

R
T

01-09-2002



101937652

Docket No.:

T933047

Tab settings

1.3.02

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

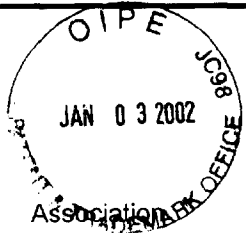
1. Name of conveying party(ies):

Associated Brands Inc.
335 Judson Street
Toronto, Ontario
Canada, M8Z 1b2

- Individual(s)
- General Partnership
- Corporation-State
- Other

- Association
- Limited Partnership

Additional names(s) of conveying party(ies) Yes No



3. Nature of conveyance:

- Assignment
- Security Agreement
- Other
- Merger
- Change of Name

Execution Date: October 10, 2001

2. Name and address of receiving party(ies):

Name: Royal Bank of Canada
Internal Address: _____
Street Address: Royal Bank Plaza, 4th Floor, North Tower
City: Toronto, Ontario, Canada State: _____ ZIP: M5J 2W7

- Individual(s) citizenship _____
- Association _____
- General Partnership _____
- Limited Partnership _____
- Corporation-State _____
- Other Bank

If assignee is not domiciled in the United States, a domestic designation is Yes No
(Designations must be a separate document from Additional name(s) & address(es) Yes No

4. Application number(s) or registration numbers(s):

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

2022880 2368988
2285881 2434092

Additional numbers Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: Robert Graham
Internal Address: Gowling Lafleur Henderson LLP
Suite 4900, Commerce Court West, Toronto
Ontario, Canada, M5L 1J3
Street Address: As Above
City: _____ State: _____ ZIP: _____

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

4

7. Total fee (37 CFR 3.41):.....\$ 115.00

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number:

07-1750

01/08/2002 6TOM11 00000173 071750 2022880

DO NOT USE THIS SPACE

01 FC:481 40.00 CH
02 FC:482 75.00 CH

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.

Robert Graham, Reg. No. 43,430

Name of Person Signing

Robert Graham

Signature

31 Dec 2001

Date

Total number of pages including cover sheet, attachments, and

TRADEMARK

INTELLECTUAL PROPERTY SECURITY AGREEMENT

Intellectual Property Security Agreement dated as of October 10th, 2001 (as amended, restated, supplemented or replaced from time to time, the "**IP Agreement**") made by and between **ASSOCIATED BRANDS INC.** ("**Borrower**") and **ROYAL BANK OF CANADA** through its division **RBC CAPITAL PARTNERS** ("**Lender**"), pursuant to a senior subordinated credit agreement made as of October 10th 2001 among Borrower, each other Person in the Borrower Group and Lender (as amended, restated, supplemented or replaced from time to time, the "**Credit Agreement**").

RECITALS

A. Lender has agreed to make the certain credit facilities available to Borrower upon the terms and subject to the conditions set forth in the Credit Agreement. All references to the Credit Agreement contained herein shall include all supplements, amendments, restatements and modifications thereto entered into from time to time.

B. Borrower has agreed to execute and deliver security to Lender, including without limitation, this IP Agreement as security for the payment and performance of the obligations, present and future, direct or indirect, absolute or contingent, matured or unmatured, of Borrower to Lender under the Credit Agreement and each of the other loan, security and guarantee documents relating to the Credit Agreement to which Borrower is a party (collectively, the "**Loan Documents**").

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged and intending to be legally bound, as collateral security for the prompt and complete payment when due of Borrower's Indebtedness (as defined below), Borrower hereby represents, warrants, covenants and agrees as follows:

1. **Grant of Security Interest.** As collateral security for the prompt and complete payment and performance of all of Borrower's present or future indebtedness, obligations and liabilities to Lender (hereinafter, the "**Indebtedness**"), including, without limitation, under the Credit Agreement and the Loan Documents, Borrower hereby grants a first priority security interest in all of Borrower's right, title and interest in, to and under its registered and unregistered intellectual property (all of which shall collectively be called the "**Intellectual Property**"), including, without limitation, the following:

(a) Any and all copyright rights, copyright applications, copyright registrations and like protections in each work or authorship and derivative work thereof, whether published or unpublished and whether or not the same also constitutes a trade secret, now or hereafter existing, created, acquired or held, including without limitation, those set forth on **EXHIBIT "A"** attached hereto (collectively, the "**Copyrights**");

(b) Any and all trade secrets, and any and all intellectual property rights in computer software and computer software products, including source code and object code, now or hereafter existing, created, acquired or held. Software means all computer programs and databases and portions of each of the foregoing owned by Borrower in whatever form and on whatever medium those programs or databases are expressed, fixed, embodied or stored from time to time, and the copyright therein, including after giving effect to the Acquisition and including, without limitation, those set forth on **EXHIBIT "A"**. Software includes both the object code and the source code versions of each such program and portions thereof and all corrections, updates, enhancements, translations, modifications, adaptations and new versions thereof together with both the media upon or in which such programs, databases and portions thereof are expressed, fixed, embodied or stored (such as disks, diskettes, tapes and semiconductor chips) and all flow charts, manuals, instructions, documentation and other material relating thereto;

(c) Any and all design rights which may be available to Borrower now or hereafter existing created, acquired or held including, without limitation, those set forth on **EXHIBIT "A"**;

(d) All patents, patent applications and like protections now or hereafter existing, created, acquired or held, including, without limitation improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same, including without limitation the patents and patent applications set forth on **EXHIBIT "B"** at hereto (collectively, the "**Patents**");

(e) Any trademark and service mark rights, slogans, trade dress, and tradenames, registered or not, applications to register and registrations of the same and like protections (excluding any intent to use filings) now or hereafter existing, created, acquired or held, and the entire goodwill of the business of Borrower associated therewith, including without limitation those set forth on **EXHIBIT "C"** attached hereto (collectively the "**Trademarks**");

(f) Any and all claims for damages by way of past, present and future infringements of any of the rights included above, with the right, but not the obligation, to sue for and collect such damages for said use or infringement of the intellectual property rights identified above;

(g) All licenses or other rights to use any of the Copyrights, Patents, software, designs, Trademarks, or Mask Works and all license fees and royalties arising from such use to the extent permitted by such license or rights, including, without limitation those set forth on **EXHIBIT "D"** attached hereto;

(h) All amendments, extensions, renewals and extensions of any of the Copyrights, Trademarks or Patents; and

(i) All proceeds and products of the foregoing, including without limitation all payments under insurance or any indemnity or warranty payable in respect of any of the foregoing.

2. **Exception Regarding Last Day.** The last day of the term of each license granted to Borrower pursuant to any licensee agreement shall be excepted from this IP Agreement and shall not form part of the Intellectual Property. Borrower shall stand possessed of that day in trust to assign and dispose of it as Lender directs.

3. **Authorization and Request.** Borrower authorizes and requests that the Register of Copyrights and the Commissioner of Patents and Trademarks record this IP Agreement.

4. **Covenants and Warranties.** Borrower represents, warrants, covenants and agrees as follows:

(a) Borrower is now the sole owner of the entire right, title and interest in the Intellectual Property, except for: (i) non-exclusive licenses granted by Borrower to its customers in the ordinary course of business, and (ii) those rights licensed from third parties.

(b) Performance of this IP Agreement does not conflict with or result in a breach of any agreement to which Borrower is bound, except to the extent that certain intellectual property agreements prohibit the assignment of the rights thereunder to a third party without the licensor's or other party's consent and this IP Agreement constitutes a security interest.

(c) During the term of this IP Agreement, Borrower will not transfer or otherwise encumber any interest in the Intellectual Property, except for non-exclusive licenses granted by Borrower in the ordinary course of business or as set forth in this IP Agreement;

(d) To its knowledge, each item of the Intellectual Property is valid and enforceable, and no part of the Intellectual Property has been judged invalid or unenforceable, in whole or in part, and no claim has been made that any part of the Intellectual Property violates the rights of any third party;

(e) Borrower shall promptly advise Lender of any material adverse change in the composition of the Intellectual Property;

(f) Borrower shall promptly advise Lender of any subsequent ownership right of the Borrower in or to any Trademark, Patent or Copyright specified in this IP Agreement.

(g) Borrower shall (i) protect, defend and maintain the validity and enforceability of each item of the Intellectual Property, (ii) use its best efforts to detect infringements of the Trademarks, Patents or Copyrights thereof and promptly advise Lender in writing of infringements detected and (iii) not allow any item of the Intellectual Property to become abandoned, forfeited or dedicated to the public, or cease to use (whereby "use" is defined by the relevant trademark legislation and common law) any of the trademarks without the prior written consent of Lender, which consent shall not be unreasonably withheld;

(h) Borrower shall promptly register the most recent version of any of Borrower's Copyrights if not so already registered, and shall, from time to time, execute and file such other instruments, and take such further actions as Lender may reasonably request from time to time to perfect or continue the perfection of Lender's interest in the Intellectual Property;

(i) This IP Agreement creates and, in the case of any of the Intellectual Property created, acquired or held by Borrower after the date of this IP Agreement ("**After-Acquired Intellectual Property**"), this IP Agreement will create at the time Borrower first has rights in such after acquired Intellectual Property in favor of Lender a valid and perfected security interest and collateral assignment in the Intellectual Property in the United States and Canada securing the payment and performance of the Indebtedness upon making the filings referred to in clause (j) below, and, within 30 days of the date of this IP Agreement or the date upon which Borrower creates, acquires or holds the After-Acquired Intellectual Property, as the case may be, Borrower shall file, or cause to be filed, any and all instruments necessary to perfect Borrower's right, title and interest in the Intellectual Property, to execute and file, or cause to be executed and filed, any and all instruments necessary to perfect Lender's security interest therein, and to execute and to deliver to any party as Lender may direct, the collateral assignment thereto;

(j) To its knowledge, except for, and upon, the filing with the Canadian Intellectual Property Office and the United States Patent and Trademark office with respect to the Patents and Trademarks and the Register of Copyrights with respect to the Copyrights necessary to perfect the security interest created hereunder and except as has been already made or obtained, no authorization, approval or other action by, and no notice to or filing with, any U.S. or Canadian governmental authority or U.S. or Canadian regulatory body is required either: (i) for the grant by Borrower of the security interest granted hereby, or for the execution, delivery or performance of this IP Agreement by Borrower in the U.S. and Canada; or (ii) for the perfection in the U.S. and Canada or the exercise by Lender of its rights and remedies thereunder;

(k) All information heretofore, herein or hereafter supplied to Lender by or on behalf of Borrower with respect to the Intellectual Property is accurate and complete in all material respects;

(l) Borrower shall not enter into any agreement that would materially impair or conflict with Borrower's obligations hereunder without Lender's prior written consent, which consent shall not be unreasonably withheld. Borrower shall not permit the inclusion in any material contract to which it becomes a party of any provisions that could or might in any way prevent the creation of a security interest in Borrower's rights and interest in any property included within the definition of the Intellectual Property acquired under such contracts; and

(m) Upon any executive officer of Borrower obtaining actual knowledge thereof, Borrower will promptly notify Lender in writing of any event that materially adversely affects the value of any material Intellectual Property, the ability of Borrower to dispose of any material Intellectual Property or the rights and remedies of Lender in relation thereto, including the levy of any legal process against any of the Intellectual Property.

5. **Lender's Rights.** Lender shall have the right, but not the obligation, to take, at Borrower's sole expense, any actions that Borrower is required under this IP Agreement to take but which Borrower fails to take, after five (5) days' notice to Borrower. Borrower shall reimburse and indemnify Lender for all reasonable costs and reasonable expenses incurred in the reasonable exercise of its rights under this section 5.

6. **Inspection Rights.** Borrower hereby grants to Lender and its employees, representatives and agents the right to visit, during reasonable hours upon prior reasonable written notice to Borrower, any of Borrower's plants and facilities that manufacture, install or store products (or that have done so during the prior six-month period) that are sold utilizing any of the Intellectual Property, and to inspect the products and quality control records relating thereto upon reasonable written notice to Borrower and as often as may be reasonably requested, but not more than once in every six (6) months; provided, however, nothing herein shall entitle Lender access to Borrower's trade secrets and other proprietary information.

7. **Further Assurances; Attorney in Fact.**

(a) On a continuing basis, but subject to Section 16, Borrower will, subject to any prior licenses, encumbrances and restrictions and prospective licenses, make, execute, acknowledge and deliver, and file and record in the proper filing and recording places in the United States and Canada, all such instruments, including appropriate financing and continuation statements and collateral agreements and filings with the Canadian Intellectual Property Office and the United States Patent and Trademarks Office and the Register of Copyrights and take all such action as may reasonably be deemed necessary or advisable, or as requested by Lender, to perfect Lender's security interest in all Copyrights, Patents and Trademarks and otherwise to carry out the intent and purposes of this IP Agreement, or for assuring and confirming to Lender the grant or perfection of a security interest in all Intellectual Property.

(b) Borrower hereby irrevocably appoints Lender as Borrower's attorney-in-fact, with full authority in the place and stead of Borrower and in the name of Borrower, Lender or otherwise, from time to time in Lender's discretion, upon Borrower's failure or inability to do so, to take any action and to execute any instrument which Lender may deem necessary or advisable to accomplish the purposes of this IP Agreement, including:

(i) To modify, in its sole discretion, this IP Agreement without first obtaining Borrower's approval of or signature to such modification by amending Exhibit "A", Exhibit "B" and Exhibit "C" hereof, as appropriate, to include reference to any right, title or interest in any Copyrights, Patents or Trademarks acquired by Borrower after the execution

hereof or to delete any reference to any right, title or interest in any Copyrights, Patents or Trademarks in which Borrower no longer has or claims any right, title or interest; and

(ii) To file, in its sole discretion, one or more financing, financing change or continuation statements and amendments thereto, relative to any of the Intellectual Property without the signature of Borrower where permitted by law.

8. **Events of Default.** The occurrence of any of the following shall constitute an Event of Default under this IP Agreement:

(a) an Event of Default (as such terms are defined in the Credit Agreement) occurs under the Credit Agreement; or

(b) Borrower breaches any representations, warranty or agreement made by Borrower in this IP Agreement.

9. **Remedies.** Upon the occurrence and continuance of an Event of Default, Lender shall have the right to exercise all the remedies of a secured party under the *Personal Property Security Act* (Ontario) (the "PPSA"), including without limitation including acceleration of the indebtedness, the right to require Borrower to assemble the Intellectual Property and any tangible property in which Lender has a security interest and to make it available to Lender at a place designated by Lender. Lender shall have a nonexclusive, royalty free license to use the Copyrights, Patents and Trademarks to the extent reasonably necessary to permit Lender to exercise its rights and remedies upon the occurrence of an Event of Default. Borrower will pay any expenses (including reasonable legal and attorney's fees) incurred by Lender in connection with the exercise of any of Lender's rights hereunder, including without limitation any expense incurred in disposing of the Intellectual Property. All of Lender's rights and remedies with respect to the Intellectual Property shall be cumulative.

10. **Appointment of Receiver.** Upon the occurrence and continuance of an Event of Default, Lender may appoint or reappoint by instrument in writing, any person or persons, whether an officer or officers or an employee or employees of Lender or not, to be a receiver or receivers (hereinafter called a "Receiver", which term when used herein shall include a receiver and manager) of Intellectual Property (including any proceeds) and may remove any Receiver so appointed and appoint another in his stead. Any such Receiver shall, so far as concerns responsibility for his acts, be deemed the agent of Borrower and not of Lender, and Lender shall not be in any way responsible for any misconduct, negligence, or non-feasance on the part of any such Receiver, its servants, agents or employees. Subject to the provisions of the instrument appointing him, any such Receiver shall have power to take possession of Intellectual Property, to preserve Intellectual Property or its value and to sell, license or otherwise dispose of or concur in selling, licensing or other disposing of Intellectual Property. To facilitate the foregoing powers, any such Receiver may, to the exclusion of all others including Borrower, enter upon, use and occupy all premises owned or occupied by Borrower wherein Intellectual Property may be situated, maintain Intellectual Property upon such premises, borrow money on a secured or unsecured basis and use Intellectual Property as security for loans or advances, as such Receiver shall, in its discretion, determine. Except as may be otherwise directed by Lender, all money received from time to time by such Receiver in carrying out his appointment shall be received in trust for and paid over to Lender. Every such Receiver may, in the discretion of the Lender, be vested with all and any of the rights and powers of Lender.

11. **Exercise of Rights by Lender.** Upon the occurrence and continuance of an Event of Default, Lender may, either directly or through its Lender or nominees, exercise any or all of the powers and rights given to a Receiver by virtue of Section 10.

12. **Taking Possession of Intellectual Property.** Upon the occurrence and continuance of an Event of Default, Lender may take possession of, collect, demand, sue on, enforce, recover and receive Intellectual Property and give valid and binding receipts and discharges therefor and in respect thereof, and, Lender may sell, license or otherwise dispose of Intellectual Property in such manner at such time or times and place or places, for such consideration and upon such terms and conditions as to Lender may seem reasonable.

13. **Rights and Remedies of Lender under the PPSA.** In addition to those rights granted herein and in any other agreement now or hereafter in effect between Borrower and Lender and in addition to any other rights Lender may have at law or in equity, Lender shall have, both before and after an Event of Default, all rights and remedies of a secured party under the PPSA provided always, that Lender shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, license or otherwise dispose of Intellectual Property or to institute any proceedings for such purposes. Furthermore, Lender shall have no obligation to take any steps to preserve rights against prior parties to any Instrument (as defined in the PPSA) or Chattel Paper (as defined in the PPSA) whether Intellectual Property or proceeds and whether or not in Lender's possession and shall not be liable or accountable for failure to do so.

14. **Cooperation of Borrower with respect to Taking Possession.** Borrower acknowledges that Lender or any Receiver appointed by it may take possession of Intellectual Property wherever it may be located and by any method permitted by law and Borrower agrees upon request from Lender or any such Receiver to assemble and deliver possession of Intellectual Property at such place or places as directed.

15. **Costs.** Borrower agrees to pay all costs, charges and expenses reasonably incurred by Lender or any Receiver appointed by it, whether directly or for services rendered (including reasonable legal counsels' and auditors' costs and other legal expenses and Receiver remuneration), in operating Borrower's accounts, in preparing or enforcing this IP Agreement, taking and maintaining custody of, preserving, registering, licensing, preparing for disposition and disposing of Intellectual Property and in enforcing or collecting the Indebtedness and all such costs, charges and expenses, together with any amounts owing as a result of any borrowing by Lender or any Receiver appointed by it, as permitted hereby, shall be a first charge on the proceeds of realization, collection or disposition of Intellectual Property and shall be secured hereby.

16. **Notice of Sale.** Lender will give Borrower such notice, if any, of the date, time and place of any public sale or of the date after which any private disposition of Intellectual Property is to be made, as may be required by the PPSA.

17. **Indemnity.** Borrower shall pay, indemnify, and hold Lender and each of its respective officers, directors, employees, counsel, partners, agents and attorneys-in-fact (each, an "**Indemnified Person**") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, charges, expenses or disbursements (including Lender's Expenses and reasonable attorney's fees and the allocated cost of in-house counsel) of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of this IP Agreement and any other Loan Documents, or the transactions contemplated hereby and thereby, and with respect to any investigation, litigation or proceeding (including any case, action or proceeding before any court or other governmental authority relating to bankruptcy, winding-up, reorganization, insolvency, liquidation, dissolution or relief of debtors or any appellate proceeding) related to this IP Agreement or any of the Loan Documents or the use of the proceeds thereof, whether or not any Indemnified Person is a party thereto (all the foregoing, collectively, the "**Indemnified Liabilities**"); provided, that Borrower

shall have no obligation hereunder to any Indemnified Person with respect to Indemnified Liabilities arising from the gross negligence or willful misconduct of such Indemnified Person.

18. **Reassignment.** At such time as Borrower shall completely satisfy all of the Indebtedness secured hereunder or Section 16 shall apply, Lender shall execute and deliver to Borrower all deeds, assignments, and other instruments as may be necessary or proper to reinvest in Borrower full title to the property assigned hereunder, subject to any disposition thereof which may have been made by Lender pursuant hereto.

19. **Course of Dealing.** No course of dealing, nor any failure to exercise, nor any delay in exercising any right, power or privilege hereunder shall operate as a waiver thereof.

20. **Amendments.** This IP Agreement may be amended only by a written instrument signed by both parties hereto.

21. **Survival and Reliance.** All representations and warranties of Borrower made in this IP Agreement or in any certificate or other document delivered by or on behalf of Borrower for the benefit of Lender are material and shall continue without time limit. Lender shall be deemed to have relied upon each such representation and warranty despite any investigation Lender may have made.

22. **License/Assignment of Intellectual Property.** For the purpose of enabling Lender or any Receiver to exercise the rights and remedies under Sections 9 and 10 (including without limiting the terms of Sections 9 and 10, in order to take possession of, hold, preserve, process, assemble, prepare for sale, market for sale, sell or otherwise dispose of Intellectual Property) at such time as Lender shall be lawfully entitled to exercise such rights and remedies, Borrower hereby grants to Lender, for the benefit of Lender, an irrevocable, non-exclusive license (exercisable without payment of royalty or other compensation to Borrower) to use, license or sublicense any Intellectual Property now owned or hereafter acquired by Borrower, and wherever the same may be located, and included in such license access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof. In addition, upon receiving written demand from Lender after an Event of default has occurred, Borrower shall assign the Intellectual Property to whomever Lender directs, including to Lender.

23. **Borrower Remains Liable.** Notwithstanding any other provision in this IP Agreement, Borrower shall remain liable under all license agreements. Borrower shall perform all of its duties and obligations thereunder just as if this IP Agreement had not been executed. Borrower shall not be released from any of its duties or obligations under the license agreements by the exercise of any rights by Lender. Lender shall not have any obligations or liability under the license agreements by reason of this IP Agreement, nor shall Lender be obliged to perform any of the obligations or duties of Borrower thereunder or to take any action to collect or enforce any claim for payment assigned hereunder. The rights and powers conferred on Lender hereunder are solely to protect its interest in the Intellectual Property and shall not impose any duty upon it to exercise any such powers.

24. **Counterparts.** This IP Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute the same instrument.

25. **Law and Jurisdiction.** This IP Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

26. **Confidentiality.** All information (other than periodic reports filed by Borrower with the Ontario Securities Commission) disclosed by Borrower to Lender in writing or through inspection

pursuant to this IP Agreement that is marked confidential shall be considered confidential. Lender agrees to use the same degree of care to safeguard and prevent disclosure of such confidential information as Lender uses with its own confidential information, but in any event no less than a reasonable degree of care. Lender shall not disclose such information to any third party (other than Lender's attorneys, counsel, governmental regulators, and auditors, or to Lender's subsidiaries and affiliates for the purposes of evaluating Lender's rights, subject to the same confidentiality obligation set forth herein) and shall use such information only for purposes of evaluation of its investment in Borrower and the exercise of Lender's rights and the enforcement of its remedies and this IP Agreement and the other Loan Documents. The obligations of confidentiality shall not apply to any information that (a) was known to the public prior to disclosure by Borrower under this IP Agreement, (b) becomes known to the public through no fault of Lender, (c) is disclosed to Lender by a third party having a legal right to make such disclosure, or (d) is independently developed by Lender. Notwithstanding the foregoing, Lender's agreement of confidentiality shall not apply if Lender has acquired indefeasible title to any Collateral or in connection with any enforcement or exercise of Lender's rights and remedies under this IP Agreement following an Event of Default, including the enforcement of Lender's security interest in the Intellectual Property.

27. **Termination of this IP Agreement.** Upon termination of all rights of Borrower to receive any additional credit from Lender and fulfillment by Borrower of its obligations, indebtedness and liabilities under the Credit Agreement and the Loan Documents, this IP Agreement shall become fully ended and terminated and all right, title and interest in and in respect of the Intellectual Property secured by Borrower hereunder shall be released and all covenants and agreements of Borrower hereunder shall be at an end and Lender shall, upon written request of Borrower and at the expense of Borrower, execute such instruments and other documents and give such notifications or assurances as may be necessary to fully release, cancel and discharge this IP Agreement in the circumstances.

28. **Amalgamation.** Borrower acknowledges and agrees that in the event it amalgamates with any other company or companies it is the intention of the parties hereto that the security interests created hereby (i) shall extend to the Intellectual Property owned by each of the amalgamating companies and the amalgamated company at the time of amalgamation and to any Intellectual Property thereafter owned or acquired by the amalgamated company, such that the term "**Borrower**" when used herein would apply to each of the amalgamating companies and the amalgamated company and (ii) shall secure the Indebtedness of each of the amalgamating companies and the amalgamated company to Lender at the time of amalgamation and any Indebtedness of the amalgamated company to Lender thereafter arising. The security interest shall attach to the additional Intellectual Property at the time of amalgamation and to any Intellectual Property owned or acquired by the amalgamated company when such becomes owned or is acquired.

29. **Attachment.** The Security Interest created hereby is intended to attach when this IP Agreement is signed by Borrower and delivered to Lender.

30. **Acknowledgment.** Borrower hereby acknowledges receipt of a copy of this IP Agreement.

31. **Registration of IP Agreement.** Borrower hereby acknowledges that Lender may register a copy of this IP Agreement or notice thereof. Borrower shall cooperate with and assist Lender, as requested by Lender, with respect to any registrations or notice registrations of or relating to this IP Agreement which Lender deems appropriate.

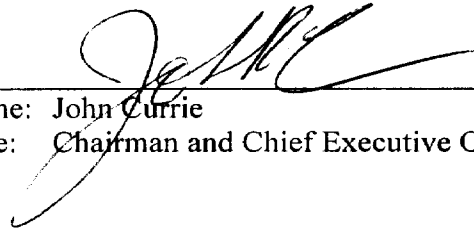
32. **Severability of Provisions.** Each provision of this IP Agreement shall be several from every other provision of this IP Agreement for the purpose of determining the legal enforceability of any specific provision.

33. **Successors and Assigns.** This IP Agreement shall bind and enure to the benefit of the respective successors and permitted assigns of each of the parties; provided, however, that neither this IP Agreement nor any rights hereunder may be assigned by Borrower without Lender's prior written consent, which consent may be granted or withheld in Lender's sole discretion. Lender shall have the right without the consent of or notice to Borrower to sell, transfer, negotiate, or grant participation's in all or any part of, or any interest in such Lender's rights and benefits hereunder.

IN WITNESS WHEREOF the parties have executed this IP Agreement as of the day and year first written above.

ASSOCIATED BRANDS INC.

Per:

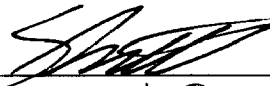


Name: John Currie
Title: Chairman and Chief Executive Officer

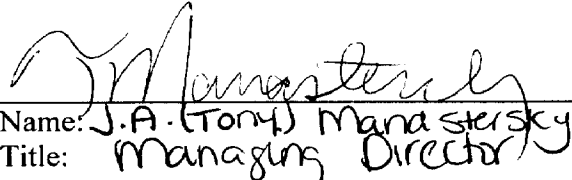
Name:
Title:

**ROYAL BANK OF CANADA, through its
division RBC CAPITAL PARTNERS**

Per:



Name: Gregory J. Smith
Title: Managing Director



Name: J.A. (Tom) Manaster
Title: Managing Director

EXHIBIT "A"
COPYRIGHTS

SCHEDULE "A" – ISSUED COPYRIGHTS

None.

SCHEDULE "B" – PENDING COPYRIGHT APPLICATIONS

None.

SCHEDULE "C" – UNREGISTERED COPYRIGHTS

None.

SCHEDULE "D" – DESIGN REGISTRATIONS

Canadian Industrial Design Registration No. 78986 (currently registered to Northern Plastics Ltd.)

Canadian Industrial Design Registration No. 84529 (currently registered to Northern Plastics Ltd.)

EXHIBIT "B"

PATENTS

None.

EXHIBIT "C"
TRADEMARKS

I. Schedule of Canadian Trade-Marks

ASSOCIATED BRANDS INC.

Registration/Application No.	Trade-Mark
1,036,127	CHIFFONS J & Design
1,036,128	J CLOTH & Design
1,012,951	JOIES DE LA TABLE
TMDA40335	KNOX
TMA219,929	KNOX BLOX
898,430	TABLE TALK
UCA25156	ESQUIRE
UCA25393	LANO. WITE
UCA23283	LANOL
UCA23284	LANOLIZE
UCA21210	PRAIRIE MAID
TMDA56148	BEKUS PUDDY & DESIGN
TMA166,982	BOX DESIGN
TMA377,810	CAVALIER
TMA151,933	CHIFFONS J
TMA415,744	CHOCOLATE PRODUCTS CO. LTD.
TMA288,197	CHOCOTOP
TMA332,998	CONCORDE
TMA373216	DRAIN MAINTAIN
TMA124,068	DUTCH MILL

Registration/Application No.	Trade-Mark
TMA298,311	DUTCH MILL FLAVO-FUL
TMA161,487	DUTCH MILL MINNIT-MIX
TMA294,807	DUTCH MILL VEN-BLEND
TMA436,435	ESQUIRE CHAUSSE-FRAICHEUR
TMA438,473	ESQUIRE SHOE FRESH
TMA308,920	FRUIT-SIPS
TMA289,548	FRUITTOP
TMA291,711	GOLDEN VEND
TMA149,355	J CLOTH
TMA507,949	J CLOTH PLUS
TMA413,580	J CLOTH REUSABLE TOWELS & DESIGN
TMA413,285	J CLOTH REUSABLE TOWELS & DESIGN
TMA413,286	J CLOTH REUSABLE TOWELS & DESIGN
TMA413,287	J CLOTH REUSABLE TOWELS & DESIGN
UCA28826	JIFFY
TMDA56147	KOFY SUB & DESIGN
TMA368,665	LANO WAX
TMA407,137	LANOL WHITE
TMA366,374	LE RÉSISTANT
TMA360,573	MACHINS TRUCS
TMA304,503	MOULIN HOLLANDAIS
UCA12174	NEWPORT FLUFFS
TMA329,422	PRATICO
TMA353,070	PROSEAL

Registration/Application No.	Trade-Mark
TMA208,889	PUFF 'N CRUNCH
TMA395,715	RINSA-TEX
TMA214,762	RITE-VEND
TMA133,759	SCUFF KOTE
TMA106,446	SCUFF-KOTE
TMA158,349	SNO-TOP
TMA514,144	START RIGHT
TMA120,939	STREAKS 'N' TIPS
TMA353,822	STRONGHOLD
UCA10862	STUBBY
TMA100,673	SWIRL
TMA287,516	TEATOP
TMDA23509	TINTEX
TMA107,481	TOPSY
TMA163,233	TOPSY
TMA330,131	TOUCH OF GLITTER
TMA379,440	TOUGH 'N TIGHT
TMA154,658	TROPICAL PUNCH
TMA366,603	TRUCS A CROQUER
TMA220,121	TUFFY'S NUTS N' BOLTS
UCA02440	VI-CO
TMA107,482	VI-CO
TMA348,359	WAVY LINE DESIGN
TMA180,224	WAVY- LINES DESIGN

Registration/Application No.	Trade-Mark
TMA180,225	WAVY- LINES DESIGN
TMDA29426	WHITEX DESIGN

NORTHERN PLASTICS LTD.

Registration/Application No.	Trade-Mark
TMA271,939	CHANEX UHMW

MALTBY, INC.

Registration/Application No.	Trade-Mark
NFLD2883	TIP
TMA312,297	HAIR SCENTS

II. Schedule of United States Trade-Marks

ASSOCIATED BRANDS INC.

Registration/Application No.	Trade-Mark
2022880	ASSOCIATED BRANDS
2368988	J CLOTH
2285881	J CLOTH PLUS
2434092	NELSON TABLE TALK

EXHIBIT "D"
LICENSES GRANTED

None.

K:\CORP\CMB\RBCP\ASSOCIATED BRANDS\DOCS\EXECUTION\BORROWER IP SECURITY AGREEMENT-X.DOC