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FORM PTO-1595
(Rev. 6-93) RI



U.S. DEPARTMENT OF COMMERCE
Patent and Trademark Office

To the Honorable Commissioner of Patents and Trademark

101029420

is or copy thereof:

1. Name of conveying party(ies):
The Derby Cycle Corporation
Additional name(s) of conveying party(ies) attached? Yes No

2. Name and address of receiving party(ies):
Name: Chase Manhattan International Limited
Internal Address:
Street Address: 125 London Wall
City: London Country: England ZIP: EC2Y 5AJ
Additional name(s) & address(es) attached: ? Yes No

3. Nature of conveyance:
 Assignment Merger
 Security Agreement Change of Name
 Other:

Execution Date: February 1999 2/5/99

4. Application number(s) or patent number(s).
If this document is being filed together with a new application, the execution date of the application is:
A. Patent Application No(s). B. Patent No(s). D309,961 5,240,219
4,986,533 5,356,198
5,094,124 5,379,796
Additional numbers attached? Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:
Name: WILLIAMS, KASTNER & GIBBS PLLC
Two Union Square
601 Union Street, Suite 4100
Seattle, Washington 98101-2380
Attention: Michael A. Herbst

6. Total number of applications and patents involved:
7. Total fee (37 CFR 3.41): \$240.00
 Enclosed

03/26/1999 JSHABAZZ 00000141 D309961
01 EC-581 (240.00 OP)

DO NOT USE THIS SPACE

8. 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.
Michael A. Herbst
Name of Person Signing Signature Date March 11, 1999

Total number of pages including cover sheet, attachments and document:

9. Change Correspondence Address to that of Part 5? Yes No
OMB No. 0651-0011 (exp. 4/94)

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Do not detach this portion
Mail documents to be recorded with required cover sheet information to:
Commissioner of Patents and Trademarks
Box Assignments
Washington, D. C. 20231

SCHEDULE A

U.S. PATENTS

Reg. No.	Description	Filing Date
D309,961	Bicyclist's Helmet	17 July 1987
4,986,533	Magnetically Controlled Exercise Bicycle	30 July 1990
5,094,124	Handlebars for Stationary Exercise Bike	03 June 1991
5,240,219	Seat Post Clamp for Exerciser Bike	02 Dec. 1991
5,356,198	Bicycle and Exerciser Seat	07 Aug. 1992
5,379,796	Air Pump Head	23 Feb. 1994

PATENT ASSIGNMENT FOR SECURITY PURPOSES

SAC FFA
February
1999

This Agreement is made this ___ day of ~~January~~, 1999 by and between CHASE MANHATTAN INTERNATIONAL LIMITED ("Assignee"), in its capacity as Security Agent for itself and certain secured beneficiaries, with a mailing address of 125 London Wall, London, EC2Y 5AJ, and THE DERBY CYCLE CORPORATION, a Delaware corporation with a mailing address of 22710 72nd Avenue South, Kent, Washington 98032 ("Assignor").

WHEREAS Assignor has become the owner of all or a portion of the right, title and interest in and to various United States patents and patent applications listed in Schedule A attached hereto and made a part hereof, the inventions described therein, all rights associated therewith and all re-issues, divisions, continuations, renewals, extensions and continuations-in-part thereof (collectively "Patents"); and

WHEREAS Assignor and Assignee have entered into a Patent and Trademark Security Agreement dated on or about May 12, 1998, a Security Agreement dated on or about May 12, 1998 and a Facility Agreement dated May 12, 1998 and an Amendment to Patent and Trademark Security Agreement of substantially even date herewith; and

WHEREAS the rights to these Patents were acquired subsequent to the execution of the Patent and Trademark Security Agreement and others of the agreements identified above, and Assignee wishes to acquire the entire right, title and interest in and to the Patents as security for the Obligations of the Assignor as defined in the Patent and Trademark Security Agreement;

NOW THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, and intending for the Assignor and the Assignor's successors and assigns to be legally bound hereby, the parties hereby agree as follows:

SECTION 1. Assignment. Assignor does hereby transfer, assign, convey and set over unto the Assignee and its successors, transferees and assigns, all of the Assignor's present and future right, title and interest in the Patents; and such transfer, assignment and conveyance is hereby accepted by Assignee.

SECTION 2. Representations and Warranties. Assignor covenants, warrants and represents to and for the benefit of Assignee that:

2.1 Apart from any obligations under the Security Agreement and the Patent and Trademark Security Agreement, (a) Assignor's right, title and interest in and to the Patents is unencumbered and is owned by Assignor free and clear of any liens, charges, encumbrances and licenses (other than Permitted Encumbrances and other than licenses entered into in the ordinary course of business) and (b) Assignor has not encumbered, assigned, licensed or granted, and is under no obligation to encumber, assign, license or

grant an interest in any of the Patents (other than Permitted Encumbrances and other than licenses entered into in the ordinary course of business); and

2.2 Assignor has the full right and power to enter into this Agreement and perform its terms and has entered and will enter into written agreements with each of its present and future employees, agents and consultants which will enable it to comply with the covenants herein contained.

SECTION 3. Further Assurances. Assignee agrees to promptly reassign to Assignor, without any representation, warranty or recourse, the entire remaining unencumbered right, title, and interest in and to the Patents granted to it hereunder at such time as all Obligations as defined in the Patent and Trademark Security Agreement have been paid in full (other than indemnities and other contingent obligations not then due and payable which survive payment of the Loans and termination of the Facility Agreement) and the Facility Agreement has been terminated pursuant to the terms thereof. Assignee further agrees to cooperate fully and to execute such documents and take such actions, all at the expense of the Assignor as are necessary or expedient to effect such reassignment in a prompt and efficient manner.

SECTION 4. Maintenance of Patents. Notwithstanding this Assignment, Assignor agrees to use its best efforts at its own expense to maintain the Patents in force (except as permitted herein or in the Facility Agreement or other Security Documents), and, as to any of the Patents that have yet to issue, to secure the issuance of letters patent thereon.

SECTION 5. No Assignment. Subject to the grant back to Assignor in Section 6, Assignee will not transfer, convey, assign, encumber or license the Patents in whole or in part, except as part of a foreclosure after an occurrence or during the continuance of an Event of Default (as such term is defined in the Security Agreement). Assignor shall not, without Assignee's prior written consent in each instance, abandon or allow to lapse or restrict or allow to be restricted in scope any of the Patents or enter into any agreement, including, without limitation, any license agreement, which is inconsistent with such Assignor's obligations under this Patent Assignment for Security Purposes, in each case if such action or omission (individually or together with all other such actions and omissions actually occurring) could reasonably be expected to materially impair the value of the Patents taken as a whole or the benefits to Assignee of this Patent Assignment for Security Purposes, including, without limitation, the assignment granted herein or the remedies of Assignee hereunder. Assignor further agrees that it will not take any action, or permit any action to be taken by others subject to its control, including licensees, or fail to take any action, which could reasonably be expected to affect the validity or enforcement of the rights transferred to Assignee hereunder. Any such agreement or action if it shall take place shall be null and void and of no effect whatsoever.

SECTION 6. License Back. Subject to Assignee's security interest in the Patents under the Security Agreement and Patent and Trademark Security Agreement, Assignee hereby grants to Assignor, without representation, warranty or recourse, express or implied, a royalty-free, exclusive license, with full rights to sublicense in the ordinary course of business, to practice the Patents and to make, have made, use and sell products according to the Patents. Assignor agrees

to indemnify and hold harmless Assignee from any and all claims, liabilities, obligations, fees and costs, including, without limitation, actual attorneys fees and legal costs, that are reasonably incurred by Assignee that arise as a result of Assignee's being joined to litigation arising out of any use of the Patents by Assignor, or from Assignor's acts or omissions in connection with this Agreement, the Patents or Assignor's right, title or interest in or for the Patents. Assignor agrees to defend, indemnify and hold harmless Assignee for any costs incurred by Assignee in prosecuting and maintaining the Patents. Assignor shall bear, all expenses of the patent filing, prosecution and maintenance activities undertaken by it with respect to the Patents. Assignee shall have no involvement in or obligation to review or monitor any sublicensees of the Patents and, as such, shall have no liability to any third person for any misuse of the Patents or infringement of any other patents by Assignor or by any sublicensees of the Patents, or by any joint venturers, affiliates or related persons of the Assignor.

SECTION 7. No Waiver. No course of dealing between Assignor and Assignee, nor any failure to exercise any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

SECTION 8. Severability. The provisions of this Agreement 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 the Agreement in any jurisdiction. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Washington.


SECTION 9. Modification. This Agreement is subject to modification only by a writing signed by the parties.

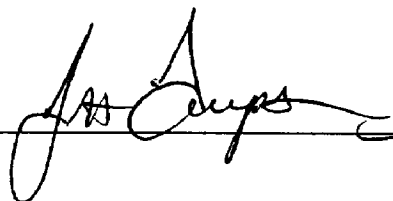
SECTION 10. Successors and Assigns. The benefits and burdens of the Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties.

IN WITNESS WHEREOF, the duly authorized officers of Assignor and Assignee have executed this Agreement.

ASSIGNOR:
The Derby Cycle Corporation

ASSIGNEE:
Chase Manhattan International Limited

By: 
Name:
Title:

By: 
Name:
Title: