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U.S. Department of Commerce
Patent and Trademark Office
TRADEMARK

101537073

RECORDATION FORM COVER SHEET TRADEMARKS ONLY

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

Submission Type

- New 11-14-00
- 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
Effective Date
Month Day Year
- Merger
- Change of Name
- Other

Conveying Party

Mark if additional names of conveying parties attached

Execution Date
Month Day Year

Name

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

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: 002186 FRAME: 0794

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)

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.

Alia M. Caravelli



11-9-00

Name of Person Signing

Signature

Date Signed

EXECUTION COPYTRADEMARK SECURITY AGREEMENT

THIS TRADEMARK SECURITY AGREEMENT ("Agreement") made as of November 3, 2000, by and between CARRINGTON LABORATORIES, INC., a Texas corporation ("Carrington"), and MEDLINE INDUSTRIES, INC., an Illinois corporation ("Medline").

WITNESSETH:

WHEREAS, Carrington and Medline are parties to that certain Distributor and License Agreement dated as of even date herewith (as such agreement may be amended, modified, restated and supplemented from time to time, the "Distributor Agreement"); and

WHEREAS, Medline has required Carrington to execute and deliver this Agreement (i) in order to secure the obligations of Carrington (A) to pay to Medline any and all amounts pursuant to Section 8 of the Distributor Agreement ("Section 8 Amounts"); and (B) to pay to Medline any and all damages arising from or related to the rejection or breach of the Distributor Agreement ("Rejection Damages") in connection with an event described in Section 10.1(c) or (d) of Distributor Agreement with respect to Carrington (the failure of Carrington to timely pay to Medline any Section 8 Amounts or any Rejection Damages are each hereinafter referred to as an "Event of Default"); and (ii) as a condition precedent to Medline entering into the Distributor Agreement;

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, Carrington agrees as follows:

1. Defined Terms, Etc. Unless otherwise defined herein, each capitalized term used herein that is defined in the Distributor Agreement shall have the meaning specified for such term in the Distributor Agreement. The words "hereof," "herein" and "hereunder" and words of like import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and section references are to this Agreement unless otherwise specified. All terms defined in this Agreement in the singular shall have comparable meanings when used in the plural, and vice versa, unless otherwise specified.
2. Incorporation of Premises. The premises set forth above are incorporated into this Agreement by this reference hereto and are made a part hereof.
3. Incorporation of the Distributor Agreement. The Distributor Agreement and the terms and provisions thereof are hereby incorporated herein in their entirety by this reference thereto.
4. Security Interest in Trademarks. To secure the complete and timely payment, performance and satisfaction of Carrington's obligations (A) to pay Medline any and all Section 8 Amounts; and (B) to pay to Medline any and all Rejection Damages, Carrington hereby grants to

Medline 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 applicable law:

(a) The trademarks, registered trademarks, trademark applications, service marks, registered service marks and service mark applications listed on Schedule A attached hereto and made a part hereof, together with any good will connected with and symbolized by any such trademarks, trademark applications, service marks, registered service marks, service mark applications, and (i) all renewals thereof, (ii) all income, royalties, damages and payments now and hereafter due and/or payable under and with respect thereto, including, without limitation, payments under all licenses entered into in connection therewith and damages and payments for past or future infringements or dilutions thereof, (iii) the right to sue for past, present and future infringements and dilutions thereof, and (iv) all of Carrington's rights corresponding thereto throughout the world (all of the foregoing trademarks, registered trademarks and trademark applications, and service marks, registered service marks and service mark applications, together with the items described in clauses (i)-(iv) in this Section 4(a), are sometimes hereinafter individually and/or collectively referred to as the "Trademarks"); and

(b) rights under or interest in any now owned or existing and hereafter acquired or arising trademark license agreements or service mark license agreements with any other party relating to any of the Products, whether Carrington is a licensee or licensor under any such license agreement, together with any goodwill connected with and symbolized by any such trademark license agreements or service marks license agreements, including, without limitation, those trademark license agreements listed on Schedule B attached hereto and made a part hereof (all of the foregoing are hereinafter referred to collectively as the "Licenses").

5. Restrictions on Future Agreements. Carrington will not, without Medline's prior written consent, enter into any agreement, including, without limitation, any license agreement, which is inconsistent with this Agreement or the Distributor Agreement, and Carrington further agrees that it will not take any action, and will use its best efforts not to permit any action to be taken by others, including, without limitation, licensees, or fail to take any action, which would in any respect affect the validity or enforcement of the rights transferred to Medline under this Agreement or the rights associated with those Trademarks or Licenses.

6. New Trademarks and Licenses. Carrington represents and warrants that (a) the Trademarks listed on Schedule A include all of the trademarks, registered trademarks, trademark applications, service marks, registered service marks and service mark applications now owned by Carrington which relate to any of the Products; (b) the Licenses listed on Schedule B include all of the trademark license agreements and service mark license agreements pursuant to which Carrington is the licensee or licensor thereunder; and (c) no other liens, claims or security interests have been granted by Carrington to any other person or entity in such Trademarks and Licenses. If, prior to the termination of this Agreement, Carrington shall (i) obtain rights to any new trademarks, registered trademarks, trademark applications, service marks, registered service marks or service mark applications, in each case which relate to any of the Products, (ii) become

entitled to the benefit of any trademarks, registered trademarks, trademark applications, trademark licenses, trademark license renewals, service marks, registered service marks, service mark applications, service mark licenses or service mark license renewals whether as licensee or licensor, in each case which relate to any of the Products, or (iii) enter into any new trademark license agreement or service mark license agreement, in each case which relate to any of the Products, the provisions of Section 4 above shall automatically apply thereto and all of the foregoing shall be deemed to be Trademarks. Carrington shall give to Medline written notice of events described in clauses (i), (ii) and (iii) of the preceding sentence on a quarterly basis. Carrington hereby authorizes Medline to modify the Distributor Agreement by amending Schedule B to include any future trademarks, registered trademarks, trademark applications, service marks, registered service marks and service mark applications and by amending this Agreement to include any future trademark license agreements and service mark license agreements, which are Trademarks or Licenses under Section 4 above or under this Section 6.

7. Royalties. Carrington hereby agrees that the use by Medline of the Trademarks and the Licenses (if any) as authorized hereunder in connection with the exercise of its remedies under Section 16 shall be coextensive with Carrington's rights thereunder and with respect thereto and, except as set forth in the Distributor Agreement, without any liability for royalties or other related charges from Medline to Carrington.

8. Right to Inspect; Further Assignments and Security Interests. Medline may at all reasonable times have access to, examine, audit, make copies (at Carrington's expense) and extracts from and examine Carrington's books, records and operations relating to the Trademarks and the Licenses; provided that, in conducting such inspections and examinations, Medline shall use reasonable efforts not to unnecessarily disturb the conduct of Carrington's ordinary business operations.

9. Termination of Medline's Security Interest. This Agreement is made for collateral security purposes only. This Agreement shall terminate upon the earlier to upon the earlier to occur of (i) the expiration of the Term of the Distributor Agreement; (ii) the termination of the Distributor Agreement by Medline pursuant to Section 10.1 and the payment by Carrington to Medline of all amounts required under Section 8 of the Distributor Agreement; and (iii) the termination of the Distributor Agreement by Carrington pursuant to Section 10.1 thereof. Upon termination of this Agreement, Medline shall promptly execute and deliver to Carrington, at Carrington's expense, all termination statements and other instruments as may be necessary or proper to terminate Medline's security interest in the Trademarks and the Licenses, subject to any disposition thereof which may have been made by Medline pursuant to this Agreement.

10. Duties of Carrington. Carrington shall have the duty, to the extent desirable in the normal conduct of Carrington's business, to prosecute diligently any trademark application or service mark application that is part of the Trademarks pending as of the date hereof or thereafter until the termination of this Agreement. Carrington further agrees (i) not to abandon any Trademark or License without the prior written consent of Medline and (ii) to use its reasonable business efforts to maintain in full force and effect the Trademarks and Licenses, that are or shall be necessary or economically desirable in the operation of Carrington's business. Any expenses incurred in connection with the foregoing shall be borne by Carrington.

11. Medline's Right to Sue. From and after the occurrence of an Event of Default, Medline shall have the right, but shall in no way be obligated, to bring suit in its own name to enforce the Trademarks and Licenses and, if Medline shall commence any such suit, Carrington shall, at the request of Medline, do any and all lawful acts and execute any and all proper documents required by Medline in aid of such enforcement. Carrington shall, upon demand, promptly reimburse Medline for all costs and expenses incurred by Medline in the exercise of its rights under this Section 11 (including, without limitation, reasonable fees and expenses of attorneys and paralegals for Medline).

12. Waivers. Medline's failure, at any time or times hereafter, to require strict performance by Carrington of any provision of this Agreement shall not waive, affect or diminish any right of Medline thereafter to demand strict compliance and performance therewith nor shall any course of dealing between Carrington and Medline have such effect. No single or partial exercise of any right hereunder shall preclude any other or further exercise thereof or the exercise of any other right. None of the undertakings, agreements, warranties, covenants and representations of Carrington contained in this Agreement shall be deemed to have been suspended or waived by Medline unless such suspension or waiver is in writing signed by an officer of Medline and directed to Carrington specifying such suspension or waiver.

13. Medline's Exercise of Rights and Remedies upon an Event of Default. Notwithstanding anything set forth herein to the contrary, it is hereby expressly agreed that upon the occurrence of an Event of Default, Medline may exercise any of the rights and remedies provided in this Agreement.

14. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but the provisions of this Agreement are severable, and if any clause or provision shall be held 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 hereof, 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 Agreement in any jurisdiction.

15. Modification. This Agreement cannot be altered, amended or modified in any way, except as specifically provided in Sections 4 and 6 hereof or by a writing signed by the parties hereto.

16. Cumulative Remedies: Power of Attorney. All of Medline's rights and remedies with respect to the Trademarks and the Licenses, whether established hereby, by any other agreements or by law, shall be cumulative and may be exercised singularly or concurrently. From and after the occurrence of an Event of Default, and the giving of written notice by Medline to Carrington of Medline's intention to enforce its rights and claims against Carrington, Carrington hereby irrevocably designates, constitutes and appoints Medline (and all Persons designated by Medline in its sole and absolute discretion) as Carrington's true and lawful attorney-in-fact, and authorizes Medline and any of Medline's designees, in Carrington's or Medline's name, from and after the occurrence of an Event of Default, to (a) endorse Carrington's name on all applications, documents, papers and instruments necessary or desirable for Medline in the use of the Trademarks or the Licenses, (b) assign, pledge, convey or otherwise transfer title in or dispose of

the Trademarks or the Licenses to anyone on commercially reasonable terms, (c) grant or issue any exclusive or nonexclusive license under the Trademarks or, to the extent permitted, under the Licenses, to anyone on commercially reasonable terms, and (d) take any other actions with respect to the Trademarks or the Licenses as Medline deems in its best interest. Medline shall take no action pursuant to clauses (a), (b), (c) or (d) of this Section 16 without taking like action with respect to the entire goodwill of Carrington's business connected with the use of, and symbolized by, such Trademarks or Licenses. Carrington hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney is coupled with an interest and shall be irrevocable until such time as (y) all of Carrington's obligations under Section 8 of the Distributor Agreement have been satisfied in full and (z) all of Carrington's obligations to pay to Medline Rejection Damages have been satisfied in full. Carrington acknowledges and agrees that this Agreement is not intended to limit or restrict in any way the rights and remedies of Medline under the Distributor Agreement, but rather is intended to facilitate the exercise of such rights and remedies. Medline shall have, in addition to all other rights and remedies given it by the terms of this 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 Trademarks or the Licenses may be located or deemed located.

17. Successors and Assigns. This Agreement shall be binding upon Carrington and its successors and assigns, and shall inure to the benefit of Medline and its successors and assigns. Carrington's successors and assigns shall include, without limitation, a receiver, trustee or debtor-in-possession to the extent that any of the foregoing are considered to be a successor or assign of or for the Carrington; provided, however, that Carrington shall not voluntarily assign or transfer its rights or obligations hereunder without Medline's prior written consent.

18. Governing Law. This Agreement shall be construed and enforced and the rights and duties of the parties shall be governed by in all respects in accordance with the internal laws (as opposed to conflicts of law provisions) and decisions of the State of Illinois.


19. Notices. All notices or other communications hereunder shall be given in the manner and to the addresses set forth in the Distributor Agreement.

20. Medline's Duty. Medline shall not have any duty with respect to the Trademarks or the Licenses. Without limiting the generality of the foregoing, Medline shall not be under any obligation to take any steps necessary to preserve rights in the Trademarks or the Licenses against any other parties, but may do so at its option, and all expenses incurred in connection therewith shall be for the sole account of Carrington and added to its obligations secured hereby.

21. Section Titles. The section titles herein are for convenience of reference only, and shall not affect in any way the interpretation of any of the provisions hereof.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first above written.

CARRINGTON LABORATORIES, INC., a Texas corporation

By: 
Name: CARLTON E. TURNER
Title: PRES/CEO

Accepted and agreed to as of November __, 2000:
MEDLINE INDUSTRIES, INC.

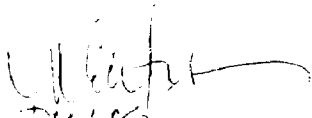
By: _____
Name:
Title:

STATE OF Texas)
)
COUNTY OF Harris)

SS

The foregoing Trademark Security Agreement was executed and acknowledged before me this 14th day of November, 2000, by TR. CAROLYN TURNER, personally known to me to be the PRESIDENT, CEO of CARRINGTON LABORATORIES, INC, on behalf of such corporation.

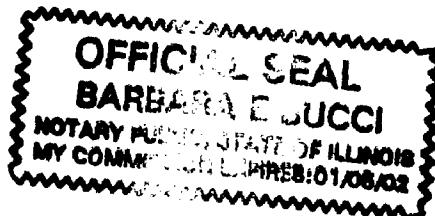
(SEAL)

Notary Public 
County, Texas
My commission expires: 8/12/04

STATE OF ILLINOIS)
) SS
COUNTY OF ~~COOK~~ LAKE)

The foregoing Trademark Security Agreement was executed and acknowledged before me this 3rd day of November, 2000, by ANDREW J. MILLS, personally known to me to be the PRESIDENT of MEDLINE INDUSTRIES, INC., on behalf of such banking corporation.

(SEAL)



Notary Public Barbara E. Bucci
County, LAKE
My commission expires: 1/5/02

Schedule A
to
Trademark Security Agreement

Trademarks

| <u>Country</u> | <u>Trademark</u> | <u>Serial No.</u> | <u>Filing Date</u> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|-------------------|--------------------|
| United States | Carrington | 75-013,311 | 11/1/95 |
| United States Brazil | CarraGauze | 74-363,323 | 2/24/93 |
| United States Canada Mexico Austria Benelux Denmark Finland France Germany Great Britain Greece Ireland Italy Liechtenstein Norway Portugal Spain Sweden Switzerland Australia China Japan South Korea New Zealand OAPI Singapore South Africa Argentina Brazil Chile Columbia Costa Rica | Carrasyn | 74-493,220 | 2/22/94 |

Dominican Republic
Venezuela

Brazil CarraSorb

Brazil CarraFilm

Brazil CarraKlenz

Unregistered Trademarks

Besides CarraSorb, CarraFilm and CarraKlenz, which are not registered in the United States, Carrington uses the following unregistered trademarks for its dermal management products:

CarraGinate
SurgiSuites
CarraSmart
CarraDres
CarraColloid
UltraKlenz
MicroKlenz
CarraFoam
CarraWash
CarraFree
CarraScent
CarraFresh
CarraDerm
DiaB
RadiaCare

Schedule B
to
Trademark Security Agreement

Licenses

NONE