

10-09-2002



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Form PTO-1595 (Rev. 03/01)

RECORDATION FORM COVER SHEET

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

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

PATENTS ONLY

Tab settings

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

1. Name of conveying party(ies):

Wedco Moulded Products Company

10-7-02

2. Name and address of receiving party(ies)

Name: The CIT Group/Business Credit, Inc.

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: 10 South LaSalle Street

City: Chicago State: IL Zip: 60603

Execution Date: September 30, 2002

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) 07/698,064

07/698,059

B. Patent No.(s) D306,223

D357,530

Additional numbers attached? Yes No

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

Name: Angelo J. Bufalino

Internal Address: Vedder, Price, Kaufman & Kammholz

Street Address: 222 North LaSalle St - 24th Floor

City: Chicago State: IL Zip: 60601

6. Total number of applications and patents involved: 11

7. Total fee (37 CFR 3.41) \$ 440.00

- 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.

Angelo J. Bufalino

Name of Person Signing

Signature

October 2, 2002

Date

Total number of pages including cover sheet, attachments, and documents: 13

Mail documents to be recorded with required cover sheet information to:

Commissioner of Patents & Trademarks, Box Assignments Washington, D.C. 20231

10/08/2002 LHMELLER 00000093 07698064

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440.00 DP

OFFICE OF PATENT RECORDS 2002 OCT -7 AM 9:15 FINANCE SECTION

PATENT REEL: 013352 FRAME: 0507

**CONTINUATION OF RECORDATION FORM COVER SHEET - Item 4**

Additional Patent Numbers:

4,921,147  
D338,158  
D333,177  
D344,740  
D353,151  
D358,330  
D301,689

## PATENT AND LICENSE SECURITY AGREEMENT

PATENT AND LICENSE SECURITY AGREEMENT ("Agreement") dated as of September 30, 2002, made by Wedco Moulded Products Company, a Nova Scotia unlimited liability company ("Grantor"), in favor of The CIT Group/Business Credit, Inc., a New York corporation, as agent (the "Agent"), for the lenders ("Lenders") who are parties to that certain Financing Agreement of even date herewith (as the same may hereafter be amended or otherwise modified from time to time, the "Financing Agreement") by and among Lenders, Agent, The Plastics Group, Inc., a Delaware corporation ("TPG"), and Fremont Plastic Products, Inc., an Ohio corporation ("Fremont"); and collectively with TPG, the "Borrowers").

### WITNESSETH:

WHEREAS, Lenders, Agent and Borrowers have entered into the Financing Agreement pursuant to which Lenders have, subject to certain conditions precedent, agreed to make loans, advances and other financial accommodations (collectively, the "Loans") to Grantor;

WHEREAS, Grantor has entered into that certain Guaranty of even date herewith ("Guaranty") in favor of Agent guaranteeing the obligations of Borrowers under the Financing Agreement;

WHEREAS, Grantor will benefit, directly and indirectly, from the making of the Loans to Borrowers; and

WHEREAS, Lenders have required as a condition, among others, to the making of the Loans, in order to secure the prompt and complete payment, observance and performance of all of Grantor's obligations and liabilities hereunder, under the Guaranty, and under all of the other instruments, documents and agreements executed and delivered by Grantor to Agent and/or any of the Lenders in connection with the Guaranty (all such obligations and liabilities being hereinafter referred to collectively as the "Obligations"), that Grantor execute and deliver this Agreement to Agent for its benefit and the ratable benefit of Lenders.

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, Grantor agrees as follows:

1. Defined Terms.
  - (i) Unless otherwise defined herein, the capitalized terms used herein which are defined in the Financing Agreement shall have the meanings specified in the Financing Agreement.
  - (ii) The words "hereof," "herein" and "hereunder" and words of like import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement,

and section and schedule references are to this Agreement unless otherwise specified.

- (iii) All terms defined in this Agreement in the singular shall have comparable meanings when used in the plural, and vice versa, unless otherwise specified.

2. Security Interest in Patents. To secure the complete and timely payment, performance and satisfaction of all of the Obligations, Grantor hereby grants to Agent for its benefit and the ratable benefit of Lenders, a first priority security interest having priority over all other security interests, with power of sale to the extent permitted by applicable law, in all of Grantor's now owned or existing and filed and hereafter acquired or arising and filed:

- (i) patents and patent applications, and the inventions and improvements described and claimed therein, including, without limitation, those patents and patent applications listed on Schedule A attached hereto, 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, payments under all licenses entered into in connection therewith and 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 the foregoing clauses (a)-(d) in this Section 2(i), being sometimes hereinafter individually and/or collectively referred to as the "Patents"), except in such jurisdictions where such grant would cause such patents to become invalid or unenforceable; and
- (ii) license agreements with any other party in connection with any Patents or such other party's patents or patent applications, whether Grantor is licensor or licensee under any such license agreement, including, but not limited to, the license agreements listed on Schedule B attached hereto, and the right upon the occurrence and during the continuance of an Event of Default to use the foregoing in connection with the enforcement of Agent's rights under the Financing Agreement (all of the foregoing being hereinafter referred to collectively as the "Licenses").

3. Restrictions. Grantor agrees (a) not to sell or assign its respective interests in, or grant any license under, the Patents or Licenses without the prior written consent of Agent, (b) to maintain the quality of any and all products in connection with which the Patents or Licenses are used,

consistent with the quality of said products as of the date hereof, and (c) not to change the quality of such products in any material adverse respect without the prior written consent of Agent. After the date hereof, Grantor will not, without the prior written consent of Agent, enter into any agreement, including, without limitation, any license agreement, which is inconsistent with this Agreement, and Grantor further agrees that it will not take any action, and will use its best efforts not to permit any action to be taken by licensees or others subject to their control, or fail to take any action, which would in any material respect affect the validity or enforcement of the rights transferred to Agent under this Agreement or the rights associated with those Patents which are necessary or desirable in the operation of Grantor's business.

4. New Patents. Grantor represents and warrants that the Patents and Licenses listed on Schedules A and B, respectively, include all of the patents, patent applications and license agreements in connection with patents or patent applications now owned or held by Grantor. If, prior to the termination of this Agreement, Grantor shall (i) obtain rights to any new patentable inventions or license agreements in connection with patents or patent applications or (ii) become entitled to the benefit of any patent, 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 2 shall automatically apply thereto and Grantor shall give to Agent prompt written notice thereof. Grantor hereby authorizes Agent to modify this Agreement by (a) amending Schedules A or B, as the case may be, to include any future patents, patent applications and license agreements in connection with patents and patent applications that are Patents or Licenses under Section 2 or under this Section 4, and (b) filing, in addition to and not in substitution for, this Agreement, a duplicate original of this Agreement containing on Schedules A or B thereto, as the case may be, such future patents, patent applications and license agreements which are Patents or Licenses, as the case may be, under Section 2 or this Section 4.
5. Royalties. Grantor hereby agrees that the use by Agent of the Patents and Licenses as authorized pursuant to Section 11 shall, to the extent permitted by applicable law, be coextensive with Grantor's rights thereunder and with respect thereto and without any liability for royalties or other related charges from Agent to Grantor.
6. Nature and Continuation of Agent's Security Interest. This Agreement is made for collateral security purposes only. This Agreement shall create a continuing security interest in the Patents and the Licenses and shall remain in full force and effect until the Obligations have been paid in full and the Financing Agreement has been terminated in accordance with its terms. At such time, the rights, liens and security interests granted to Agent hereunder shall also terminate and Agent shall deliver to Grantor all

such documents and instruments as may reasonably be necessary to terminate the Liens created pursuant to this Agreement and to evidence such termination, including, without limitation, the rights granted under Section 21.

7. Intentionally Deleted.

8. Duties of Grantor. Grantor shall have the duty to the extent desirable in the normal conduct of Grantor's business and consistent with Grantor's current business practices: (i) to prosecute diligently any patent application that is part of the Patents pending as of the date hereof or thereafter until the termination of this Agreement; (ii) to make application on such unpatented but patentable inventions as Grantor deems appropriate; and (iii) to preserve and maintain all of Grantor's rights in the patent applications and patents that are part of the Patents. Any expenses incurred in connection with the foregoing shall be borne by Grantor. Grantor shall not abandon any right to file a patent application or any pending patent application or patent which is or shall be necessary or economically desirable, in the Grantor's reasonable judgment, in the operation of Grantor's business. Grantor agrees to retain any experienced patent attorney for the filing and prosecution of all such applications and other proceedings. Agent shall not have any duty with respect to the Patents and Licenses. Without limiting the generality of the foregoing, Agent shall not be under any obligation to take any steps necessary to preserve rights in the Patents or Licenses against any other parties, but may do so at its option during the continuance of an Event of Default, and all expenses incurred in connection therewith shall be for the sole account of Grantor and added to the Obligations secured hereby.

9. Agent's Right to Sue. From and after the occurrence and during the continuance of an Event of Default, and subject to the terms of the Financing Agreement, Agent shall have the right, but shall not be obligated, to bring suit to enforce the Patents and the Licenses, and, if Agent shall commence any such suit, Grantor shall, at the request of Agent, do any and all lawful acts and execute any and all proper documents reasonably required by Agent in aid of such enforcement. Grantor shall, upon demand, promptly reimburse and indemnify Agent for all costs and expenses incurred by Agent in the exercise of its rights under this Section 9 (including, without limitation, all attorneys' and paralegals' fees). If, for any reason whatsoever, Agent is not reimbursed with respect to the costs and expenses referred to in the preceding sentence, such costs and expenses shall be added to the Obligations secured hereby.

10. Waivers. No course of dealing between Grantor and Agent, and no failure to exercise or delay in exercising on the part of Agent any right, power or privilege hereunder or under the Financing Agreement shall operate as a waiver of any of Agent's rights, powers or privileges. No single or partial

exercise of any right, power or privilege hereunder or under the Financing Agreement shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

11. Agent's Exercise of Rights and Remedies Upon Event of Default. Notwithstanding anything set forth herein to the contrary, it is hereby expressly agreed that upon the occurrence and during the continuance of an Event of Default, Agent may exercise any of the rights and remedies provided in this Agreement, the Financing Agreement, or any other agreement executed in connection therewith. Without limiting the generality of the foregoing, Grantor acknowledges and agrees that (i) the Patents and the Licenses comprise a portion of the Collateral and Agent shall have the right to exercise its rights under the Financing Agreement with respect to the Patents and the Licenses to the same extent as with respect to all other items of Collateral described therein, and (ii) from and after the occurrence and during the continuation of an Event of Default, Agent or its nominee may use the Patents and the Licenses in connection with the conduct of Grantor's business.
12. Authority of Agent. Grantor acknowledges that the rights and responsibilities of Agent under this Agreement with respect to any action taken by Agent or the exercise or non-exercise by Agent of any right or remedy provided for herein or resulting or arising out of this Agreement shall, as between Agent and Lenders, be governed by the Financing Agreement and by such other agreements with respect thereto as may exist from time to time among them, but, as between Agent and Grantor, Agent shall be conclusively presumed to be acting as agent for Lenders with full and valid authority so to act or refrain from acting, and Grantor shall be under no obligation, or entitlement, to make any inquiry respecting such authority.
13. 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 this Agreement in any jurisdiction.
14. Modification. This Agreement cannot be altered, amended or modified in any way, except as specifically provided in Section 4 hereof or by a writing signed by all the parties hereto.
15. Cumulative Remedies; Power of Attorney. All of Agent's rights and remedies with respect to the Patents and the Licenses, whether established hereby, by any other agreements or by law, shall be cumulative and may be exercised singularly or concurrently. Grantor hereby irrevocably

appoints Agent as Grantor's attorney-in-fact, with full authority in the place and stead of Grantor and in the name of Grantor or otherwise to carry out the acts described below. Subject to the terms of the Financing Agreement, upon the occurrence and during the continuance of an Event of Default and the giving by Agent of written notice to Grantor of Agent's intention to enforce its rights and claims against Grantor, Grantor hereby authorizes Agent to, in its sole discretion, (i) endorse Grantor's name on all applications, documents, papers and instruments necessary or desirable for Agent in the use of the Patents and the Licenses, (ii) take any other actions with respect to the Patents and the Licenses as Agent deems is in the best interest of Agent and the Lenders, (iii) grant or issue any exclusive or non-exclusive license with respect to the Patents to anyone on commercially reasonable terms, and (iv) assign, pledge, convey or otherwise transfer title in or dispose of the Patents and the Licenses to anyone on commercially reasonable terms. Grantor hereby ratifies all actions that such attorney-in-fact shall lawfully do or cause to be done by virtue hereof. This power of attorney is coupled with an interest and shall be irrevocable until this Agreement shall have been terminated pursuant to Section 6. Grantor acknowledges and agrees that this Agreement is not intended to limit or restrict in any way the rights and remedies of Agent under the Financing Agreement, but rather is intended to facilitate the exercise of such rights and remedies. Agent shall have, in addition to all other rights and remedies given it by the terms of this 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 may be located or deemed located.

16. Binding Effect; Benefits. This Agreement shall be binding upon Grantor and its successors and assigns, and shall inure to the benefit of Agent, and its nominees, successors and assigns as permitted by the Financing Agreement. Grantor's successors and assigns shall include, without limitation, a receiver, trustee or debtor-in-possession of or for Grantor; provided, however, that Grantor shall not voluntarily assign its obligations hereunder without the prior written consent of Agent.
17. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws (as distinguished from the conflicts of law provisions) and decisions of the State of Illinois.
18. Notices. All notices or other communications hereunder shall be given in the manner and to the addresses set forth in the Financing Agreement.
19. Section Headings. The section headings herein are for convenience of reference only, and shall not affect in any way the interpretation of any of the provisions hereof.



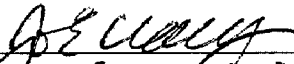
20. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.
  
21. Right to Record Security Interest. Agent shall have the right, but not the obligation, at the expense of Grantor, to record this Agreement in the United States Patent and Trademark Office and with such other recording authorities deemed reasonable and proper by Agent. Upon satisfaction in full of the Obligations and termination of the Financing Agreement in accordance with its terms, Grantor shall have the right to effect the recording of such satisfaction or termination, at the expense of Grantor, in the United States Patent and Trademark Office and with such other recording authorities deemed reasonable and proper by Grantor. Agent and Grantor shall cooperate to effect all such recordings hereunder.

**[SIGNATURE PAGE FOLLOWS]**

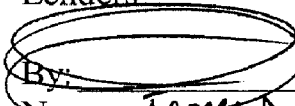
*Signature Page to Patent and License Security Agreement*

IN WITNESS WHEREOF, the parties hereto have duly executed this Patent and License Security Agreement on the day and year first above written.

**WEDCO MOULDED PRODUCTS  
COMPANY**, a Nova Scotia unlimited  
liability company

By:   
Name: John E. Udelhofen  
Title: Chief Financial officer

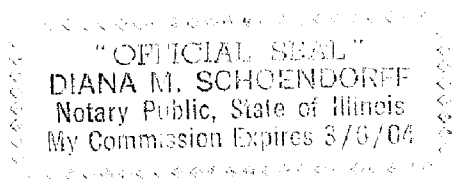
**THE CIT GROUP/BUSINESS CREDIT,  
INC.**, a New York corporation, as Agent for  
Lenders

By:   
Name: James D. Anderson  
Title: Vice President

STATE OF ILLINOIS )  
 ) SS  
COUNTY OF COOK )

The foregoing PATENT AND LICENSE SECURITY AGREEMENT was executed and acknowledged before me this 30<sup>th</sup> day of September, 2002 by John E. Udelhofen, personally known to me to be the Chief Financial Officer of WEDCO MOULDED PRODUCTS COMPANY, a Nova Scotia unlimited liability company, on behalf of such entity.

(SEAL)



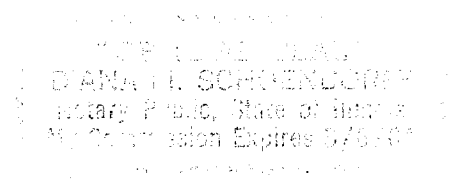
Dip  
Notary Public

My commission expires 3/6/04

STATE OF ILLINOIS )  
 ) SS  
COUNTY OF COOK )

The foregoing PATENT AND LICENSE SECURITY AGREEMENT was executed and acknowledged before me this 30<sup>th</sup> day of September, 2002 by Jim Anderson, personally known to me to be the Vice President of THE CIT GROUP/BUSINESS CREDIT, INC., a New York corporation, on behalf of such entity.

(SEAL)



Dip  
Notary Public

My commission expires 3/6/04

# SCHEDULE A

## To Patent License and Security Agreement

### PATENTS

Grantor has the following Patents:

<u>Patent</u>	<u>Owner</u>	<u>Status in Patent Office</u>	<u>Federal Registration Number</u>	<u>Registration Date</u>
Gasoline Container with Pouch (U.S.)	Wedco Moulded Products Company	Pending (Appl. No. 07698064)]		
Drain Pan with Handles (U.S.)	Wedco Moulded Products Company	Pending (Appl. No. 07698059)		
Portable Parts Washer (U.S.)	Wedco Moulded Products Company	Issued	D306223	02/20/90
Septic Tank (U.S.)	Wedco Moulded Products Company	Issued	D357530	04/18/95
Flexible Pouring Spout (U.S.)	Wedco Moulded Products Company	Issued	4,921,147	05/01/90
Gasoline Container (U.S.)	Wedco Moulded Products Company	Issued	D338158	08/10/93
Gas/Oil Container (U.S.)	Wedco Moulded Products Company	Issued	D333177	02/09/93
Container with Funnel (U.S.)	Wedco Moulded Products Company	Issued	D344740	03/01/94
Container with Funnel (U.S.)	Wedco Moulded Products Company	Issued	D353151	12/06/94
Design (U.S.)	Wedco Moulded Products Company	Issued	D358330	5/16/95
Design (U.S.)	Wedco Moulded Products Company	Issued	D301689	6/20/89
Flexible Pouring Spout (Canada)**	Wedco Moulded Products Company	Issued	1,326,220	
Gasoline Container (Canada)	Wedco Moulded Products Company	Issued	67,901	

**SCHEDULE B**

To Patent License and Security Agreement

**PATENT LICENSES**

Grantor has the following Patent Licenses:

License Agreement between Wedco Moulded Products Company and Briggs & Stratton Corporation, dated as of December 21,1999.