Electronic Version v1.1 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY INTEREST

# **CONVEYING PARTY DATA**

Name	Formerly	Execution Date	Entity Type
Allied Old English, Inc.		109/01/2005	CORPORATION: NEW
		00/01/2000	JERSEY

# **RECEIVING PARTY DATA**

Name:	Sun Luck, Inc.	
Street Address:	4601 6th Avenue	
City:	Seattle	
State/Country:	WASHINGTON	
Postal Code:	98108	
Entity Type:	CORPORATION: WASHINGTON	

# PROPERTY NUMBERS Total: 1

Property Type	Number	Word Mark
Registration Number:	1904123	SUN LUCK

# **CORRESPONDENCE DATA**

Fax Number: (206)623-7789

Correspondence will be sent via US Mail when the fax attempt is unsuccessful.

 Phone:
 (206) 623-1745

 Email:
 dsp@hcmp.com

Correspondent Name: Douglas S. Palmer, HCMP

Address Line 1: 1221 Second Avenue, Suite 500

Address Line 4: Seattle, WASHINGTON 98101

NAME OF SUBMITTER:	Frederick C. Ross
Signature:	/Frederick C. Ross/
Date:	09/02/2005

Total Attachments: 6

TRADEMARK
REEL: 003152 FRAME: 0828

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TRADEMARK REEL: 003152 FRAME: 0829

## TRADEMARK SECURITY AGREEMENT

This Trademark Security Agreement (this "Agreement") is made as of the	day of
September, 2005, by and between Allied Old English, Inc., a New Jersey corporation	
("Grantor"), and Sun Luck, Inc., a Washington corporation ("Sun Luck").	

### RECITALS

- Grantor purchased certain assets relating to the "Sun Luck" business from Sun Α. Luck (the "Assets"), pursuant to that Asset Purchase Agreement dated as of July 11, 2005 between Grantor and Sun Luck (the "APA"). The Assets include the Trademark (as defined below) and the goodwill of the business of Sun Luck associated therewith, as well as other related intangible property.
- Part of the purchase price for the Assets is in the form of a promissory note of even date herewith in the face amount of \$654,145.01, executed by Grantor in favor of Sun Luck (the "Note"). In addition, pursuant to Section 2.3 of the APA, as amended by Section 1 of the Second Addendum to the APA dated August 26, 2005 (the "Second Addendum"), Grantor is obligated to reimburse Sun Luck for certain slotting fee allowances. Pursuant to Section 2.1 of the APA, Sun Luck wishes to obtain a security interest in the Trademark and related goodwill as described below, in order to secure the amounts payable under the Note and Section 1(a) of the Second Addendum, and Grantor is willing to grant such security interest to Sun Luck.
- 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 amounts payable under the Note and Section 1(a) of the Second Addendum, Grantor hereby represents, warrants, covenants and agrees as follows:
- Grant of Security Interest. As collateral security for the prompt and complete payment and performance of all amounts due and owing under the Note and Section 1(a) of the Second Addendum, subject to any offsets in accordance with Section 14.3 of the APA (collectively, the "Payment Obligations"), Grantor hereby grants a security interest in all of Grantor's right, title and interest in, to and under the following (hereinafter collectively called the "Intellectual Property Collateral"):
- The trademark and trademark rights described on Exhibit A hereto (the "Trademark") and the entire goodwill associated with and symbolized by the Trademark; and
- Any and all claims for damages by way of past, present and future infringements of any of the rights described 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.
- Authorization and Request. Grantor authorizes and requests that the Commissioner of Patents and Trademarks record this Agreement.
- Covenants and Warranties. Grantor represents, warrants, covenants and agrees as follows:
  - Grantor is now the sole owner of the Intellectual Property Collateral. (a)

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- (b) Performance of this Agreement does not conflict with or result in a breach of any agreement to which Grantor is bound.
- (c) During the term of this Agreement, Grantor will not transfer or otherwise encumber any interest in the Intellectual Property Collateral, except for the licenses granted by Grantor to Sun Luck pursuant to the APA.
- (d) Subject to the provisions of the APA, Grantor shall (i) protect, defend and maintain the validity and enforceability of the Trademark, (ii) promptly advise Sun Luck in writing of material infringements detected by Grantor and (iii) not allow the Trademark to be abandoned, forfeited or dedicated to the public without the written consent of Sun Luck.
- (e) This Agreement creates, in favor of Sun Luck, a valid and perfected first priority security interest in the Intellectual Property Collateral in the United States, securing the payment and performance of the Payment Obligations upon making the filings referred to in clause (f) below.
- (f) To its knowledge (except for, and upon, the filing with the United States Patent and Trademark Office with respect to the Trademark to perfect the security interests created hereunder), no authorization, approval or other action by, and no notice to or filing with, any U.S. governmental authority of U.S. regulatory body is required either (i) for the grant by Grantor of the security interest granted hereby or for the execution, delivery or performance of this Agreement by Grantor in the U.S. or (ii) for the perfection in the United States or the exercise by Sun Luck of its rights and remedies thereunder.
- (g) Upon any executive officer of Grantor obtaining actual knowledge thereof, Grantor will promptly notify Sun Luck in writing of any event that materially adversely affects the value of the Intellectual Property Collateral, the ability of Grantor to dispose of any Intellectual Property Collateral or the rights and remedies of Sun Luck in relation thereto, including the levy of any legal process against any of the Intellectual Property Collateral.
- 4. <u>Sun Luck's Rights.</u> Sun Luck shall have the right, but not the obligation, to take, at Grantor's sole expense, any actions that Grantor is required under this Agreement to take but which Grantor fails to take within ten (10) days after written notice thereof from Sun Luck. Grantor shall reimburse and indemnify Sun Luck for all reasonable costs and reasonable expenses incurred in the reasonable exercise of its rights under this Section 4.

# 5. Further Assurances: Attorney in Fact.

- (a) On a continuing basis, Grantor will make, execute, acknowledge and deliver, and file and record in the proper filing and recording places in the United States, all such instruments, including appropriate financing and continuation statements and collateral agreements and filings with the United States Patent and Trademark Office, and take all such action as may reasonably be deemed necessary or advisable, or as requested in writing by Sun Luck, to perfect Sun Luck's security interest in the Trademark and otherwise to carry out the intent and purposes of this Agreement, or for assuring and confirming to Sun Luck the grant or perfection of a security interest in all Intellectual Property Collateral.
- (b) Grantor hereby appoints Sun Luck as Grantor's attorney-in-fact, with full authority in the place and stead of Grantor and in the name of Grantor, Sun Luck or otherwise, from time to time in Sun Luck's reasonable discretion, upon Grantor's failure or inability to do so

Trademark Security Agreement
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within ten (10) days after written request from Sun Luck, to take any action and to execute any instrument which Sun Luck may reasonably deem necessary or advisable for the limited purpose of accomplishing the purposes of this Agreement, by filing, one or more financing or continuation statements and amendments thereto, relative to any of the Intellectual Property Collateral without the signature of Grantor where permitted by law.

- 6. <u>Events of Default.</u> The occurrence of any of the following shall constitute an Event of Default under this Agreement:
- (a) Any payment under the Note is not made within five (5) business days after Grantor's receipt of written notice from Sun Luck following the expiration of the 10-day grace period provided in the Note, or the payment due under Section 1(a) of the Second Addendum is not made within five (5) business days after Grantor's receipt of written notice that the same is due following a 10-day grace period from the date that any such payment was initially due; provided, however, that Grantor shall have fifteen (15) days after the first notice of non-payment by Grantor under the Note (as provided in the Note), or after any notice of non-payment under Section 1(a) of the Second Addendum, whichever occurs first; or
- (b) Grantor breaches any warranty or agreement made by Grantor in this Agreement and same is not cured within thirty (30) days after written notice thereof from Sun Luck.
- Remedies. Upon the occurrence and continuance of an Event of Default, unless Grantor exercises its absolute right to prepay the full amount of the Note and that portion of the Slotting Fees identified in Section 1(a) of the Second Addendum that are then due and owing (with any disputed amounts to be treated in accordance with the provisions of Section 13 herein), Sun Luck shall have the right to exercise all the remedies of a secured party under the Washington Uniform Commercial Code, including without limitation the right to require Grantor to assemble the Intellectual Property Collateral and to make it available to Sun Luck at a place designated by Sun Luck within the State of New Jersey. Sun Luck shall have a nonexclusive, royalty free license to use the Trademark to the extent reasonably necessary to permit Sun Luck to exercise its rights and remedies upon the occurrence of an Event of Default. Grantor will pay the reasonable expenses (including reasonable attorney's fees) incurred by Sun Luck in connection with the exercise of any of Sun Luck's rights hereunder, including without limitation any expense incurred in disposing of the Intellectual Property Collateral. All of Sun Luck's rights and remedies with respect to the Intellectual Property Collateral shall be cumulative.
- 8. <u>Course of Dealing.</u> 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.
- 9. <u>Attorneys' Fees.</u> If any action relating to this Agreement is brought by either party hereto against the other party, the prevailing party shall be entitled to recover reasonable attorneys fees, costs and disbursements.
- 10. <u>Amendments.</u> This Agreement may be amended only by a written instrument signed by both parties hereto.
- 11. <u>Counterparts.</u> This 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.

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12. <u>Law and Jurisdiction.</u> This Agreement shall be governed by and construed in accordance with the laws of the State of Washington, without regard for choice of law provisions.

## 13. Satisfaction.

- (a) Concurrently herewith, Grantor and Sun Luck have executed and delivered into escrow a Termination and Release of Trademark Security Agreement with respect to this Agreement (the "Release"). The Release shall be held in escrow by Wolff & Samson PC, attorneys for Grantor, as escrow agent (the "Document Escrow Agent"), pursuant to an Escrow Agreement dated the date hereof among Grantor, Sun Luck and the Document Escrow Agent (the "Release Escrow Agreement").
- (b) Upon payment in full of all amounts due under the Note and under Section 1(a) of the Second Addendum (collectively, the "Payoff Amount"), Grantor shall deliver written notice to the Document Escrow Agent advising the Document Escrow Agent that Grantor has paid the Payoff Amount to Sun Luck, whereupon the Document Escrow Agent shall proceed in accordance with the provisions of the Release Escrow Agreement.
- (c) In the event that there exists a dispute between Grantor and Sun Luck as to the exact amount of the Payoff Amount, Grantor shall nonetheless be entitled to a release of the Release from escrow upon (i) delivery by Grantor to Sun Luck of an amount equal to the portion of the Payoff Amount that is not in dispute (the "Partial Payoff Amount") and (ii) delivery by Grantor to the Document Escrow Agent, of letter(s) of credit, cash deposit(s) or other instrument(s) in favor of Sun Luck, in form and substance as provided and for delivery in accordance with the Release Escrow Agreement, in an aggregate amount equal to the portion of the Payoff Amount that is in dispute (the "Substitute Security"), it being understood and agreed that the amount of the Substitute Security shall represent only the principal and, if applicable, interest on the amount in dispute, and in no event shall the amount of the Substitute Security include any other amounts, including without limitation any other amounts representing alleged damages of any kind, attorneys fees and/or costs. The Substitute Security shall be held in escrow pending resolution of the dispute pursuant to that Escrow Agreement dated the date hereof among Grantor, Sun Luck and Hillis, Clark, Martin & Peterson, or such successor agreement as may be entered into with any replacement escrow agent pusuant thereto.

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

# **GRANTOR:**

ALLIED OLD ENGLISH, INC.

Its:

By:

Address:

DOLO IN ENGES LA

SUN LUCK:

SUN LUCK, INC.

By:

Its: PRESIDENT

Address:

4601-674 Sentes

1 AVE JO. , WA 98108

EXHIBIT A

# TRADEMARK

The U.S. trademark SUN LUCK, Trademark Registration No. 1904123, and all common-law rights relating to such mark.

**RECORDED: 09/02/2005** 

TRADEMARK REEL: 003152 FRAME: 0835