

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
ANTIK DENIM, LLC	03/05/2008
RECEIVING PARTY DATA	
Name:	GEMINI STRATEGIES, LLC
Street Address:	12220 El Camino Real
Internal Address:	Suite 400
City:	San Diego
State/Country:	CALIFORNIA
Postal Code:	92130-2091
PROPERTY NUMBERS Total: 1	
Property Type	Number
Patent Number:	D544179
CORRESPONDENCE DATA	
Fax Number:	(301)762-4056
<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>	
Phone:	301/424-3640
Email:	cag@usiplaw.com
Correspondent Name:	Ira C. Edell - ESF, LLC
Address Line 1:	1901 Research Blvd.
Address Line 2:	Suite 400
Address Line 4:	Rockville, MARYLAND 20850
ATTORNEY DOCKET NUMBER:	0283.0001M
NAME OF SUBMITTER:	Ira C. Edell

Total Attachments: 8
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INTELLECTUAL PROPERTY SECURITY AGREEMENT

This INTELLECTUAL PROPERTY SECURITY AGREEMENT (this “Agreement”), dated as of March 5, 2008, is made by **ANTIK DENIM, LLC**, a California limited liability company (the “Grantor”), in favor of **GEMINI STRATEGIES, LLC**, as collateral agent (“Agent”) for the holders of 8% Senior Secured Convertible Notes issued or to be issued in the original aggregate principal amount of up to \$3,000,000 (the “Notes”) by Blue Holdings, Inc., a Nevada corporation (“Company”), pursuant to the Purchase Agreement (as defined below) (collectively, together with their endorsees, transferees and assigns, the “Lenders”).

WITNESSETH:

WHEREAS, the Company and the Lenders are party to that certain Securities Purchase Agreement, dated on or about on or about March 5, 2008 (“Purchase Agreement”), pursuant to which the Company issued or is issuing the Notes, among other things;

WHEREAS, the Grantor is a wholly-owned subsidiary of the Company and will benefit from the issuance of the Notes pursuant to the Purchase Agreement;

WHEREAS, pursuant to that certain Subsidiary Guarantee, dated as of the date hereof (“Guarantee”), the Grantor has agreed to guarantee and act as surety for payment of the Notes;

WHEREAS, contemporaneously herewith the Grantor and the Company are entering into a Security Agreement (“Security Agreement”), pursuant to which the Grantor has granted a security interest in its assets and properties to secure the satisfaction of the Company’s obligations under the Notes and the Grantor’s obligations under the Guarantee, among other things; and

WHEREAS, the Grantor is obligated under the Security Agreement to take such further actions as the collateral Agent requests to further perfect the Lenders’ security interest granted under the Security Agreement, including without limitation with respect to intellectual property;

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

DEFINED TERMS.

(a) Certain Defined Terms. As used in this Agreement, the following terms shall have the meanings set forth below:

“*Copyright*” means copyrights and copyright registrations, including without limitation the copyright registrations and recordings listed on Schedule I attached hereto, if any, in which the Grantor has any right, title and interest, and (i) all reissues, continuations, extensions or renewals thereof, (ii) all income, royalties, damages and payments now and hereafter due and/or payable under and with respect thereto, subject to payment to any co-owner of its, his or her share thereof, including without limitation payments under all licenses entered into in

connection therewith and damages and payments for past or future infringements thereof, (iii) the right to sue for past, present and future infringements thereof, and (iv) all of the Grantor's rights corresponding thereto throughout the world.

“Intellectual Property Licenses” means rights under or interest in any patent, trademark, copyright or other intellectual property, including software license agreements with any other party, whether the Grantor is a licensee or licensor under any such license agreement, and the right to use the foregoing in connection with the enforcement of the Lenders' rights pursuant to the Security Agreement.

“Patent” means patents and patent applications, including without limitation the patents and patent applications listed on Schedule I hereto and all continuations, divisionals, provisionals, continuations in part, or reissues of applications related to patents thereon, and (i) all renewals thereof, (ii) all income, royalties, damages and payments now and hereafter due and/or payable under and with respect thereto, subject to payment to any co-owner or inventor of its, his or her share thereof, including without limitation payments under all licenses entered into in connection therewith and damages and payments for past or future infringements or dilutions thereof, (iii) the right to sue for past, present and future infringements thereof, and (iv) all of the Grantor's rights corresponding thereto throughout the world.

“Trademark” means trademarks, trade names, registered trademarks, trademark applications, service marks, registered service marks and service mark applications, including without limitation the registered trademarks listed on Schedule I hereto, and (i) all renewals thereof, (ii) all income, royalties, damages and payments now and hereafter due and/or payable under and with respect thereto, subject to payment to any co-owner of its, his or her share thereof, including without limitation payments under all licenses entered into in connection therewith and damages and payments for past or future infringements or dilutions thereof, (iii) the right to sue for past, present and future infringements and dilutions thereof, (iv) the goodwill of the Grantor's business symbolized by the foregoing and connected therewith, and (v) all of the Grantor's rights corresponding thereto throughout the world.

(b) Terms Defined in the Purchase Agreement. Capitalized terms used in this Agreement and not otherwise defined herein have the meanings ascribed to them in the Purchase Agreement.

2. GRANT OF SECURITY INTEREST IN INTELLECTUAL PROPERTY COLLATERAL. Grantor hereby grants to the Agent, as collateral agent for the Lenders, a continuing second priority security interest (as set forth in the Security Agreement) in all of Grantor's right, title and interest in, to and under all of Grantor's Intellectual Property (as defined in the Security Agreement), including without limitation the following, whether presently existing or hereafter created or acquired (collectively, the “Intellectual Property Collateral”):

(a) all of Grantor's Patents and Grantor's rights under all Patent Intellectual Property Licenses to which it is a party, including those patents referred to on Schedule I hereto, including:

- (i) all registrations and applications in respect of the foregoing, including continuations, divisionals, provisionals, continuations in part, or reissues of applications and patents issuing thereon; and
- (ii) all products and proceeds of the foregoing, including without limitation any claim by Grantor against third parties for past, present or future infringement of any Patent or any Patent licensed under any Intellectual Property License;

(b) all of Grantor's Trademarks and Grantor's rights under all Trademark Intellectual Property Licenses to which it is a party, including those trademarks referred to on Schedule I hereto, including:

- (i) all registrations, applications, and renewals in respect of the foregoing;
- (ii) all goodwill of the business connected with the use of, and symbolized by, each Trademark and each Trademark licensed under an Intellectual Property License; and
- (iii) all products and proceeds of the foregoing, including without limitation any claim by Grantor against third parties for past, present or future (i) infringement or dilution of any Trademark or any Trademark licensed under any Intellectual Property License or (ii) injury to the goodwill associated with any Trademark or any Trademark licensed under any Intellectual Property License; and

(c) all of Grantor's Copyrights and Grantor's rights under all Copyright Intellectual Property Licenses to which it is a party, including those referred to on Schedule I hereto, including:

- (i) all registrations, applications, and renewals in respect of the foregoing; and
- (ii) all products and proceeds of the foregoing, including without limitation any claim by Grantor against third parties for past, present or future infringement of any Copyright or any Copyright licensed under any Intellectual Property License.

3. SECURITY AGREEMENT. The security interests granted pursuant to this Agreement are granted in conjunction with the security interests granted to Lenders pursuant to the Security Agreement. Grantor hereby acknowledges and affirms that the rights and remedies of Lenders with respect to the security interest in the Intellectual Property Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein. By acceptance hereof the Agent acknowledges that the priorities set forth herein are subject to the terms of the Intercreditor Agreement.

4. AUTHORIZATION TO SUPPLEMENT. If Grantor shall obtain rights to any new Intellectual Property (as defined in the Security Agreement), the provisions of this

Agreement shall automatically apply thereto. Grantor shall give Lenders prompt written notice with respect to any such material new Intellectual Property. Grantor represents that Schedule I is substantially accurate and complete but reserve the right from time to time to correct inaccuracies and/or omissions by giving Lenders written notice thereof. Without limiting Grantor's obligations under this Section 4, Grantor hereby authorizes the Agent and Lenders unilaterally to modify this Agreement by amending Schedule I to include any such corrections and other modifications and any such new Intellectual Property of Grantor. Notwithstanding the foregoing, no failure to so modify this Agreement or amend Schedule I shall in any way affect, invalidate or detract from Lenders' continuing security interest in all Intellectual Property Collateral, whether or not listed on Schedule I.

5. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such separate counterparts shall together constitute but one and the same instrument. In proving this Agreement in any judicial proceedings, it shall not be necessary to produce or account for more than one such counterpart signed by the party against whom enforcement is sought. Any signatures delivered by a party by facsimile transmission or by e-mail transmission shall be deemed an original signature hereto.

6. GOVERNING LAW; JURISDICTION. This Agreement shall be governed by and construed under the laws of the State of New York applicable to contracts made and to be performed entirely within the State of New York. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the City and County of New York for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law.

7. SUCCESSORS AND ASSIGNS. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and permitted assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement. A Lender may assign its rights hereunder in connection with any private sale or transfer of its Notes, in which case the term "Lender" shall be deemed to refer to such transferee as though such transferee were an original signatory hereto. Grantor may not assign its rights or obligations under this Agreement.

8. MULTIPLE CLOSINGS. For clarification, the Grantor acknowledges and agrees that there may be more than one Closing under the Purchase Agreement and that this Agreement creates a security interest in the Collateral in favor of all the Lenders regardless of when (1) any Lender executes the Purchase Agreement or whether such Lender executes this Agreement, it being understood that the Agent is acting as collateral agent for all Lenders, (2) any Closing

occurs or (3) any Notes are issued, without any need for the Grantor to execute any further documentation or be notified of any Closing or for any other action to occur.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Grantor has caused this Intellectual Property Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

ANTI(DENIM, LLC

By: 

Name: Glenn S. Palmer

Title: CEO

SCHEDULE I
to
INTELLECTUAL PROPERTY SECURITY AGREEMENT

TRADEMARK	COUNTRY	FILING DATE	APPLICATION/SERIAL NO.	STATUS	REG. NO.
Antik Denim	United States	9/8/2004	78480230	Registered	3372838
Antik Denim	Japan	10/10/2004	2004-095015	Registered	1242022
Antik Denim	South Korea	4/15/2005	40-2005-16636	Pending	
Antik Denim	European Community	11/17/2004	4068383	Registered	223068
Antik Denim	Mexico	10/7/2005	0160169	Pending	
Antik Denim	Brazil	6/24/2005	827540990	Registered	waiting for certificate
Antik Denim	South Africa	6/23/2005	2005112500	Pending	
Antik Denim	Canada	2/3/2005	1,245,863	Pending	
Antik Denim	Israel	9/27/2005	183971	Registered	183971
Antik Denim	Hong Kong	8/1/2005	300468351	Pending	
Antik Denim	India	10/21/2005	1393566	Pending	
Antik Denim	New Zealand	5/19/2005	729895	Registered	729895
Antik Denim	China	9/5/2005	4875100	Pending	
Antik Denim	Australia	5/19/2005	1076772	Registered	waiting for certificate
Antik Denim	tunisia	4/27/2006	61032	Pending	
Antik Denim	Thailand	7/7/2006	615250	Pending	
Antik Denim	Taiwan	12/23/2005	94062021	Registered	1234612
Antik Denim	Russia	9/8/2006	2006725861	pending	
Antik Denim	paraguay	10/3/2006	29262	pending	
Antik Denim	Morroco	12/31/2006	106916	Pending	
Antik Denim	US Class 14 & 18	1/9/2006	78787735	Pending	
Antik Denim	Intl Madrid* 14 & 18	1/27/2006	902516	Registered	902516
Antik Denim	Vietnam	1/10/2006	4-2006-00453	Registered	85839
Antik Denim	UAE	Doc sent			
Antik Denim Pocket Design	United States	4/7/2005	78604341	Registered	3191284
Antik Denim Pocket Design	International Madrid*	9/28/2005	875905	Registered	875905
Antik Denim Pocket Design	South Korea	9/27/2005	40-2005-45016	Registered	695428
Antik Denim Pocket Design	Canada	11/10/2005	1278966	Registered	1034973

*Countries selected under the Madrid protocol: Australia, Bulgaria, China, Croatia, EU, Georgia, Japan, Monaco, Morocco, Netherlands Antilles, Norway, Republic of Korea, Romania, Russian Federation, Serbia & Montenegro, Singapore, The Former Yugoslav Republic

PATENT	COUNTRY	FILING DATE	APPLICATION/SERIAL NO.	STATUS	REG. NO.
Antik Denim Pocket Design	United States	6/12/2007		Registered	US D544,179 S
Antik Denim Pocket Design	Europe	10/19/2004	332416 302005-	Registered	332416-0004
Antik Denim Pocket Design	South Korea	4/8/2005	0011583	Registered	30-0412453
Antik Denim Pocket Design	Japan	10/19/2004	2006-012686 2005-	Registered	1301903
Antik Denim Pocket Design	China	10/19/2004	300081814	Registered	ZI 200530148859.9

COPYRIGHT	COUNTRY	FILING DATE	APPLICATION/ SERIAL NO.	STATUS	REG. NO.
Antik Denim Pocket Design	United States	8/17/2005	VAU-664-118	Registered	VAU-664-118
Antik Denim Eagle Design Logo	United States	1/27/2006	VA1-353-106	Registered	VA1-353-106