respect thereto, including without limitation, damages and payments for past or future infringements thereof, (c) the right to sue for past, present and future infringements thereof, and (d) all rights corresponding thereto throughout the world (all of the foregoing servicemarks, trademarks, servicemark and trademark registrations, servicemark and tradenames and applications together with the items described in clauses (a)-(d), are sometimes hereinafter individually and/or collectively referred to as the "Trademarks").

3. Restrictions on Future Agreements. Borrower agrees that until all Obligations shall have been satisfied in full and the Loan Agreement shall have been terminated, Borrower will not, without Lender's prior written consent, enter into any agreement (including, without limitation, any license or royalty agreement) which is inconsistent with Borrower's obligations under this Security Agreement or the Loan Agreement and Borrower further agrees that it will not take any action, or permit any action to be taken by others, subject to its control, including licensees, or fail to take any action, which would affect the validity or enforcement of the rights of Lender under this Security Agreement.

4. **New Patents, Trademarks, and Licenses.** Borrower represents and warrants that the Patents, Copyrights, Licenses and Trademarks listed on **Exhibits "A", "B", "C" and "D"**, respectively, constitute all of the patents, copyrights, applications and licenses and trademarks, now owned by Borrower. If, before all Obligations shall have been satisfied in full and the Loan Agreement shall have been terminated, Borrower shall (i) obtain rights to any new patentable inventions, trademarks, trademark registrations, tradenames, copyrights or licenses, or (ii) become entitled to the benefit of any patent, trademark or copyright application, trademark, trademark registration or license renewal, or patent for any reissue, division, continuation, renewal, extension, or continuation-in-part of any Patent or any improvement on any Patent, the provisions of **Section 2** above shall automatically apply thereto and Borrower shall give to Lender prompt written notice thereof. Borrower hereby authorizes Lender to modify this Security Agreement by amending **Exhibit "A", "B", "C" and/or "D"**, as applicable, to include any future patents, patent applications, trademarks, trademark registrations, trademark applications, tradenames, copyrights and licenses which are Patents, Copyrights, Licenses or Trademarks, as applicable, under **Section 2** above or under this **Section 4**. Borrower hereby agrees to provide to Lender such assignment or other documentation as Lender may request to record Lender's Lien on such future Patents, Trademarks, Copyrights or Licenses.

5. **Royalties; Term.** Upon the occurrence of an Event of Default, Borrower hereby agrees that the use by Lender of all Patents, Trademarks, Copyrights and Licenses as described herein shall be worldwide and without any liability for royalties or other related charges from Lender to Borrower. The term of the security interest granted herein shall extend until the earlier of (i) the expiration of each of the respective Patents, Trademarks, Copyrights and Licenses assigned hereunder, or (ii) the date on which all Obligations has been paid in full and the Loan Agreement is terminated.

6. **Lender's Right to Inspect.** Lender shall have the right, at any time and from time to time, upon reasonable notice to Borrower (unless an Event of Default has occurred and is continuing then such reasonable notice shall not be required) to inspect Borrower's premises and to examine Borrower's Books, records and operations, including, without limitation, Borrower's quality control processes. Borrower agrees that Lender, or a conservator appointed by Lender, shall have the right to establish such additional reasonable product quality controls as Lender, or said conservator, in its sole judgment, may deem necessary to assure maintenance of the quality of products sold by Borrower under the Trademarks. Borrower agrees (i) not to sell or assign its interest in, or grant any license under, the Patents, Trademarks, Copyrights or Licenses, without the prior written consent of Lender; (ii) to maintain the quality of any and all products in connection with which the Trademarks and/or Copyrights are used, consistent with quality of said products as of the date hereof; (iii) not to adversely change the quality of said products without Lender's express written consent; and (iv) to provide Lender, upon request, with a certificate of an officer of Borrower certifying Borrower's compliance with the foregoing.

7. **Termination.** This Security Agreement is made for collateral purposes only. Upon payment in full of all Obligations and termination of the Loan Agreement, Lender shall execute and deliver to Borrower a termination of Lender's security interest granted herein and all deeds, assignments and other instruments as may be necessary or proper to re-vest in Borrower full title to the Patents, Trademarks, Copyrights and Licenses, subject to any disposition thereof which may have been made by Lender pursuant hereto.

8. **Duties of Borrower.** Borrower shall have the duty (i) to prosecute diligently any patent, trademark and copyright application pending as of the date hereof or thereafter until all Obligations shall have been paid in full and the Loan Agreement is terminated, (ii) to make application on unpatented but patentable inventions and on trademarks and copyrights, as appropriate, and (iii) to preserve and maintain all rights in patent applications and patents of the Patents, in trademark applications, trademarks and trademark registrations of the Trademarks and in copyright applications and copyrights of the Copyrights. Any expenses incurred in connection with such applications shall be borne by Borrower. Borrower shall not abandon any right to file a patent, trademark or copyright application, or any pending patent, trademark or copyright application or any Patent, Trademark, License or Copyright without the consent of Lender, which consent shall not be unreasonably withheld.

9. **Event of Default.** Upon the occurrence of an Event of Default, Lender may, without further notice to or consent of Borrower execute and record with all applicable offices (including, without limitation, the Patent and Trademark Office) an absolute assignment to Lender by Borrower of all rights, title and interest of Borrower in and to the Patents, Trademarks, Copyrights, Licenses and other Intellectual Property Collateral. Borrower hereby authorizes and agrees that Lender may, through the power of attorney granted in **Section 14** hereof, irrevocably execute and deliver in Borrower's name any and all such assignments and agreements and to take any and all other actions in Borrower's name as Lender shall deem reasonable or appropriate to transfer and convey all right, title and interest of Borrower in and to the Intellectual Property Collateral to Lender or any other person or entity selected by Lender.

10. **Lender's Right to Sue.** Lender shall have the right, but shall in no way be obligated, to bring suit in its own name to enforce the Licenses, Patents, Copyrights and/or Trademarks, and any licenses thereunder, and, if Lender shall commence any such suit, Borrower shall, at the request of Lender, do any and all lawful acts and execute any and all proper documents required by Lender in aid of such enforcement and Borrower shall promptly, upon demand, reimburse and indemnify Lender for all costs and expenses incurred by Lender in the exercise of its rights under this **Section 10**.

11. **Waivers.** No course of dealing between Borrower and Lender, nor any failure to exercise, nor any delay in exercising, on the part of Lender, 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.

12. **Severability.** The provisions of this Security Agreement are severable, and if any clause or provision shall be 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 Security Agreement in any jurisdiction.

13. **Modification.** This Security Agreement cannot be altered, amended or modified in any way, except as specifically provided in **Section 4** hereof or by a writing signed by the parties hereto.

14. **Cumulative Remedies; Power of Attorney; Effect on Loan Agreement.** All of Lender's rights and remedies with respect to the Patents, Trademarks, Copyrights and Licenses, 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. Borrower hereby authorizes Lender to make, constitute and appoint any officer or agent of Lender as Lender may select, in its sole discretion, as Borrower's true and lawful attorney-in-fact, with power to (i) endorse Borrower's name on all applications, documents, papers and instruments necessary or reasonably desirable for Lender to protect, evidence, perfect or enforce its security interest in the Patents, Trademarks, Copyrights and Licenses, (ii) take any other actions with respect to the Patents, Trademarks, Copyrights and/or Licenses as Lender reasonably deems in the best interest of Lender, (iii) following an Event of Default, grant or issue any exclusive or non-exclusive license under the Patent or Trademark to anyone, including Lender, and/or (iv) following an Event of Default, assign, pledge, convey or otherwise transfer title in or dispose of the Patents, Trademarks, Copyrights or Licenses to anyone, including Lender. Lender may act under such power of attorney to take the actions referenced in **Section 4**. Lender 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 all Obligations shall have been paid in full and the Loan Agreement shall have been terminated. Borrower acknowledges and agrees that this Security Agreement is not intended to limit or restrict in any way the rights and remedies of Lender under the Loan Agreement but rather is intended to facilitate the exercise of such rights and remedies given it by the terms of this Security Agreement, all rights and remedies allowed by law and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in any jurisdiction in which the Patents, Trademarks, Copyrights or Licenses may be located.

15. **Binding Effect; Benefits.** This Security Agreement shall be binding upon Borrower and its successors and assigns, and shall inure to the benefit of Lender, its nominees, successors and assigns.

16. **Governing Law; Jurisdiction.** This Security Agreement has been delivered to and accepted by Lender and will be deemed to be made in the Commonwealth of Pennsylvania. This Security Agreement will be interpreted in accordance with the laws of the Commonwealth of Pennsylvania excluding its conflict of laws rules. **BORROWER HEREBY IRREVOCABLY CONSENTS TO THE EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT IN THE COMMONWEALTH OF PENNSYLVANIA IN A COUNTY OR JUDICIAL DISTRICT WHERE LENDER MAINTAINS A BRANCH, AND CONSENTS THAT LENDER MAY EFFECT ANY SERVICE OF PROCESS IN THE MANNER AND AT BORROWER'S ADDRESS SET FORTH IN THE LOAN AGREEMENT FOR PROVIDING NOTICE OR DEMAND; PROVIDED THAT NOTHING CONTAINED IN THIS SECURITY AGREEMENT WILL PREVENT LENDER FROM BRINGING ANY ACTION, ENFORCING ANY AWARD OR JUDGMENT OR EXERCISING ANY RIGHTS AGAINST BORROWER INDIVIDUALLY, AGAINST ANY SECURITY OR AGAINST ANY PROPERTY OF BORROWER WITHIN ANY OTHER COUNTRY, STATE OR FOREIGN OR DOMESTIC JURISDICTION.** Borrower acknowledges and agrees that the venue provided above is the most convenient forum for both Lender and Borrower. Borrower waives any objection to venue and any objection based on a more convenient forum in any action instituted under this Security Agreement.

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

Witness:

*[Handwritten Signature]*

**BORROWER:**

**GLOBAL AFFILIATES, INC.**

By: *[Handwritten Signature]*  
Frank Napolitano, President

**LENDER:**

**SOVEREIGN BANK**

By: *[Handwritten Signature]*  
Mark Tressel, Vice President

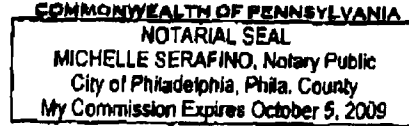


COMMONWEALTH OF PENNSYLVANIA :  
COUNTY OF PHILADELPHIA : SS.

On this, the 19th day of November 2007, before me, a notary public, the undersigned officer, personally appeared Frank Napolitano, who acknowledged himself/herself to be the President of GLOBAL AFFILIATES, INC., a Delaware corporation, and that he/she as such officer of such corporation, being authorized to do so executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself/herself as such officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

*Michelle Serafino*  
Notary Public  
My Commission Expires.



COMMONWEALTH OF PENNSYLVANIA :  
COUNTY OF PHILADELPHIA :  
SS.

On this, the 19th day of November 2007, before me, a notary public, personally appeared Mark Tressel, who acknowledged himself/herself to be the Vice President of SOVEREIGN BANK., a federal savings bank, and that he/she as such officer, being authorized to do so executed the foregoing instrument for the purposes therein contained, by signing the name of the bank by himself/herself as such officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

*Michelle Serafino*  
Notary Public  
My Commission Expires:

COMMONWEALTH OF PENNSYLVANIA  
NOTARIAL SEAL  
MICHELLE SERAFINO, Notary Public  
City of Philadelphia, Phila County  
My Commission Expires October 5, 2009

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**EXHIBIT "A"**

**Patents**

None.

**EXHIBIT "B"**

**Copyrights**

None.

**EXHIBIT "C"**

**Licenses**

None.

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**EXHIBIT "D"****Trademarks**

<u>MARK</u>	<u>REG. NO.</u>	<u>SERIAL NO.</u>	<u>REG. DT.</u>
GLOBALFIT		78926851	
WE PUT THE FIT IN BENEFIT		78926848	
GLOBALFIT		78926847	
GLOBALFIT FITNESS SOLUTIONS	2893178	78220960	October 12, 2004
THE SOURCE FOR A BETTER YOU		77091363	
DESTINATION YOU		77254257	
DESTINATION: YOU		77091501	