

PATENT ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	Security Agreement

CONVEYING PARTY DATA

Name	Execution Date
Shermag Inc.	06/05/2006

RECEIVING PARTY DATA

Name:	Wachovia Capital Finance Corporation (Canada)
Street Address:	141 Adelaide Street West
Internal Address:	Suite 1500
City:	Toronto
State/Country:	ONTARIO
Postal Code:	M5H 3L9

PROPERTY NUMBERS Total: 7

Property Type	Number
Patent Number:	6105913
Patent Number:	6464295
Patent Number:	6648418
Patent Number:	D495161
Patent Number:	D490624
Patent Number:	D499272
Application Number:	11262598

CORRESPONDENCE DATA

Fax Number: (866)459-2899
Correspondence will be sent via US Mail when the fax attempt is unsuccessful.
 Phone: 202-783-2700
 Email: Oleh.Hereliuk@federalresearch.com
 Correspondent Name: CBCInnovis dba Federal Research
 Address Line 1: 1023 Fifteenth Street, NW, Ste 401
 Address Line 2: attn: Oleh Hereliuk

CH \$280.00 6105913

Address Line 4: Washington, DISTRICT OF COLUMBIA 20005

ATTORNEY DOCKET NUMBER:

362753

NAME OF SUBMITTER:

Oleh Hereliuk

Total Attachments: 12

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**RECORDATION FORM COVER SHEET
PATENTS ONLY**

To the director of the U. S. Patent and Trademark Office: Please record the attached documents or the new address(es) below.

1. Name of conveying party(ies)/Execution Date(s): Shermag Inc. Execution Date(s) <u>June 5, 2006</u> Additional names of conveying parties attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		2. Name and address of receiving party(ies) Name: <u>Wachovia Capital Finance Corporation (Canada)</u> Internal Address: _____ Street Address: <u>141 Adelaide Street West, Suite 1500</u> City: <u>Toronto</u> State: <u>Ontario</u> Country: <u>Canada</u> Zip: <u>M5H 3L9</u> Additional names, addresses, or citizenship attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
3. Nature of conveyance: <input type="checkbox"/> Assignment <input type="checkbox"/> Merger <input checked="" type="checkbox"/> Security Agreement <input type="checkbox"/> Change of Name <input type="checkbox"/> Government Interest <input type="checkbox"/> Executive Order 9424, confirmatory License <input type="checkbox"/> Other _____			
4. Application or patent number(s) <input type="checkbox"/> This document is being filed together with a new application. A. Patent Application No. (s) <u>11/262,598</u> B. Patent No.(s) <u>6105913, 6464295, 6648418, D495-161, D490-624, D499-272</u> Additional numbers attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
5. Name address of party to whom correspondence concerning document should be mailed: Name: <u>Helen M. Linehan</u> Internal Address: <u>Otterbourg, Steindler, Houston & Rosen, P.C.</u> Street Address: <u>230 Park Avenue</u> City: <u>New York</u> State: <u>NY</u> Zip: <u>10169</u> Phone Number: <u>(212) 661-9100 x 890</u> Fax Number: <u>(917) 368-7111</u> Email Address: <u>hlinehan@oshr.com</u>		6. Total number of applications and registrations involved: <u>7</u> 7. Total fee (37 CFR 1.21(h) & 3.41) \$280.00 <input type="checkbox"/> Authorized to be charged by credit card <input type="checkbox"/> Authorized to be charged to deposit account <input type="checkbox"/> Enclosed <input type="checkbox"/> None required (government interest not affecting title)	
9. Signature: <u>Helen M. Linehan</u> Signature <u>Helen M. Linehan</u> Name of Person Signing		8. Payment Information: a. Credit Card Last 4 Numbers _____ Expiration Date _____ b. Deposit Account Number _____ Authorized User Name: _____ Total number of pages including cover sheet, attachments, and document. <u>12</u>	

Documents to be recorded (including cover sheet) should be faxed to (703) 306-6995, or mailed to:
Mail Stop Assignment Recordation Services, Director of the USPTO, P.O. Box 1450, Alexandria, VA 22313-1450

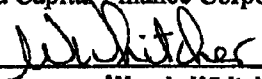
Patent Collateral Assignment and Security Agreement
Conveying Party: Shermag Inc.
Receiving Party: Wachovia Capital Finance Corporation (Canada)

DOMESTIC REPRESENTATIVE DESIGNATION

Assignee, Wachovia Capital Finance Corporation (Canada), being domiciled in Canada, hereby designates the following domestic representative on its behalf:

Wachovia Bank, National Association (also doing business as Wachovia Capital Finance)
1133 Ave of the Americas
New York, NY 10036
phone: 212-545-4280
fax: 212-545-4555
Attention: Wendy Whitcher / Niall Hamilton / Larry Forte

Wachovia Capital Finance Corporation (Canada)

By:  6/26/06
Name: Wendy Whitcher
Title: Vice President
Date: Wachovia Capital Finance Corp. (Canada)

PATENT COLLATERAL ASSIGNMENT AND SECURITY AGREEMENT

THIS PATENT COLLATERAL ASSIGNMENT AND SECURITY AGREEMENT ("Agreement"), dated June 5, 2006, is by and between SHERMAG INC., a Quebec corporation ("Debtor"), and WACHOVIA CAPITAL FINANCE CORPORATION (CANADA), an Ontario corporation ("Secured Party").

W I T N E S S E T H :

WHEREAS, Debtor has adopted, used and is using, and is the owner of the entire right, title, and interest in and to the patents and applications therefor described in Exhibit A hereto and made a part hereof; and

WHEREAS, Debtor, certain affiliates of Debtor and Secured Party have entered into or are about to enter into financing arrangements pursuant to which Secured Party may make loans and advances and provide other financial accommodations to Debtor and certain of its affiliates as set forth in the Loan Agreement, dated of even date herewith, by and among, by and among Secured Party, Debtor and certain affiliates of Debtor (as the same now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, the "Loan Agreement") and other agreements, documents and instruments referred to therein or at any time executed and/or delivered in connection therewith or related thereto, including, but not limited to, this Agreement (all of the foregoing, together with the Loan Agreement, as the same now exist or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, being collectively referred to herein as the "Financing Agreements"); and

WHEREAS, in order to induce Secured Party to enter into the Loan Agreement and the other Financing Agreements and to make loans and advances and provide other financial accommodations to Debtor and certain of its affiliates pursuant thereto, Debtor has agreed to grant to Secured Party certain collateral security as set forth herein;

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Debtor hereby agrees as follows:

1. Grant Of Security Interest. As collateral security for the prompt performance, observance and indefeasible payment in full of all of the Obligations (as hereinafter defined), Debtor hereby grants to Secured Party a continuing security interest in and a general lien upon, and a collateral assignment of, the following (being collectively referred to herein as the "Collateral"): (a) all of Debtor's now existing or hereafter acquired right, title, and interest in and to all of Debtor's interest in any patents and all applications, registrations and recordings relating to the foregoing as may at any time be filed in the United States Patent and Trademark Office or in any similar office or agency of the United States of America, any State thereof, any political subdivision thereof or in any other country, including, without limitation, those patents, applications, registrations and recordings described in Exhibit A hereto, together with all rights

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and privileges arising under applicable law with respect to Debtor's use of any patents and all reissues, divisions, continuations, extensions and renewals thereof (all of the foregoing being collectively referred to herein as the "Patents"); (b) all present and future inventions and improvements described and claimed therein; (c) all income, fees, royalties and other payments at any time due or payable with respect thereto, including, without limitation, payments under all licenses at any time entered into in connection therewith; (d) the right to sue for past, present and future infringements thereof; (e) all rights corresponding thereto throughout the world; and (f) any and all other proceeds of any of the foregoing, including, without limitation, all damages and payments or claims by Debtor against third parties for past or future infringement of the Patents.

2. Obligations Secured. The security interest, lien and other interests granted to Secured Party pursuant to this Agreement shall secure the prompt performance, observance and payment in full of any and all Obligations (as defined in the Loan Agreement).

3. Representations, Warranties and Covenants. Debtor hereby represents, warrants and covenants with and to Secured Party the following (all of such representations, warranties and covenants being continuing so long as any of the Obligations are outstanding):

(a) As of the date hereof, Debtor does not have any Patents registered, or subject to pending applications, in the United States Patent and Trademark Office or any similar office or agency in the United States of America, any State thereof, any political subdivision thereof, other than those described in Exhibit A hereto and has not granted any licenses with respect thereto other than as set forth in Exhibit B hereto.

4. Events of Default. The occurrence or existence of any Event of Default under the Loan Agreement or any of the other Financing Agreements is referred to herein individually as an "Event of Default" and collectively as "Events of Default".

5. Rights and Remedies. At any time an Event of Default exists or has occurred and is continuing, in addition to all other rights and remedies of Secured Party, whether provided under this Agreement, the Loan Agreement, the other Financing Agreements or applicable law, Secured Party shall have the following rights and remedies which may be exercised without notice to, or consent by, Debtor except as such notice or consent is expressly provided for hereunder:

(a) Secured Party may require that neither Debtor nor any affiliate or subsidiary of Debtor make any use of the Patents for any purpose whatsoever. Secured Party may make use of any Patents for the sale of goods, completion of work-in-process or rendering of services or otherwise in connection with enforcing any other security interest granted to Secured Party by Debtor or any subsidiary or affiliate of Debtor or for such other reason as Secured Party may determine.

(b) Secured Party may grant such license or licenses relating to the Collateral for such term or terms, on such conditions, and in such manner, as Secured Party shall in its discretion deem appropriate. Such license or licenses may be general, special or otherwise, and

may be granted on an exclusive or non-exclusive basis throughout all or any part of the United States of America, its territories and possessions.

(c) Secured Party may assign, sell or otherwise dispose of the Collateral or any part thereof, either with or without special conditions or stipulations except that if notice to Debtor of intended disposition of Collateral is required by law, the giving of five (5) days prior written notice to Debtor of any proposed disposition shall be deemed reasonable notice thereof and Debtor waives any other notice with respect thereto. 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 its discretion, deem appropriate or proper to complete such assignment, sale, or disposition. In any such event, Debtor shall be liable for any deficiency.

(d) In addition to the foregoing, in order to implement the assignment, sale or other disposition of any of the Collateral pursuant to the terms hereof, Secured Party may at any time execute and deliver on behalf of Debtor, pursuant to the authority granted in the Powers of Attorney described in Section 3(f) hereof, 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. Debtor agrees 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 attorneys' fees and legal expenses. Debtor agrees that Secured Party has no obligation to preserve rights to the Patents against any other parties.

(e) Secured Party may first apply the proceeds actually received from any such license, assignment, sale or other disposition of any of the Collateral to the costs and expenses thereof, including, without limitation, 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 Obligations as Secured Party may in its discretion determine. Debtor shall remain liable to Secured Party for any of the Obligations remaining unpaid after the application of such proceeds, and Debtor shall pay Secured Party on demand any such unpaid amount, together with interest at the rate then applicable to the Obligations set forth in the Loan Agreement.

(f) Debtor shall supply to Secured Party or to Secured Party's designee, Debtor's knowledge and expertise relating to the manufacture, sale and distribution of the products and services to which the Patents relate and other records relating to the Patents and the distribution thereof, whether held by way of license or otherwise.

(g) 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 this Agreement, the other Financing Agreements or applicable law, shall be cumulative and not exclusive and shall be enforceable alternatively, successively, or concurrently as Secured Party may deem expedient. No failure or delay on the part of Secured Party in exercising any of its options, power or rights or partial or single exercise thereof, shall constitute a waiver of such option, power or right.

6. JURY TRIAL WAIVER; OTHER WAIVERS AND CONSENTS; GOVERNING LAW.

(a) The validity, interpretation and enforcement of this Agreement and any dispute arising out of the relationship between the parties hereto, whether in contract, tort, equity or otherwise, shall be governed by the internal laws of the State of New York, but excluding any principles of conflicts of law or other rule of law that would cause the application of the law of any jurisdiction other than the laws of the State of New York.

(b) Debtor irrevocably consents and submits to the non-exclusive jurisdiction of the Supreme Court of the State of New York for the County of New York and the United States District Court for the Southern District of New York, whichever Secured Party may elect, and waives any objection based on venue or forum non conveniens with respect to any action instituted therein arising under this Agreement or any of the other Financing Agreements or in any way connected with or related or incidental to the dealings of the parties hereto in respect of this Agreement or any of the other Financing Agreements or the transactions related hereto or thereto, in each case whether now existing or hereafter arising, and whether in contract, tort, equity or otherwise, and agrees that any dispute with respect to any such matters shall be heard only in the courts described above (except that Secured Party shall have the right to bring any action or proceeding against Debtor or its property in the courts of any other jurisdiction which Secured Party deems necessary or appropriate in order to realize on the Collateral or to otherwise enforce its rights against Debtor or its property).

(c) DEBTOR AND SECURED PARTY EACH HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (i) ARISING UNDER THIS AGREEMENT OR ANY OF THE OTHER FINANCING AGREEMENTS OR (ii) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF DEBTOR AND SECURED PARTY IN RESPECT OF THIS AGREEMENT OR ANY OF THE OTHER FINANCING AGREEMENTS OR THE TRANSACTIONS RELATED HERETO OR THERETO IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER IN CONTRACT, TORT, EQUITY OR OTHERWISE. DEBTOR AND SECURED PARTY EACH 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 DEBTOR OR SECURED PARTY MAY FILE AN ORIGINAL COUNTERPART OF A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF DEBTOR AND SECURED PARTY TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

(d) Secured Party shall not have any liability to Debtor (whether in tort, contract, equity or otherwise) for losses suffered by Debtor in connection with, arising out of, or in any way related to the transactions or relationships contemplated by this Agreement, or any act, omission or event occurring in connection herewith, unless it is determined by a final and non-appealable judgment binding on Secured Party that the losses were the result of acts or omissions constituting gross negligence or willful misconduct. In any such litigation, Secured

Party shall be entitled to the benefit of the rebuttable presumption that it acted in good faith and with the exercise of ordinary care in the performance by it of the terms of this Agreement.

7. Miscellaneous.

(a) All notices, requests and demands hereunder shall be given in accordance with the Loan Agreement.

(b) All references to the plural herein shall also mean the singular and to the singular shall also mean the plural. All references to Debtor and Secured Party pursuant to the definitions set forth in the recitals hereto, or to any other person herein, shall include their respective successors and assigns. The words "hereof," "herein," "hereunder," "this Agreement" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not any particular provision of this Agreement and as this Agreement now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced. All references to the term "Person" or "Persons" herein shall mean any individual, sole proprietorship, partnership, corporation (including, without limitation, any corporation which elects subchapter S status under the Internal Revenue Code of 1986, as amended), limited liability company, limited liability partnership, business trust, unincorporated association, joint stock company, trust, joint venture or other entity or any government or any agency, instrumentality or political subdivision thereof.

(c) This Agreement, the other Financing Agreements and any other document referred to herein or therein shall be binding upon Debtor and its successors and assigns and inure to the benefit of and be enforceable by Secured Party and its successors and assigns.

(d) If any provision of this Agreement is held to be invalid or unenforceable, such invalidity or unenforceability shall not invalidate this Agreement as a whole, but this Agreement shall be construed as though it did not contain the particular provision held to be invalid or unenforceable and the rights and obligations of the parties shall be construed and enforced only to such extent as shall be permitted by applicable law.

(e) Neither this Agreement nor any provision hereof shall be amended, modified, waived or discharged orally or by course of conduct, but only by a written agreement signed by an authorized officer of Secured Party. Secured Party shall not, by any act, delay, omission or otherwise be deemed to have expressly or impliedly waived any of its rights, powers and/or remedies unless such waiver shall be in writing and signed by an authorized officer of Secured Party. Any such waiver shall be enforceable only to the extent specifically set forth therein. A waiver by Secured Party of any right, power and/or remedy on any one occasion shall not be construed as a bar to or waiver of any such right, power and/or remedy which Secured Party would otherwise have on any future occasion, whether similar in kind or otherwise.

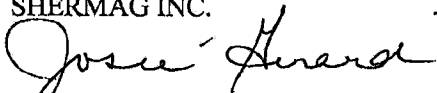
(f) This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of this Agreement by telefacsimile or other electronic method of transmission shall have the same force and effect as the delivery of an

original executed counterpart of this Agreement. Any party delivering an executed counterpart of any such agreement by telefacsimile or other electronic method of transmission shall also deliver an original executed counterpart, but the failure to do so shall not affect the validity, enforceability or binding effect of this Agreement.

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IN WITNESS WHEREOF, Debtor and Secured Party have executed this Agreement as of the day and year first above written.

SHERMAG INC.



Josée Girard
Vice President, Finance

WACHOVIA CAPITAL FINANCE
CORPORATION (CANADA)

By: _____

Title: _____

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IN WITNESS WHEREOF, Debtor and Secured Party have executed this Agreement as of the day and year first above written.

SHERMAG INC.

By: _____

Title: _____

WACHOVIA CAPITAL FINANCE CORPORATION (CANADA)

By: Wendy Whitcher

Title: Wendy Whitcher

Vice President

Wachovia Capital Finance Corp. (Canada)

EXHIBIT A
TO
PATENT COLLATERAL ASSIGNMENT
AND SECURITY AGREEMENT

List of Patents and Patent Applications

Patents:

<u>Patent</u>	<u>Registration Number</u>
ADJUSTABLE SUPPORT ASSEMBLY (Sofas - Caméléon)	6,105,913
SAFE LOCKING ASSEMBLY FOR A GLIDER ROCKER	6,464,295
COLLAPSIBLE FOOTREST ASSEMBLY FOR A GLIDING OTTOMAN	6,648,418
"HIGHLAND" BED - #1340-62	D495-161
"HIGHLAND" BED - #1340-60	D490-624
"HIGHLAND" BED - #1350-60	D499-272

Patent Applications:

<u>Patent</u>	<u>Application Number</u>
A LOCKING DEVICE FOR A ROCKING CHAIR	11/262,598

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EXHIBIT B
TO
PATENT COLLATERAL ASSIGNMENT
AND SECURITY AGREEMENT

List of Licenses

NONE

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