

TRADEMARK ASSIGNMENT COVER SHEET

Electronic Version v1.1
Stylesheet Version v1.2

ETAS ID: TM456869

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	SECURITY INTEREST		
SEQUENCE:	2		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
Portrait Studio LLC		12/31/2017	Limited Liability Company: DELAWARE
RECEIVING PARTY DATA			
Name:	Capitalsouth SBIC Fund III, L.P.		
Street Address:	4201 Congress Street		
Internal Address:	Suite 360		
City:	Charlotte		
State/Country:	NORTH CAROLINA		
Postal Code:	28209		
Entity Type:	Limited Partnership: DELAWARE		
PROPERTY NUMBERS Total: 3			
Property Type	Number	Word Mark	
Registration Number:	4679153	ICAFE	
Registration Number:	4678898	IMAGE CAFE	
Registration Number:	2841139	PORTRAIT INNOVATIONS	
CORRESPONDENCE DATA			
Fax Number:	7043533148		
<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent using a fax number, if provided; if that is unsuccessful, it will be sent via US Mail.</i>			
Phone:	7043317448		
Email:	amanda.darden@klgates.com		
Correspondent Name:	Amanda K. Darden		
Address Line 1:	214 North Tryon Street, 47th Floor		
Address Line 2:	K&L Gates LLP		
Address Line 4:	Charlotte, NORTH CAROLINA 28202		
ATTORNEY DOCKET NUMBER:	2829226.00061		
NAME OF SUBMITTER:	Amanda K. Darden		
SIGNATURE:	/Amanda K. Darden/		
DATE SIGNED:	01/04/2018		

CH \$90.00 4679153

Total Attachments: 9

source=EXECUTED - Intellectual Property Security Agreement (Portrait - December 2017)#page1.tif

source=EXECUTED - Intellectual Property Security Agreement (Portrait - December 2017)#page2.tif

source=EXECUTED - Intellectual Property Security Agreement (Portrait - December 2017)#page3.tif

source=EXECUTED - Intellectual Property Security Agreement (Portrait - December 2017)#page4.tif

source=EXECUTED - Intellectual Property Security Agreement (Portrait - December 2017)#page5.tif

source=EXECUTED - Intellectual Property Security Agreement (Portrait - December 2017)#page6.tif

source=EXECUTED - Intellectual Property Security Agreement (Portrait - December 2017)#page7.tif

source=EXECUTED - Intellectual Property Security Agreement (Portrait - December 2017)#page8.tif

source=EXECUTED - Intellectual Property Security Agreement (Portrait - December 2017)#page9.tif

INTELLECTUAL PROPERTY SECURITY AGREEMENT

This Intellectual Property Security Agreement (this "Agreement") is made as of the 31st day of December, 2017, by **PORTRAIT STUDIO LLC**, a Delaware limited liability company ("Grantor"), and delivered to **CAPITALSOUTH SBIC FUND III, L.P.**, in its capacity as collateral agent ("Collateral Agent").

BACKGROUND

A. This Agreement is being executed contemporaneously with that certain Note Purchase Agreement dated of even date herewith by and among Grantor, Collateral Agent and the other parties thereto (as supplemented, restated, amended, superseded or replaced from time to time, the "Purchase Agreement"). Capitalized terms not defined herein shall have the meanings given to such terms in the Purchase Agreement.

B. Grantor has adopted, used and is using (or has filed applications for the registration of) the patents, patent rights and patent applications (collectively, the "Patents"); trademarks, service marks, trade names, service trademark applications and service trade names (collectively, the "Trademarks"); copyrights and copyright applications and licenses (collectively, the "Copyrights"), all as listed on Schedule A attached hereto and made part hereof (all such Patents, Trademarks and Copyrights, along with associated goodwill relating thereto, hereinafter referred to as the "Assets").

C. Pursuant to this Agreement, Collateral Agent is acquiring a lien on, and security interest in, the Assets and the registration thereof, as security for all of the Obligations under the Note Documents and desires to have its security interest in the Assets confirmed by a document in such form that it may be recorded in the United States Patent and Trademark Office and the United States Copyright Office.

NOW THEREFORE, with the foregoing Background hereinafter deemed incorporated by reference and made a part hereof, and in consideration of the premises and mutual promises herein contained, the parties hereto, intending to be legally bound hereby, covenant and agree as follows:

1. In consideration of and pursuant to the terms of the Purchase Agreement and the other Note Documents, and for other good, valuable and sufficient consideration, the receipt of which is hereby acknowledged, and to secure the Obligations under the Note Documents, Grantor grants a lien and security interest to Collateral Agent in all of its present and future right, title and interest in and to the Assets and the registration thereof and the right (but not the obligation) to sue for past, present and future infringements and the proceeds thereof, including, without limitation, all royalties, licensing fees and the like along with all proceeds of infringement suits. Grantor hereby authorizes Collateral Agent to file a copy of this Agreement in the United States Patent and Trademark Office and the United States Copyright Office.

2. Grantor hereby covenants and agrees to maintain the Assets in full force and effect until all of the Obligations are paid and satisfied in full (other than contingent indemnification obligations for which no claim has been made).

3. Grantor represents, warrants and covenants that:

(a) To its knowledge, the Assets are subsisting and have not been adjudged invalid or unenforceable;

(b) To its knowledge, each of the Assets is valid and enforceable;

(c) Grantor is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each of the Assets, and each of the Assets is free and clear of any liens, claims, charges and encumbrances (other than Permitted Encumbrances), including, without limitation, pledges, assignments, licenses and covenants by Grantor not to sue third persons;

(d) Grantor has the unqualified right, power and authority to enter into this Agreement and perform its terms; and

(e) The Assets listed on Schedule A constitute all of the registrations and applications now owned by Grantor. If, before all Obligations have been paid and satisfied in full (other than contingent indemnification obligations for which no claim has been made), Grantor shall (i) obtain rights to any new patentable inventions, trademarks, trademark registrations, trade names or copyrights or licenses or (ii) become entitled to the benefit of any patent or trademark application, trademark, trademark registration, copyright or copyright registration or application 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 this Agreement shall automatically apply thereto and such patent or trademark application, trademark, trademark registration, copyright or copyright registration or application 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 shall be deemed part of the Assets. From time to time upon Collateral Agent's request, Grantor shall provide Collateral Agent and Collateral Agent's counsel with an amended Schedule listing Grantor's Assets in form and substance reasonably satisfactory to Collateral Agent.

4. So long as no Event of Default has occurred and is continuing under the Purchase Agreement, Grantor shall continue to have the sole and exclusive right to use and otherwise exploit the Assets, and Collateral Agent shall have no right to use the Assets or issue any exclusive or non-exclusive license with respect thereto, or assign, pledge or otherwise transfer title in the Assets to anyone else.

5. Grantor agrees not to sell, license, assign or further encumber its rights and interest in the Assets without prior written consent of Collateral Agent, which consent shall not be unreasonably withheld, conditioned, or delayed, except (a) as permitted in the Purchase Agreement and the other Note Documents and (b) for Permitted Encumbrances.

6. Upon the occurrence and continuance of an Event of Default under the Purchase Agreement, Grantor hereby covenants and agrees that Collateral Agent, as the holder of a security interest under the Uniform Commercial Code, as now or hereafter in effect in the State of North Carolina, may take such action permitted under the Note Documents or permitted by law, in its exclusive discretion, to foreclose upon the Assets covered hereby. Upon the occurrence and continuance of an Event of Default under the Purchase Agreement, Grantor hereby authorizes and empowers Collateral Agent, its successors and assigns, and any officer or agent of Collateral Agent as Collateral Agent may select, in its exclusive discretion, as Grantor's true and lawful attorney-in-fact, with the power to endorse Grantor's name on all applications, assignments, documents, papers and instruments necessary for Collateral Agent, to use the Assets or to grant or issue any exclusive or non-exclusive license under the Assets to anyone else, or as necessary for Collateral Agent to assign, pledge, convey or otherwise transfer title in or dispose of the Assets to anyone else including, without limitation, the power to execute an assignment in the form attached hereto as Exhibit 1. Grantor hereby authorizes Collateral Agent to file a copy of such assignment in the United States Patent and Trademark Office and the United States Copyright Office. Grantor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof and in accordance with the terms hereof, except for the gross negligence or willful misconduct of such attorney. This power of attorney shall be irrevocable for the life of this Agreement and until all the Obligations are

paid and satisfied in full (other than contingent obligations for which no claim has been made).

7. This Agreement shall be subject to the terms, provisions, and conditions set forth in the Purchase Agreement and may not be modified without the written consent of the parties hereto.

8. All rights and remedies herein granted to Collateral Agent shall be in addition to any rights and remedies granted under the Note Documents. In the event of an inconsistency between this Agreement and the Note Documents, the language of the Note Documents shall control.

9. Upon the full and unconditional satisfaction of all of the Obligations under the Note Documents (other than contingent obligations for which no claim has been made), Collateral Agent shall execute and deliver to Grantor all documents Grantor determines are reasonably necessary to terminate Collateral Agent's security interest in the Assets.

10. Any and all reasonable fees, costs and out-of-pocket expenses, of whatever kind or nature, including the reasonable outside counsel attorneys' fees and legal expenses incurred by Collateral Agent in connection with the preparation of this Agreement and all other documents relating hereto and the consummation of this transaction, the filing or recording of any documents (including all taxes in connection therewith) in public offices, the payment or discharge of any taxes, maintenance fees, encumbrances or costs otherwise incurred in protecting, maintaining or preserving the Assets or defending, protecting or enforcing Collateral Agent's rights hereunder, in each case in accordance with the terms of this Agreement, shall be borne and paid by Grantor on demand by Collateral Agent and until so paid shall be added to the principal amount of the Obligations and shall bear interest at the otherwise applicable rate of interest prescribed in the Purchase Agreement.

11. Subject to the terms of the Note Documents, Grantor shall have the duty to prosecute diligently any material United States trademark application with respect to the Assets pending as of the date of this Agreement or thereafter, until all of the Obligations shall have been paid and satisfied in full, to preserve and maintain all rights in the Assets. Grantor shall not abandon any material Patent, Trademark or Copyright without prior written consent of Collateral Agent, which consent shall not be unreasonably withheld, conditioned or delayed.

12. Upon the occurrence and continuance of an Event of Default under the Purchase Agreement, Collateral Agent may, without any obligation to do so, complete any obligation of Grantor hereunder, in Grantor's name or in Collateral Agent's name.

13. No course of dealing between Grantor and Collateral Agent or any Holder, nor any failure to exercise, nor any delay in exercising on the part of Collateral Agent or any Holder any right, power or privilege hereunder, shall operate as a waiver thereof, and all of Collateral Agent's or such Holder's rights and remedies with respect to the Assets, whether established hereby, by the Note Documents or by any other future agreements between Grantor and Collateral Agent or any Holder or by law, shall be cumulative and may be exercised singularly or concurrently.

14. The provisions of this Agreement are severable and the invalidity or unenforceability of any provision herein shall not affect the remaining provisions which shall continue unimpaired and in full force and effect.

15. This Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties.

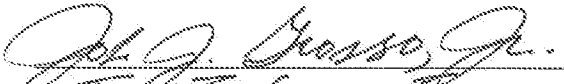
16. This Agreement shall be governed by and construed in conformity with the laws of the State of North Carolina without regard to its otherwise applicable principles of conflicts of laws.

17. **PLEDGOR AND COLLATERAL AGENT EACH WAIVE ANY AND ALL RIGHTS IT MAY HAVE TO A JURY TRIAL IN CONNECTION WITH ANY LITIGATION, PROCEEDING OR COUNTERCLAIM ARISING WITH RESPECT TO RIGHTS AND OBLIGATIONS OF THE PARTIES HERETO OR UNDER THE NOTE DOCUMENTS.**

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Grantor has caused this Intellectual Property Security Agreement to be duly executed and delivered by its officer duly authorized as of the date first above written.

PORTRAIT STUDIO LLC, a Delaware limited liability company

By: 
Name: John J. Grosse Sr.
Title: Authorized Person

AGREED TO AND ACCEPTED:

CAPITALSOUTH PARTNERS SBIC FUND III, L.P.,
as Collateral Agent

By: CAPITALSOUTH PARTNERS SBIC F-III, LLC, its
General Partner

By: _____
Name: _____
Title: _____

[Signature Page to Intellectual Property Security Agreement]

IN WITNESS WHEREOF, Grantor has caused this Intellectual Property Security Agreement to be duly executed and delivered by its officer duly authorized as of the date first above written.

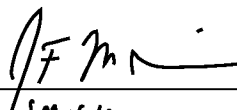
PORTRAIT STUDIO LLC, a Delaware limited liability company

By: _____
Name: _____
Title: _____

AGREED TO AND ACCEPTED:

CAPITALSOUTH PARTNERS SBIC FUND III, L.P., as Collateral Agent

By: CAPITALSOUTH PARTNERS SBIC F-III, LLC, its General Partner

By:  _____
Name: J. McClinton
Title: COO

SCHEDULE A

Patents and Patent Applications

Title	App. No.	App. Date	Patent No.	Issue Date	Status
System and method for producing digital image photo-specialty products	13/347,271	01/10/2012			Abandoned (08/10/2015)
System, method, and computer program product for evaluating photographic performance	11/682,471	03/06/2007	8,065,197	11/22/2011	Active
Systems and methods for producing portraits	11/681,327	03/02/2007	7,580,148	08/25/2009	Active
Systems and methods for producing portraits	10/339,135	01/09/2003	7,193,742	03/20/2007	Active

Trademark Registrations and Applications

Trademark	App. No.	App. Date	Reg. No.	Reg. Date	Status
ICAFE	86/383,873	09/03/2014	4,679,153	01/27/2015	Active
IMAGE CAFÉ	86/318,818	06/24/2014	4,678,898	01/27/2015	Active
PORTRAIT INNOVATIONS	86/425,281	06/21/2002	2,841,139	05/11/2004	Active

Copyright Registrations and Applications

None

EXHIBIT 1

INTELLECTUAL PROPERTY ASSIGNMENT

WHEREAS, _____ (“Grantor”) is the registered owner of the patents, patent rights, patent applications, trademarks, service marks, trade names, service trademark applications, service trade names, copyrights and copyright applications and licenses listed on **Schedule A** attached hereto and made a part hereof (“Assets”), which are registered in the United States Patent and Trademark Office and the United States Copyright Office, respectively; and

WHEREAS, _____ (“Grantee”), having a place of business at _____, is desirous of acquiring said Assets;

NOW THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, and intending to be legally bound hereby, Grantor, its successors and assigns, does hereby transfer, assign and set over unto Grantee, its successors, transferees and assigns, subject to the terms of the Intellectual Property Security Agreement of even date herewith, between Grantor and Grantee, all of its present and future right, title and interest in and to the Assets and all proceeds thereof and all goodwill associated therewith.

IN WITNESS WHEREOF, the undersigned has caused this Intellectual Property Assignment to be executed as of the ____ day of _____ .

By: _____
Attorney-in-fact

Witness:

CORPORATE ACKNOWLEDGMENT

UNITED STATES OF AMERICA :
STATE OF : S.S.
COUNTY OF :

On this ____ day of _____ 20__, before me, a Notary Public for the said County and State, personally appeared _____ known to me or satisfactorily proven to me to be attorney-in-fact on behalf of _____ and s/he acknowledged to me that s/he executed the foregoing Intellectual Property Assignment on behalf of Grantor, and as the act and deed of Grantor for the purposes therein contained.

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

Notary Public
My Commission Expires:_____