

PATENT ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT																
NATURE OF CONVEYANCE:	SECURITY AGREEMENT																
CONVEYING PARTY DATA																	
<table border="1"> <thead> <tr> <th>Name</th> <th>Execution Date</th> </tr> </thead> <tbody> <tr> <td>Phoenix Footwear Group, Inc.</td> <td>07/30/2012</td> </tr> <tr> <td>Penobscot Shoe Company</td> <td>07/30/2012</td> </tr> </tbody> </table>		Name	Execution Date	Phoenix Footwear Group, Inc.	07/30/2012	Penobscot Shoe Company	07/30/2012										
Name	Execution Date																
Phoenix Footwear Group, Inc.	07/30/2012																
Penobscot Shoe Company	07/30/2012																
RECEIVING PARTY DATA																	
<table border="1"> <tr> <td>Name:</td> <td>AloStar Bank of Commerce</td> </tr> <tr> <td>Street Address:</td> <td>3630 Peachtree Road NE, Suite 1050</td> </tr> <tr> <td>City:</td> <td>Atlanta</td> </tr> <tr> <td>State/Country:</td> <td>GEORGIA</td> </tr> <tr> <td>Postal Code:</td> <td>30326</td> </tr> </table>		Name:	AloStar Bank of Commerce	Street Address:	3630 Peachtree Road NE, Suite 1050	City:	Atlanta	State/Country:	GEORGIA	Postal Code:	30326						
Name:	AloStar Bank of Commerce																
Street Address:	3630 Peachtree Road NE, Suite 1050																
City:	Atlanta																
State/Country:	GEORGIA																
Postal Code:	30326																
PROPERTY NUMBERS Total: 7																	
<table border="1"> <thead> <tr> <th>Property Type</th> <th>Number</th> </tr> </thead> <tbody> <tr> <td>Patent Number:</td> <td>6675501</td> </tr> <tr> <td>Patent Number:</td> <td>6857202</td> </tr> <tr> <td>Patent Number:</td> <td>6922914</td> </tr> <tr> <td>Patent Number:</td> <td>6976319</td> </tr> <tr> <td>Patent Number:</td> <td>7171764</td> </tr> <tr> <td>Patent Number:</td> <td>7434338</td> </tr> <tr> <td>Patent Number:</td> <td>4642915</td> </tr> </tbody> </table>		Property Type	Number	Patent Number:	6675501	Patent Number:	6857202	Patent Number:	6922914	Patent Number:	6976319	Patent Number:	7171764	Patent Number:	7434338	Patent Number:	4642915
Property Type	Number																
Patent Number:	6675501																
Patent Number:	6857202																
Patent Number:	6922914																
Patent Number:	6976319																
Patent Number:	7171764																
Patent Number:	7434338																
Patent Number:	4642915																
CORRESPONDENCE DATA																	
Fax Number:	4045228409																
Phone:	404-420-5527																
Email:	rjk@phrd.com																
<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent via US Mail.</i>																	
Correspondent Name:	Rhonda J. Kenyeri, Paralegal -- PHRD																
Address Line 1:	285 Peachtree Center Avenue																
Address Line 2:	1500 Marquis Two Tower																

502010947

PATENT
REEL: 028704 FRAME: 0788

CH \$280.00 6675501

Address Line 4: Atlanta, GEORGIA 30339

ATTORNEY DOCKET NUMBER:

ALOSTAR / PHOENIX

NAME OF SUBMITTER:

Bobbi Acord

Total Attachments: 9

source=Phoenix PSA#page1.tif

source=Phoenix PSA#page2.tif

source=Phoenix PSA#page3.tif

source=Phoenix PSA#page4.tif

source=Phoenix PSA#page5.tif

source=Phoenix PSA#page6.tif

source=Phoenix PSA#page7.tif

source=Phoenix PSA#page8.tif

source=Phoenix PSA#page9.tif

PATENT SECURITY AGREEMENT

This **PATENT SECURITY AGREEMENT** (this "Agreement") is made as of this 30th day of July, 2012, among **ALOSTAR BANK OF COMMERCE**, a bank organized under the laws of the State of Alabama, having an office at 3630 Peachtree Road NE, Suite 1050, Atlanta, Georgia 30326 (together with its successors and assigns, "Lender"), **PHOENIX FOOTWEAR GROUP, INC.**, a Delaware corporation ("Phoenix") having its principal place of business at 5937 Darwin Court, Suite 109, Carlsbad, California 92008, and **PENOBSCOT SHOE COMPANY**, a Maine corporation ("Penobscot") having its principal place of business at 450 North Main Street, Old Town, Maine 04468 (Phoenix and Penobscot are sometimes collectively referred to herein as "Companies" and individually as "Company").

Recitals:

The Companies desire to obtain loans and other financial accommodations from Lender pursuant to that certain Loan and Security Agreement dated the date hereof, (as at any time amended, restated, supplemented or otherwise modified, the "Loan Agreement") by and among the Companies and Lender.

Lender is willing to make loans and other financial accommodations to the Companies from time to time pursuant to the terms of the Loan Agreement, provided that the Companies execute this Agreement.

NOW, THEREFORE, for Ten Dollars (\$10.00) in hand paid and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Companies hereby agree with Lender as follows:

1. Capitalized terms used herein (including those used in the Recitals hereto), unless otherwise defined, shall have the meanings ascribed to them in the Loan Agreement. As used herein, the term "Full Payment" shall mean full and final payment of the Obligations and termination of the Commitments; and the term "UCC" shall mean the Uniform Commercial Code as in effect from time to time in the State of Georgia.

2. To secure the prompt payment and performance of all of the Obligations, each Company hereby grants, assigns and pledges to Lender, a continuing security interest in and Lien upon all of the following property of each Company, whether now existing or hereafter created or acquired (the "Patent Collateral"):

(a) the entire right, title and interest of such Company in and to the patent applications and patents listed in Exhibit A attached hereto (as the same may be amended from time to time), and all re-issues, divisions, continuations, renewals, extensions and continuations-in-part thereof, including, without limitation, the right to sue for past, present and future infringements and rights corresponding thereto throughout the world (all of the foregoing being herein collectively referred to as the "Patents"); and

(b) all proceeds of the foregoing (such as, by way of example, license royalties and proceeds of infringement suits).

3. Each Company covenants with and warrants to Lender that:

(a) The Patents are subsisting and have not been adjudged invalid or unenforceable, in whole or in part;

(b) Such Company is now and shall continue to be the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each of the Patents, free and clear of any Liens other than Permitted Liens;

(c) Such Company has the unqualified right to enter into this Agreement and perform its terms; and

(d) Such Company has used, and will continue to use for the duration of this Agreement, proper statutory notice in connection with its use of the Patents and has made, and will continue to make all appropriate filings with the United States Patent and Trademark Office and any applicable foreign filing offices to maintain the Patents in existence, including, without limitation, filing all necessary documents with the United States Patent and Trademark Office and any applicable foreign filing offices for each Patent to maintain it without loss of protection therefor.

4. Until Full Payment of all of the Obligations, no Company shall enter into any license agreement relating to any of the Patents with any Person except non-exclusive licenses to customers, vendors, suppliers, agents or other service providers of such Company in the regular and ordinary course of such Company's business as presently conducted and for reasonable and customary compensation, and shall not become a party to any agreement with any Person that is inconsistent with such Company's obligations under this Agreement.

5. If, before Full Payment of all of the Obligations, any Company shall obtain rights to 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 paragraph 2 shall automatically apply thereto and such Company shall give to Lender prompt notice thereof in writing.

6. Each Company irrevocably authorizes and empowers Lender to modify this Agreement by amending Exhibit A to include any future patents and patent applications.

7. Each Company hereby grants to Lender and its employees, upon prior notice to such Company, the visitation, audit, and inspection rights with respect to such Company and the Patent Collateral as set forth in the Loan Agreement.

8. At any time that an Event of Default exists, Lender shall have, in addition to all other rights and remedies given it by this Agreement and the other Loan Documents, all rights and remedies of a secured party under the UCC and all other rights and remedies under applicable law. Without limiting the generality of the foregoing, at any time an Event of Default exists, Lender may immediately, without demand of performance and without other notice (except as described in the next sentence, if required by applicable law) or demand whatsoever to any Company, each of which each Company hereby expressly waives, and without advertisement (except as otherwise provided by applicable law), collect directly any payments due such Company in respect of the Patent Collateral, or sell at public or private sale or otherwise realize upon the whole or from time to time any of the Patent Collateral, or

any interest that such Company may have therein. Each Company hereby agrees that ten (10) days notice to each Company of any public or private sale or other disposition of any of the Patent Collateral shall be reasonable notice; provided, however, that no notice shall be required hereunder if not otherwise required by applicable law. At any such sale or disposition, Lender may, to the extent permitted by applicable law, purchase the whole or any part of the Patent Collateral sold, free from any right of redemption on the part of such Company, which right such Company hereby waives and releases. After deducting from the proceeds of such sale or other disposition of the Patent Collateral all reasonable costs and expenses incurred by Lender in enforcing its rights hereunder (including, without limitation, all reasonable attorneys' fees), Lender shall apply the remainder of such proceeds to the payment of the Obligations, in such order or manner as may be authorized or required by the Loan Agreement. Any remainder of the proceeds after Full Payment of all of the Obligations shall be paid over to such Company. If any deficiency shall arise, the Companies shall remain liable therefor.

9. Each Company hereby make, constitute and appoint Lender, and any officer or agent of Lender as Lender may select, as such Company's true and lawful attorney-in-fact, with full power to do any or all of the following if an Event of Default with respect to such Company shall exist: to endorse such Company's name on all applications, documents, papers and instruments necessary for Lender to continue the maintenance of or to use the Patents, or to grant or issue any exclusive or nonexclusive license under the Patents to any other Person, or to assign, pledge, convey or otherwise transfer title in or dispose of any Patent Collateral to any other Person. Each Company hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney, being coupled with an interest, shall be irrevocable until Full Payment of all of the Obligations].

10. Any and all reasonable fees, costs and expenses, of whatever kind or nature, (including, without limitation, reasonable attorneys' fees and legal expenses) incurred by Lender in connection with the preparation of this Agreement and any other documents relating hereto and the consummation of this transaction, the filing or recording of any documents (including, without limitation, all taxes in connection therewith) with the United States Patent and Trademark Office or in other public offices, the payment or discharge of any taxes, counsel fees, maintenance fees or Liens, or otherwise, in protecting, maintaining and preserving any Patent Collateral or in defending or prosecuting any actions or proceedings arising out of or related to any Patent Collateral, shall be borne and paid by each Company (it being the intent of such Company and Lender that such Company shall be responsible for the payment of all sums, fees, costs and expenses, including, without limitation, all maintenance fees payable with respect to the Patents) or, if paid by Lender in its sole discretion, shall be reimbursed by such Company to Lender **on demand** by Lender and until so paid shall be added to the principal amount of the Obligations and shall bear interest at the per annum interest rate then applicable to Revolver Loans.

11. Each Company shall use its commercially reasonable efforts to detect any infringers of the Patents and shall notify Lender in writing of material infringements detected. Each Company shall have the duty, through counsel reasonably acceptable to Lender, to prosecute diligently any patent application for a Patent pending as of the date of this Agreement or thereafter until Full Payment of all of the Obligations, to make application on unpatented but patentable inventions (subject to such Company's reasonable discretion in the ordinary course of business, or, during the existence of an Event of Default, promptly upon Lender's request), to file and prosecute opposition and cancellation proceedings, to file and prosecute lawsuits to protect each Patent and to do any and all acts that are reasonably deemed necessary or desirable by Lender to preserve and maintain all rights in patent applications for each Patent, unless in any such case such Company has determined that such Patent is

no longer material to the conduct of its business.. Any expenses incurred in connection with such an application or proceedings shall be borne by such Company. Each Company shall not abandon any pending patent application or Patent, without the prior written consent of Lender, unless such Company has determined that such patent application or Patent is no longer material to the conduct of its business.

12. Notwithstanding anything to the contrary contained in paragraph 11 hereof, Lender shall have the right, at any time that an Event of Default exists, but shall in no way be obligated, to bring suit in its own name to enforce the Patents and any license hereunder, or to defend any suit or counterclaim in its own name to protect any Patents or license hereunder, in either of which events each Company shall at the request of Lender do any and all lawful acts (including bringing suit) and execute any and all proper documents required by Lender in aid of such enforcement or defense and such Company shall promptly, upon demand, reimburse and indemnify Lender for all reasonable costs and expenses incurred by Lender in the exercise of its rights under this paragraph 12.

13. If any Company fails to comply with any of its obligations hereunder and at the time of such failure or as a result thereof an Event of Default exists, then to the extent permitted by applicable law, Lender may discharge such obligations in such Company's name or in Lender's name, in Lender's sole discretion, but at such Company's expense, and such Company agrees to reimburse Lender in full for all reasonable expenses, including, without limitation, reasonable attorneys' fees, incurred by Lender in prosecuting, defending or maintaining the Patents or Lender's interest therein pursuant to this Agreement.

14. No course of dealing between any Company and Lender, nor any failure to exercise, nor any delay in exercising, on the part of Lender, any right, power or privilege hereunder or under any of the other Loan Documents shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or future exercise thereof or the exercise of any other right, power or privilege.

15. All of Lender's rights and remedies with respect to the Patent Collateral, whether established by this Agreement or any of the other Loan Documents, or by any other agreements or by applicable law, shall be cumulative and may be exercised singularly or concurrently.

16. The provisions of this Agreement are severable, and if any clause or provision shall be held invalid and unenforceable, in whole or in part, in any jurisdiction, the same shall be deemed severed herefrom and shall not in any manner affect such clause or provisions in any other jurisdiction, or any other clause or provision of this Agreement in any jurisdiction.

17. This Agreement, together with the other Loan Documents, constitutes and expresses the entire understanding of the parties hereto with respect to the subject matter hereof, and supersedes all prior agreements and understandings, inducements or conditions, whether express or implied, oral or written. This Agreement is subject to modification only by writing signed by the parties, except as provided in paragraph 6 hereof.

18. The benefits and burdens of this Agreement shall inure to the benefit of and be binding upon the successors and assigns of Lender and upon the successors and permitted assigns of each Company. No Company shall assign its rights or delegate its rights or assign its duties hereunder without the prior written consent of Lender.

19. Each Company hereby waives notice of Lender's acceptance hereof.

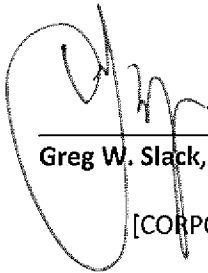
20. **This Agreement shall be governed by and construed in accordance with the internal laws of the State of Georgia.**

21. **To the fullest extent permitted by applicable law, each Company and Lender each waives the right to trial by jury in any action, suit, proceeding or counterclaim of any kind arising out of or related to this Agreement or the Patent Collateral.**

[Remainder of page intentionally left blank; signatures appear on following pages.]

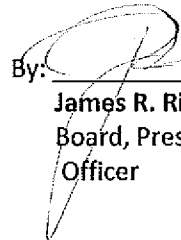
IN WITNESS WHEREOF, the parties hereto have executed this Agreement under seal as of the date first written above.

ATTEST:



Greg W. Slack, Secretary
[CORPORATE SEAL]

PHOENIX FOOTWEAR GROUP, INC.
("Company")

By: 

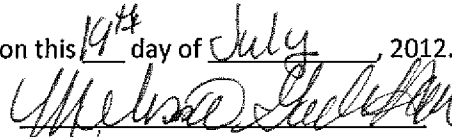
James R. Riedman, Chairman of the,
Board, President and Chief Executive
Officer

STATE OF California)
COUNTY OF San Diego)

BEFORE ME, the undersigned authority, on this day personally appeared James R. Riedman, the Chairman of the Board, President and Chief Executive Officer of Phoenix Footwear Group, Inc., a Delaware corporation, to me known to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this 19th day of July, 2012.

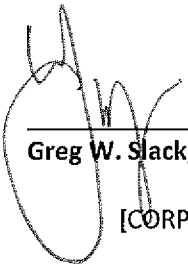




Notary Public
My Commission Expires:
April 27th 2014
[NOTARIAL SEAL]

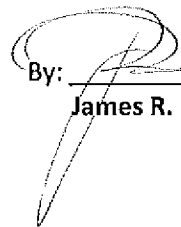
[Signatures continue on the following page.]

ATTEST:



Greg W. Slack, Secretary
[CORPORATE SEAL]

PENOBSCOT SHOE COMPANY
("Company")

By: 

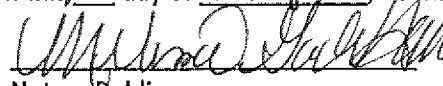
James R. Riedman, President

STATE OF California)
COUNTY OF San Diego)

BEFORE ME, the undersigned authority, on this day personally appeared James R. Riedman, the President of Penobscot Shoe Company, a Maine corporation, to me known to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this 19th day of July, 2012.





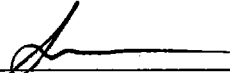
Notary Public
My Commission Expires:
April 27th 2014
[NOTARIAL SEAL]



[Signatures continue on the following page.]

Accepted:

ALOSTAR BANK OF COMMERCE
("Lender")

By: 
Susan Hall, Managing Director

STATE OF _____)
COUNTY OF _____)

BEFORE ME, the undersigned authority, on this day personally appeared Susan Hall, a Managing Director of AloStar Bank of Commerce, a bank organized under the laws of the State of Alabama, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said bank.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this ____ day of _____, 2012.

Notary Public
My Commission Expires:

[NOTARIAL SEAL]

EXHIBIT A

Patents

<u>Patent</u>	<u>Registration Number</u>	<u>Registration Date</u>
Owner: Phoenix Footwear Group, Inc.		
Insole Construction for Footwear	6,675,501	01/13/2004
Footwear Construction	6,857,202	02/22/2005
Insole Construction for Footwear	6,922,914	08/02/2005
Footwear Construction	6,976,319	12/20/2005
Insole Construction for Footwear	7,171,764	02/06/2007
Insole Construction for Footwear	7,434,338	10/14/2008
Owner: Penobscot Shoe Company		
Article of Footwear and Method of Making Same	4,642,915	02/17/1987