

08-24-2001

Form PTO-1595 (Rev. 03/01) OMB No. 0651-0027 (exp 5/31/2002) Tab settings



U.S. DEPARTMENT OF COMMERCE U.S. Patent and Trademark Office

101822127

To the Honorable Commissioner of Patents and Trademarks. Please return original documents or copy thereof.

1. Name of conveying party(ies): MI Sports, Inc. and Sportssource, Inc.

08/16/01

2. Name and address of receiving party(ies) Name: Summit Business Capital Corp. Internal Address:

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

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

Street Address: 4900 Route 70 City: Pennsauken State: NJ Zip: 08109

Execution Date: July 25, 2001

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) 60/256251

B. Patent No.(s) 6045132 (09/067683) D350231 (29/008828)

Additional numbers attached? Yes No

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

Name: Robert F. Zielinski Internal Address: Wolf, Block, Schorr and Solis-Cohen LLP 22nd Floor Street Address: 1650 Arch Street City: Philadelphia State: PA Zip: 19103

6. Total number of applications and patents involved: 3

7. Total fee (37 CFR 3.41).....\$ 120.00

Enclosed Authorized to be charged to deposit account

8. Deposit account number:

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

DO NOT USE THIS SPACE

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.

Robert F. Zielinski Name of Person Signing

Signature

August 01 Date

Total number of pages including cover sheet, attachments, and documents: 15

Mail documents to be recorded with required cover sheet information to: Commissioner of Patents & Trademarks, Box Assignments Washington, D.C. 20231

08/23/2001 LMUELLER 00000169 60256251

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120.00 DP

PATENT REEL: 012090 FRAME: 0117

INTELLECTUAL PROPERTY SECURITY AGREEMENT

THIS INTELLECTUAL PROPERTY SECURITY AGREEMENT (the "Security Agreement") is made effective as of the 25th day of July, 2001 among DMI SPORTS, INC., SPORTSOURCE, INC. (jointly, severally and collectively "Borrower") and SUMMIT BUSINESS CAPITAL CORP. ("Lender").

BACKGROUND

A. Pursuant to that certain Loan and Security Agreement dated of even date herewith among Lender and Borrower (such Loan and Security Agreement, as heretofore or hereafter amended, modified or restated, being referred to herein as the "Loan Agreement"), the Lender agreed to extend to Borrower the credit facilities described therein.

B. The Loan Agreement provides, *inter alia*, that Borrower will grant to Lender a security interest in Borrower's patents, patent rights, patent applications, servicemarks, trademarks, service trademark applications, service tradenames, goodwill, copyrights and licenses.

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, Borrower agrees as follows:

1. **Incorporation of Loan Agreement.** The Loan Agreement and the terms and provisions thereof are hereby incorporated herein in their entirety by this reference thereto. All capitalized terms not otherwise defined herein shall have the meanings set forth in the Loan Agreement.

2. **Security Interest.** To secure the complete and timely payment and satisfaction of all Obligations, Borrower hereby collaterally assigns, mortgages and pledges to Lender and grants to Lender 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 law, all of such Borrower's right, title and interest in and to all of the following, whether now owned or existing and filed or hereafter acquired or arising and filed (collectively, the "Collateral"):

(a) patents and patent applications, including, without limitation, the inventions and improvements described and claimed therein, and those patents listed on **Exhibit "A"**, attached hereto and made a part hereof, and (a) the reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof, (b) all income, royalties, damages and payments now and hereafter due and/or payable under and with respect thereto, including, without limitation, damages and payments for past or future infringements thereof, (c) the right to sue for past, present and future infringements thereof, and (d) all rights corresponding thereto throughout the world (all of the foregoing patents and applications, together with the items described in clauses (a)-(d), are sometimes hereinafter individually and/or collectively referred to as the "Patents");

(b) copyrights, copyright registrations, copyright applications and all computer programs, operating systems, application systems, hardware or software of any nature whatsoever owned by Borrower, whether operational, under development or inactive, including all object codes, source codes, modules, technical manuals, user manuals, operating instructions and procedures, in-

put and out-put formats, program listings, narrative descriptions, program flow charts, file layouts, report layouts, screen layouts and other documentation therefor (including internal notes, memoranda, status evaluations, marketing information and write-ups), and all improvements, modifications, enhancements, new releases and revisions thereof, whether in machine-readable form, programming language or any other language or symbols, and whether stored, encoded, recorded or written on disk, tape, film, memory device, paper or other media of any nature; together with all tangible media upon which any of the foregoing are recorded or encoded, including, without limitation, all chips, disks, tapes, film and paper; including, without limitation, the copyrights, copyrights registrations and copyrights applications listed on Exhibit "B" attached hereto and made a part hereof, and (a) all renewals thereof, (b) all income, royalties, damages and payments now and hereafter due and/or payable with respect thereto, including, without limitation, damages and payments for past or future infringements thereof, and (c) the right to sue for past, present and future infringements thereof (all of the foregoing items are sometimes referred to herein collectively as the "Copyrights");

(c) license agreements with any other party, whether Borrower is a licensor or licensee under any such license agreement, including, without limitation, the licenses listed on Exhibit "C" attached hereto and made a part hereof, and the right to prepare for sale, sell and advertise for sale all inventory now or hereafter owned by Borrower and now or hereafter covered by such licenses (all of the foregoing is hereinafter referred to collectively as the "Licenses"); and

(d) servicemarks, trademarks, servicemark and trademark registrations, tradenames, trademark applications, and all goodwill attendant thereto, including, without limitation, the servicemarks, trademarks and applications listed on Exhibit "D", attached hereto and made a part hereof, and (a) all renewals thereof, (b) all income, royalties, damages and payments now and hereafter due and/or payable with respect thereto, including without limitation, damages and payments for past or future infringements thereof, (c) the right to sue for past, present and future infringements thereof, and (d) all rights corresponding thereto throughout the world (all of the foregoing servicemarks, trademarks, servicemark and trademark registrations, servicemark and tradenames and applications together with the items described in clauses (a)-(d), are sometimes hereinafter individually and/or collectively referred to as the "Trademarks").

3. Restrictions on Future Agreements. Borrower agrees that until all Obligations shall have been satisfied in full and the Loan Agreement shall have been terminated, Borrower will not, without Lender's prior written consent (which consent will not be unreasonably withheld), enter into any agreement (including, without limitation, any license or royalty agreement) which is inconsistent with Borrower's obligations under this Security Agreement or which is prohibited under the terms of the Loan Agreement, and Borrower 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 would affect the validity or enforcement of the rights of Lender under this Security Agreement.

4. New Patents, Trademarks, Copyrights and Licenses. Borrower represents and warrants that the Patents, Trademarks, Copyrights and Licenses listed on Exhibits "A", "B", "C" and "D", respectively, constitute all of the patents, trademarks, applications, copyrights and licenses now owned by Borrower. If, before all Obligations shall have been satisfied in full and the Loan Agreement shall have been terminated, Borrower shall (i) obtain rights to any new patentable inventions, trademarks, trademark registrations, tradenames, copyrights or licenses, or (ii) become entitled to the benefit of any patent or trademark or copyright application, trademark, trademark

registration, copyright or license renewal, 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 2** above shall automatically apply thereto and Borrower shall give to Lender prompt written notice thereof. Borrower hereby authorizes Lender to modify this Security Agreement by amending **Exhibit "A", "B", "C" and/or "D"**, as applicable, to include any future patents, patent applications, trademarks, trademark registrations, trademark applications, tradenames, copyrights and licenses which are Patents, Trademarks, Copyrights or Licenses, as applicable, under **Section 2** above or under this **Section 4**. Borrower hereby agrees to provide to Lender such other assignment or other documentation as Lender may reasonably request to record Lender's lien on such future Patents, Trademarks, Copyrights or Licenses.

5. **Royalties: Term.** Borrower hereby agrees that the use by Lender of all Patents, Trademarks, Copyrights and Licenses as described herein shall be worldwide and without any liability for royalties or other related charges from Lender to Borrower. The term of the security interest granted herein shall extend until the earlier of (i) the expiration of each of the respective Patents, Trademarks, Copyrights and Licenses assigned hereunder, or (ii) the date on which all Obligations have been paid in full and the Loan Agreement is terminated.

6. **Reassignment.** This Security Agreement is made for collateral purposes only. Upon payment in full of all Obligations and termination of the Loan Agreement, Lender shall execute and deliver to Borrower a termination of Lender's security interest granted herein and all deeds, assignments and other instruments as may be necessary or proper to re-vest in Borrower full title to the Patents, Trademarks, Copyrights and Licenses, subject to any disposition thereof which may have been made by Lender pursuant hereto or pursuant to the Loan Agreement.

7. **Duties of Borrower.** Borrower shall have the duty (i) to prosecute diligently any patent, trademark and copyright application pending as of the date hereof or thereafter until all Obligations shall have been paid in full and the Loan Agreement is terminated, (ii) to make application on unpatented but patentable inventions and on trademarks and copyrights, as appropriate, and (iii) to preserve and maintain all rights in patent applications and patents of the Patents, in trademark applications, trademarks and trademark registrations of the Trademarks and in copyright applications and copyrights of the Copyrights. Any expenses incurred in connection with such applications shall be borne by Borrower. Borrower shall not abandon any right to file a patent, trademark or copyright application, or any pending patent, trademark or copyright application, or any Patent, Trademark, Copyright or License, without the prior consent of Lender which shall not be unreasonably withheld or delayed.

8. **Event of Default.** Upon the occurrence and continuance of an Event of Default, Lender may, without further notice to or consent of Borrower, and in addition to all other rights and remedies available to Lender, immediately record all assignments previously executed and delivered to Lender by Borrower and/or execute and record with all applicable offices (including, without limitation, the Patent and Trademark Office) an absolute assignment to Lender by Borrower of all rights, title and interest of Borrower in and to the Patents, Trademarks, Copyrights, Licenses and other Collateral. Borrower hereby authorizes and agrees that Lender may, through the power of attorney granted in **Section 13** hereof, irrevocably execute and deliver in Borrower's name any and all such assignments and agreements and to take any and all other actions in Borrower's name as Lender shall deem reasonable or appropriate to transfer and convey all right, title and interest of Borrower in and to the Collateral to Lender or any other person or entity selected by Lender.

9. **Lender's Right to Sue.** Upon the occurrence and continuance of an Event of Default, Lender shall have the right, but shall in no way be obligated, to bring suit in its own name to enforce the Licenses, Patents, Copyrights and/or Trademarks, and any licenses thereunder and, if Lender shall commence any such suit, Borrower shall, at the request of Lender, do any and all lawful acts and execute any and all proper documents required by Lender in aid of such enforcement and Borrower shall promptly, upon demand, reimburse and indemnify Lender for all costs and expenses incurred by Lender in the exercise of its rights under this **Section 9**.

10. **Waivers.** No course of dealing between Borrower and Lender, nor any failure to exercise, nor any delay in exercising, on the part of Lender, any right, power or privilege hereunder or under the Loan Agreement 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.

11. **Severability.** The provisions of this Security Agreement are severable, and if any clause or provision shall be 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 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 Security Agreement in any jurisdiction.

12. **Modification.** This Security Agreement cannot be altered, amended or modified in any way, except as specifically provided in **Section 4** hereof or by a writing signed by the parties hereto.

13. **Cumulative Remedies; Power of Attorney; Effect on Loan Agreement.** All of Lender's rights and remedies with respect to the Patents, Trademarks, Copyrights and Licenses, whether established hereby or by the Loan Agreement, or by any other agreements or by law shall be cumulative and may be exercised singularly or concurrently. Upon the occurrence and continuance of an Event of Default, Borrower hereby authorizes Lender to make, constitute and appoint any officer or agent of Lender as Lender may select, in its sole discretion, as Borrower's true and lawful attorney-in-fact, with limited power to, (i) endorse Borrower's name on all applications, documents, papers and instruments necessary or reasonably desirable for the Lender to protect, evidence, perfect or enforce its security interest in the Patents, Trademarks, Copyrights and/or Licenses, (ii) take any other actions with respect to the Patents, Trademarks, Copyrights and/or Licenses as the Lender reasonably deems in the best interest of the Lender, (iii) grant or issue any exclusive or non-exclusive license under the Patents or Trademarks to anyone, or (iv) assign, pledge, convey or otherwise transfer title in or dispose of the Patents, Trademarks, Copyrights and/or Licenses to anyone, including Lender. Lender may act under such power of attorney to take the actions referenced in **Section 4** hereof. Lender hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable until all Obligations shall have been paid in full and the Loan Agreement shall have been terminated. Borrower acknowledges and agrees that this Security Agreement is not intended to limit or restrict in any way the rights and remedies of Lender under the Loan Agreement but rather is intended to facilitate the exercise of such rights and remedies given it by the terms of this Security 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 Patents, Trademarks, Copyrights or Licenses may be located.

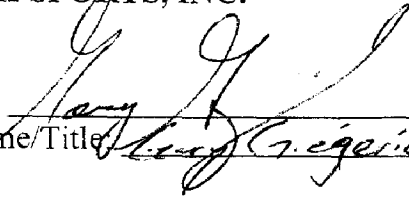
14. **Binding Effect; Benefits.** This Security Agreement shall be binding upon the Borrower and its successors and assigns, and shall inure to the benefit of Lender, its nominees, successors and assigns.

15. **Governing Law.** This Security Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

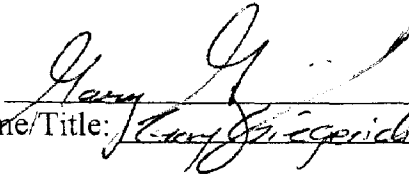
[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Patents, Trademarks, Licenses and Copyrights Security Agreement to be executed as of the day and year first above written.


DMI SPORTS, INC.

By: 
Name/Title: Gary G. Geiger, Pres.

SPORTSOURCE, INC.

By: 
Name/Title: Gary G. Geiger, Pres.

SUMMIT BUSINESS CAPITAL CORP.

By: 
Name/Title: DAVID B. RIVKIND, SVP

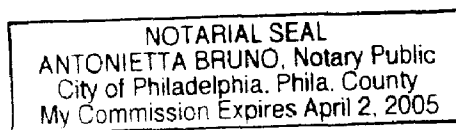
ACKNOWLEDGMENT

COMMONWEALTH OF PENNSYLVANIA :
: SS
COUNTY OF PHILADELPHIA :

On this 26th day of July, 2001, before me, a Notary Public, personally appeared Gary Gregerich who acknowledged himself to be a duly authorized officer of DMI Sports, Inc. and that he as such officer, being duly authorized to do so, executed the foregoing document for the purposes therein contained by signing his name as such officer.

Antonietta Bruno

Notary Public
My Commission Expires:

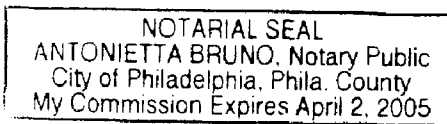


COMMONWEALTH OF PENNSYLVANIA :
: SS
COUNTY OF PHILADELPHIA :

On this 26th day of July, 2001, before me, a Notary Public, personally appeared Gary Gregerich who acknowledged himself to be a duly authorized officer of SportSource, Inc. and that he as such officer, being duly authorized to do so, executed the foregoing document for the purposes therein contained by signing his name as such officer.

Antonietta Bruno

Notary Public
My Commission Expires:



ACKNOWLEDGMENT

COMMONWEALTH OF PENNSYLVANIA :
: SS.
COUNTY OF PHILADELPHIA :

On this, the 20th day of July, 2001 before me, a Notary Public, personally appeared David Rivkind, who acknowledged himself to be an officer of Summit Business Capital Corp., and that he as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of Summit Business Capital Corp. by himself as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Antoniella Bruno
Notary Public
My commission expires:

NOTARIAL SEAL
ANTONIETTA BRUNO, Notary Public
City of Philadelphia, Phila. County
My Commission Expires April 2, 2005

EXHIBIT "A"

TO

**ASSIGNMENT OF PATENT, TRADEMARK,
COPYRIGHT AND LICENSES AGREEMENT**

Patents

<u>Title</u>	<u>Patent No.</u>	<u>Expiration Date</u>
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SEE ATTACHED SHEET

DMI SPORTS, INC.

Patent Report by Invention

Status: ACTIVE

Date: 2/20/01

COUNTRY	REFERENCE #	TYPE	FILED	SERIAL#	ISSUED	PATENT #	STATUS
FOLDING BACKBOARD FOR DART GAME United States	PH-209249.0008	FCA	4/28/98	09/067,683	4/4/00	REGISTERED	ISSUED
HINGED DART CASE WITH CLIP United States	PH-209249.0031	NEW	5/27/93	29/008,828	9/6/94	REGISTERED	ISSUED
COMBINATION HOODED PONCHO, COVER MEMBER AND SEAT United States	PH-209249.0044	NEW	9/6/94	60/256,251		REGISTERED	PENDING

EXHIBIT "B"

TO

**ASSIGNMENT OF PATENT, TRADEMARK,
COPYRIGHT AND LICENSES AGREEMENT**

Copyrights

NONE

EXHIBIT "C"

TO

ASSIGNMENT OF PATENT, TRADEMARK,
COPYRIGHT AND LICENSES AGREEMENT

Licenses

NONE

EXHIBIT "D"

TO

ASSIGNMENT OF PATENT, TRADEMARK,
COPYRIGHT AND LICENSES AGREEMENT

Trademarks

MARK

REG. NO./APP. NO.

REG./APP. DT.

SEE ATTACHED SHEET

DMI SPORTS, INC.

Trademark Report by Mark

Status: ACTIVE

Date: 2/20/01

COUNTRY	REFERENCE #	FILED	APPL#	REGDT	REG#	STATUS	CLASSES
ELECTRA United States	PH-9249.0038	6/19/91	74/177,550	3/31/92	1,681,320	REGISTERED	28
FALCON United States	PH-09249.004	12/18/78	73/197,101	3/2/82	1,191,234	REGISTERED	28
FLASH United States	PH-209249.0037				1,722,158	REGISTERED	28
GOLD & DESIGN United States	PH-209249-0039				1,208,667	REGISTERED	28
HUSTLER United States	PH-209249.0043				1,825,276	REGISTERED	28
MINNESOTA FATS United States United States	PH-209249-0013 PH-209249.0042				1,825,276	PENDING REGISTERED	09,28 28