

PATENT ASSIGNMENT

Electronic Version v1.1
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SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY AGREEMENT
CONVEYING PARTY DATA	
Name	Execution Date
Diversified Repackaging Corporation	01/12/2006
RECEIVING PARTY DATA	
Name:	PNC Bank, National Association, as Agent
Street Address:	2 North Lake Avenue
Internal Address:	Suite 440
City:	Pasadena
State/Country:	CALIFORNIA
Postal Code:	91101
PROPERTY NUMBERS Total: 2	
Property Type	Number
Patent Number:	D412631
Patent Number:	D353092
CORRESPONDENCE DATA	
Fax Number:	(866)459-2899
	<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>
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Address Line 2:	attn: Carey Lening
Address Line 4:	Washington, DISTRICT OF COLUMBIA 20005
ATTORNEY DOCKET NUMBER:	353989
NAME OF SUBMITTER:	Carey Lening
Total Attachments: 10 source=353989#page1.tif	

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**COLLATERAL ASSIGNMENT OF PATENTS
(SECURITY AGREEMENT)**

THIS COLLATERAL ASSIGNMENT OF PATENTS (SECURITY AGREEMENT) (this "Security Agreement"), dated January 12, 2006, between DIVERSIFIED REPACKAGING CORPORATION, a California corporation with offices at 8737 Wilshire Blvd., Beverly Hills, California 90211 ("Pledgor"), and PNC BANK, NATIONAL ASSOCIATION, as Agent (as defined below), with an office at 2 North Lake Avenue, Suite 440, Pasadena, California 91101 ("Pledgee").

W I T N E S S E T H:

WHEREAS, Pledgor, The Merchant of Tennis, Inc., a California corporation ("MOT"), U.S. Merchants Financial Group, Inc., a California corporation ("USM"), the financial institutions from time to time party thereto (the "Lenders"), Pledgee, as agent for the Lenders (in such capacity, "Agent"), and PNC Capital Markets, LLC, as exclusive arranger and syndication manager, have entered into that certain Revolving Credit, Term Loans and Security Agreement dated the date hereof (together with all agreements entered into in connection therewith, the "Financing Agreements"), pursuant to which the Lenders have made and may in the future, in their discretion, make certain loans and advances and extend credit to Pledgor, USM and MOT, subject to the terms and provisions of the Financing Agreements;

WHEREAS, Pledgor owns all right, title, and interest in and to, among other things, all the United States and foreign patents, registrations and applications for the protection of inventions or designs set forth on Exhibit A hereto (the "Patents"); and

WHEREAS, in order to secure Pledgor's Obligations (as defined in the Financing Agreements) to Pledgee, Pledgor has granted to Pledgee, for itself and the ratable benefit of the Lenders, a security interest in the Patents and certain other patents, inventions and assets with respect to the Patents as further set forth herein and in the Financing Agreements, and Pledgee has requested Pledgor to enter into this Security Agreement to evidence further such security interest.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, that for valuable consideration received and to be received, as security for the full payment and performance of the Pledgor's Obligations, and to induce the Lenders to make loans and advances to Pledgor, Pledgor hereby grants to Pledgee, for itself and the ratable benefit of the Lenders, a security interest in:

- (a) the Patents;
- (b) all patents, registrations and applications for the protection of inventions and designs hereafter acquired by, granted to, or filed by Pledgor, whether based upon, derived from or variations of any invention or designs disclosed in the Patents or otherwise (the "Future Patents");

(c) all extensions, renewals, and continuations, re-issues, divisions, and continuations-in-part of the Patents and Future Patents;

(d) all rights to sue for past, present and future infringements of the Patents and Future Patents;

(e) all proceeds, including without limitation, license royalties and proceeds of infringement suits, based on the Patents and Future Patents;

(f) all licenses and other agreements and all fees, rents, royalties, proceeds or monies thereunder, relating to the Patents and Future Patents and the use thereof; and

(g) all trademarks, trademark registrations, trademark registration applications, formulae, processes, compounds, methods, know-how, and trade secrets relating to the manufacture of Pledgor's products under, utilizing, or in connection with the Patents and Future Patents and all goodwill connected with, symbolized by or related to the foregoing.

All of the foregoing items set forth in clauses (a) through (g) are hereinafter referred to collectively as the "Collateral."

AND Pledgor hereby covenants with Pledgee as follows:

1. Pledgor's Obligations. Pledgor agrees that, notwithstanding this Security Agreement, it will perform and discharge and remain liable for all of its covenants, duties, and obligations arising in connection with the Collateral and any licenses and agreements related thereto. Neither Pledgee nor any Lender shall have any obligation or liability in connection with the Collateral or any licenses or agreements relating thereto by reason of this Security Agreement or any payment received by Pledgee or any Lender relating to the Collateral, nor shall Pledgee or any Lender be required to perform any covenant, duty or obligation of Pledgor arising in connection with the Collateral or any license or agreement related thereto or to take any other action regarding the Collateral or any such licenses or agreement.

2. Representations and Warranties. Pledgor represents and warrants to Pledgee that:

(a) Pledgor is the registered owner of, and to the best of Pledgor's knowledge, no adverse claims have been made with respect to its title and no claim has been filed challenging the validity of the Patents, or either of them;

(b) to the best of Pledgor's knowledge, its title to each Patent is indefeasible for the duration of each such Patent; each Patent is subsisting and no part thereof has been adjudicated invalid or unenforceable, in whole or in part; each Patent is, to its best knowledge, valid and, if granted and registered, enforceable;

(c) to the best of Pledgor's knowledge, the Patents are the only patents which Pledgor owns in whole or part; none of the Collateral is subject to any mortgage, pledge, lien, security interest, lease, charge, license (by Pledgor as licensor) or encumbrance,

except licenses and/or use rights of Borrowers, Guarantors, and their respective Affiliates and customers and Pledgee's security interest; and

(d) when this Security Agreement is filed in the United States Patent and Trademark Office and Pledgee has taken the other actions contemplated in this Security Agreement and by the other Financing Agreements, this Security Agreement, along with the other Financing Agreements, will create a legal and valid perfected and continuing lien on and security interest in the Collateral in favor of Pledgee, enforceable against Pledgor and all third parties, subject to no other mortgage, lien, charge, encumbrance, or security or other interest to the extent such a perfected and continuing lien on the Collateral may be created by such filing and other action.

3. Covenants. Pledgor will maintain and renew all items of Collateral, and will defend the Collateral against the claims of all persons; provided, however, that Pledgor will not be required to maintain any Collateral which no longer has any material economic value in Pledgor's reasonable business judgment. Without limiting the generality of the foregoing, so long as any Patent or Future Patent has any material economic value in Pledgor's reasonable business judgment, except as required by law, Pledgor shall not permit the expiration of any registration of or termination of any application for any such Patent and Future Patent without the prior written consent of Pledgee. If before the Obligations have been satisfied in full, Pledgor shall obtain rights to or be licensed to use any new patentable inventions, or become entitled to the benefit of any 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 1 hereof shall automatically apply thereto and Pledgor shall give Pledgee prompt notice thereof in writing.

4. Use Prior to Default. Effective until Pledgee's exercise of its rights and remedies upon an Event of Default under and as defined in the Financing Agreements beyond any applicable cure period, if any, (an "Event of Default"), to the full extent permitted by applicable law, Pledgee hereby grants to Pledgor the exclusive non-transferable right and license to use the Collateral and make, use and sell the inventions disclosed and claimed in the Patents and Future Patents in the ordinary course of its business, subject to the terms and covenants of the Financing Agreements, this Security Agreement, and the rights of third parties under valid agreements.

5. Remedies Upon Default. Whenever any Event of Default shall have occurred and be continuing beyond any applicable cure period, if any, Pledgor's rights pursuant to Section 4 hereof shall, at Pledgee's option, terminate and be null and void, and Pledgee shall have all the rights and remedies granted to it in such event by the Financing Agreements, which rights and remedies are specifically incorporated herein by reference and made a part hereof. Pledgee in such event may collect directly any payments due to Pledgor in respect of the Collateral and may sell, license, lease, assign or otherwise dispose of the Collateral in the manner set forth in the Financing Agreements. Pledgor agrees that, in the event of any disposition of the Collateral upon and during the continuance of any such Event of Default, it will duly execute, acknowledge and deliver all documents necessary or advisable to record title to the Collateral in any transferee or transferees thereof, including, without limitation, valid, recordable assignments of the Patents and Future Patents. In the event Pledgor fails or refuses to execute and deliver such documents, Pledgor hereby irrevocably appoints Pledgee as its attorney-in-fact, with power of substitution, to

execute, deliver, and record any such documents on Pledgor's behalf. Notwithstanding any provision hereof to the contrary, during the continuation of an Event of Default, Pledgor may sell any merchandise incorporating or utilizing the Patents and Future Patents in the ordinary course of its business and in a manner consistent with its past practices until it receives written notice from Pledgee of an intended sale or other disposition of the Collateral. The preceding sentence shall not limit any right or remedy granted to Pledgee with respect to Pledgor's inventory under the Financing Agreements or any other agreement now or hereafter in effect.

6. Cumulative Remedies. The rights and remedies provided herein are cumulative and not exclusive of any other rights or remedies provided by law. The rights and remedies provided herein are intended to be in addition to and not in substitution of the rights and remedies provided by the Financing Agreements.

7. Amendments and Waivers. This Security Agreement may not be modified, supplemented or amended, or any of its provisions waived, without the prior written consent of Pledgee. Pledgor hereby authorizes Pledgee to modify this Security Agreement by amending Exhibit A hereto to include any Future Patents or additional licenses.

8. Waiver of Rights. No course of dealing between the parties to this Security Agreement or any failure or delay on the part of any such party in exercising any rights or remedies hereunder shall operate as a waiver of any rights or remedies of such party or any other party and no single or partial exercise of any rights or remedies by one party hereunder shall operate as a waiver or preclude the exercise of any other rights or remedies of such party or any other party. No waiver by Pledgee of any breach or default by Pledgor shall be deemed a waiver of any other previous breach or default or of any breach or default occurring thereafter.

9. Assignment. The provisions of this Security Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the parties hereto; provided, however, that no interest herein or in or to the Collateral may be assigned by Pledgor without the prior written consent of Pledgee; and provided, further, that Pledgee and the Lenders may assign their respective rights and benefits hereof to any Person in accordance with the terms of the Financing Agreements.

10. Further Acts. Until the Obligations shall have been fully and finally paid, Pledgor shall have the duty to prosecute diligently any applications for the Patents and Future Patents pending as of the date of this Security Agreement or thereafter, until the Obligations shall have been paid in full, to make applications on material unpatented or unregistered but patentable or registrable inventions, in any location where Pledgor does business, and to preserve and maintain all rights in the Patents, except to the extent that the invention covered thereby has no material economic value in Pledgor's reasonable business judgment. Any expenses incurred in connection with such applications or actions shall be borne by Pledgor. Pledgor shall not abandon any right to file a patent application or registration for any invention, nor abandon any such pending patent application or registration, without the consent of Pledgee, except to the extent that the invention covered thereby has no material economic value in Pledgor's reasonable business judgment.

11. Enforcement. Upon Pledgor's failure to do so after Pledgee's demand, or upon an Event of Default, Pledgee shall have the right but shall in no way be obligated to bring suit in its own name to enforce the Patents and Future Patents and any license thereunder, in which event Pledgor shall at the request of Pledgee do any and all lawful acts and execute any and all proper documents required by Pledgee in aid of such enforcement and Pledgor shall promptly, upon demand, reimburse and indemnify Pledgee for all costs and expenses incurred by Pledgee in the exercise of their rights under this Section 11.

12. Re-Assignment. At such time as Pledgor shall completely satisfy all of the Obligations, and the Financing Agreements have been terminated, other than upon enforcement of Pledgee's remedies under the Financing Agreements after an Event of Default, Pledgee will execute and deliver to Pledgor all deeds, assignments and other instruments as may be reasonably necessary or proper to re-vest Pledgor with full title to the Patents and Future Patents, subject to any dispositions thereof which may have been made by Pledgee pursuant hereto.

13. Severability. If any clause or provision of this Security Agreement shall be held invalid or unenforceable, in whole or in part, in any jurisdiction, such invalidity or unenforceability shall attach only to such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect such or any other clause or provision in any other jurisdiction.

14. Notices. All notices, requests and demands to or upon Pledgor or Pledgee under this Security Agreement shall be given in the manner prescribed by the Financing Agreements.

15. Governing Law. This Security Agreement shall be governed by and construed, applied, and enforced in accordance with the federal laws of the United States of America applicable to patents and the laws of the State of California, except that no doctrine of choice of law shall be used to apply the laws of any other State or jurisdiction. The parties agree that all actions or proceedings arising in connection with this Security Agreement shall be tried and litigated only in the state and federal courts located in the County of Los Angeles, State of California, whichever Pledgee may elect (except that Pledgee shall have the right to bring any action or proceeding against Pledgor or its property in the courts of any other jurisdiction which Pledgee deems necessary or appropriate in order to realize on the Collateral or to otherwise enforce its rights against Pledgor or its property). PLEDGOR AND PLEDGEE EACH WAIVES THE RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION ARISING UNDER THIS SECURITY AGREEMENT, WHETHER NOW EXISTING OR HEREAFTER ARISING, AND ANY RIGHT EITHER MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS, LACK OF PERSONAL JURISDICTION, OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION 15.

16. California Judicial Reference. IF ANY ACTION OR PROCEEDING IS FILED IN A COURT OF THE STATE OF CALIFORNIA BY OR AGAINST ANY PARTY HERETO IN CONNECTION WITH ANY OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT ANY OTHER DOCUMENT OR ANY DOCUMENT RELATED HERETO OR THERETO AND EACH PARTY HERETO DOES NOT SUBSEQUENTLY WAIVE IN AN EFFECTIVE MANNER UNDER CALIFORNIA LAW ITS RIGHT TO A TRIAL BY JURY, (a) THE COURT SHALL, AND IS HEREBY DIRECTED TO, MAKE A GENERAL

REFERENCE PURSUANT TO CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 638 TO A REFEREE OR REFEREES TO HEAR AND DETERMINE ALL OF THE ISSUES IN SUCH ACTION OR PROCEEDING (WHETHER OF FACT OR OF LAW) AND TO REPORT A STATEMENT OF DECISION, PROVIDED THAT AT THE OPTION OF AGENT OR ANY LENDER, ANY SUCH ISSUES PERTAINING TO A "PROVISIONAL REMEDY" AS DEFINED IN CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 1281.8 SHALL BE HEARD AND DETERMINED BY THE COURT, AND (b) PLEDGOR SHALL BE RESPONSIBLE TO PAY ALL FEES AND EXPENSES OF ANY REFEREE APPOINTED IN SUCH ACTION OR PROCEEDING.

17. Counterparts, etc. This Security Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of this Security Agreement by telefacsimile shall have the same force and effect as the delivery of an original executed counterpart of this Security Agreement. Any party delivering an executed counterpart of this Security Agreement by telefacsimile shall also deliver an original executed counterpart, but the failure to do so shall not affect the validity, enforceability or binding effect of this Security Agreement.

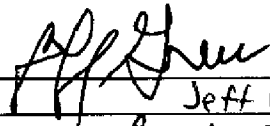
18. Supplement. This Security Agreement is a supplement to, and is hereby incorporated into, the Financing Agreements and made a part thereof.

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IN WITNESS WHEREOF, the parties have entered into this Security Agreement as of the date first above written.

PLEDGOR

**DIVERSIFIED REPACKAGING
CORPORATION,
a California corporation**

By: 
Name: Jeff Green
Title: President

PLEDGEE

**PNC BANK, NATIONAL ASSOCIATION,
as Agent**

By: _____
Name: Paul A. Rand
Title: Vice President

IN WITNESS WHEREOF, the parties have entered into this Security Agreement as of the date first above written.

PLEDGOR

DIVERSIFIED REPACKAGING
CORPORATION,
a California corporation

By: _____
Name: _____
Title: _____

PLEDGEE

PNC BANK, NATIONAL ASSOCIATION,
as Agent

By: Paul A. Rand
Name: Paul A. Rand
Title: Vice President

EXHIBIT A

List of Patents

No.	Patent Description	Registration Number	Issue Date
1.	Display Box Design	D 412,631	8/10/1999
2.	Blister Pack Design	D 353,092	12/6/1994

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