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101669576

Attached original documents or copy thereof.

1. Name of conveying party(ies):

Record Programs, Inc.

Additional name(s) of conveying party(ies) attached? ☐ Yes ☒ No

3. Nature of conveyance:

- ☐ Assignment ☐ Merger
☒ Security Agreement ☐ Change of Name
☐ Other _____

Execution Date: Feb. 26, 2001

2. Name and address of receiving party(ies):

Name: Union Bank of California, N.A.,
as Administrative Agent
Internal Address: Attn. St. John Acct Officer

Street Address: 445 S. Figueroa St., 15th Floor

City: Los Angeles State: CA ZIP: 90071

Additional name(s) & address(es) attached? ☐ Yes ☒ No

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)

n/a

B. Patent No.(s)

4,632,586

Additional numbers attached? ☐ Yes ☒ No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: Sheppard, Mullin, Richter & Hampton
LLP

Internal Address: Attn: J. Cravitz

Street Address: 333 S. Hope St., 48th Floor

City: Los Angeles State: CA ZIP: 90071

6. Total number of applications and patents involved:

1

7. Total fee (37 CFR 3.41):

\$ 40.00

- ☐ Enclosed
☐ Authorized to be charged to deposit account

8. Deposit account number:

(Attach duplicate copy of this page if paying by deposit account)

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9. 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.

John E. Friedrichs, Esq.

Name of Person Signing

Signature

Date

3/23/01

Total number of pages comprising cover sheet

20

OMB No. 0651-0011 (exp. 4/04)

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PATENT

REEL: 011641 FRAME: 0131

PATENT SECURITY AGREEMENT

This PATENT SECURITY AGREEMENT (the "Agreement") is made and entered into as of February 26, 2001 by each of the Persons listed on the signature pages hereto, together with each other Person who may become a party hereto pursuant to Section 10 of this Agreement (each a "Grantor" and collectively "Grantors"), jointly and severally in favor of UNION BANK OF CALIFORNIA, N.A., as Administrative Agent for the benefit of the Lenders that are or become party to the Loan Agreement referred to below (collectively, "Secured Party"), with reference to the following facts:

RECITALS

A. Pursuant to the Amended and Restated Loan Agreement dated as of October 29, 1999 by and among The St. John Companies, a California corporation (the "Borrower"), the lenders from time to time a party thereto (collectively, the "Lenders" and individually, a "Lender"), and Union Bank of California, N.A., as the Administrative Agent for the Lenders (as such agreement may from time to time be amended, extended, renewed, supplemented or otherwise modified, the "Loan Agreement"), the Lenders have agreed to extend certain credit facilities to Borrower.

B. The Loan Agreement provides, as a condition of the continued availability of such credit facilities, that Grantors shall enter into this Agreement and shall grant security interests to Secured Party as herein provided.

C. Each Grantor expects to realize direct and indirect benefits as a result of the availability of the aforementioned credit facilities.

AGREEMENT

NOW, THEREFORE, in order to induce the Lenders to continue to extend the aforementioned credit facilities to Borrower, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Grantors hereby jointly and severally represent, warrant, covenant and agree as follows:

1. Definitions. Terms defined in the Loan Agreement and not otherwise defined in this Agreement shall have the meanings defined for those terms in the Loan Agreement. As used in this Agreement, the following terms shall have the meanings respectively set forth after each:

"Agreement" means this Patent Security Agreement, and any extensions, modifications, renewals, restatements, supplements or amendments hereof, including, without limitation, any documents or agreements by which additional Grantors become party hereto.

"Collateral" means and includes all of the following: all of Grantors' right, title and interest in and to all of (a) Grantors' interests in any patents, whether foreign or domestic; all applications, registrations and recordings relating to such patents in the United States Patent and Trademark Office ("USPTO") or in any similar office or agency of the United States, any state thereof, any political subdivision thereof or in any other countries, and all reissues, extensions and renewals thereof, including, without limitation, those patents, applications, registrations and recordings described in Schedule 1 hereto (the "Patents"), and (b) any and all proceeds of any of the foregoing, including any claims by Grantors against third parties for past, present and future infringement of the Patents or any licenses with respect thereto.

"Secured Obligations" means any and all present and future Obligations of any type or nature of Borrower or any of its Subsidiaries to Secured Party arising under or relating to the Loan Documents or any one or more of them, whether due or to become due, matured or unmatured, liquidated or unliquidated, or contingent or noncontingent, including Obligations of performance as well as Obligations of payment, and including interest that accrues after the commencement of any bankruptcy or insolvency proceeding by or against Borrower or any other Grantor.

"Secured Party" means the Administrative Agent (acting as the Administrative Agent and/or on behalf of the Lenders), and the Lenders, and each of them, and any one or more of them. Subject to the terms of the Loan Agreement, any right, remedy, privilege or power of Secured Party may be exercised by the Administrative Agent, or by the Requisite Lenders, or by any Lender acting with the consent of the Requisite Lenders.

2. Incorporation of Representations, Warranties, Covenants and Other Provisions of Loan Documents. This Agreement is one of the "Loan Documents" referred to in the Loan Agreement. All representations, warranties, affirmative and negative covenants and other provisions contained in any Loan Document that are applicable to Loan Documents generally are fully applicable to this Agreement and are incorporated herein by this reference as though fully set forth in full.

3. Security Interest. For valuable consideration, Grantors and each of them hereby jointly and severally grant, assign, and convey to Secured Party, a security interest to secure the prompt and indefeasible payment and performance of the Secured Obligations, and each of them, in and to all of the presently existing and hereafter acquired Collateral. This Agreement is a continuing and irrevocable agreement and all the rights, powers, privileges and remedies hereunder shall apply to any and all Secured Obligations, including those arising under successive transactions which shall either continue the Secured Obligations, increase or decrease them and notwithstanding the bankruptcy of any Grantor or any other Person or any other event or proceeding affecting any Person.

4. Representations, Warranties and Covenants. Grantors, and each of them, represent, warrant and agree that:

(a) All of the existing Collateral is valid and subsisting in full force and effect, and Grantors own the sole, full, and clear title thereto, and the right and power to grant the security interests granted hereunder. Except as permitted herein, Grantors will, at their expense, perform all acts and execute all documents necessary to maintain the existence of the Collateral as valid, subsisting, and registered patents, including, without limitation, the filing of any renewal affidavits and applications. The Collateral is not subject to any Liens, claims, mortgages, assignments or licenses of any nature whatsoever, whether recorded or unrecorded, except as permitted by the Loan Agreement or as identified on Schedule 1.

(b) As of the date hereof, none of Grantors or their Subsidiaries has any Patents registered with the USPTO, or any similar office or agency in the United States, or any other country other than those described in Schedule 1.

(c) Except as permitted herein or in the Loan Agreement, Grantors shall not assign, sell, mortgage, lease, transfer, pledge, hypothecate, grant a security interest in or Lien upon, encumber, grant an exclusive or nonexclusive license or sublicense relating thereto, or otherwise dispose of any of the Collateral without the prior written consent of Secured Party. Nothing in this Agreement shall be deemed a consent by Secured Party to any such action, except as such action is expressly permitted hereunder.

(d) Each Grantor authorizes Secured Party to modify this Agreement by amending Schedule 1 to include any new patent, and any patent renewal of any Grantor applied for and obtained hereafter; and each Grantor shall, upon request of Secured Party from time to time execute and deliver to Secured Party any and all assignments, agreements, instruments, documents and such other papers as may be requested by Secured Party to evidence the assignment of a security interest in each such Patent.

(e) No Grantor nor any Subsidiary of any Grantor has abandoned any of the Patents, and, except as permitted herein, no Grantor nor any Subsidiary of any Grantor will do any act, or omit to do any act, whereby any material Patent may become abandoned, canceled, invalidated, unenforceable, avoided, or avoidable. Each Grantor shall notify Secured Party promptly if it knows, or has reason to know, of any reason why any registration or recording may become abandoned, canceled, invalidated, or unenforceable.

(f) Grantors will render any reasonable assistance, as Secured Party may reasonably determine is necessary, to Secured Party in any proceeding before the USPTO, any federal or state court, or any similar office or agency in the United States,

or any State therein, or any other country, to maintain and protect Secured Party's security interest in the Patents.

(g) Grantors retain all responsibility and liability arising from the use of the Patents, and each Grantor hereby indemnifies and holds the Administrative Agent and each of the Lenders harmless from and against any claim, suit, loss, damage, or expense (including reasonable attorneys' fees) arising out of any alleged defect in any product manufactured, promoted, or sold by any Grantor (or any Affiliate or Subsidiary thereof) in connection with any Patent or out of the manufacture, promotion, labeling, sale, or advertisement of any such product by any Grantor or any Affiliate or Subsidiary thereof.

(h) The execution, delivery and performance of this Agreement is within the power of Grantors and have been duly authorized by all necessary corporate action and to the best of each Grantor's knowledge do not contravene any Law, rule, regulation or any judgment, decree or order of any tribunal or any agreement to which any Grantor is a party or by which any of its property is bound.

(i) Each Grantor 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 Secured Party, relating to the creation, validity, or perfection of the security interests 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 Law of the United States, the State of California, or of any countries or other States as Secured Party may from time to time reasonably request, and shall take all such other action as Secured Party may reasonably require to more completely vest in and assure to Secured Party its rights hereunder or its security interest in any of the Collateral, and each Grantor hereby irrevocably authorizes Secured Party or its designee, at such Grantor's expense, to execute such documents, and file such financing statements with respect thereto with or without such Grantor's signature, as Secured Party may reasonably deem appropriate. In the event that any recording or refileing (or the filing of any statement of continuation or assignment of any financing statement) or any other action, is required at any time to protect and preserve such security interest, Grantors shall, at their sole cost and expense, cause the same to be done or taken at such time and in such manner as may be necessary and as may be reasonably requested by Secured Party. Each Grantor further authorizes Secured Party to have this or any other security agreement recorded or filed with the USPTO or other appropriate federal, state or government office.

(j) Secured Party is hereby irrevocably appointed by each Grantor as its lawful attorney and agent, with full power of substitution to execute and deliver on behalf of and in the name of any or all Grantors, such financing statements, collateral assignments, pledges and other documents and agreements, and to take such other action as Secured Party may deem necessary for the purpose of perfecting,

protecting or effecting the security interests granted herein and effected hereby, and any mortgages or Liens necessary or desirable to implement or effectuate the same, under any applicable Law, and Secured Party is hereby authorized to file on behalf of and in the name of any or all Grantors, at Grantors' sole expense, such financing statements, assignments, pledges and other documents in any appropriate governmental office.

(k) Secured Party may, in its sole discretion, pay any amount, or do any act which Grantors fail to pay or do as required hereunder or as requested by Secured Party to preserve, defend, protect, maintain, record, amend, or enforce the Secured Obligations, the Collateral, or the security interest granted hereunder, including, but not limited to, all filing or recording fees, court costs, collection charges, and reasonable attorneys' fees. Grantors will be liable to Secured Party for any such payment, which payment shall be deemed an advance by the Lenders to Grantors, shall be payable on demand, together with interest at the rate(s) set forth in the Loan Agreement, and shall be part of the Secured Obligations.

5. Inspection. Each Grantor hereby grants to Secured Party and its representatives the right to inspect such Grantor's properties wherein the Patents are used and the products and records relating thereto.

6. Rights and Remedies. Upon the occurrence and during the continuance of any Event of Default under the Loan Agreement, in addition to all other rights and remedies of Secured Party, whether provided under Law, the Loan Agreement or otherwise, Secured Party shall have the following rights and remedies which may be exercised without notice to, or consent by, any Grantor, except as such notice or consent is expressly provided for hereunder.

(a) Secured Party may use any of the Patents for the sale of goods, completion of work in process, or rendering of services in connection with enforcing any security interest granted to Secured Party by Grantors or any Subsidiary of any Grantor.

(b) Secured Party may enforce its security interest in the Collateral, or any part thereof, either with or without special conditions or stipulations and take all actions permitted by law in connection with such enforcement, except that Secured Party agrees to provide Grantors with five (5) days' prior written notice of any proposed disposition of the Collateral. The requirement of sending notice conclusively shall be met if such notice is mailed, first class mail, postage prepaid, to Borrower, on behalf of all Grantors. Each Grantor hereby irrevocably appoints Borrower as its agent for the purpose of receiving notice of sale hereunder, and agrees that such Grantor conclusively shall be deemed to have received notice of sale when notice of sale has been given to Borrower. Each Grantor expressly waives any right to receive notice of any public or private sale of any Collateral or other security for the Secured Obligations except as expressly provided in this Section 6(b). Secured Party shall have the power

to buy the Collateral, or any part thereof, and Secured Party shall also have the power to execute assurances and perform all other acts which Secured Party may, in Secured Party's sole discretion, deem appropriate or proper in connection with the Collateral. In any such event, Grantors shall be liable for any deficiency.

(c) In addition to the foregoing, in order to implement the assignment, sale or other disposition of any of the Collateral pursuant to Section 6(b) hereof, Secured Party may, at any time, execute and deliver, on behalf of Grantors, and each of them, pursuant to the authority granted in powers of attorney, one or more instruments of assignment of the Patents (or any application, registration, or recording relating thereto), in form suitable for filing, recording, or registration. Grantors agree to pay Secured Party, on demand, all costs incurred in any such transfer of the Collateral, including, but not limited to any taxes, fees, and reasonable attorneys' fees.

(d) Secured Party may first apply the proceeds actually received from any such use, assignment, sale, or other disposition of Collateral to the reasonable costs and expenses thereof, including, without limitation, reasonable attorneys' fees and all legal, travel, and other expenses which may be incurred by Secured Party. Thereafter, Secured Party may apply any remaining proceeds to such of the Secured Obligations as provided in the Loan Agreement. Grantors shall remain liable to Secured Party for any expenses or Secured Obligations remaining unpaid after the application of such proceeds, and Grantors will pay Secured Party, on demand, any such unpaid amount, together with interest at the rate(s) set forth in the Loan Agreement.

(e) In connection with any use, assignment, sale, or other disposition of the Collateral, Grantors shall supply to Secured Party, or Secured Party's designee, Grantors' knowledge and expertise relating to the manufacture and sale of the products and services relating to the Patents and records relating to the Patents and the distribution thereof.

Nothing contained herein shall be construed as requiring Secured Party to take any such action at any time. All of Secured Party's rights and remedies, whether provided under Law, the Loan Agreement, this Agreement, or otherwise shall be cumulative, and none is exclusive of any right or remedy otherwise provided herein or in any of the other Loan Documents, at law or in equity. Such rights and remedies may be enforced alternatively, successively, or concurrently.

7. Costs and Expenses.

(a) Subject to Section 11.3 of the Loan Agreement, Grantors will pay any and all charges, costs and 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 Secured Party's

counsel incurred by Secured Party, and the allocated cost of in-house counsel to Secured Party, in connection with 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 Secured Party in furtherance of the transactions contemplated hereby.

(b) Grantors agree to reimburse Secured Party for and indemnify it against, any and all losses, expenses and liabilities (including liabilities for penalties) of whatever kind or nature sustained and reasonably incurred 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, and the allocated cost of in-house counsel to the Secured Party, except losses, expenses and liabilities arising out of Secured Party's own gross negligence or willful misconduct.

8. Miscellaneous.

(a) Grantors and Secured Party may from time to time agree in writing to the release of certain of the Collateral from the security interest created hereby.

(b) **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 State of California.**

(c) Any notice, request, demand or other communication required or permitted under this Agreement shall be in writing and shall be deemed to be properly given if done in accordance with Section 11.5 of the Loan Agreement.

(d) Except as otherwise set forth in the Loan Agreement, the provisions of this Agreement may not be modified, amended, restated or supplemented, whether or not the modification, amendment, restatement or supplement is supported by new consideration, except by a written instrument duly executed and delivered by Secured Party and Grantors.

(e) Except as otherwise set forth in the Loan Agreement or this Agreement, any waiver of the terms and conditions of this Agreement, or any Event of Default and its consequences hereunder or thereunder, and any consent or approval required or permitted by this Agreement to be given, may be made or given with, but only with, the written consent of Secured Party on such terms and conditions as specified in the written instrument granting such waiver, consent or approval.

(f) Any failure or delay by Secured Party to require strict performance by Grantors of any of the provisions, warranties, terms, and conditions contained herein, or in any other agreement, document, or instrument, shall not affect Secured Party's right to demand strict compliance and performance therewith, and any waiver of any default shall not waive or affect any other default, whether prior or subsequent thereto, and whether of the same or of a different type. None of the warranties, conditions, provisions, and terms contained herein, or in any other agreement, document, or instrument, shall be deemed to have been waived by any act or knowledge of Secured Party, its agents, officers, or employees, but only by an instrument in writing, signed by an officer of Secured Party and directed to Grantors, specifying such waiver.

(g) If any term or provision of this Agreement conflicts with any term or provision of the Loan Agreement, the term or provision of the Loan Agreement shall control.

(h) If any provision hereof shall be deemed to be invalid by any court, such invalidity shall not affect the remainder of this Agreement.

(i) This Agreement shall be binding upon, and for the benefit of, the parties hereto and their respective legal representatives, successors, and assigns.

(j) This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one and the same agreement.

9. Continuing Effect. This Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against any Grantor for liquidation or reorganization, should any 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 any Grantor's assets.

10. Additional Grantors. From time to time following the date hereof, additional Subsidiaries of Borrower may become parties hereto, as additional Grantors, by executing and delivering to Secured Party a Joinder Agreement substantially in the form of Exhibit A attached hereto, accompanied by such documentation as Secured Party may require in connection therewith, wherein such additional Grantors agree to become a party hereto and to be bound hereby. Upon delivery of such Joinder Agreement to and acceptance thereof by Secured Party, notice of which acceptance is hereby waived by Grantors, each such additional Grantor shall be as fully a party hereto as if such Grantor were an original signatory hereof. Each Grantor expressly agrees that its Secured Obligations and the Liens upon its Property granted herein shall not be affected or diminished by the addition or release of additional Grantors hereunder, nor by any election of Secured Party not to cause any Subsidiary of Borrower to become an additional Grantor hereunder. This Agreement shall be fully effective

as to any Grantor who is or becomes a party hereto regardless of whether any other Person becomes or fails to become or ceases to be a Grantor hereunder.

11. Release of Grantors. This Agreement and all Secured Obligations of Grantors hereunder shall be released when all Secured Obligations have been paid in full in cash or otherwise performed in full and when no portion of the Commitment remains outstanding. Upon such release of Grantors' Secured Obligations hereunder, Secured Party shall return any Collateral to Grantors, or to the Person or Persons legally entitled thereto, and shall endorse, execute, deliver, record and file all instruments and documents, and do all other acts and things, reasonably required for the return of the Collateral to Grantors, or to the Person or Persons legally entitled thereto, and to evidence or document the release of Secured Party's interests arising under this Agreement, all as reasonably requested by, and at the sole expense of, Grantors.

12. Additional Powers and Authorization. Secured Party shall be entitled to the benefits accruing to it as Administrative Agent under the Loan Agreement and the other Loan Documents. Notwithstanding anything contained herein to the contrary, Secured Party may employ agents, trustees, or attorneys-in-fact and may vest any of them with any property (including, without limitation, any Collateral assigned hereunder), title, right or power deemed necessary for the purposes of such appointment.

13. WAIVER OF JURY TRIAL. EACH PARTY TO THIS AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR THE TRANSACTIONS RELATED THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

14. Incorporation of Suretyship Provisions and Waivers. The attached Exhibit B, "Suretyship Provisions and Waivers," is hereby incorporated herein by this reference as though set forth herein in full.

IN WITNESS WHEREOF, each Grantor has executed this Agreement by its duly authorized officer as of the date first written above.

"Grantors"

THE ST. JOHN COMPANIES, INC.,
a California corporation

By: 

PETER D. RESNICK EVP Finance, Operations
[Printed Name and Title]

RECORD PROGRAMS, INC.,
a New Jersey corporation

By: 

Peter D. Resnick CFO
[Printed Name and Title]

ATLANTIC & PACIFIC LABEL COMPANY, INC.,
a California corporation

By: 

Peter D. Resnick CFO
[Printed Name and Title]

ACCEPTED AND AGREED
AS OF THE DATE FIRST
ABOVE WRITTEN:

"Secured Party"

UNION BANK OF CALIFORNIA, N.A.,
as Administrative Agent for the Lenders

By: Gary Kirsner
GARY KIRSNER, Vice President
[Printed name and title]

EXHIBIT A
TO
PATENT SECURITY AGREEMENT

INSTRUMENT OF JOINDER

THIS INSTRUMENT OF JOINDER ("Joinder") is executed as of

_____, _____, by _____, a _____ ("Joining Party"), and delivered to Union Bank of California, N.A., as Administrative Agent, pursuant to the Patent Security Agreement dated as of _____, 2001 made by The St. John Companies, Inc., a California corporation ("Borrower"), Record Programs, Inc., a New Jersey corporation and Atlantic & Pacific Label Company, a California corporation (collectively with Borrower, "Grantors") in favor of the Administrative Agent and the Lenders referred to in the Loan Agreement referred to below (as from time to time amended, extended, renewed, supplemented or otherwise modified, the "Patent Security Agreement"). Terms used but not defined in this Joinder shall have the meanings defined for those terms in the Patent Security Agreement.

RECITALS

a. The Patent Security Agreement was made by the Grantors in favor of the Administrative Agent for the benefit of the Lenders that are parties to that certain Amended and Restated Loan Agreement dated as of October 29, 1999 by and among Borrower, the Lenders which are parties thereto and Union Bank of California, N.A., as the Administrative Agent for the Lenders (as such agreement may from time to time be amended, extended, renewed, supplemented or otherwise modified, the "Loan Agreement").

b. Joining Party has become a Subsidiary of Borrower, and as such is required pursuant to Section 5.12 of the Loan Agreement to become a party to the Patent Security Agreement.

c. Joining Party expects to realize direct and indirect benefits as a result of the availability to Borrower of the credit facilities under the Loan Agreement.

NOW THEREFORE, Joining Party agrees as follows:

AGREEMENT

1. By this Joinder, Joining Party becomes a party to the Patent Security Agreement as an additional joint and several "Grantor." Joining Party agrees that, upon its execution hereof, it will become a Grantor under the Patent Security Agreement with respect to

all Secured Obligations as further set forth therein, and will be bound by all terms, conditions, and duties applicable to a Grantor under the Patent Security Agreement.

2. The effective date of this Joinder is _____.

"Joining Party"

a _____

By: _____

[Printed name and title]

ACKNOWLEDGED:

UNION BANK OF CALIFORNIA, N.A.,
as Administrative Agent

By: _____

[Printed name and title]

EXHIBIT B
TO
PATENT SECURITY AGREEMENT

SURETYSHIP PROVISIONS AND WAIVERS

1. Waivers and Consents. Each Grantor acknowledges that the security interest created or granted herein will or may secure obligations of Persons other than such Grantor and, in full recognition of that fact, each Grantor consents and agrees that Secured Party may, at any time and from time to time, without notice or demand, and without affecting the enforceability or security hereof:

(i) supplement, modify, amend, extend, renew, accelerate, or otherwise change the time for payment or the terms of the Secured Obligations of the other Grantors and the Secured Obligations of the other Subsidiaries of Borrower not signatories hereto (collectively, the "Subject Obligations") or any part thereof, including any increase or decrease of the rate(s) of interest thereon;

(ii) supplement, modify, amend or waive, or enter into or give any agreement, approval or consent with respect to, the Subject Obligations or any part thereof or the Loan Agreement (to the extent related to the obligations of the other Grantors and Borrower's Subsidiaries not signatories hereto) or the other Loan Documents (to the extent related to the obligations of the other Grantors and Borrower's Subsidiaries not signatories hereto) or any additional security or guaranties, or any condition, covenant, default, remedy, right, representation or term thereof or thereunder;

(iii) accept new or additional instruments, documents or agreements in exchange for or relative to any of the Loan Documents (as they relate to the Subject Obligations) or the Subject Obligations or any part thereof;

(iv) accept partial payments on the Subject Obligations;

(v) receive and hold additional security or guaranties for the Subject Obligations or any part thereof;

(vi) release, reconvey, terminate, waive, abandon, subordinate, exchange, substitute, transfer and enforce any security or guaranties, and apply any security and direct the order or manner of sale thereof as Secured Party in its sole and absolute discretion may determine;

(vii) release any Person or any guarantor from any personal liability with respect to the Subject Obligations or any part thereof;

(viii) settle, release on terms satisfactory to Secured Party or by operation of applicable Laws or otherwise liquidate or enforce any Subject Obligations and any security or guaranty therefor in any manner, consent to the transfer of any security and bid and purchase at any sale; and

(ix) consent to the merger, change or any other restructuring or termination of the corporate or other existence of any Person, and correspondingly restructure the Subject Obligations, and any such merger, change, restructuring or termination shall not affect the liability of such Grantor or the continuing existence of any Lien granted hereunder by such Grantor, under any other Loan Document to which such Grantor is a party or the enforceability hereof or thereof with respect to all or any part of the Subject Obligations.

Upon the occurrence of and during the continuance of any Event of Default, Secured Party may enforce this Agreement independently as to each Grantor and independently of any other remedy or security Secured Party at any time may have or hold in connection with the Secured Obligations, and it shall not be necessary for Secured Party to marshal assets in favor of any Grantor or any other Person or to proceed upon or against and/or exhaust any other security or remedy before proceeding to enforce this Agreement. Each Grantor expressly waives any right to require Secured Party to marshal assets in favor of any Grantor or any other Person or to proceed against any other Person or any collateral provided by any other Person, and agrees that Secured Party may proceed against any Persons and/or collateral in such order as it shall determine in its sole and absolute discretion. Secured Party may file a separate action or actions against any Grantor, whether action is brought or prosecuted with respect to any other security or against any other Person, or whether any other Person is joined in any such action or actions. Each Grantor agrees that Secured Party and any other Person may deal with each other in connection with the Subject Obligations or otherwise, or alter any contracts or agreements now or hereafter existing between any of them, in any manner whatsoever, all without in any way altering or affecting the security of this Agreement. Each Grantor expressly waives the benefit of any statute(s) of limitations affecting its liability hereunder or the enforcement of the Secured Obligations or the security interest granted herein. Secured Party's rights hereunder shall be reinstated and revived, and the enforceability of this Agreement shall continue, with respect to any amount at any time paid on account of the Secured Obligations which thereafter shall be required to be restored or returned by Secured Party upon the bankruptcy, insolvency or reorganization of Borrower, any other Grantor or any other Person, or otherwise, all as though such amount had not been paid. The Liens created or granted herein and the enforceability of this Agreement at all times shall remain effective to secure the full amount of all the Secured Obligations including, without limitation, the amount of all loans and interest thereon at the rates provided for in the Loan Agreement and the notes thereunder, even though the Secured Obligations, including any part thereof or any other security or guaranty therefor, may be or hereafter may become invalid or otherwise unenforceable as against Borrower or any other Person and whether or not Borrower or any other Person shall have any personal liability with respect thereto. Each Grantor expressly waives any and all defenses now or hereafter arising or asserted by reason of (a) any disability or other defense of any Person with respect to the Subject Obligations, (b) the

unenforceability or invalidity of any security or guaranty for the Subject Obligations or the lack of perfection or continuing perfection or failure of priority of any security for the Subject Obligations, (c) the cessation for any cause whatsoever of the liability of any Person (other than by reason of the full payment and performance of all Subject Obligations), (d) any failure of Secured Party to marshal assets in favor of any Grantor or any other Person, (e) any failure of Secured Party to give notice of sale or other disposition to any Grantor or any other Person or any defect in any notice that may be given in connection with any sale or disposition, (f) any failure of Secured Party to comply with applicable Laws in connection with the sale or other disposition of any collateral or other security for any Subject Obligation, including without limitation any failure of Secured Party to conduct a commercially reasonable sale or other disposition of any collateral or other security for any Subject Obligation, (g) any act or omission of Secured Party or others that directly or indirectly results in or aids the discharge or release of any Grantor or any other Person or the Subject Obligations or any other security or guaranty therefor by operation of Law or otherwise, (h) any Law which provides that the obligation of a surety or guarantor must neither be larger in amount nor in other respects more burdensome than that of the principal or which reduces a surety's or guarantor's obligation in proportion to the principal obligation, (i) any failure of Secured Party to file or enforce a claim in any bankruptcy or other proceeding with respect to any Person, (j) the election by Secured Party, in any bankruptcy proceeding of any Person, of the application or non-application of Section 1111(b)(2) of the United States Bankruptcy Code, (k) any extension of credit or the grant of any Lien under Section 364 of the United States Bankruptcy Code, (l) any use of cash collateral under Section 363 of the United States Bankruptcy Code, (m) any agreement or stipulation with respect to the provision of adequate protection in any bankruptcy proceeding of any Person, (n) the avoidance of any Lien in favor of Secured Party for any reason, or (o) any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, liquidation or dissolution proceeding commenced by or against any Person, including any discharge of, or bar or stay against collecting, all or any of the Subject Obligations (or any interest thereon) in or as a result of any such proceeding. Until no part of any commitment to lend remains outstanding and all of the Secured Obligations have been paid and performed in full, no Grantor shall have any right of subrogation, contribution, reimbursement or indemnity, and each Grantor expressly waives any right to enforce any remedy that Secured Party now has or hereafter may have against any other Person and waives the benefit of, or any right to participate in, any other security now or hereafter held by Secured Party. Each Grantor expressly waives all setoffs and counterclaims and all presentments, demands for payment or performance, notices of nonpayment or nonperformance, protests, notices of protest, notices of dishonor and all other notices or demands of any kind or nature whatsoever with respect to the Subject Obligations, and all notices of acceptance of this Agreement or of the existence, creation or incurring of new or additional Subject Obligations.

2. Condition of Borrower and Its Subsidiaries. Each Grantor represents and warrants to Secured Party that each Grantor has established adequate means of obtaining from each of Borrower and its Subsidiaries, on a continuing basis, financial and other information pertaining to the businesses, operations and condition (financial and otherwise) of each of Borrower and its Subsidiaries and their properties, and each Grantor now is and

hereafter will be completely familiar with the businesses, operations and condition (financial and otherwise) of each of Borrower and its Subsidiaries and their properties. Each Grantor hereby expressly waives and relinquishes any duty on the part of Secured Party to disclose to any Grantor any matter, fact or thing related to the businesses, operations or condition (financial or otherwise) of any of Borrower or its Subsidiaries or their properties, whether now known or hereafter known by Secured Party during the life of this Agreement. With respect to any of the Secured Obligations, Secured Party need not inquire into the powers of Borrower or any Subsidiaries thereof or the officers or employees acting or purporting to act on their behalf, and all Secured Obligations made or created in good faith reliance upon the professed exercise of such powers shall be secured hereby.

3. Liens on Real Property; Additional Waivers. Each Grantor authorizes Secured Party, in the event that all or any part of the Subject Obligations at any time are secured by any one or more deeds of trust or mortgages or other instruments creating or granting Liens on any interests in real property, upon the occurrence of and during the continuance of any Event of Default, at the sole option of Secured Party, without notice or demand and without affecting any Secured Obligations, the enforceability of this Agreement, or the validity or enforceability of any Liens of Secured Party on any collateral, to foreclose any or all of such deeds of trust or mortgages or other instruments by judicial or nonjudicial sale. Each Grantor expressly waives any defenses to the enforcement of this Agreement or any Liens created or granted hereby or to the recovery by Secured Party against any Person liable therefor of any deficiency after a judicial or nonjudicial foreclosure or sale. Without limiting the foregoing, each Grantor waives all rights and defenses arising out of an election of remedies by Secured Party, even though that election of remedies, such as a nonjudicial foreclosure with respect to security for a guaranteed obligation, has destroyed the guarantor's right of subrogation and reimbursement against the principal by the operation of Section 580d of the California Code of Civil Procedure or otherwise. Each Grantor expressly waives any defenses or benefits that may be derived from California Code of Civil Procedure §§ 580a, 580b, 580d or 726, or comparable provisions of the Laws of any other jurisdiction, and all other suretyship defenses it otherwise might or would have under California Law or other applicable Law.

4. Waiver of Rights of Subrogation. Notwithstanding anything to the contrary elsewhere contained herein or in any other Loan Document to which any Grantor is a Party, Grantors hereby waive with respect to Borrower and its successors and assigns (including any surety) and any other Party any and all rights at Law or in equity, to subrogation, to reimbursement, to exoneration, to contribution, to setoff or to any other rights that could accrue to a surety against a principal, to a guarantor against a maker or obligor, to an accommodation party against the party accommodated, or to a holder or transferee against a maker and which Grantors may have or hereafter acquire against Borrower or any other Party in connection with or as a result of Grantors' execution, delivery and/or performance of this Agreement or any other Loan Document to which any Grantor is a party. Grantors agree that Grantors shall not have or assert any such rights against Borrower or its successors and assigns or any other Person (including any surety), either directly or as an attempted setoff to

any action commenced against Grantors by Borrower (as borrower or in any other capacity) or any other Person. Grantors hereby acknowledge and agree that this waiver is intended to benefit Secured Party and shall not limit or otherwise affect Grantors' liability hereunder, under any other Loan Document to which any Grantor is a party, or the enforceability hereof or thereof. In furtherance and not in limitation of the preceding waivers, Grantors agree that any payment to Secured Party pursuant to this Agreement shall be deemed a contribution to the capital of Borrower or any other Person primarily obligated, and any such payment shall not constitute any Grantor as a creditor of Borrower or any other such Person.

5. Understandings with Respect to Waivers and Consents. Grantors and each of them warrant and agree that each of the waivers and consents set forth herein is made with full knowledge of its significance and consequences, with the understanding that events giving rise to any defense waived may diminish, destroy or otherwise adversely affect rights which Grantors otherwise may have against Secured Party or others, or against collateral. If any of the waivers or consents herein are determined to be unenforceable under applicable Law, such waivers and consents shall be effective to the maximum extent permitted by Law.

SCHEDULE 1

Existing and Pending Patents

<u>Patent</u>	<u>Class</u>	<u>Registration Number</u>	<u>Registration Date</u>
The Tip Clip		#4,632,586	