



**COLLATERAL ASSIGNMENT AND SUPPLEMENTAL SECURITY AGREEMENT**  
**(TRADEMARKS AND TRADEMARK LICENSES)**

WHEREAS, Harris Farms, Inc., a California Corporation (hereinafter referred to as "Grantor"), by Security Agreement dated September 13, 2001 ("Security Agreement"), as the same may from time to time be supplemented, modified or amended, has granted to American AgCredit, PCA (hereinafter referred to as "Lender"), a lien on and security interest in Grantor's personal property assets, including but not limited to Trademarks and Trademark Licenses, as those terms are defined hereinbelow, and the assets related thereto ("Related Assets"), in order to secure, among other things, the prompt and complete payment of all amounts owing under various loan agreements, promissory notes, and other documents from Grantor to Lender; and,

WHEREAS, Grantor owns the trademarks and has rights under the trademark licenses listed on Schedule I attached hereto and may hereafter own various trademarks, file various trademark applications or be a party to, or an assignee of a party to, various trademark licenses,

NOW THEREFORE, in consideration of the premises and the covenants hereinafter contained, and to induce Lender to lend money to Grantor and others, grantor agrees as follows:

1. **Definitions.** The terms "Assignment", "Trademarks" and "Trademark Licenses" shall have the following meanings:

"Assignment" shall mean this Collateral Assignment and Security Agreement.

"I-5 Complex" shall mean the Harris Ranch commercial complex located at 24505 Dorris Avenue, Coalinga, California, consisting of 138 acres, more or less, and including, but not limited to, the Harris Ranch Restaurant, Inn at Harris Ranch, convenience store, self-service retail fuel outlet, landing strip and other improvements.

"Obligations" shall mean all of Grantor's duties and obligations under this Assignment, the promissory notes and other loan documents executed by Grantor in favor of Lender.

"Trademark Licenses" means rights under any written agreement now owned or hereafter acquired by Grantor granting any right to use any Trademark or Trademark registration.

"Trademarks" shall mean all of the following now owned or hereafter acquired by Grantor in conjunction with its operation of the I-5 Complex: (i) all trademarks, trade names, corporate names, business names, trade styles, service marks, logos, other source or business identifiers, prints and labels on which any of the foregoing have appeared or appear, designs and general intangibles of like nature, whether or not registered or recorded, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, including registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State or territory thereof, or any other country or any political subdivision thereof, and (ii) all reissues, extensions or renewals thereof.

acceleration or otherwise) of all debts that now are or may in the future become owing from Grantor, Grantor does hereby assign, convey, mortgage, pledge and grant to Lender a lien on and security interest in all of Grantor's right, title and interest, whether presently existing or hereafter arising or acquired, in, to and under the following Trademarks and Trademark Licenses (all of which being hereinafter collectively called the "Trademark Collateral"):

- a. all of Grantor's Trademarks and Trademark Licenses, whether registered or unregistered, trade names, corporate names, business names, trade styles, service marks, logos, and other source or business identifiers, and all applications therefore and reissues, extensions or renewals thereof, (collectively, the "Trademarks"), including each Trademark listed in Schedule I;
- b. the goodwill associated with: (i) each Trademark and Trademark application, including each Trademark listed in Schedule I; (ii) each Trademark licensed under any Trademark license, including each Trademark License listed in Schedule I; and
- c. all proceeds of the foregoing, including without limitation, any royalties from licenses and any claim of Grantor against third parties for any: (i) A present or future infringement or dilution of any Trademark, including any Trademark listed in Schedule I, and of any Trademark License, including each Trademark License listed in Schedule I; and (ii) injury to the goodwill association with any Trademark registration or Trademark licensed under any Trademark License.

**3. Representations and Warranties.** Grantor represents and warrants to Lender that as of the date of this Assignment:

- a. Grantor does not own any Trademark other than the Trademarks listed in Schedule I; and
- b. Grantor is not a party to, or an assignee of a party to any Trademark License other than the Trademark Licenses listed in Schedule I.
- c. The Trademarks are subsisting and have not been adjudged invalid or unenforceable.
- d. No claim has been made that the use of any of the Trademarks does or may violate the rights of any person or entity.
- e. Grantor is the sole and exclusive owner of the unencumbered and entire right, title and interest in each of the Trademarks, free and clear of any liens, charges, and encumbrances, including without limitation, pledges, assignments, licenses, registered user agreements, and covenants by Assignor not to sue third persons, with the exception of a prior assignment to Bank of America as disclosed to Lender.
- f. Grantor has the unqualified right to enter into this Assignment and perform its terms,

- g. Grantor intends to use proper statutory notice in connection with its use of the Trademarks; and,
- h. Grantor has used, and will continue to use, consistent standards of quality in its manufacture of products sold under the Trademarks.

**4. Covenants of Grantor.** Grantor covenants and agrees as follows:

- a. Grantor will notify Lender no later than then (10) days after Grantor acquires any Trademark relating to its operations at the I-5 Complex not included in Schedule I, or becomes a licensee under any Trademark License. If Lender so requests, Grantor will deliver to Lender an Amendment to Schedule I describing such Trademark or Trademark License. If such Trademark or the subject of such Trademark License is registered or the subject of any application filed with the United States Patent and Trademark Office or with any similar office or agency of the United States, any State or Territory thereof, or any foreign country or political subdivision thereof, and if Lender so requests, Grantor will file this Assignment, together with such Amendment to Schedule I, with any and all such offices.
- b. Upon the written request of Lender, and at the sole expense of Grantor, Grantor shall promptly and duly execute and deliver any and all additional documents, including UCC-1 Financing Statements, and take such further action as Lender may reasonable deem desirable to obtain the full benefit of this Assignment.
- c. Grantor will take all steps necessary to maintain trademarks and the rights thereto.
- d. Grantor will not sell, assign, transfer or grant a license for the use any Trademark Collateral without the prior written consent of the Lender. Grantor shall notify Lender of its intent to transfer, sell, assign or grant a license for the use of any Trademark Collateral at least thirty (30) days prior to the date of such transfer, sale, assignment or grant of a license. Grantor shall provide Lender with the name, telephone number and address of the party or parties to whom such transfer, sale, assignment or grant shall be made. Lender may in the event of a default under the terms of the Security Agreement, and at its sole option, provide such party or parties with a notice of its security interest and may require that all proceeds from such sale, transfer, assignment or grant be remitted to it.
- e. Grantor shall promptly notify Lender, in writing, of any suit, action or proceeding brought against it relating to, concerned with of affecting the Trademark Collateral of infringement of or interference with another trademark, and shall, upon request by Lender, deliver to lender a copy of all pleadings, papers, orders, or decrees thereto fore or thereafter filed in any such suit, action or proceeding, and shall keep Lender fully advised and informed in writing, of the progress of any such suit, action or proceeding.
- f. In the event that any of the Trademark Collateral is infringed upon or misappropriated or diluted by a third party, Grantor shall promptly notify

Lender in writing of such infringement after Grantor learns thereof, on the full nature, extent, evidence and facts of such infringement known to Grantor, and shall, unless Grantor shall reasonably determine that such Trademark Collateral is not material to the conduct of grantor's business, promptly sue for infringement, misappropriation or dilution, and to recover all damages for such infringement, misappropriation or dilution, and shall take such other actions as Grantor shall reasonably deem appropriate under the circumstances to protect such Trademark Collateral.

- g. Grantor authorizes Lender to modify this Assignment by amending Schedule I to include any future trademarks and trademark applications, and shall cooperate in all requests of Lender for the assignment to Lender of such future trademarks.
- h. Grantor shall, through counsel acceptable to Lender, prosecute diligently any trademark applications pending as of the date of this Assignment or thereafter until the obligations to Lender have been paid in full, and shall preserve and maintain all rights in the trademarks, including without limitation the payment of all maintenance fees. Any expense incurred in connection with the application shall be borne by Grantor. Grantor shall not abandon any right to file a trademark application, or any pending trademark application or trademark without the prior written consent of Lender unless Grantor determines that the pursuit of maintenance of such application or trademark is no longer desirable to the conduct of Grantor's business and that the abandonment of such application or trademark shall not have a material adverse effect. Grantor shall protect and preserve the value and integrity of the trademarks and, to that end, shall maintain the quality of any and all of the products and services bearing the trademarks or servicemarks included in such trademarks at least consistent with the quality of such products and services and Grantor's use of such marks as of the date of this Assignment.

**5. Incorporation of Security Agreement.** Grantor hereby acknowledges and affirms that the rights and remedies of Lender with respect to the lien on and security interest in the Trademark Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated herein by this reference as if fully set forth herein. This Assignment is supplemental to and does not supersede or rescind the Security Agreement.

**6. Power of Attorney.** In connection with this Assignment, under a separate instrument, Grantor has appointed Lender as its attorney-in-fact for the purpose of taking whatever steps are deemed desirable by Lender to obtain the full benefit of this Assignment. The grant of this power of attorney shall not be deemed a delegation of any of Grantor's duties or covenants hereunder. The exercise of the Power of Attorney by the Lender shall be at the Lender's sole option and convenience.

**7. Grant of License to Use Trademark Collateral.** For the purpose of enabling Lender to exercise rights and remedies under the Security Agreement (including without limitation, in order to take possession of, hold, preserve, process, assemble, prepare for sale, market for sale, sell or otherwise dispose of the Trademark Collateral) as such time as Lender shall be lawfully entitled to exercise such rights and remedies, Grantor hereby grants to Lender for the benefit of such Lender an irrevocable, non-exclusive license (exercisable without

payment of royalty or other compensation to Grantor) to use, transfer, license or sublicense any trademark, trade secret, patent or copyright now owned or hereafter acquired by grantor, and wherever the same may be located, and including in such license reasonable access to all media in which the any of the licensed items may be recorded or stored and to all computer and automatic machinery software and programs used for the compilation or printout thereof, which license shall include, without limitation, the right to sell bottled and bulk wine, and to bottle and sell bulk wine in each case with labels affixed and trademarks displayed thereon, and the right to print labels for use in bottling and selling bulk wine.

8. **Reinstatement.** This Assignment shall remain in full force and effect and continue to be effective should any petition be filed by or against Grantor for liquidation or reorganization, should grantor become insolvent or make an assignment for the benefit of creditors or should a receiver or trustee be appointed for all or any significant part of grantor's assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of Grantor's Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by the Grantor, whether as a "voidable preference", "fraudulent conveyance" or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.
9. **Assignment.** The assignment granted pursuant to this Assignment is irrevocable and shall not terminate unless and until (i) the Obligations have been fully satisfied and (ii) no person who shall have made payment on the obligations, directly or indirectly, shall commence or have commenced against it as debtor any bankruptcy or insolvency proceeding for a periods of 140 days following such payment, or, if longer, any preference period under any applicable state insolvency law plus ten days.
10. **Severability.** The provisions of this Assignment are severable, and if any clause or provision shall be held invalid or 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 Assignment in any jurisdiction.

IN WITNESS WHEREOF, Grantor has caused this Assignment to be executed and delivered by its duly authorized officer as of this 13<sup>th</sup> day of September, 2001.

Harris Farms, Inc., a California Corporation

By: 

Donald Devine, Secretary

American AgCredit, PCA

By: 

James Cooper, Vice-President

**SCHEDULE I**  
**TRADEMARKS**

**NAME**

**TRADEMARK REGISTRATION NUMBER**

Harris Ranch

75610670