

STATEMENT AND SIGNATURE:

to the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a copy of the original document.

James P. Murphy

2/2/98

James P. Murphy

DATE

CERTIFICATE OF MAILING

I hereby certify that this paper (along with any paper referred to as being attached or enclosed) is being deposited on the date shown below with the United States Postal Service in an envelope addressed to the "Assistant Commissioner of the State Police, 2900 Crystal Drive, Arlington, Virginia 22202-3513", as follows:

<u>37 CFR 1.8(a)</u>	<u>37 CFR 1.10</u>
With sufficient postage as First Class Mail.	<input type="checkbox"/> As "Express Mail Post Office to Addressee", Mailing Label No. _____
Date: _____, 19__	Date: _____, 19__

Printed Name of Person Mailing Paper or Fee

Signature of Person Mailing Paper or Fee

**CONDITIONAL ASSIGNMENT OF
AND GRANT OF SECURITY INTEREST IN
INTELLECTUAL PROPERTY RIGHTS
(TRADEMARKS)** dated as of October
31, 1997, by **THE PARAGON GIFTS,
INC.**, a Rhode Island corporation
(the "Assignor"), to **IBJ SCHRODER
BANK & TRUST COMPANY** ("IBJS"), in
its capacity as collateral agent
for the Lenders referred to below
(together with its successors and
assigns in such capacity, the
"Collateral Agent" or the
"Assignee").

Reference is made to (i) the Amended and Restated Credit Agreement dated as of the date hereof (as the same may, from time to time, be amended, supplemented, modified or restated, the "Credit Agreement"), among the Borrowers (as defined therein), the Lenders (as defined therein), and IBJS, as administrative agent and collateral agent for the Lenders, and (ii) the Amended and Restated Security Agreement dated as of the date hereof (as the same may, from time to time, be supplemented, modified, amended or restated, the "Security Agreement"), among the Assignor and IBJS, as Collateral Agent.

The Lenders have agreed to make certain loans and provide other financial accommodations to the Assignor and the other Borrowers pursuant to, and subject to the terms and conditions of, the Credit Agreement. In order to secure the Assignor's obligations under the Credit Agreement, the Assignor has agreed in the Credit Agreement and in the Security Agreement to grant to the Collateral Agent, for the ratable benefit of the Lenders, a security interest in all of the Assignor's assets, properties and rights.

One of the conditions precedent to Lenders' obligations under the Credit Agreement is the Assignor's execution and delivery of this Assignment.

ACCORDINGLY, in consideration of the premises and the mutual covenants and agreements contained in this Assignment, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. Defined Terms. Capitalized terms used and not otherwise defined herein have the meanings given to them in the Credit Agreement.

SECTION 2. Conditional Assignment and Grant of Security Interest. In order to secure the full and punctual

hereby assigns, transfers, mortgages, pledges and conveys to the Assignee, for the ratable benefit of the Lenders, and grants to the Assignee, for the ratable benefit of the Lenders, a continuing first priority mortgage on and security interest in, all of the Assignor's rights (including, without limitation, the right to sue for past infringements), title and interests in and to the following (collectively, the "Trademark Rights"):

(a) each trademark, trademark registration and trademark application, including, without limitation, the trademarks, trademark registrations and trademark applications referred to in Schedule 1 annexed hereto, and all of the good will of the business connected with the use of, and symbolized by, each trademark, trademark registration and trademark application;

(b) each trademark license and all of the good will of the business connected with the use of, and symbolized by, each trademark licensed; and

(c) all products and proceeds of the foregoing, including, without limitation, any claim by the Assignor against third parties for past, present or future infringement or dilution of any trademark or trademark registration, including, without limitation, the trademarks, trademark registrations and trademark applications referred to in Schedule 1 annexed hereto, and any trademark licensed under any trademark license or for injury to the goodwill associated with any trademark, trademark registration or trademark licensed under any trademark license.

SECTION 3. Security. This Assignment is for collateral security purposes only and for the purpose of recording with the United States Patent and Trademark Office the conditional assignment of and grant of security interest in the Trademark Rights. So long as no Default has occurred, the Assignor shall have the right to retain, use and enjoy all rights under the Trademark Rights.

SECTION 4. Remedies for Default. Upon the occurrence and during the continuation of a Default, the Assignee shall have all rights and remedies provided under the Security Agreement. In addition, upon the occurrence and during the continuation of a Default, the Assignee may, at its option, without notice, without in any way waiving such Default, and without regard to the adequacy of any security for the Obligations terminate all of the Assignor's right to retain, use and enjoy all rights under the Trademark Rights.

SECTION 5. Release of Assignment. Upon payment, performance and observance in full of the Obligations (other than indemnification obligations and other obligations which survive termination of the Credit Agreement and which are not yet due and payable), this Assignment shall be void and of no further force or effect and the Assignee, upon the written request of the Assignor, shall promptly execute such documents as may be

reasonably requested by the Assignor to confirm the same; provided, however, that the certificate of any officer or agent of the Assignee certifying that any of the Obligations remain unsatisfied shall constitute prima facie evidence of the validity, effectiveness and continuing force of this Assignment and any Person may, and hereby is authorized to, rely thereon.

SECTION 6. Remedies Cumulative. No right or remedy of the Assignee hereunder is exclusive of any other right or remedy hereunder or now or hereafter existing at law or in equity or under the Credit Agreement, the Security Agreement, the Notes or the other Loan Documents, but is cumulative and in addition thereto, and the Assignee may recover judgment thereon, issue execution therefor, and resort to every other right or remedy available at law or in equity or under the Credit Agreement, the Security Agreement, the Notes or the other Loan Documents, without first exhausting or affecting or impairing the security or any right or remedy afforded under this Assignment. No delay in exercising, or omission to exercise, any such right or remedy will impair any such right or remedy or will be construed to be a waiver of any default by the Assignor hereunder, or acquiescence therein, nor will it affect any subsequent default hereunder by the Assignor of the same or different nature. No notice to or demand on the Assignor in any case shall entitle the Assignor to any other or further notice or demand in similar or other circumstances. Every such right or remedy may be exercised independently or concurrently, and when and so often as may be deemed expedient by the Assignee. In any case in which the Assignee shall have proceeded to enforce any right under this Assignment and such proceedings shall have been discontinued or abandoned for any reason, then, and in every such case, the Assignor and the Assignee shall be restored to their former positions and rights hereunder with respect to the Trademark Rights, and all rights, remedies, and powers of the Assignee shall continue as though no such proceedings had been taken.

SECTION 7. Miscellaneous

(a) **Notices.** All notices, demands and requests of any kind to be delivered to any party in connection with this Assignment shall be (a) delivered personally, (b) sent by a nationally-recognized overnight courier, (c) sent by first class, registered or certified mail, return receipt requested, or (d) sent by facsimile, in each case to such party at its address as follows:

(i) if to the Assignor, to:

The Paragon Gifts, Inc.
89 Tom Harvey Road
Westerly, Rhode Island 02891
Attention: Chief Executive Officer
Telephone: (401) 596-3000
Telecopier: (401) 596-6069

(ii) if to the Collateral Agent, to:

IBJ Schroder Bank & Trust Company
One State Street
New York, New York 10004
Attention: Mr. DeVer G. Warner
Telephone: (212) 858-2000
Telecopier: (212) 858-2768

Any notice, demand or request so delivered shall constitute valid notice under this Assignment and shall be deemed to have been received (A) on the day of actual delivery in the case of personal delivery, (B) on the next Business Day after the date when sent in the case of delivery by a nationally-recognized overnight courier, (C) on the fifth Business Day after the date of deposit in the U.S. mail in the case of mailing, or (D) in the case of facsimile transmission, when sent, if sent on a Business Day, or, if not sent on a Business Day, on the next Business Day following the day sent. Any party hereto may from time to time by notice in writing served upon the other as aforesaid designate a different mailing address or a different person to which all such notices, demands or requests thereafter are to be addressed.

(b) Headings. Section and subsection headings in this Assignment are included herein for convenience of reference only and shall not constitute a part of this Assignment for any other purpose or be given any substantive effect.

(c) APPLICABLE LAW. THIS ASSIGNMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES.

(d) Successors and Assigns; Subsequent Holders Of Notes. This Assignment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that the Assignor may not assign its rights or obligations hereunder without the prior written consent of the Lenders.

(e) Severability. The invalidity, illegality or unenforceability in any jurisdiction of any provision in or obligation under this Assignment, the Credit Agreement, the Security Agreement, the Notes or other Loan Documents shall not affect or impair the validity, legality or enforceability of the remaining provisions or obligations under this Assignment, the Credit Agreement, the Security Agreement, the Notes or other Loan Documents or of such provision or obligation in any other jurisdiction.

(f) Amendment. This Assignment may not be amended, supplemented, terminated or otherwise modified except by written instrument executed by the Assignor and the Assignee in accordance with the Credit Agreement.

(g) Title and Captions. The title of this Assignment and the headings of the articles, sections and subsections of this Assignment are for convenience only and neither limit nor amplify the provisions of this Assignment itself, and all references herein to articles, sections, or subsections shall refer to the corresponding articles, sections or subsections of this Assignment unless specific reference is made to another document or instruments.

(h) Consent To Jurisdiction. FOR ALL PURPOSES OF THIS ASSIGNMENT, AND FOR ALL PURPOSES OF ANY SUIT OR PROCEEDING ARISING OUT OF OR RELATING TO THE TRANSACTIONS CONTEMPLATED HEREBY OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, THE ASSIGNOR AND THE COLLATERAL AGENT EACH HEREBY SUBMIT TO THE PERSONAL JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK AND THE FEDERAL COURTS OF THE UNITED STATES SITTING IN NEW YORK CITY, AND ANY APPELLATE COURT FROM ANY SUCH STATE OR FEDERAL COURT, AND HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREE THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK COURT OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. THE ASSIGNOR AND THE COLLATERAL AGENT EACH HEREBY AGREE THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN ANY OTHER JURISDICTION BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS ASSIGNMENT SHALL AFFECT ANY RIGHT THAT THE COLLATERAL AGENT OR THE ASSIGNOR MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS ASSIGNMENT OR ANY RELATED MATTER (i) AGAINST THE ASSIGNOR OR ITS PROPERTIES IN THE CASE OF THE COLLATERAL AGENT, OR (ii) AGAINST THE COLLATERAL AGENT OR ITS RESPECTIVE PROPERTIES IN THE CASE OF THE ASSIGNOR, IN THE COURTS OF ANY JURISDICTION.

THE ASSIGNOR AND THE COLLATERAL AGENT EACH HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE, TO THE FULLEST EXTENT IT MAY LEGALLY AND EFFECTIVELY DO SO, (i) ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS ASSIGNMENT OR ANY RELATED MATTER IN ANY NEW YORK STATE OR FEDERAL COURT LOCATED IN NEW YORK, (ii) THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF ANY SUCH SUIT, ACTION OR PROCEEDING IN ANY SUCH COURT AND (iii) TRIAL BY JURY IN ANY SUCH SUIT, ACTION OR PROCEEDING.

THE ASSIGNOR AND THE COLLATERAL AGENT EACH HEREBY IRREVOCABLY CONSENT TO SERVICE OF PROCESS BY REGISTERED UNITED STATES MAIL, RETURN RECEIPT REQUESTED, AS PROVIDED IN SECTION 7(a). NOTHING IN THIS ASSIGNMENT WILL AFFECT THE RIGHT OF ANY PARTY TO THIS ASSIGNMENT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

(i) Entire Agreement. This Assignment and the other agreements and documents referred to herein (including the other Loan Documents) contain the entire agreement of the parties and supersede any and all prior agreements among the parties with respect to the subject matter hereof.

* * * *

IN WITNESS WHEREOF, this Assignment has been made by the Assignor as of the day and year first written above.

THE PARAGON GIFTS, INC.

By: By Edward
Name: By Edward
Title: President

Schedule 1

1. Service Mark: The Paragon
Serial No.: 75/324188
Application Filed: July 14, 1997

RECORDED: 02/09/1998

TRADEMARK
REEL: 1682 FRAME: 0747

RECORDED: 11/14/2002

TRADEMARK
REEL: 002577 FRAME: 0015