

**COLLATERAL ASSIGNMENT OF PATENTS
(SECURITY AGREEMENT)**

COLLATERAL ASSIGNMENT OF PATENTS (SECURITY AGREEMENT)

dated January 21, 1999, between DECKERS OUTDOOR CORPORATION, a Delaware corporation with offices at 495-1 South Fairview Avenue, Goleta, California 93117, ("Pledgor"), and CONGRESS FINANCIAL CORPORATION (WESTERN), a California corporation with an office at 225 South Lake Avenue, Suite 1000, Pasadena, California 91101 ("Pledgee").

W I T N E S S E T H

WHEREAS, Pledgee and Pledgor, together with Deckers Outdoor Corporation International, a Delaware corporation, Simple Shoes, Inc., a California corporation, UGG Holdings, Inc., a California corporation, and Heirlooms, Inc., a California corporation, have entered into a Loan and Security Agreement of even date herewith (together with all supplements thereto and other agreements entered into in connection therewith, the "Financing Agreements"), pursuant to which Pledgee has agreed to extend certain loans and financial accommodations to Pledgor, subject to the terms and provisions of the Financing Agreements;

WHEREAS, Pledgor owns all right, title, and interest in and to, among other things, all the United States and foreign patents, registrations and applications for the protection of inventions or designs set forth on Exhibit A hereto (the "Patents"); and

WHEREAS, in order to secure Pledgor's Obligations (as defined in the Financing Agreements) to Pledgee, Pledgor has granted to Pledgee a security interest in the Patents and certain other patents, inventions and assets with respect to the Patents as further set forth herein and in the Financing Agreements, and Pledgee has requested Pledgor to enter into this Security Agreement to evidence further such security interest.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, that for valuable consideration received and to be received, as security of the full payment and performance of the Pledgor's Obligations, and to induce Pledgee to make loans and advances to Pledgor, Pledgor hereby grants to Pledgee a security interest in:

- a. the Patents;
- b. all patents, registrations and applications for the protection of inventions and designs hereafter acquired by, granted to, or filed by Pledgor, whether based upon, derived from or variations of any invention or designs disclosed in the Patents or otherwise (the "Future Patents");
- c. all extensions, renewals, and continuations, re-issues, divisions, and continuations-in-part of the Patents and Future Patents;

d. all rights to sue for past, present and future infringements of the Patents and Future Patents;

e. all proceeds, including without limitation, license royalties and proceeds of infringement suits, based on the Patents and Future Patents;

f. all licenses and other agreements and all fees, rents, royalties, proceeds or monies thereunder, relating to the Patents and Future Patents and the use thereof; and

g. all formulae, processes, compounds, methods, know-how, and trade secrets relating to the manufacture of Pledgor's products under, utilizing, or in connection with the Patents and Future Patents.

All of the foregoing items set forth in clauses (a) through (g) are hereinafter referred to collectively as the "Collateral."

AND Pledgor hereby covenants with Pledgee as follows:

1. Pledgor's Obligations. Pledgor agrees that, notwithstanding this Security Agreement, it will perform and discharge and remain liable for all its covenants, duties, and obligations arising in connection with the Collateral and any licenses and agreements related thereto. Pledgee shall have no obligation or liability in connection with the Collateral or any licenses or agreements relating thereto by reason of this Security Agreement or any payment received by Pledgee relating to the Collateral nor shall Pledgee be required to perform any covenant, duty or obligation of Pledgor arising in connection with the Collateral or any license or agreement related thereto or to take any other action regarding the Collateral or any such licenses or agreement.

2. Representations and Warranties. Pledgor represents and warrants to Pledgee that:

a. Pledgor is the registered owners of, and no adverse judgments or pending material claims have been made with respect to its title to, each of the Patents;

b. such title is indefeasible for the duration of each such Patent; the Patents are subsisting and no part thereof has been adjudicated invalid or unenforceable, in whole or in part; each Patent is, to its best knowledge, valid and, if granted and registered, enforceable;

c. the Patents are the only patents in which Pledgor has any or all right, title and interest (except such patents under which Pledgor is licensed); none of the Collateral is subject to any mortgage, pledge, lien, security interest, lease, charge, license (by Pledgor as licensor) or encumbrance, except Pledgee's security interest and any liens permitted by the Financing Agreements; and

d. when this Security Agreement is filed in the United States Patent and Trademark Office and Pledgee has taken the other actions contemplated by the Financing Agreements, this Security Agreement will create a legal and valid perfected and continuing lien on and security interest in the Collateral, enforceable against Pledgor and all third parties, subject to no other mortgage, lien, charge, encumbrance, or security or other interest.

3. Covenants. Pledgor will maintain and renew all items of Collateral, and will defend the Collateral against the claims of all persons; provided, however, that Pledgor will not be required to maintain any Collateral which in Pledgor's reasonable business judgment has ceased to have sufficient economic value to justify maintenance. Without limiting the generality of the foregoing, so long as any Patent or Future Patent has sufficient economic value to justify maintenance in Pledgor's reasonable business judgment, Pledgor shall not permit the expiration of any registration of or termination of any application for any such Patent and Future Patent without the written consent of Pledgee. If before the Obligations have been satisfied in full and the Financing Agreements have been terminated, Pledgor shall obtain title to any new patentable inventions, or any patent application 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 1 hereof shall automatically apply thereto. Pledgor shall provide Pledgee within thirty (30) days after the end of each fiscal quarter for the immediately preceding fiscal quarter, a schedule of any such new patent applications, patents or any reissue, division, continuation, renewal, extension, or continuation-in-part of any Patent.

4. Use Prior to Default. Effective until Pledgee's exercise of its rights and remedies upon an Event of Default under and as defined in the Financing Agreements (an "Event of Default"), Pledgee hereby grants to Pledgor the exclusive non-transferable right and license to use the Collateral and make, use and sell the inventions disclosed and claimed in the Patents and Future Patents in the ordinary course of its business, subject to the terms and covenants of the Financing Agreements and this Security Agreement.

5. Remedies Upon Default. Whenever any Event of Default shall have occurred and be continuing, Pledgor's rights pursuant to Section 3 hereof shall, at Pledgee's option, terminate and be null and void, and Pledgee shall have all the rights and remedies granted to it in such event by the Financing Agreements, which rights and remedies are specifically incorporated herein by reference and made a part hereof. Pledgee in such event may collect directly any payments due to Pledgor in respect of the Collateral and may sell, license, lease, assign or otherwise dispose of the Collateral in the manner set forth in the Financing Agreements. Pledgor agrees that, in the event of any disposition of the Collateral upon any such Event of Default, it will duly execute, acknowledge and deliver all documents necessary or advisable to record title to the Collateral in any transferee or transferees thereof, including, without limitation, valid, recordable assignments of the Patents and Future Patents. In the event Pledgor fails or refuses to execute and deliver such documents, Pledgor hereby irrevocably appoints Pledgee as its attorney-in-fact, with power of substitution, to execute, deliver, and record any such documents on Pledgor's behalf. Notwithstanding any provision hereof to the contrary, during the continuation of an Event of Default, Pledgor may sell merchandise incorporating or utilizing the Patents and Future Patents in the ordinary course of its business and in a manner consistent with its past practices until it receives written notice from Pledgee of an intended sale or other

disposition of the Collateral. The preceding sentence shall not limit any right or remedy granted to Pledgee with respect to Pledgor's inventory under the Financing Agreements or any other agreement now or hereafter in effect.

6. Cumulative Remedies. The rights and remedies provided herein are cumulative and not exclusive of any other rights or remedies provided by the law. The rights and remedies provided herein are intended to be in addition to and not in substitution of the rights and remedies provided by the Financing Agreements.

7. Amendments and Waivers. This Security Agreement may not be modified, supplemented or amended, or any of its provisions waived at the request of Pledgor, without the prior written consent of Pledgee. Upon Pledgee's request, Pledgor hereby agrees to enter into an amendment to this Security Agreement with Pledgee to amend Exhibit A hereto to include any Future Patents or additional licenses, provided, that Pledgor shall not be required to enter into such an amendment with Pledgee more than once in any three (3) month period, but at any time or times as Lender may request upon the occurrence and continuance of an Event of Default.

8. Waiver of Rights. No course of dealing between the parties to this Security Agreement or any failure or delay on the part of any such party in exercising any rights or remedies hereunder shall operate as a waiver of any rights or remedies of such party or any other party and no single or partial exercise of any rights or remedies hereunder shall operate as a waiver or preclude the exercise of any other rights or remedies of such party or any other party. No waiver by Pledgee of any breach or default by Pledgor shall be deemed a waiver of any other previous breach or default or of any breach or default occurring thereafter.

9. Assignment. The provisions of this Security Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the parties hereto; provided, however, that no interest herein or in or to the Collateral may be assigned by Pledgor except in accordance with the Financing Agreements; and provided, further, that the Pledgee may assign the rights and benefits hereof to any party acquiring any interest in the Obligations or any part thereof.

10. Further Acts. Pledgor shall have the duty to prosecute diligently any applications for the Patents and Future Patents pending as of the date of this Security Agreement or thereafter which have sufficient economic value to justify such prosecution, until the Obligations shall have been paid in full, to make applications on material unpatented or unregistered but patentable or registrable inventions, in any location where Pledgor does substantial business, and to preserve and maintain all rights in the Patents. Any expenses incurred in connection with such applications shall be borne by Pledgor. Pledgor shall not abandon any right to file a patent application or registration for any invention, nor abandon any such pending patent application or registration, without the consent of the Pledgee, except to the extent that the invention covered thereby has insufficient economic value to justify abandonment in Pledgor's reasonable business judgment.

11. Enforcement. Upon Pledgor's failure to do so after Pledgee's demand, or upon an Event of Default, Pledgee shall have the right but shall in no way be obligated to bring suit in its own name to enforce the Patents and Future Patents and any license thereunder, in

which event Pledgor shall at the request of Pledgee do any and all lawful acts and execute any and all proper documents required by Pledgee in aid of such enforcement and Pledgor shall promptly, upon demand, reimburse and indemnify Pledgee for all reasonable costs and expenses incurred by Pledgee in the exercise of its rights under this Section 11.

12. Re-Assignment. At such time as Pledgor shall completely satisfy all of the Obligations, and the Financing Agreements have been terminated, other than upon enforcement of Pledgee's remedies under the Financing Agreements after an Event of Default, Pledgee will execute and deliver to Pledgor all deeds, assignments and other instruments as may be necessary or proper to re-vest Pledgor with full title to the Patents and Future Patents, subject to dispositions thereof which may have been made by Pledgee pursuant hereto.

13. Severability. If any clause or provision of this Security Agreement shall be held invalid or unenforceable, in whole or in part, in any jurisdiction, such invalidity or unenforceability shall attach only to such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect any other clause or provision in any jurisdiction.

14. Notices. All notices, requests and demands to or upon Pledgor or Pledgee under this Security Agreement shall be given in the manner prescribed by the Financing Agreements.

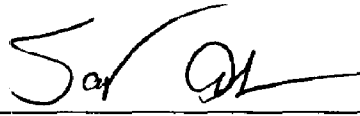
15. Governing Law. This Security Agreement shall be governed by, and construed, applied and enforced in accordance with the federal laws of the United States of America applicable to patents and the laws of the State of California, except that no doctrine of choice of law shall be used to apply the laws of any other State or jurisdiction. PLEDGOR AND PLEDGEE EACH WAIVES THE RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION ARISING UNDER THIS SECURITY AGREEMENT, WHETHER NOW EXISTING OR HEREAFTER ARISING, AND ANY RIGHT EITHER MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS, LACK OF PERSONAL JURISDICTION, OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION 15.

16. Supplement. This Security Agreement is a supplement to, and is hereby incorporated into, the Financing Agreements and made a part thereof.

IN WITNESS WHEREOF, the parties have entered into this Security Agreement
as of the date first above written.

PLEDGOR

DECKERS OUTDOOR CORPORATION,
a Delaware corporation

By: 
Name: Scott Ash
Title: CFO

PLEDGEE

CONGRESS FINANCIAL CORPORATION (WESTERN),
a California corporation

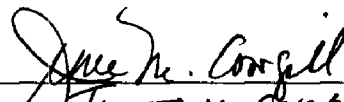
By: 
Name: James H. Congell
Title: V.P.

EXHIBIT A

List of Patents

1. Patent: Fleece Stock
Serial No.: 09/001,252
Filing Date: 12/30/97
2. Patent: Footwear Sole with Integrally Molded Shank
Serial No.: 09/148,306
Filing Date: 09/04/98
3. Patent: Mid-Foot Stabilization System For Footwear
Serial No.: 09/196,977
Filing Date: 11/20/98
4. Patent: Sandal
Serial No.: 512,625
Filing Date: 04/11/90
Patent No.: 5,056,241
Issue Date: 10/15/91

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

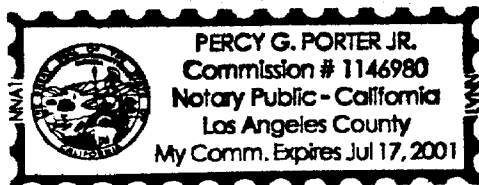
STATE OF CALIFORNIA)

COUNTY OF Los Angeles) ss.

On 1/21/99, before me, "Percy G. Porter Jr. Notary Public",
Date Name and Title of Officer (e.g. "Jane Doe, Notary Public")

personally appeared Jane Maureen Cowgill,
Name of Signer(s)

☐ personally known to me – OR – ☒ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

[Signature]

Signature of Notary Public

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY(IES) CLAIMED BY SIGNER(S)

- ☐ Individual
☐ Corporate Officer

Title(s)

- ☐ Partner(s) ☐ Limited
☐ Attorney-In-Fact ☐ General
☐ Trustee(s)
☐ Guardian/Conservator
☐ Other: _____

Signer is Representing:
Name of Person(s) or Entity(ies)

DESCRIPTION OF ATTACHED DOCUMENT

Release and Reassignment

Title or Type of Document

Number of Pages

Date of Document

Signer(s) Other Than Named Above

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

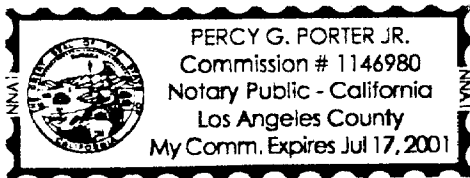
STATE OF CALIFORNIA)

COUNTY OF Los Angeles) ss.

On 1/21/99, before me, Percy G. Porter Jr. Notary Public,
Date Name and Title of Officer (e.g. "Jane Doe, Notary Public")

personally appeared Matthew Scott Ash,
Name of Signer(s)

☐ personally known to me – OR – ☒ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Percy G. Porter Jr.
Signature of Notary Public

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY(IES) CLAIMED BY SIGNER(S)

- ☐ Individual
☐ Corporate Officer

Title(s)

- ☐ Partner(s) ☐ Limited
☐ Attorney-In-Fact ☐ General
☐ Trustee(s)
☐ Guardian/Conservator
☐ Other: _____

Signer is Representing:
Name of Person(s) or Entity(ies)

DESCRIPTION OF ATTACHED DOCUMENT

Collateral Assignment of Patents

Title or Type of Document

Number of Pages

Date of Document

Signer(s) Other Than Named Above