

12-06-2001



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**NOTATION FORM COVER SHEET**  
**REMARKS ONLY**

U.S. DEPARTMENT OF COMMERCE  
U.S. Patent and Trademark Office

Names and Trademarks: Please record the attached original documents or copy thereof.

Name of conveying party(ies):  
Watt International Inc.

Individual(s)                       Association  
 General Partnership               Limited Partnership  
 Corporation CANADA  
 Other: \_\_\_\_\_

Additional name(s) of conveying party(ies) attached?  Yes  No

3. Nature of conveyance:  
 Assignment                               Merger  
 Security Agreement                       Change of Name  
 Other \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Execution Date: August 24, 2001

2. Name and address of receiving party(ies)  
Name: The Toronto-Dominion Bank  
Street Address: 55 King Street West, 2nd Floor  
TD Tower  
Toronto, Ontario M5K 1A2  
Canada

Individual(s) citizenship \_\_\_\_\_  
 Association \_\_\_\_\_  
 General Partnership \_\_\_\_\_  
 Limited Partnership \_\_\_\_\_ NOV - 1 2001  
 Corporation CANADA  
 Other \_\_\_\_\_

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

4. Application number(s) or registration number(s):  
A. Trademark Application No.(s) 76084719                      B. Trademark Registration No.(s)  
Additional number(s) attached  Yes  No

5. Name and address of party to whom correspondence concerning document should be mailed:  
Name: Todd E. Adler  
Heller Ehrman White & McAuliffe LLP  
333 Bush Street  
San Francisco, CA 94104


6. Total number of applications and registrations involved: ..... 1

7. Total fee (37 CFR 3.41).....\$40.00  
Enclosed   
Authorized to be charged to deposit account   
8. Deposit account number: 08-1645 (Ref. No. 38686-0002)  
(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.*

TODD E. ADLER  
Name of Person Signing

  
Signature

NOVEMBER 1, 2001  
Date

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

Express Mail No.: ET220032201US

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

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**TRADEMARK**  
**REEL: 002403 FRAME: 0305**

## GENERAL SECURITY AGREEMENT

Agreement made as of August 24, 2001 between Watt International Inc. (the "Debtor"), 26 Duncan Street, Toronto, Ontario, M5V 2B9 and The Toronto-Dominion Bank, 55 King Street West, 2<sup>nd</sup> Floor, TD Tower, Toronto, Ontario, M5K 1A2, as agent for the benefit of the Secured Parties (in such capacity, together with its successors in such capacity, the "Agent").

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Debtor agrees with the Agent as follows:

### ARTICLE 1 INTERPRETATION

#### 1.01 Definitions

In this agreement, all terms with capitalized initial letters used but not expressly defined herein have the meanings given to them under the Credit Agreement and:

"**Applicable Rate**" means with respect to any obligation in (i) Cdn. Dollars, the rate per annum that would apply to the obligation if it were an overdue Cdn. Prime Rate Loan under the Cdn. Facility; (ii) US Dollars, the rate per annum that would apply to the obligation if it were an overdue US Base Rate Loan under the Cdn. Facility; or (iii) Sterling, the rate per annum that would apply to the obligation if it were an overdue UK LIBOR Loan under the Cdn. Facility;

"**Credit Agreement**" means the credit agreement made as of August 24, 2001 between Envoy Communications Group Inc., ECG Holdings Inc. and ECG Holdings (UK) Limited, as Borrowers, The Toronto-Dominion Bank, as Cdn. Agent, Toronto Dominion (Texas), Inc., as US Agent, The Toronto-Dominion Bank, London Branch, as UK Agent, Fleet National Bank, as Syndication Agent, and the Persons from time to time parties thereto as Lenders, as such agreement may from time to time be amended, supplemented, restated or otherwise modified or replaced;

"**Obligations**" means all present and future debts, liabilities and obligations of the Debtor to any Secured Parties under or in connection with the Credit Agreement, any other Documents, including this agreement, or any Hedging Agreements;

"**PPSA**" means the *Personal Property Security Act* (Ontario); and

- 2 -

"Secured Parties" means the Cdn. Agent, the US Agent, the UK Agent, the Persons from time to time parties to the Credit Agreement as Lenders, any Affiliates of any Lenders from time to time parties to any Hedging Agreements with any Borrowers and any Persons from time to time parties to any Hedging Agreements with any Borrowers who are Lenders or Affiliates of Lenders at the time of entering into such Hedging Agreements.

## 1.02 Terms Generally

The plural of any term defined in this agreement in the singular shall have a corresponding meaning and vice versa and words importing gender shall include all genders. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". Unless the context otherwise requires (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or document as from time to time amended, supplemented or otherwise modified (subject to any restrictions in this or any other agreement in favour of any Secured Parties), (b) any reference to any Person shall be construed to include their heirs, legal representatives, successors and assigns, and (c) any reference to any Act shall be construed to refer to such Act as it may be amended and in effect from time to time. The division of this agreement into articles and sections and the insertion of headings are for convenience only and shall not affect the interpretation of this agreement.

## ARTICLE 2 GRANT OF SECURITY INTEREST

### 2.01 Security Interest

As general and continuing security for the payment and performance when due of all Obligations, the Debtor hereby mortgages, pledges, hypothecates, transfers, assigns and charges to the Agent, and hereby grants to the Agent a security interest in, (such mortgages, pledges, hypothecations, transfers, assignments, charges and security interest, collectively, the "Security Interest"), all present and after-acquired undertaking and property of the Debtor, other than consumer goods and the last day of the term of any leases or agreements therefor (such included undertaking and property collectively, the "Collateral"), including:

#### (a) Accounts Receivable

All debts, book debts, accounts, claims, demands, money and choses in action, including, all claims against Her Majesty the Queen in right of

- 3 -

Canada or any Province or Territory and all claims and benefits under any insurance policies (collectively, the "Accounts Receivable");

(b) **Inventory**

All inventory, including, all goods, merchandise, raw materials, goods in process, finished goods and other tangible personal property now or hereafter held for sale, lease or resale or that are to be furnished or have been furnished under a contract of service or that are used or consumed in the business of the Debtor (collectively, the "Inventory");

(c) **Equipment**

All goods which are not inventory or consumer goods, including, without limitation, all fixtures, equipment, machinery, vehicles and other tangible personal property listed in any Schedule of Equipment attached hereto or at any time hereafter signed by the Debtor and forming part of this agreement (collectively, the "Equipment");

(d) **Chattel Paper, Instruments, Securities**

All chattel paper, instruments, warehouse receipts, bills of lading and other documents of title, whether negotiable or non-negotiable, shares, stock, warrants, bonds, debentures, debenture stock and other securities;

(e) **Intangibles**

All intangibles, including all right, title and interest of the Debtor in contractual rights, goodwill, patents, trade marks, copyrights, industrial designs and other industrial or intellectual property or rights therein, including the *WATT* trademark, Canadian Application No. 1,064,901, U.S. Application No. 76/084,719, and European Community Application No. 1753383;

(f) **Real Property**

All real and immovable property, wherever situate, and all buildings, structures, fixtures, hereditaments and appurtenances thereon or relating thereto;

(g) **Books and Accounts**

All books, accounts, invoices, letters, papers, writings, certificates, receipts, documents and other records and data in any form or medium

evidencing, representing, creating, giving rise to any rights in respect of or otherwise relating to the property described in sub-paragraphs (a) to (f), inclusive; and

(h) **Proceeds**

All property in any form derived directly or indirectly from any dealing with any undertaking or property subject to the Security Interest or that indemnifies or compensates for such undertaking or property being destroyed, damaged, expropriated, stolen or lost and proceeds of proceeds whether of the same type or kind as the original proceeds.

2.02 **The Last Day of the Term of Leases**

The last day of the term of any lease, oral or written or any agreement therefor, now held or hereafter acquired by the Debtor shall not form part of the Collateral, however, the Debtor shall stand possessed of such last day, upon trust to assign and dispose of same as the Agent or any assignee of such lease or agreement therefor shall direct.

2.03 **Attachment**

The Debtor acknowledges that value has been given and agrees that the Security Interest shall attach to existing Collateral upon the execution of this agreement and to each item of after-acquired Collateral at the time that the Debtor acquires any rights therein.

**ARTICLE 3  
COVENANTS OF THE DEBTOR**

3.01 **Performance by the Agent**

In the event that the Debtor fails to perform any obligations under the Credit Agreement or any other Document, including keeping the Collateral free and clear of all Liens, other than Permitted Liens, the Agent may, at its option and without being under any obligation to do so, perform such obligations and the Debtor shall pay to the Agent, immediately upon demand, all costs and expenses (including, without limitation, legal fees on a solicitor-client basis) incurred by the Agent in connection therewith and all such costs and expenses shall form part of the Obligations, bear interest at the Applicable Rate, both before and after demand and judgment from the date incurred by the Agent and be secured by the Security Interest. The performance by the Agent of any obligation of the Debtor hereunder or the curing of any default by the Agent shall not constitute a

- 5 -

waiver by the Secured Parties of any of their rights hereunder or relieve the Debtor from its default or any consequences thereof.

### 3.02 **Costs and Expenses**

The Debtor shall pay to the Agent and all other Secured Parties upon demand, all costs and expenses (including, without limitation, legal fees on a solicitor-client basis) incurred by the Agent or such other Secured Parties in connection with the preparation, execution, perfection, enforcement and discharge of, and advice in respect of, the Security Interest and this agreement (including, without limitation, in connection with the custody, preservation, use, operation, realization, retaining, protecting, disposing and collecting, of any Collateral and the protection and enforcement of all other rights and remedies of the Secured Parties hereunder) and all such costs and expenses shall form part of the Obligations, shall bear interest at the Applicable Rate, both before and after demand and judgment from the date incurred by the Agent and shall be secured by the Security Interest.

## **ARTICLE 4 DEFAULT AND ENFORCEMENT**

### 4.01 **Enforcement of Security Interest**

The Security Interest shall become and be immediately enforceable at any time that an Event of Default shall have occurred and be continuing.

## **ARTICLE 5 RIGHTS AND REMEDIES ON DEFAULT**

### 5.01 **Rights and Remedies**

In the event that the Security Interest becomes enforceable, the Agent shall have, in addition to any other rights and remedies which it or any of the other Secured Parties may have under the PPSA and otherwise at law, the following rights and remedies:

#### (1) **Entry and Possession**

The Debtor shall, upon demand, assemble and deliver to the Agent possession of the Collateral at such places as the Agent may designate. The Agent may take such steps as it considers necessary or desirable to obtain possession of any Collateral and may at any time during the day or night enter upon any lands or premises where Collateral may be found for the purpose of taking possession of or removing the

Collateral and shall have the right to maintain possession of any Collateral upon any premises owned, used or occupied by the Debtor;

(2) **Disposition**

The Agent may sell, lease or otherwise dispose of any Collateral as a whole or in separate parcels by public auction or private tender or by private contract with or without notice and with or without advertising and without any other formality, all of which are hereby expressly waived by the Debtor and any such sale, lease or disposition shall be on such terms and conditions as to credit, as to upset or reserve bid or price and otherwise as the Agent may consider commercially reasonable. In the event that any disposition is made on credit or part cash and part credit, the Agent need only credit the actual cash received at the time of the disposition against the Obligations and any payments made pursuant to any credit granted at the time of the disposition shall be credited against the Obligations as and when received. The Agent may rescind, terminate or vary any contract for the sale, lease or other disposition of any Collateral and may resell, relet or otherwise redispense of the Collateral without being accountable or otherwise liable for any loss occasioned thereby. Any sale, lease or other disposition of any Collateral may be made by the Agent whether or not it has taken possession of the Collateral.

(3) **Receivers**

The Agent may, in addition to any other rights it or any of the other Secured Parties may have, appoint by instrument in writing one or more receivers or receivers and managers (in each case referred to herein as "Receivers") of any Collateral or may institute proceedings in any court of competent jurisdiction for the appointment of one or more Receivers. Each Receiver is hereby given and shall have the same rights and remedies as the Agent under this agreement, the PPSA and otherwise at law. In exercising such rights and remedies, each Receiver shall act as, and shall for all purposes be deemed to be, the agent of the Debtor, and none of the Secured Parties shall be responsible for any act or default of any Receiver, including, without limitation, any negligence. The Agent may from time to time remove, and appoint replacements for, any Receivers and appoint another or others in their stead from time to time. The Agent shall be entitled to appoint one or more officers or employees of any Secured Party as Receivers.

(4) **Carrying on Business**

The Agent may carry on, or concur in the carrying on of, any business or undertaking of the Debtor and may to the exclusion of all others, including the Debtor, enter upon, occupy and use any of the premises, buildings, plant and undertaking owned, occupied or used by the Debtor and may use any of the tools, machinery, equipment and intangibles of the Debtor for such time as the Agent sees fit, free of charge, in order to

- 7 -

carry on the business of the Debtor or to manufacture or complete the manufacture of any Inventory and to pack and ship finished products. None of the Secured Parties shall be accountable or otherwise liable to the Debtor for any negligence in the exercise of any rights and remedies under this section or in respect of any rent, charges, depreciation or damages arising in connection therewith.

**(5) Payment of Encumbrances**

The Agent may pay any Liens that may exist or be threatened against any Collateral, including, any Permitted Encumbrances, and may borrow money for the maintenance, preservation or protection of any Collateral or for carrying on any business or undertaking of the Debtor and may grant further security interests in any Collateral in priority to the Security Interest as security for the money so borrowed.

**(6) Dealings with Collateral**

The Agent may seize, collect, realize, dispose of, enforce, release to third parties or otherwise deal with any Collateral in such manner, upon such terms and conditions and at such times as the Agent may see fit and without notice to the Debtor (except as otherwise required by any applicable law), and may charge on its own behalf and pay to others, sums for costs and expenses incurred (including, without limitation, legal fees on a solicitor-client basis, and Receivers', accounting and other professional fees) in or in connection with seizing, collecting, realizing, disposing, enforcing or otherwise dealing with the Collateral and the protection and enforcement of the rights and remedies of the Secured Parties hereunder. The Agent and the other Secured Parties may file such proofs of claim and other documents as may be necessary or advisable in order to prove their claims in any bankruptcy, proposal, winding-up or other proceedings relating to the Debtor.

**(7) Retention of Collateral**

Upon notice to the Debtor as provided under the PPSA or other applicable laws, the Agent may elect to retain any Collateral in satisfaction of any Obligations.

**5.02 Secured Parties not Liable**

None of the Secured Parties shall be accountable or otherwise liable for any failure to seize, collect, realize, dispose of, enforce or otherwise deal with any Collateral and shall not be bound to institute proceedings for any such purposes or for the purpose of preserving any rights of the Agent, any other Secured Parties, the Debtor or any other Person in respect of any Collateral. None of the Secured Parties shall be accountable or otherwise liable for any loss or damage whatsoever which may arise by reason of any such failure whether resulting from the negligence of any Secured Party, any Receivers or otherwise. None of the Secured Parties and Receivers shall be liable by



reason of any entry into possession of any Collateral to account, as a mortgagee in possession, for anything except actual receipts, or for any loss or realization or for any act or omission for which a mortgagee in possession might be liable.

#### 5.03 **Extensions of Time**

Each Secured Party may grant renewals, extensions of time and other indulgences, take and give up securities, accept compositions, grant full, partial and conditional releases and discharges, perfect or fail to perfect any securities, release any Collateral to third parties and otherwise deal or fail to deal with the Debtor, debtors of the Debtor, guarantors, sureties and others and with the Collateral and other securities as the Secured Party may see fit, all without prejudice to any liability of the Debtor to any Secured Party or any Secured Party's rights and remedies under this agreement, the PPSA or otherwise at law.

#### 5.04 **Application of Moneys Received**

All moneys actually received by the Agent in respect of any Obligations whether from the realization of any Collateral or otherwise, may, subject to the terms of the Credit Agreement, be held by the Agent unappropriated in a collateral account or applied against the Obligations, all as the Agent may from time to time see fit and without prejudice to any rights or remedies of any Secured Party hereunder, the PPSA or otherwise at law.

#### 5.05 **Deficiency**

If the proceeds of realization of the Collateral are insufficient to repay the Obligations in full, the Debtor shall pay the deficiency to the Agent, upon demand.

#### 5.06 **Rights and Remedies Cumulative**

The rights and remedies of each Secured Party under this agreement are in addition to and not in substitution of any other rights or remedies of the Secured Party under the PPSA or otherwise at law and all such rights and remedies are cumulative and may be exercised separately or in combination.

### **ARTICLE 6 GENERAL**

#### 6.01 **Waivers**

No delay or omission by any Secured Party in exercising any rights or remedies hereunder or in respect of any Obligations or the performance by any Secured

Party of any Obligations in default shall operate as a waiver thereof or of any other rights or remedies of any Secured Party. No single or partial exercise of any rights or remedies by any Secured Party shall preclude any other or further exercise thereof or the exercise of any other rights or remedies. No waiver of any right or remedy shall be effective unless made in writing and signed by the Agent and any such waiver shall be effective only for the specific purpose and time, if any, stipulated therein and shall not operate as a waiver of any other rights or remedies of any Secured Party.

6.02            **Security in Addition to Other Security**

This agreement is in addition to, and not in substitution of, any other security now or hereafter held by any Secured Party.

6.03            **Receipt of Copy**

The Debtor acknowledges receipt of an executed copy of this agreement.

6.04            **Further Assurances**

The Debtor shall from time to time execute and deliver all such further mortgages, charges, pledges, assignments, transfers, security interests and other agreements, instruments and documents and do all such further acts and things as the Agent may from time to time require to perfect and maintain the perfection of the Security Interest and to otherwise protect its interests in the Collateral and hereby irrevocably constitutes and appoints any officer for the time being of the Agent and each Receiver, the true and lawful attorney of the Debtor with full power of substitution to execute and deliver all such agreements, instruments and documents and to do all such further acts and things with the right to use the name of the Debtor whenever and wherever it may be deemed necessary or expedient.

6.05            **Amalgamations and Mergers**

The Debtor acknowledges and agrees that in the event that it amalgamates or merges with any other Persons (which it is prohibited from doing without the prior written consent of the Secured Parties) then the Collateral and the Security Interest shall extend to and include all like property of the amalgamated or merged corporation and all references herein to the Debtor shall extend to and include the amalgamated or merged corporation and all references herein to Obligations shall extend to and include all of the debts, liabilities and obligations of every type and kind of the amalgamated or merged corporation.

6.06            **Name**

The Debtor hereby confirms that the name, including, the French form thereof, if any, and the address of the Debtor are as set out at the beginning of this agreement.

6.07 **Successors, Assigns and Governing Law**

This agreement shall enure to the benefit of and be binding upon the respective successors and assigns of the Debtor and the Secured Parties and shall be governed by and construed in accordance with the laws of the Province of Ontario.

**WATT INTERNATIONAL INC.**

By Mike Grou c/s  
Authorized Signing Officer

**THE TORONTO-DOMINION BANK**

*As Agent*

By [Signature]  
Authorized Signing Officer

**SCHEDULE "A"****LOCATIONS OF  
COLLATERAL AND RECORDS**

Registered Office	300 Bayview Avenue Toronto, Ontario M5A 3R7
Chief Place of Business	300 Bayview Avenue Toronto, Ontario M5A 3R7
Location of all Books and Records relating to Accounts Receivable	300 Bayview Avenue Toronto, Ontario M5A 3R7
Other Locations of Collateral	N/A