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Form PTO-1594 (Rev. 03/01) OMB No. 0651-0027 (exp. 5/31/2002) Tab settings

RECORDATION TRADEM



ENT OF COMMERCE and Trademark Office

102404851

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies): Sugartown Worldwide, Inc. [ ] Individual(s) [ ] Association [ ] General Partnership [ ] Limited Partnership [x] Corporation-State [ ] Other Additional name(s) of conveying party(ies) attached? [ ] Yes [x] No

2. Name and address of receiving party(ies) Name: Wachovia Bank, National Association Internal Address: PA5414 Street Address: 2240 Butler Pike Plymouth Meeting State: PA Zip: 19462 [ ] Individual(s) citizenship [ ] Association [ ] General Partnership [ ] Limited Partnership [ ] Corporation-State [x] Other National Banking Association If assignee is not domiciled in the United States, a domestic representative designation is attached: [ ] Yes [ ] No (Designations must be a separate document from assignment) Additional name(s) & address(es) attached? [ ] Yes [ ] No

3. Nature of conveyance: [ ] Assignment [ ] Merger [x] Security Agreement [ ] Change of Name [ ] Other Execution Date: December 30, 2002

4. Application number(s) or registration number(s): A. Trademark Application No.(s) B. Trademark Registration No.(s) 1,157,374 Additional number(s) attached [ ] Yes [ ] No

5. Name and address of party to whom correspondence concerning document should be mailed: Name: Carol A. Rader, Paralegal Internal Address: Wolf, Block, Schorr and Solis-Cohen, LLP Street Address: 1650 Arch Street 24th Floor City: Philadelphia State: PA Zip: 19103

6. Total number of applications and registrations involved: 1 7. Total fee (37 CFR 3.41): \$40.00 [x] Enclosed [ ] Authorized to be charged to deposit account 8. Deposit account number: (Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

9. Statement and signature. To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. Carol A. Rader Signature Date: 3/18/03 Name of Person Signing

Total number of pages including cover sheet, attachments, and document: 12

Mail documents to be recorded with required cover sheet information to: Commissioner of Patent & Trademarks, Box Assignments Washington, D.C. 20231

05/28/2003 E000PER 00000113 1157374 01 FC:8581 40.00

TRADEMARK REEL: 002702 FRAME: 0054

# INTELLECTUAL PROPERTY SECURITY AGREEMENT

THIS INTELLECTUAL PROPERTY SECURITY AGREEMENT (this "Security Agreement") is made effective as of the 30<sup>th</sup> day of December, 2002 by and between SUGARTOWN WORLDWIDE, INC. ("Assignor") and WACHOVIA BANK, NATIONAL ASSOCIATION ("Bank").

## BACKGROUND

SM A. In accordance with the terms of that certain Amended and Restated Loan and Security Agreement dated April 30, 2001 by and between Assignor and Bank (as amended by that certain First Amendment to Amended and Restated Loan and Security Agreement dated December 21, 2001 and that certain Second Amendment to Amended and Restated Loan and Security Agreement of even date herewith (as the same may be amended, modified, supplemented, extended and/or renewed, the "Loan Agreement"), Bank has agreed, inter alia, to extend certain credit facilities to Assignor.

B. The Loan Agreement provides, inter alia, that Assignor will grant to Bank a security interest in all of Assignor's assets, including, without limitation, its patents, patent rights, patent applications, servicemarks, trademarks, service trademark applications, service tradenames, goodwill, copyrights and licenses.

**NOW THEREFORE**, in consideration of the premises set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor agrees as follows:

1. **Incorporation of Loan Agreement.** The Loan Agreement and the terms and provisions thereof are hereby incorporated herein in their entirety by this reference thereto. All capitalized terms not otherwise defined herein shall have the meanings set forth in the Loan Agreement.

2. **Security Interest.**

(a) **Security Interest in Patents, Copyrights and Licenses.** To secure the complete and timely payment and satisfaction of all Obligations, Assignor hereby collaterally assigns, mortgages, pledges and grants to Bank a security interest in, as and by way of a first mortgage and security interest having priority over all other security interests, with power of sale, to the extent permitted by law, all of Assignor's right, title and interest in and to all of the following, whether now owned or existing and filed or hereafter acquired or arising and filed (collectively, with items named in **Section 2(b)** below, the "Collateral"):

(i) patents and patent applications, including, without limitation, the inventions and improvements described and claimed therein, and those patents listed on **Exhibit "A"**, attached hereto and made a part hereof, and (A) the reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof, (B) all income, royalties, damages and payments now and hereafter due and/or payable under and with respect thereto, including, without limitation, damages and payments for past or future infringements thereof, (C) the right to sue for past, present and future infringements thereof, and (D) all rights corresponding thereto throughout the world (all of

the foregoing patents and applications, together with the items described in clauses (A)-(D), are sometimes hereinafter individually and/or collectively referred to as the "**Patents**";

(ii) copyrights, copyright registrations, copyright applications and all computer programs, operating systems, application systems, hardware or software of any nature whatsoever owned by Assignor, whether operational, under development or inactive, including all object codes, source codes, modules, technical manuals, user manuals, operating instructions and procedures, in-put and out-put formats, program listings, narrative descriptions, program flow charts, file layouts, report layouts, screen layouts and other documentation therefor (including internal notes, memoranda, status evaluations, marketing information and write-ups), and all improvements, modifications, enhancements, new releases and revisions thereof, whether in machine-readable form, programming language or any other language or symbols, and whether stored, encoded, recorded or written on disk, tape, film, memory device, paper or other media of any nature; together with all tangible media upon which any of the foregoing are recorded or encoded, including, without limitation, all chips, disks, tapes, film and paper; including, without limitation, the copyrights, copyrights registrations and copyrights applications listed on **Exhibit "B"** attached hereto and made a part hereof, and (A) all renewals thereof, (B) all income, royalties, damages and payments now and hereafter due and/or payable with respect thereto, including, without limitation, damages and payments for past or future infringements thereof, and (C) the right to sue for past, present and future infringements thereof (all of the foregoing items are sometimes referred to herein collectively as the "**Copyrights**"); and

(iii) license agreements with any other party, whether Assignor is a licensor or licensee under any such license agreement, including, without limitation, the licenses listed on **Exhibit "C"** attached hereto and made a part hereof, and the right to prepare for sale, sell and advertise for sale all inventory now or hereafter owned by Assignor and now or hereafter covered by such licenses (all of the foregoing is hereinafter referred to collectively as the "**Licenses**").

(b) **Security Interest in Trademarks.** To secure the complete and timely payment and satisfaction of all Obligations, Assignor hereby mortgages, pledges and grants to Bank a security interest in, as and by way of a first mortgage and security interest having priority over all other security interests, with power of sale, to the extent permitted by law, all of Assignor's right, title and interest in and to all of the following, whether now owned or existing and filed or hereafter acquired or arising and filed: servicemarks, trademarks, servicemark and trademark registrations, tradenames, trademark applications, and all goodwill attendant thereto, including, without limitation, the servicemarks, trademarks and applications listed on **Exhibit "D"**, attached hereto and made a part hereof, and (i) all renewals thereof, (ii) all income, royalties, damages and payments now and hereafter due and/or payable with respect thereto, including without limitation, damages and payments for past or future infringements thereof, (iii) the right to sue for past, present and future infringements thereof, and (iv) all rights corresponding thereto throughout the world (all of the foregoing servicemarks, trademarks, servicemark and trademark registrations, servicemark and tradenames and applications together with the items described in clauses (i)-(iv), are sometimes hereinafter individually and/or collectively referred to as the "**Trademarks**").

3. **Restrictions on Future Agreements.** Assignor agrees that until all Obligations shall have been satisfied in full and the Loan Agreement shall have been terminated, Assignor will not, without Bank's prior written consent, enter into any agreement (including, without limitation, any license or royalty agreement) which is inconsistent with Assignor's obligations under this Security

Agreement or the Loan Agreement and Assignor further agrees that it will not take any action, or permit any action to be taken by others, subject to its control, including licensees, or fail to take any action, which would affect the validity or enforcement of the rights of Bank under this Security Agreement.

4. **New Patents, Trademarks, and Licenses.** Assignor represents and warrants that the Patents, Copyrights, Licenses and Trademarks listed on **Exhibits "A", "B", "C" and "D"**, respectively, constitute all of the patents, trademarks, copyrights, applications and licenses, now owned by Assignor. If, before all Obligations shall have been satisfied in full and the Loan Agreement shall have been terminated, Assignor shall (a) obtain rights to any new patentable inventions, trademarks, trademark registrations, tradenames, copyrights or licenses, or (b) become entitled to the benefit of any patent or trademark or copyright application, trademark, trademark registration, copyright or license renewal, 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 2** above shall automatically apply thereto and Assignor shall give to Bank prompt written notice thereof. Assignor hereby authorizes Bank to modify this Security Agreement by amending **Exhibit "A", "B", "C" and/or "D"**, as applicable, to include any future patents, patent applications, trademarks, trademark registrations, trademark applications, tradenames, copyrights and licenses which are Patents, Trademarks, Copyrights or Licenses, as applicable, under **Section 2** above or under this **Paragraph 4**. Assignor hereby agrees to provide to Bank such assignment or other documentation as Bank may request to record Bank's lien on such future Patents, Trademarks, Copyrights or Licenses.

5. **Royalties; Term.** Assignor hereby agrees that the use by Bank of all Patents, Trademarks, Copyrights and Licenses as described herein shall be worldwide and without any liability for royalties or other related charges from Bank to Assignor. The term of the security interest granted herein shall extend until the earlier of (a) the expiration of each of the respective Patents, Trademarks, Copyrights and Licenses assigned hereunder, or (b) the date on which all Obligations have been paid in full and the Loan Agreement is terminated.

6. **Bank's Right to Inspect.** Bank shall have the right, at any time and from time to time, to inspect Assignor's premises and to examine Assignor's books, records and operations, including, without limitation, Assignor's quality control processes. Assignor agrees that Bank, or a conservator appointed by Bank, shall have the right to establish such additional reasonable product quality controls as Bank, or said conservator, in its sole judgment, may deem necessary to assure maintenance of the quality of products sold by Assignor under the Trademarks. Assignor agrees (a) not to sell or assign its interest in, or grant any license under, the Patents, Trademarks, Copyrights or Licenses, without the prior written consent of Bank; (b) to maintain the quality of any and all products in connection with which the Trademarks and/or Copyrights are used, consistent with quality of said products as of the date hereof; (c) not to adversely change the quality of said products without Bank's express written consent; and (d) to provide Bank, upon request, with a certificate of an officer of Assignor certifying Assignor's compliance with the foregoing.

7. **Termination.** This Security Agreement is made for collateral purposes only. Upon payment in full of all Obligations and termination of the Loan Agreement, Bank shall execute and deliver to Assignor a termination of Bank's security interest granted herein and all deeds, assignments and other instruments as may be necessary or proper to re-vest in Assignor full title to the Patents, Trademarks, Copyrights and Licenses, subject to any disposition thereof which may have been made by Bank pursuant hereto.

8. **Duties of Assignor.** Assignor shall have the duty (a) to prosecute diligently any patent, trademark and copyright application pending as of the date hereof or thereafter until all Obligations shall have been paid in full and the Loan Agreement is terminated, (b) to make application on unpatented but patentable inventions and on trademarks and copyrights, as appropriate, and (c) to preserve and maintain all rights in patent applications and patents of the Patents, in trademark applications, trademarks and trademark registrations of the Trademarks and in copyright applications and copyrights of the Copyrights. Any expenses incurred in connection with such applications shall be borne by Assignor. Assignor will not abandon any right to file a patent, trademark or copyright application, or any pending patent, trademark or copyright application or any Patent, Trademark, License or Copyright without the prior consent of the Bank.

9. **Event of Default.** Upon the occurrence of an Event of Default, Bank may, without further notice to or consent of Assignor, and in addition to all other rights and remedies available to Bank, immediately record all assignments previously executed and delivered to Bank by Assignor and/or execute and record with all applicable offices (including, without limitation, the Patent and Trademark Office) an absolute assignment to Bank by Assignor of all rights, title and interest of Assignor, in and to the Collateral. Assignor hereby authorizes and agrees that Bank may, through the power of attorney granted in **Section 14** hereof, irrevocably execute and deliver in Assignor's name any and all such assignments and agreements and to take any and all other actions in Assignor's name as Bank shall deem reasonable or appropriate to transfer and convey all right, title and interest of Assignor in and to the Collateral to Bank or any other person or entity selected by Bank.

10. **Bank's Right to Sue.** Bank shall have the right, but shall in no way be obligated, to bring suit in its own name to enforce the Licenses, Patents, Copyrights and/or Trademarks, and any licenses thereunder, and, if Bank shall commence any such suit, Assignor shall, at the request of Bank, do any and all lawful acts and execute any and all proper documents required by Bank in aid of such enforcement and Assignor shall promptly, upon demand, reimburse and indemnify Bank for all costs and expenses incurred by Bank in the exercise of its rights under this **Section 10**.

11. **Waivers.** No course of dealing between Assignor and Bank, nor any failure to exercise, nor any delay in exercising, on the part of Bank, any right, power or privilege hereunder or under the Loan Agreement 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 further exercise thereof or the exercise of any other right, power or privilege.

12. **Severability.** The provisions of this Security Agreement are severable, and if any clause or provision shall be invalid and unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Security Agreement in any jurisdiction.

13. **Modification.** This Security Agreement cannot be altered, amended or modified in any way, except as specifically provided in **Section 4** hereof or by a writing signed by the parties hereto.

14. **Cumulative Remedies; Power of Attorney; Effect on Loan Agreement.** All of Bank's rights and remedies with respect to the Patents, Trademarks, Copyrights and Licenses, whether established hereby or by the Loan Agreement, or by any other agreements or by law shall be cumulative and may be exercised singularly or concurrently. Assignor hereby authorizes Bank to

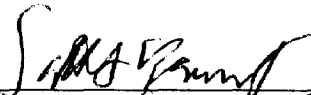
make, constitute and appoint any officer or agent of Bank as Bank may select, in its sole discretion, as Assignor's true and lawful attorney-in-fact, with power to (a) endorse Assignor's name on all applications, documents, papers and instruments necessary or reasonably desirable for the Bank to protect, evidence or perfect its security interest in the Patents, Trademarks, Copyrights and Licenses, (b) upon the occurrence and during the continuance of an Event of Default, endorse Assignor's name on all applications, documents, papers and instruments necessary or reasonably desirable for the Bank to enforce its security interest in the Patents, Trademarks, Copyrights and Licenses, (c) upon the occurrence and during the continuance of an Event of Default, take any other actions with respect to the Patents, Trademarks, Copyrights and/or Licenses as the Bank reasonably deems in the best interest of the Bank, (d) upon the occurrence and during the continuance of an Event of Default, grant or issue any exclusive or non-exclusive license under the Patents or Trademarks to anyone, including Bank, and/or (e) upon the occurrence and during the continuance of an Event of Default, assign, pledge, convey or otherwise transfer title in or dispose of the Patents, Trademarks, Copyrights or Licenses to anyone, including Bank. Bank may also act under such power of attorney to take the actions referenced in **Section 4**. Bank hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable until all Obligations shall have been paid in full and the Loan Agreement shall have been terminated. Assignor acknowledges and agrees that this Security Agreement is not intended to limit or restrict in any way the rights and remedies of Bank under the Loan Agreement but rather is intended to facilitate the exercise of such rights and remedies given it by the terms of this Security Agreement, all rights and remedies allowed by law and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in any jurisdiction in which the Patents, Trademarks, Copyrights or Licenses may be located.

15. **Binding Effect; Benefits.** This Security Agreement shall be binding upon the Assignor and its successors and assigns, and shall inure to the benefit of Bank, its nominees, successors and assigns.

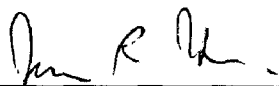
16. **Governing Law.** This Security Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

IN WITNESS WHEREOF, the parties hereto have duly executed this Security Agreement the day and year first above written.

**SUGARTOWN WORLDWIDE, INC.**

By:   
Name/Title: Scott A. Bennett  
Chief Executive Officer

**WACHOVIA BANK, NATIONAL  
ASSOCIATION**

By:   
Name/Title: Vice President

COMMONWEALTH OF PENNSYLVANIA

:

: ss:

COUNTY OF

:

On this 30<sup>th</sup> day of Dec, 2002, before me, a Notary Public, personally appeared Scott A. Brennan, who acknowledged himself to be the duly acting CEO of **Sugartown Worldwide, Inc.** and that he/she as such CEO, being duly authorized to do so, executed the foregoing Intellectual Property Security Agreement for the purposes therein contained by signing his/her name as such on behalf of the Assignor.

Jennifer L. Glaser

Notary Public

My Commission Expires:

Notarial Seal  
Jennifer L. Glaser, Notary Public  
Upper Merion Twp., Montgomery County  
My Commission Expires Oct. 31, 2005

COMMONWEALTH OF PENNSYLVANIA

:

COUNTY OF

*Bucks*

: ss:

:

On this 30<sup>th</sup> day of November 2002, before me, a Notary Public, personally appeared *James K. Horvath*, who acknowledged himself to be a duly acting *Vice President* of **Wachovia Bank, National Association** and that he as such *officer*, being duly authorized to do so, executed the foregoing Intellectual Property Security Agreement for the purposes therein contained by signing his/her name as such on behalf of the Bank.

*Jeanette M Janowski*  
Notary Public  
My Commission Expires:

NOTARIAL SEAL  
JEANETTE M. JANOWSKI, NOTARY PUBLIC  
BENSALEM TWP., COUNTY OF BUCKS  
MY COMMISSION EXPIRES AUGUST 30, 2005



**EXHIBIT "A"**  
**TO**  
**INTELLECTUAL PROPERTY SECURITY AGREEMENT**

**Patents**

None.

**EXHIBIT "B"**  
**TO**  
**INTELLECTUAL PROPERTY SECURITY AGREEMENT**

**Copyrights**

None.

**EXHIBIT "C"**  
**TO**  
**INTELLECTUAL PROPERTY SECURITY AGREEMENT**

**Licenses**

None.

**EXHIBIT "D"**

**TO**

**INTELLECTUAL PROPERTY SECURITY AGREEMENT**

**Trademarks**

**Trademark**

**Reg. No.**

Lilly Pulitzer

1,157,374

BLU:132084.1/FIR166-212290

**RECORDED: 03/19/2003**

**TRADEMARK  
REEL: 002702 FRAME: 0065**