

6/5/02

06-12-2002



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Form PTO-1595

(Rev. 03/01)

OMB No. 0651-0027 (exp. 5/31/2002)

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

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):

Sun BMK Limited

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

3. Nature of conveyance:

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

Execution Date: 5/31/02

2. Name and address of receiving party(ies)

Name: Foothill Capital Corporation, as Agent

Internal Address: _____

Street Address: 2450 Colorado Avenue

Suite 3000 West

City: Santa Monica State: CA Zip: 90404

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) 625188
625181B. Patent No.(s) D314034, D314019,
5482277, D314035, 4786535Additional numbers attached? ☐ Yes ☒ No

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

Name: Sharon Patterson

Internal Address: Goldberg Kohn et al

Street Address: 55 E. Monroe St., Ste. 3700

City: Chicago State: IL Zip: 60603

6. Total number of applications and patents involved: 7

7. Total fee (37 CFR 3.41).....\$ 280.00

- ☒ Enclosed
☐ Authorized to be charged to deposit account

8. Deposit account number:

DO NOT USE THIS SPACE

9. Signature.

Sharon S. Patterson
Name of Person SigningSharon S. Patterson
Signature

6/5/02

Date

Total number of pages including cover sheet, attachments, and documents: 5

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

06/12/2002 LNUELLER 00000006 625188

01 FC:561

280.00 CP

PATENT
REEL: 012958 FRAME: 0575

PATENT MORTGAGE

THIS PATENT MORTGAGE (this "Mortgage"), made as of the 31st day of May, 2002, is by and between Sun BMK Limited, a Texas limited partnership (to be renamed BMK Limited promptly after the date hereof) ("Sun BMK") and Foothill Capital Corporation, a California corporation ("Agent"), as administrative agent for the Lenders (as defined below).

W I T N E S S E T H

WHEREAS, pursuant to that certain Loan and Security Agreement of even date herewith among Sun BMK, Somody, Inc., a Delaware corporation and affiliate of Sun BMK (together, the "Borrowers"), the lenders from time to time party thereto ("Lenders") and Agent, as a lender, the arranger and as administrative agent for the Lenders (as the same may hereafter be amended, supplemented or otherwise modified from time to time, the "Loan Agreement"), Agent and the Lenders have agreed to make certain loans to Borrowers, and to extend certain other financial accommodations to or for the benefit of Borrowers;

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, Sun BMK and Agent, on behalf of itself and the Lenders, agree as follows:

1. Incorporation of Loan Agreement; Loan Agreement Definitions. The Loan Agreement and the provisions thereof are hereby incorporated herein in their entirety by this reference thereto. Capitalized terms used but not defined herein shall have the respective meanings given thereto in the Loan Agreement.
2. Grant and Reaffirmation of Grant of Security Interest. To secure the complete and timely payment and satisfaction of the Obligations, Sun BMK hereby grants to Agent, on behalf of itself and the Lenders, and hereby reaffirms its prior grant pursuant to the Loan Agreement of, a continuing security interest in Sun BMK's entire right, title and interest in and to all of its now owned or existing and hereafter acquired or arising patents and patent applications, including, without limitation, the inventions and improvements described and claimed therein, all patentable inventions and those patents and patent applications listed on Schedule A attached hereto and made a part hereof, and the reissues, divisions, continuations, renewals, extensions and continuations-in-part of any of the foregoing, and all income, royalties, damages and payments now or hereafter due and/or payable under or with respect to any of the foregoing, including, without limitation, damages and payments for past, present and future infringements of any of the foregoing and the right to sue for past, present and future infringements of any of the foregoing (all of the foregoing are sometimes hereinafter individually and/or collectively referred to as the "Patents").
3. New Patents. Sun BMK represents and warrants that the Patents listed on Schedule A constitute all of the federally registered Patents now owned by Sun BMK. If,

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before the Obligations shall have been satisfied in full and the Loan Agreement has been terminated, Sun BMK shall obtain any new federally registered Patents, Sun BMK shall give Agent prompt written notice thereof. Sun BMK hereby agrees that, upon Agent's written request, Sun BMK will execute and deliver to Agent one or more supplements to this Mortgage, each in form and content substantially similar to this Mortgage, in respect of any and all new federally registered Patents owned by Sun BMK.

4. Term. The term of the security interests granted herein shall extend until the Obligations have been paid in full and the Loan Agreement has been terminated in accordance with its terms.

5. Effect on Other Agreements; Cumulative Remedies. At any time an Event of Default exists or has occurred and is continuing, Agent shall have all rights and remedies provided in this Mortgage, the other Loan Documents, the Uniform Commercial Code and other applicable law, all of which rights and remedies may be exercised without notice to or consent by Sun BMK, except as such notice or consent is expressly provided for hereunder or in the Loan Agreement or as required by applicable law. Sun BMK acknowledges and agrees that this Mortgage is not intended to limit or restrict in any way the rights and remedies of Agent and the Lenders under the Loan Agreement but rather is intended to supplement and facilitate the exercise of such rights and remedies. All of the rights and remedies of Agent with respect to the Patents, whether established hereby, by the Loan Agreement, by any other agreements, or by law, shall be cumulative and may be exercised singularly or concurrently.

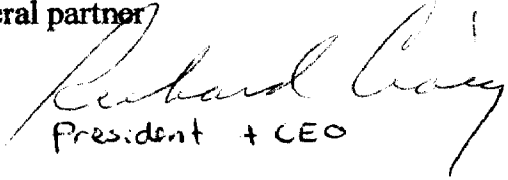
6. Binding Effect; Benefits. This Mortgage shall be binding upon Sun BMK and its successors and assigns, and shall inure to the benefit of Agent and Lenders and their successors and assigns.

7. APPLICABLE LAW; SEVERABILITY. THIS MORTGAGE SHALL BE CONSTRUED IN ALL RESPECTS IN ACCORDANCE WITH, AND GOVERNED BY, ALL OF THE PROVISIONS OF THE GEORGIA UNIFORM COMMERCIAL CODE AND BY THE OTHER INTERNAL LAWS (AS OPPOSED TO CONFLICT OF LAWS PROVISIONS) OF THE STATE OF GEORGIA. WHENEVER POSSIBLE, EACH PROVISION OF THIS MORTGAGE SHALL BE INTERPRETED IN SUCH A MANNER AS TO BE EFFECTIVE AND VALID UNDER APPLICABLE LAW, BUT IF ANY PROVISION OF THIS MORTGAGE SHALL BE PROHIBITED BY OR INVALID UNDER APPLICABLE LAW, SUCH PROVISION SHALL BE INEFFECTIVE ONLY TO THE EXTENT OF SUCH PROHIBITION OR INVALIDITY, WITHOUT INVALIDATING THE REMAINDER OF SUCH PROVISIONS OR THE REMAINING PROVISIONS OF THIS MORTGAGE.

IN WITNESS WHEREOF, the parties hereto have duly executed this Mortgage
as of the date first above written.

SUN BMK LIMITED,
a Texas limited partnership
By: Sun BMK Acquisition Corp.,
its general partner

By
Title

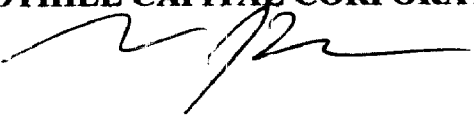

President + CEO

Accepted and Agreed to as of the date first written above:

FOOTHILL CAPITAL CORPORATION, as Agent

By

Title


Vice President

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SCHEDULE A

PATENTS

Patent Description	U.S. Patent No.	Issue Date
Rainbow Spray Pool	D 314034	1/22/91
Elephant Spray Bop Bag	D 314019	1/22/91
Method of Operating a Talking Crystal Ball	5482277	1/9/96
Combined Spray and Play Pool	D 314035	1/22/91
Pompon	4786535	11/22/88

PATENT APPLICATIONS

Patent Application Description	U.S. Patent Application No.	Date Applied
Swim Goggles	625188	10/14/86
Inflatable Beach Toys	625181	10/14/86