

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
Kids II, Inc.	07/12/2006

RECEIVING PARTY DATA

Name:	AmSouth Bank
Street Address:	3390 Peachtree Road
Internal Address:	Suite 1000
City:	Atlanta
State/Country:	GEORGIA
Postal Code:	30326

PROPERTY NUMBERS Total: 9

Property Type	Number
Patent Number:	D391999
Patent Number:	D396498
Patent Number:	D397377
Patent Number:	D397815
Application Number:	11136158
Application Number:	60727230
Application Number:	60757151
Application Number:	11396408
Application Number:	60809157

CORRESPONDENCE DATA

Fax Number: (404)572-5128

Correspondence will be sent via US Mail when the fax attempt is unsuccessful.

Phone: 404-572-4786

Email: epolak@kslaw.com

PATENT

500129835

REEL: 017982 FRAME: 0572

CH \$360.00 D391999

Correspondent Name:	King & Spalding
Address Line 1:	1180 Peachtree St.
Address Line 2:	ATTN: Gerald T. Woods, Esq.
Address Line 4:	Atlanta, GEORGIA 30309

ATTORNEY DOCKET NUMBER:	02532.009003
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NAME OF SUBMITTER:	Gerald Woods
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Total Attachments: 5
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PATENT SECURITY AGREEMENT

THIS PATENT SECURITY AGREEMENT (this "Agreement"), dated as of July 12, 2006, is made by the undersigned (the "Company") to and in favor of AMSOUTH BANK, an Alabama bank ("Lender"), pursuant to that certain Loan and Security Agreement, dated as of even date herewith, between the Company, as the borrower thereunder, and the Lender (as amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement"; capitalized terms used herein and not defined shall have the meanings ascribed to them in the Loan Agreement).

WITNESSETH:

RECITALS.

A. The Company owns and uses certain Patents (as hereinafter defined) which are registered in, or applications for registration of which have been filed in, the United States Patent and Trademark Office, all as more fully described on Schedule I attached hereto and by reference made a part hereof; and

B. The Lender proposes to make certain loans to the Company pursuant to the Loan Agreement; and

C. Pursuant to the Loan Agreement, the Company has assigned, conveyed, mortgaged, pledged, hypothecated and transferred to the Lender, all of its right, title and interest in and to, and granted to the Lender, a security interest in, the property described therein, including, without limitation, all of the Company's Patents (as hereinafter defined), whether presently existing or hereafter acquired or arising, or in which the Company now has or hereafter acquires rights and wherever located, and all products and proceeds any of the foregoing, as security for all of the Obligations; and

D. As a condition precedent to the extension of such financial accommodations pursuant to the Loan Agreement and in furtherance of the Loan Agreement, including, without limitation, for purposes of perfecting the security interests granted therein, the Lender has required that the Company grant to the Lender a security interest in and a collateral assignment of the Property (as hereinafter defined);

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. For purposes of this Agreement and in addition to terms defined elsewhere in this Agreement, the following terms shall have the meanings herein specified (such meaning to be equally applicable to both the singular and plural forms of the terms defined):

"Patents" means all of the following: (i) all letters patent of the United States or any other country, all registrations and recordings thereof, and all applications for letters patent of the United States or any other country, including, without limitation,

registrations, recordings and applications in the office or agency of the United States, any State thereof or any other country or any political subdivision thereof, including, without limitation, those referred to in Schedule I attached hereto, and (ii) all reissues, continuations, continuations-in-part or extensions thereof.

2. As security for the payment and performance of all of the Obligations, the Company hereby grants and conveys a security interest to the Lender in, and collaterally assigns to the Lender, all of the Company's right, title and interest in, to and under the following (collectively, the "Property"): (a) each Patent now or hereafter owned by the Company or in which the Company now has or hereafter acquires rights and wherever located, including, without limitation, each Patent referred to in Schedule I hereto and any renewals of registrations thereof; and (b) all products and proceeds of the foregoing, including, without limitation, any claim by the Company against third parties for past, present or future infringement of any Patent including, without limitation, any Patent referred to in Schedule I hereto.

Notwithstanding the foregoing or anything else in this Agreement to the contrary, unless and until the Lender exercises the rights and remedies accorded to it under the Loan Agreement and by law with respect to the realization upon its security interest in and collateral assignment of the Property, the Lender hereby grants to the Company the exclusive, nontransferable, royalty-free right and license under the Property for the Company's own benefit and account, so that the Company may use and enjoy the Property in connection with its business operations and exercise rights and remedies with respect to the Property, but with respect to all Property being used in the Company's business, only in a manner consistent with the preservation of the current substance, validity, registration and the security interest and collateral assignment herein granted in such Property. The Company agrees not to sell or assign its interest in, or grant any sublicense under, the license granted to the Company in this paragraph, except that the Company may sublicense the Property in the ordinary course of the Company's business but only in a manner consistent with the preservation of the current substance, validity, registration and the security interest and collateral assignment herein granted in such Property. Upon the exercise by the Lender of the rights and remedies accorded to it under the Loan Agreement and by law with respect to the realization upon its security interest in and collateral assignment of the Property, the license granted under this paragraph to the Company shall terminate.

3. The Company does hereby further acknowledge and affirm that the representations, warranties and covenants of the Company with respect to the Property and the rights and remedies of the Lender with respect to the security interest in and collateral assignment of the Property made and granted hereby are more fully set forth in the Loan Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

4. This Agreement shall terminate upon termination of the Loan Agreement. At any time and from time to time prior to such termination, the Lender may terminate its security interest in or reconvey to the Company any rights with respect to any or all of the Property. Upon termination of this Agreement and following a request from the Company, the Lender shall, at the expense of the Company, execute and deliver to the Company all deeds, assignments and other instruments as may be necessary or proper in reasonable judgment of the

Company in order to evidence such termination, subject to any disposition of the Property which may have been made by the Lender pursuant hereto or pursuant to the Loan Agreement.

5. If at any time before the termination of this Agreement, the Company shall obtain or acquire rights to any new Patent (including any Patent application), the provisions of Section 2 shall automatically apply thereto and the Company shall comply with the terms of the Security Agreement with respect to such new Patent. The Company authorizes the Lender to modify this Agreement by amending Schedule I to include any future Patents (and Patent applications) covered by Section 2 or by this Section 5.

6. The Company further agrees that (a) the Lender shall not have any obligation or responsibility to protect or defend the Property and the Company shall, at its own expense protect, defend and maintain the same in accordance with the terms and conditions set forth in the Loan Agreement, (b) the Company shall forthwith advise the Lender promptly in writing upon detection of infringements of any of the Property being used in the Company's business and (c) if the Company fails to comply with the requirements of the preceding clause (a), the Lender may do so in the Company's name or in its own name, but in any case at the Company's expense, and the Company hereby agrees to reimburse the Lender for all expenses, including reasonable attorneys' fees, incurred by the Lender in protecting, defending and maintaining the Property.

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed under seal by its duly authorized officers as of the date first above written.

"COMPANY"

KIDS II, INC.

By: 


Name: Ryan T. Gunnigle

Title: President

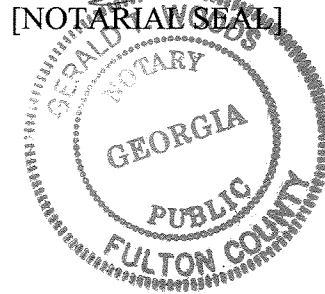
On July 12, 2006, before me personally came Ryan T. Gunnigle, to me personally known and known to me to be the person described in and who executed the foregoing instrument as the President of KIDS II, INC., who being by me duly sworn, did depose and say that he (she) is the President of said company and which executed the foregoing instrument; that the said instrument was signed on behalf of said company by order of its board of directors (or other governing body); that he (she) signed his (her) name thereto by like order; and that he (she) acknowledged said instrument to be the free act and deed of said company.

Notary Public

My Commission Expires:



[NOTARIAL SEAL]



SCHEDULE I

ITEM DESCRPTION	PATENT NUMBER
Activity Block (Searchin Safari), #803	D391,999
Reversible Nesting Blocks, #809	D396,498
Soft Car Seat Toy, #676	D397,377
Rock A Bye Moon Crib Light, #336	D397,815
Stationary Walker with Bouncing Pad "Stationary Child Exercise Apparatus with Bouncing Pad"	11/136,158(appl#)
Infant Seat Utilizing Suspension Frame (aka 4-link bouncer)	60/727,230
convertible Bassinet/Play yard with Storage Unit	60/757,151
Stationary Jumper (Stationary Child Exercise Apparatus)	App# 11/396,408
Pivoting Toy Bar	60/809,157