

07-06-2000



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RECORDED 7/13/01

MR0 6-9-00

RECORDATION FORM COVER SHEET
TRADEMARKS ONLY

TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type

- New
- Resubmission (Non-Recordation)
Document ID # _____
- Correction of PTO Error
Reel # _____ Frame # _____
- Corrective Document
Reel # _____ Frame # _____

Conveyance Type

- Assignment
- License
- Security Agreement
- Nunc Pro Tunc Assignment
- Merger
- Change of Name
- Other Intellectual Property Security Agreement and Collateral Assignment

Effective Date
Month Day Year
05 26 2000

Conveying Party

Mark if additional names of conveying parties attached
Execution Date
Month Day Year
05262000

Name Athol Manufacturing Corp.

Formerly _____

- Individual
- General Partnership
- Limited Partnership
- Corporation
- Association
- Other _____
- Citizenship/State of Incorporation/Organization North Carolina

Receiving Party

Mark if additional names of receiving parties attached

Name Bank One, Michigan

DBA/AKA/TA _____

Composed of _____

Address (line 1) 611 Woodward Avenue

Address (line 2) _____

Address (line 3) Detroit Michigan/USA 48226
City State/Country Zip Code

- Individual
- General Partnership
- Limited Partnership
- Corporation
- Association
- Other a Michigan Banking Corporation
- Citizenship/State of Incorporation/Organization _____

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. (Designation must be a separate document from Assignment.)

07/06/2000 DNGUYEN 00000042 1072710
01 FC:481 40.00 OP

FOR OFFICE USE ONLY

Public burden reporting for this collection of information is estimated to average approximately 30 minutes per Cover Sheet to be recorded, including time for reviewing the document and gathering the data needed to complete the Cover Sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Chief Information Officer, Washington, D.C. 20231 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0651-0027), Washington, D.C. 20503. See OMB Information Collection Budget Package 0651-0027, Patent and Trademark Assignment Practice. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.

Mail documents to be recorded with required cover sheet(s) information to:
Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231
TRADEMARK

REEL: 002096 FRAME: 0783

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Correspondent Name and Address

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Pages

Enter the total number of pages of the attached conveyance document including any attachments.

#

Trademark Application Number(s) or Registration Number(s)

Mark if additional numbers attached

Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

Trademark Application Number(s)

Registration Number(s)

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="1072710"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Number of Properties

Enter the total number of properties involved.

#

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41):

\$

Method of Payment:

Enclosed

Deposit Account

Deposit Account

(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number:

#

Authorization to charge additional fees:

Yes

No

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. Charges to deposit account are authorized, as indicated herein.

Gayle Aiken

Name of Person Signing



Signature

6/9/00

Date Signed

**INTELLECTUAL PROPERTY SECURITY
AGREEMENT AND COLLATERAL ASSIGNMENT**

Bank One, Michigan, with offices at 611 Woodward, Detroit, Michigan 48226 ("Lender") and Athol Manufacturing Corp., with its principal place of business at 100 22nd Street, P.O. Box 105, Butner, NC 27509 ("Debtor") enter into this Agreement on May 26, 2000.

Debtor has entered into a Revolving Credit and Loan Agreement dated of approximate even date herewith (the "Loan Agreement") with Lender under which Lender has agreed to make certain loans available to Debtor. Lender is willing to make such loans under the Loan Agreement upon the condition, among others, that Debtor execute and deliver this Agreement.

In consideration of the above and of the mutual covenants in this Agreement and for other good and valuable consideration, the receipt of which is acknowledged, the parties agree as follows:

1. **Incorporation of Loan Agreement.** The Loan Agreement (and all agreements referred to or incorporated in the Agreement) is incorporated by this reference. All capitalized terms used but not defined in this Agreement have the same meanings as in the Loan Agreement.

2. **Collateral Assignment of Trademarks, Copyrights and Patents.** To secure the prompt payment and performance of all of Debtor's present and future indebtedness and obligations to Lender, including the "Obligations" as defined in the Loan Agreement (collectively, the "Obligations"), Debtor grants to Lender a continuing security interest in, and, subject to Section 4 hereof, assigns, transfers and conveys, to Lender all right, title and interest, in the United States and throughout the world, in, to and under the following (all of which are collectively called the "Collateral") whether now existing or hereafter created or acquired:

(a) All United States and foreign trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos, other source or business identifiers, prints and labels on which any of the foregoing have appeared or appear, designs and general intangibles of like nature, trademark registrations and applications for registration, now owned or hereafter acquired by Debtor (including, without limitation, those listed on Schedule 1 attached hereto and made a part hereof) and all licenses thereof, together with the goodwill of the business connected with the use of, and symbolized by, the foregoing, and (i) the registration renewals thereof, (ii) all income, royalties, damages and payments now and hereafter due or payable under and with respect thereto including, without limitation, payments under all licenses entered into in connection therewith and damages and payments for past or future infringements thereof, and (iii) all rights corresponding thereto throughout the world, (all of

the foregoing sometimes hereinafter individually or collectively referred to as the "Trademarks").

(b) All United States and foreign copyrights, registered or unregistered, in to all copyrightable works including all registrations and applications therefor and all licenses thereof and (i) any renewals or extensions of the registrations therefor that may be secured under the laws nor or hereafter in effect in the United States or any other country or countries, (ii) all income, royalties, damages and payments now and hereafter due or payable under and with respect thereto, including, without limitation, payments under all licenses entered into in connection therewith and damages and payments for past or future infringements thereof, and (iii) all rights corresponding thereto throughout the world (sometimes individually or collectively referred to as the "Copyrights");

(c) All United States and foreign patents and patent applications, now owned or hereafter acquired by Debtor, including, without limitation, the inventions and improvements described and claimed therein, and those patents and patent applications listed on Schedule 1 attached hereto and made a part hereof, all licenses thereof and (i) the reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof, (ii) all income, royalties, damages and payments now and hereafter due or payable under and with respect thereto, including, without limitation, payments under all licenses entered into in connection therewith and damages and payments for past or future infringements thereof, and (iii) all rights corresponding thereto throughout the world (all of the foregoing being sometimes hereinafter individually or collectively referred to as the "Patents").

(d) All other intellectual property rights, now owned or hereafter acquired by Debtor, including, without limitation, the intellectual property listed on Schedule 1, including, without limitation, trade secrets, know-how and confidential business information, computer software, computer programs, source code, data and documentation (including electronic media) and licenses thereof, and (i) all income, royalties, damages and payments now and hereafter due or payable under and with respect thereto, including, without limitation, payments under all licenses entered into in connection therewith and damages and payments for past or future infringements thereof, and (ii) all rights corresponding thereto throughout the world (collectively referred to as "Intellectual Property Rights").

3. **Continuing Liability.** Notwithstanding anything to the contrary in this Agreement, Debtor remains liable under each license, interest and obligation assigned to Lender under this Agreement to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with and pursuant to the terms and provisions applicable to Debtor and retains the right to sue and recover for past, present and future infringements thereof. Lender has no obligation or liability under any such license, interest or obligation by reason of or arising out of this Agreement or the assignment thereof to Lender or the receipt by Lender of any payment relating to any such license, interest or obligation pursuant hereto, nor is Lender required or obligated in any manner to perform or fulfill any of Debtor's obligations thereunder or pursuant thereto, or to

make any payment, or to make any inquiry as to the nature or the sufficiency of any payment received by it or the sufficiency of any performance by any party under any such license, interest or obligation, or to present or file any claim, or to take any action to collect or enforce any performance of the payment of any amounts that may have been assigned to it or to which it may be entitled at any time or times.

4. **Effect of Collateral Assignment and Remedies.** Debtor agrees that upon the occurrence of an Event of Default under the Loan Agreement, Lender, without demand of performance or other demand, advertisement or notice of any kind (except the notice specified below of time and place of public or private sale) to or upon Debtor or any other person (all and each of which demands, advertisements or notices are expressly waived), may immediately collect, receive, appropriate and realize upon the Collateral, or any part thereof, or may immediately sell, lease, assign, give option or options to purchase, or sell or otherwise dispose of and deliver all or any portion of the Collateral (or contract to do so), or any part thereof, in one or more public or private sale or sales, at any exchange, broker's board or at any of Lender's offices or elsewhere at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk, and Lender may apply the net proceeds (after expenses) of any such sale, lease, assignment or other disposition against the Obligations in such order as Lender determines in its sole discretion, Debtor remaining liable for any deficiency therein. Lender has the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity or redemption in Debtor, which right or equity is expressly waived and released. To the extent permitted by applicable law, Debtor waives all the claims, damages and demand against Lender arising out of the repossession, retention or sale of the Collateral. Debtor agrees that Lender need not give more than 10 calendar days' notice of the time and place of any public sale or of the time after which a private sale may take place and that such notice is commercially reasonable.

5. **Refiling.** If, before the Obligations are paid in full, Debtor obtains any rights in or to any new or additional Collateral, the provisions of this Agreement apply thereto and Lender is authorized to amend Schedule 1 and re-file this Agreement as Lender deems appropriate.

6. **Power of Attorney.** Upon the occurrence of an Event of Default under the Loan Agreement, Debtor authorizes Lender to make, constitute and appoint any officer or agent of Lender as Lender may select, in Lender's sole discretion, as Debtor's true and lawful attorney-in-fact, with power (i) to endorse Debtor's name on all applications, documents, papers and instruments necessary or desirable for Lender in the perfection of a security interest in the Collateral, (ii) from and after the occurrence of any Event of Default in accordance with this Agreement and applicable law, to assign, pledge, convey or otherwise transfer title in or dispose of the Collateral to anyone. Debtor ratifies all that such attorney lawfully does or causes to be done in connection with this Agreement and the other Loan Documents. This power of attorney is irrevocable until all of the Obligations have

been paid in full and all of the financing arrangements between Debtor and Lender have been terminated and Lender has no further obligation to make loans to Debtor.

7. **Specific Performance; Injunctive Relief.** Debtor agrees that, in addition to all other rights and remedies granted to Lender in this Agreement, the Loan Agreement and any other collateral security document, Lender is entitled to specific performance and injunctive and other equitable relief, and Debtor further agrees to waive any requirement for the securing or posting of any bond or other security in connection with the obtaining of any such specific performance and injunctive or other equitable relief.

8. **Grant of License to Use Intangibles.** In addition to and for the purpose of enabling Lender to exercise rights and remedies under Sections 4 and 5 hereof, Debtor must permit Lender reasonable access to all media in which any of the Collateral may be recorded or stored and to all computer programs used for the compilation or printout thereof. In addition, Lender, and its assigns have a non-exclusive license throughout the world in all Trademarks, Patents, Copyrights, Intellectual Property Rights, and other Collateral for the manufacture, sale and distribution of Debtor's inventory or other goods, and for the sale and use of any assets of Debtor in which Lender has a security interest (whether now or in the future); provided that such license may only be used after an Event of Default has occurred under the Loan Agreement.

9. **Representation and Warranties.** Debtor represents and warrants that Schedule 1 contains a complete and correct list of all the trademark registrations and trademark applications, copyright registrations and copyright applications and patents and patent applications, respectively, if any, (i) owned by the company or (ii) licensed to or by Debtor (together with the terms of such licenses). Debtor additionally represents and warrants to the best of its knowledge that except as set forth in Schedule 1, there is no currently pending patent application on which any agent or employee of Debtor is listed as an inventor. Except as set forth in Schedule 1, Debtor owns free and clear of all liens all right, title and interest in, or has full right and authority to use, all Collateral necessary or desirable for the conduct of their businesses as currently conducted, as previously conducted or as currently proposed to be conducted. No claim by any other person or entity ("Person") contesting the validity or ownership of any Collateral has been made, is currently outstanding or, to the best of Debtor's knowledge, is threatened and neither Debtor nor any executive thereof has received any notice of, or is aware of any fact that would indicate a likelihood of, any infringement or misappropriation upon, or conflict with, any other Person's intellectual property. To the best of Debtor's knowledge, none of the Collateral infringes or misappropriates upon, or conflicts with, any intellectual property of any Person, and no infringement, misappropriation or conflict will occur as a result of the continued operation of the businesses as now conducted as currently proposed to be conducted. The transactions contemplated by this Agreement will have no material adverse effect on any of Debtor's rights in and to the Collateral. To the best of Debtor's knowledge, Debtor has taken all action necessary or desirable to protect the Collateral and will continue to take such action prior to Closing so as to not adversely affect the validity or enforcement

of the Collateral. Debtor further agrees that it will at its expense, at Lender's request, defend Lender's and Debtor's respective interests in the Collateral from any and all claims and demands of any other person and that it will not grant, create or permit to exist any lien upon or security interest in the Collateral in favor of any other person except liens permitted by the Loan Agreement; provided, however, that prior to the occurrence of an Event of Default, nothing contained in this Agreement affects Debtor's right to grant non-exclusive licenses to non-related third parties in arms-length transactions in the ordinary course of business to use any portion of the Collateral.

10. **Restrictions on Future Agreements.** Debtor agrees that until all of the Obligations have been satisfied in full and the Loan Agreement has been terminated and Lender has no further obligation or right (whether discretionary or obligatory) to make loans to Debtor, it will not, without Lender's prior written consent, enter into any agreement, including, without limitation, any license agreement, that is inconsistent with Debtor's obligations under this Agreement and Debtor 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, that would have a material adverse effect upon the validity or enforcement of any of the rights transferred to Lender under this Agreement.

11. **Covenants Regarding Collateral.**

(a) Debtor (either itself or through licensees) must (i) continue to use each Trademark on each and every trademark class of goods applicable to its current line as reflected in its current catalogs, brochures and price lists in order to maintain each Trademark in full force free from any claim of abandonment for non-use, (ii) employ each Trademark, Copyright and Patent with the appropriate notice of application or registration on applicable products or services, (iii) not (and not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby any Patent may become invalidated or unenforceable, any Trademark right may become abandoned or unenforceable, any Copyright right may become unenforceable, or any Intellectual Property Right may become unenforceable, (iv) prosecute diligently any trademark application, copyright application or any patent application that is pending as of the date of this Agreement or thereafter, until the Obligations have been paid in full, and (v) preserve and maintain all rights in and to the Collateral.

(b) Debtor must notify Lender promptly if it knows, or has reason to know, that any application or registration relating to any of the Collateral may become abandoned or dedicated, or of any adverse determination or development (including, without limitation, the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, the United States Copyright Office or any court) regarding Debtor's ownership of any of the Collateral, its right to register the same, or to keep and maintain the same.

(c) Debtor will take all reasonably necessary steps, including, without limitation, in any proceeding before the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency in any other country or any political subdivision thereof, to maintain and pursue each application (and to obtain the relevant registration) and to maintain each registration of the Collateral, including, without limitation, filing of applications for renewal, affidavits of use, affidavits of incontestability and opposition, interference and cancellation proceedings (except to the extent that dedication, abandonment or invalidation is permitted under subparagraphs (a) and (b) above) or as set forth in Schedule 1.

(d) In the event that any of the Collateral is infringed, misappropriated or diluted by a third party, Debtor must provide prompt notice to Lender and take such action as Debtor reasonably deems appropriate under the circumstances, which may include suit for infringement, misappropriation or dilution and to recover any and all damages for such infringement, misappropriation or dilution to protect such Collateral.

(e) At its option, Lender may discharge taxes, liens or security interests or other encumbrances at any time levied or placed on the Collateral, may place and pay for insurance on the Collateral upon failure by Debtor to provide insurance satisfactory to Lender. Debtor agrees to reimburse Lender on demand for any payment made in any expense incurred by Lender pursuant to the foregoing authorization, and to pay interest thereon at the highest rate permitted by law. Subject to Lender's rights under the this Agreement, until an Event of Default occurs, Debtor may have possession of the Collateral and use it in any lawful manner not inconsistent with this Agreement.

12. **Notice.** All notices or other communications hereunder must be given in the manner and to the addresses as provided in the Loan Agreement.

13. **Severability.** Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction does not invalidate the remaining provisions hereof, any such prohibition or unenforceability in any jurisdiction does not invalidate or render unenforceable such provision in any other jurisdiction.

14. **No Waiver; Cumulative Remedies.** Lender will not by any act, delay, omission or otherwise be deemed to have waived any of its rights or remedies hereunder, and no waiver is valid unless in writing, signed by Lender, and then only to the extent therein set forth. A waiver by Lender of any right or remedy hereunder on any one occasion is not to be construed as a bar to any right or remedy that Lender would otherwise have had on any future occasion. No failure to exercise nor any delay in exercising on Lender's part any right, power or privilege hereunder operates as a waiver thereof, nor does any single or partial exercise of any right, power or privilege hereunder preclude any other right, power or privilege. The rights and remedies hereunder provided are cumulative and may be exercised singly or concurrently, and are not exclusive of any rights and remedies provided by law or in the License Agreement or any other agreements between the parties.

15. **Waivers; Amendments.** None of the terms and provisions of this Agreement may be waived, altered, modified or amended except by an instrument in writing executed by the parties hereto.

16. **Limitations by Law.** All rights, remedies and powers provided in this Agreement may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law that may be controlling and are limited to the extent necessary so that they will not render this Agreement invalid, unenforceable in whole or in part or not entitled to be recorded, registered or filed under the provisions of any applicable law.

17. **Successors and Assigns.** This Agreement is binding upon and inures to the benefit of the parties hereto and their respective successors and assigns, and nothing herein or in the Loan Agreement or any other collateral security document is intended or is to be construed to give any other person any right, remedy or claim under, to or in respect of this Agreement, the Loan Agreement or any other collateral security document. This Agreement may be signed in separate counterparts.

18. **Applicable Law.** This Agreement is governed by, and be construed and interpreted in accordance with, the internal laws (and not the laws of conflict) of the State of Michigan.

19. **Entire Agreement.** This Agreement constitutes the entire understanding of the parties relating to the subject matter of this Agreement, and may only be amended or modified in writing signed by all parties.

20. Waiver Of Jury Trial. LENDER AND DEBTOR, AFTER CONSULTING OR HAVING HAD THE OPPORTUNITY TO CONSULT WITH COUNSEL, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT EITHER OF THEM MAY HAVE TO A TRIAL BY JURY IN ANY LITIGATION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY RELATED INSTRUMENT OR AGREEMENT, OR ANY OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, OR ANY COURSE OF CONDUCT, DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN), OR ACTIONS OF EITHER OF THEM. NEITHER LENDER NOR DEBTOR MAY SEEK TO CONSOLIDATE, BY COUNTERCLAIM OR OTHERWISE, ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. THESE PROVISIONS MAY NOT BE MODIFIED IN ANY RESPECT OR RELINQUISHED BY EITHER LENDER OR DEBTOR EXCEPT BY A WRITTEN INSTRUMENT EXECUTED BY BOTH OF THEM.

ATHOL MANUFACTURING CORP.

By: 

Name: John K. Givens

Title: Chairman

BANK ONE, MICHIGAN

By: 

John Zimbo, Vice President

Schedule 1 - Patents, Trademarks and Copyrights, etc.

DET_C\341386.1

Schedule 1

SCHEDULE 3.20(e) - Trademarks

1. Athol, registered trademark, Reg. No. 1072710
2. ProBlock, unregistered trademark
3. ProForm, unregistered trademark
4. DECOTEX, unregistered trademark
5. Terson, unregistered product name
6. DesignWorx, unregistered trademark
7. "Engineering the future of coated fabrics", unregistered trademark
8. Pentagon, unregistered trademark
9. Arlington, unregistered trademark
10. Generation, unregistered trademark
11. Seurat, unregistered trademark
12. Café, unregistered trademark
13. Translux, unregistered trademark
14. Deluxe Transpo, unregistered trademark
15. Outer Banks, unregistered trademark
16. Grand Port, unregistered trademark
17. Regatta, unregistered trademark
18. Post Real patterns (Gazelle, Grid, Floral, Woodblock, Tapis, Deerhyde), unregistered trademarks
19. ProTech, unregistered trademark
20. Pro Gard, unregistered trademark
21. I.D.E.A., unregistered trademark, no longer in use
22. ColorGard, unregistered trademark, no longer in use
23. Atholcorp.com, Company website (registration expires November 7, 2000)