

09-27-2000



101473171

RECORDATION FORM COVER SHEET  
TRADEMARKS ONLY

9.15.00

TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type

- New
- Resubmission (Non-Recordation)  
Document ID #
- Correction of PTO Error  
Reel #  Frame #
- Corrective Document  
Reel #  Frame #

Conveyance Type

- Assignment  License
- Security Agreement  Nunc Pro Tunc Assignment
- Merger  Effective Date  
Month Day Year
- Change of Name
- Other

Conveying Party

Mark if additional names of conveying parties attached

Name  Execution Date  
Month Day Year

Formerly

- Individual  General Partnership  Limited Partnership  Corporation  Association
- Other
- Citizenship/State of Incorporation/Organization

Receiving Party

Mark if additional names of receiving parties attached

Name

DBA/AKA/TA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)

City State/Country Zip Code

- Individual  General Partnership  Limited Partnership  If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. (Designation must be a separate document from Assignment.)
- Corporation  Association
- Other
- Citizenship/State of Incorporation/Organization

FOR OFFICE USE ONLY

09/26/2000 MTHA11 00000250 2165302  
01 FC:481 40.00 00

Public burden reporting for this collection of information is estimated to average approximately 30 minutes per Cover Sheet to be recorded, including time for reviewing the document and gathering the data needed to complete the Cover Sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Chief Information Officer, Washington, D.C. 20231 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0651-0027), Washington, D.C. 20503. See OMB Information Collection Budget Package 0651-0027, Patent and Trademark Assignment Practice. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.

Mail documents to be recorded with required cover sheet(s) information to:  
Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231  
TRADEMARK

REEL: 002148 FRAME: 0052

**Domestic Representative Name and Address**

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

**Correspondent Name and Address**

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

**Pages**

Enter the total number of pages of the attached conveyance document including any attachments.

#

**Trademark Application Number(s) or Registration Number(s)**

Mark if additional numbers attached

Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

| Trademark Application Number(s) |                      |                      | Registration Number(s)               |                      |                      |
|---------------------------------|----------------------|----------------------|--------------------------------------|----------------------|----------------------|
| <input type="text"/>            | <input type="text"/> | <input type="text"/> | <input type="text" value="2165302"/> | <input type="text"/> | <input type="text"/> |
| <input type="text"/>            | <input type="text"/> | <input type="text"/> | <input type="text"/>                 | <input type="text"/> | <input type="text"/> |
| <input type="text"/>            | <input type="text"/> | <input type="text"/> | <input type="text"/>                 | <input type="text"/> | <input type="text"/> |

**Number of Properties**

Enter the total number of properties involved.

#

**Fee Amount**

Fee Amount for Properties Listed (37 CFR 3.41):

\$

Method of Payment:

Enclosed

Deposit Account

Deposit Account

(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number:

#

Authorization to charge additional fees:

Yes

No

**Statement and Signature**

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. Charges to deposit account are authorized, as indicated herein.

Eleanor M. Coleman  
Name of Person Signing

Eleanor M. Coleman  
Signature

9/15/00  
Date Signed

# FRANCO APPAREL GROUP, INC.

## PATENT AND TRADEMARK SECURITY AGREEMENT

FRANCO APPAREL GROUP, INC. (the "Company"), a New York corporation having its principal place of business and chief executive offices at 100 West 33<sup>rd</sup> Street, Suite 911, New York, New York 10001, hereby grants, collaterally assigns and conveys to FLEET NATIONAL BANK, a national banking association with its head office at 100 Federal Street, Boston, Massachusetts 02110, in its capacity as agent (the "Agent") for the Banks (collectively, the "Banks") under (and as defined in) the Loan Agreement (as hereinafter defined), for the ratable benefit of the Agent and the Banks, to secure the Company's obligations under a Revolving Credit and Term Loan Agreement dated March 26, 1999, as amended (the "Loan Agreement"), among the Company, the Banks and the Agent (the Agent, together with its successors and assigns, being herein sometimes called the "Secured Party"), and the payment and performance of all other Obligations under (and as defined in) the Loan Agreement, a security interest in all patents and patent applications listed on Schedule A hereto, and all patents and all reissues and extensions thereof, which issue or have issued in any country or jurisdiction upon any patent applications which correspond with any of such applications or patents or any divisional, continuation or continuation-in-part thereof, including, without limitation, the right to sue for past, present and future infringements, and proceeds of the foregoing, including, but not limited to, proceeds of licensing (collectively, the "Patents"), and all trademarks and service marks and United States, state and foreign registrations thereof, and applications therefor that are listed on Schedule B hereto or that correspond with any marks therein listed, together with the goodwill of the business with which the foregoing trademarks and service marks are used and the right to sue for past, present and future infringements of rights in such trademarks and service marks and all renewals thereof, and all proceeds of the foregoing including, but not limited to, proceeds of licensing (collectively, the "Trademarks"). Capitalized terms used but not defined herein shall have the respective meanings assigned thereto in the Loan Agreement.

The Company represents and warrants to and agrees with the Secured Party as follows:

1. The Company is the sole owner in the United States and all other applicable jurisdictions of the entire right, title and interest in and to each of the Patents and Trademarks, free from any mortgage, pledge, lien, security interest, charge, adverse claim or other encumbrance including, without limitation, licenses, shop rights (with regard to the Patents) and covenants not to sue, except the security interest herein granted and as otherwise permitted by the Loan Agreement.

2. As of the date hereof, each of the Patents and Trademarks listed on Schedules A and B is valid and enforceable, and they together with the patents, patent applications, trademarks and service marks, previously collaterally assigned by the Company to the Agent pursuant to that certain Patent and Trademark Security Agreement dated as of March 26, 1999

(the "Prior Agreement") constitute all patents, patent applications, trademarks and service marks now owned or used by the Company.

3. The Patents and Trademarks are subsisting and have not been adjudged invalid or unenforceable, in whole or in part.

4. The execution, delivery and performance of this Agreement are within the power of the Company and have been duly authorized by all necessary corporate action and do not contravene any law, rule, regulation or any judgment, decree or order of any tribunal or of any agreement to which the Company is a party or by which any of its property is bound.

5. Except for patents and trademarks no longer used by the Company, the Company shall take all reasonably necessary steps to defend the Patents and Trademarks against all claims and demands of all persons at any time claiming the same or any interests in and to the Patents and Trademarks adverse to the Secured Party. Until the Obligations shall have been satisfied in full, the Company shall not pledge, mortgage or create or suffer to exist a security interest in, or enter into any license, sublicense or other agreement relating to the use of, the Patents and Trademarks, without the Secured Party's prior consent, except for the security interests granted hereby and liens permitted under the Loan Agreement.

6. The Company shall promptly apply for and obtain all renewals or extensions of the Patents and Trademarks to the full extent permitted by law except to the extent, in the Company's reasonable discretion, exercised in good faith, such renewal or extension is not reasonable, prudent or beneficial to the Company or its operations and except if the relevant such Patent or Trademark is not still used and useful in the Company's business. If, before all Obligations have been satisfied in full, the Company shall obtain rights to any new patentable inventions, or become entitled to the benefit of any patent application, patent for any reissue, or of any patent improvement, or if the Company develops any new trademark or service mark, the Company shall give the Secured Party prompt written notice of all such patents, trademarks, service marks, extensions and renewals, and the provisions of this Agreement shall apply thereto. The Company authorizes the Secured Party to modify this Agreement by amending Schedule A and Schedule B to include any new patents, any divisions, continuations, renewals, extensions, continuations-in-part on any patent, and any new trademark or service mark, and any trademark renewal of the Company applied for and obtained hereafter.

7. The Company shall promptly notify the Secured Party of the institution of, and any adverse determination in, any proceeding in the United States Patent and Trademark Office or any other foreign or domestic governmental agency, court or body, regarding the Company's claim of ownership in any of the Patents and Trademarks which would reasonably be expected to have a material adverse effect on the Company. In the event of any material infringement by a third party of any of the Patents or Trademarks then used or useful in the Company's business, the Company shall promptly notify the Secured Party of such infringement and shall take all reasonably necessary actions to obtain the cessation of such infringement and recover all damages resulting therefrom, including, after and during the continuance of an Event of Default, such action as the Secured Party deems reasonably necessary. If the Company shall fail to take such action within two (2) months after such notice is given to the Secured Party, the Secured Party may upon notice to the Company, but shall not be required to, itself take such action in the name of the Company, and the Company hereby appoints the Secured Party the true and lawful attorney of the Company, for it and in its name, place and stead, on behalf of the Company,

solely to commence judicial proceedings in any court or before any other tribunal to enjoin and recover damages for such infringement, any such damages due to the Company, net of costs and attorneys' fees reasonably incurred, to be applied to the Obligations.

8. The Company shall, at its sole expense, do, make, execute and deliver all such additional and further acts, things, deeds, assurances, and instruments, in each case in form and substance reasonably satisfactory to the Secured Party, relating to the creation, validity, or perfection of the security interests and collateral assignments provided for in this Agreement under 35 U.S.C. Section 261, 15 U.S.C. Section 1051 et seq., the Uniform Commercial Code or other laws of the United States or the Commonwealth of Massachusetts or of any other countries or states as the Secured Party may from time to time reasonably request, and shall take all such other action as the Secured Party may reasonably require to more completely vest in and assure to the Secured Party and the Banks their respective rights hereunder or in any of the Patents or Trademarks, and the Company hereby irrevocably authorizes the Secured Party or its designee (with effect after and during the continuance of any Event of Default unless any such action is deemed necessary or appropriate by the Agent solely in connection with the perfection or preservation of its security interest or collateral assignment hereunder, in which case effective whether an Event of Default exists or not), at the Company's expense, to execute such documents, and file such financing statements with respect thereto with or without the Company's signature, as the Secured Party may deem appropriate; provided that the Secured Party shall deliver to the Company copies of all such financing statements and shall terminate at the Secured Party's expense all such filings made in error. In the event that any rerecording or refiling (or the filing of any statement of continuation or assignment of any financing statement) or any repledge or reassignment, or any other action, is required at any time to protect and preserve such security interest and assignments, the Company shall, at its sole cost and expense, cause the same to be done or taken at such time and in such manner as may be reasonably necessary and as may be reasonably requested by the Secured Party.

The Secured Party is hereby irrevocably appointed by the Company as its lawful attorney and agent, with full power of substitution to execute and deliver on behalf of and in the name of the Company (with effect after and during the continuance of any Event of Default unless any such action is deemed necessary or appropriate by the Agent solely in connection with the perfection or preservation of its security interest or collateral assignment hereunder, in which case effective whether an Event of Default exists or not) such financing statements, assignments, pledges and other documents and agreements, and to take such other action as the Secured Party may deem necessary for the purpose of perfecting, protecting or effecting the security interests and assignments granted herein and effected hereby, and any liens necessary or desirable to implement or effectuate the same, under any applicable law, and the Secured Party is hereby authorized to file on behalf of and in the name of the Company at the Company's sole expense, such financing statement, assignments, documents, and agreements in any appropriate governmental office, provided that the Secured Party shall deliver to the Company copies of all such financing statements. The Secured Party may include reference to the Company, the Patents and the Trademarks (and may utilize any logo or other distinctive symbol associated with the Company) in connection with any advertising, promotion, marketing or sale undertaken by the Secured Party.

9. If any Event of Default shall have occurred and be continuing, the Secured Party may without notice or demand declare this Agreement to be in default and the Secured Party shall thereafter have in any jurisdiction in which enforcement hereof is sought, in addition to all

other rights and remedies, the rights and remedies of a secured party under the Uniform Commercial Code, including, without limitation, the right to dispose of the Patents and Trademarks at public or private sale. The Secured Party shall give to the Company at least ten (10) days' prior written notice (which the Company agrees is "reasonable notification" within the meaning of Section 9-504(3) of the Uniform Commercial Code) of the time and place of any public sale of the Patents and Trademarks or of the time after which any private sale or any other intended disposition is to be made.

If any Event of Default shall have occurred and be continuing, the Company hereby grants to the Secured Party the right and exclusive license to make, have made, use and sell the inventions and marks disclosed and claimed in the Patents and the Trademarks for the ratable benefit and account of the Banks and the Secured Party.

To the extent permitted by applicable law, the Company hereby waives any and all rights that it may have to judicial hearing in advance of the enforcement of any of the Secured Party's rights hereunder, including, without limitation, its rights following any Event of Default to take immediate possession of the Patents and Trademarks and exercise its rights with respect thereto.

The Secured Party shall not be required to marshal any present or future security for (including, but not limited to, this Agreement and the Patents and Trademarks subject to a security interest hereunder), or guaranties of, the Obligations or any of them, or to resort to such security or guaranties in any particular order; and all of the rights hereunder and in respect of such security and guaranties shall be cumulative and in addition to all other rights, however existing or arising. To the extent that it lawfully may, the Company hereby agrees that it will not invoke any law relating to the marshalling of collateral which might cause delay in or impede the enforcement of the Secured Party's or any Bank's rights under this Agreement or any other instrument evidencing any of the Obligations or by which any of the Obligations is secured or guaranteed, and to the extent that it lawfully may the Company hereby irrevocably waives the benefits of all such laws.

10. Except for notices specifically provided for herein, the Company hereby expressly waives demand, notice, protest, notice of acceptance of this Agreement, notice of loans made, credit extended, collateral received or delivered or other action taken in reliance hereon and all other demands and notices of any description. Neither the Secured Party nor any Bank shall have any duty as to the protection of the Patents or Trademarks or any income thereon, nor as to the preservation or rights against prior parties, nor as to the preservation of any rights pertaining thereto, except for any standard of care expressly required by the provisions of the Massachusetts Uniform Commercial Code and to account in accordance with its customary banking practices for monies received by it hereunder. The Secured Party and the Banks may exercise their rights with respect to the Patents and Trademarks without resorting or regard to other collateral or sources of reimbursement for liability. The Secured Party and the Banks shall not be deemed to have waived any of their rights upon or under the Obligations or the Patents and Trademarks unless such waiver be in writing and signed by the Secured Party and the Banks in accordance with the terms of the Loan Agreement. No delay or omission on the part of the Secured Party or the Banks in exercising any right shall operate as a waiver of any right on any future occasion. All rights and remedies of the Secured Party or the Banks with respect to the Obligations or the Patents or Trademarks, whether evidenced hereby or by any other instrument or papers, shall be cumulative and may be exercised singularly or concurrently.

11. The Company will pay any and all (i) reasonable charges and costs and all taxes incurred in implementing or subsequently amending this Agreement, including, without limitation, recording and filing fees, appraisal fees, stamp taxes, and reasonable fees and disbursements of the Secured Party's counsel incurred by the Secured Party, in connection with this Agreement, and (ii) fees and disbursements reasonably incurred by the Secured Party in the preparation, execution and delivery of any waiver or consent by the Secured Party relating to this Agreement, and in the enforcement of this Agreement and in the enforcement or foreclosure of any liens, security interests or other rights of the Secured Party under this Agreement, or under any other documentation heretofore, now, or hereafter given to the Secured Party or the Banks in furtherance of the transactions contemplated hereby. In addition, after the occurrence and during the continuation of an Event of Default, the Company will also pay all reasonable costs and expenses of the Banks in connection with the enforcement of this Agreement and with the enforcement or foreclosure of any liens, security interests or other rights of the Banks under this Agreement, or under any other documentation heretofore, now, or hereafter given to the Secured Party or the Banks in furtherance of the transactions contemplated hereby.

The Company agrees to reimburse the Secured Party and the Banks for, and indemnify them against, any and all losses, expenses and liabilities (including liabilities for penalties) of whatever kind or nature sustained and reasonably incurred (other than as a result of the gross negligence or willful misconduct of the Secured Party or any of the Banks) in connection with any claim, demand, suit or legal or arbitration proceeding relating to this Agreement, or the exercise of any rights or powers hereunder, including reasonable attorneys' fees and disbursements.

12. The Company and the Secured Party may from time to time agree in writing to the release of certain of the Patents and Trademarks from the security interest created hereby, and, in the case of Patents or Trademarks the Company proposes to abandon, the Secured Party agrees that, prior to an Event of Default, it will release its security interest in any Patent or Trademark the Company proposes to abandon so long as such Patent or Trademark is not material to the operations of the Borrower, provided that after the occurrence and during the continuance of an Event of Default, the Secured Party's consent will be required prior to any such release and abandonment.

13. The Company shall hold the Secured Party and the Banks harmless from any and all costs, damages and expenses which may be incurred by the Secured Party, the Banks or the Company in connection with any action or failure to act by the Secured Party or any Bank in connection with this Agreement, except those arising from the gross negligence or willful misconduct of the Secured Party or such Bank.

14. This Agreement and all rights and obligations hereunder, including matters of construction, validity and performance, shall be governed by the laws of the United States, and, to the extent that the laws of the United States are not applicable, by the laws of the Commonwealth of Massachusetts (without regard to principles of conflicts of laws). This Agreement is intended to take effect as a sealed instrument.

15. All notices hereunder shall be in writing and shall be given as provided in the Loan Agreement.

16. When all Obligations have been paid, performed and indefeasibly discharged in full, and if at the time the Banks are not committed to extend any credit to the Company under the Loan Agreement or under any other Loan Document, this Agreement shall terminate, and the Secured Party shall upon request, at the Company's expense, execute all such documentation necessary to release its security interest hereunder.

17. Neither this Agreement nor any term hereof may be changed, waived, discharged or terminated except by a written instrument expressly referring to this Agreement and to the provisions so modified or limited, and executed by all the parties hereto.

18. This Agreement and all obligations of the Company shall be binding upon the successors and assigns of the Company, and shall, together with the rights and remedies of the Secured Party hereunder, inure to the benefit of the Secured Party, the Banks and their respective successors and assigns. If any term of this Agreement shall be held to be invalid, illegal or unenforceable, the validity of all other terms hereof shall be in no way affected thereby, and this Agreement shall be construed and be enforceable as if such invalid, illegal or unenforceable term had not been included herein. The Company acknowledges receipt of a copy of this Agreement. Terms used herein without definition which are defined in the Uniform Commercial Code of Massachusetts have such defined meanings herein, unless the context otherwise indicates or requires. Nothing contained in this Agreement shall limit or shall be construed as limiting any right of the Secured Party arising under or related to the Prior Agreement.

(Signatures on next page)



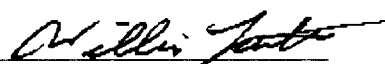
IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer as of this 10 day of August, 2000.

FRANCO APPAREL GROUP, INC.

By:   
Title: \_\_\_\_\_

Accepted:

FLEET NATIONAL BANK,  
as Agent

By:   
Title: vice President

SCHEDULE A

TO

PATENT AND TRADEMARK SECURITY AGREEMENT

PATENTS

NONE

PATENT APPLICATIONS

NONE

SCHEDULE B

TO

PATENT AND TRADEMARK SECURITY AGREEMENT

TRADEMARKS

| <u>Registration</u> | <u>Registration Number</u> | <u>Registration Date</u> | <u>Date of First Use</u> | <u>Term Years</u> | <u>Expiration or Renewed Date</u> | <u>Comments</u> |
|---------------------|----------------------------|--------------------------|--------------------------|-------------------|-----------------------------------|-----------------|
| Little Bitty        | 2165302                    | June 16, 1998            |                          |                   |                                   |                 |

TRADEMARK APPLICATIONS

NONE