

01-23-2002

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Form PTO-1594
(Rev. 03/01)
OMB No. 0651-0027 (exp. 5/31/2002)
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U.S. DEPARTMENT OF COMMERCE
U.S. Patent and Trademark Office

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

1. Name of conveying party(ies):

PAWS, INCORPORATED

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

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

3. Nature of conveyance:

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

Execution Date: 12/27/01

2. Name and address of receiving party(ies)

Name: Comerica Bank-California

Internal

Address:

Street Address: 9777 Wilshire Blvd. 4th Fl.

City: Beverly Hills State: CA Zip: 90212

- Individual(s) citizenship
- Association
- General Partnership
- Limited Partnership
- Corporation-State California
- 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)

B. Trademark Registration No.(s)

R1280402

Additional number(s) attached Yes No

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

Name: Barry S. Babok, Esq.

Internal Address:

Street Address: 1900 Ave. of the Stars
Suite 1450

City: L.A. State: CA Zip: 90067

6. Total number of applications and registrations involved:

28

7. Total fee (37 CFR 3.41):

\$ 715.00

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number:

(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.

Barry S. Babok, Esq.
Name of Person Signing

Signature

Jan. 3, 2002
Date

13

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

01/24/2002 BYRNE 00000003 R1280402
40.00 OP
675.00 OP

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

TRADEMARK
REEL: 2431 FRAME: 0506

USPTO Summary Page

Trademark	Status	International Class(es)	Registration Number	Serial Number	Page
1. GARFIELD	REGISTERED	3	R1280402	73-405419	7
2. GARFIELD	REGISTERED	5	R1532618	73-739291	9
3. GARFIELD	REGISTERED	9	R1344099	73-509408	12
4. GARFIELD	REGISTERED	14	R1248884	73-358980	14
5. GARFIELD	REGISTERED	14	R1500463	73-705202	16
6. GARFIELD	REGISTERED	15	R1287067	73-415716	19
7. GARFIELD STUFF	REGISTERED	16,35	R2186737	75-228910	21
8. GARFIELD	RENEWED	16	R1151014	73-204425	23
9. GARFIELD	REGISTERED	16	R1223408	73-322871	25
10. PET FORCE	REGISTERED	16	R2190013	75-977014	28
11. GARFIELD'S CHOICE FOR CATS ONLY	REGISTERED	18,28	R2200668	75-977639	29
12. GARFIELD	REGISTERED	18	R1248358	73-372640	30
13. ODIE'S STUFF FOR DOGS ONLY	REGISTERED	18,28	R2206263	75-977711	32
14. GARFIELD	REGISTERED	21	R1266347	73-358979	33
15. GARFIELD	REGISTERED	24	R1283410	73-408880	36
16. GARFIELD	REGISTERED	25	R1269955	73-372641	38
17. GARFIELD	REGISTERED	28	R1221033	73-331131	41
18. GARFIELD	REGISTERED	28	R2061867	74-607573	43
19. ODIE	REGISTERED	28	R1276381	73-412593	44
20. GARFIELD	REGISTERED	30	R1488722	73-657719	46
21. GARFIELD	REGISTERED	30	R2068415	74-697468	49
22. CLUB OFFICIAL MEMBER BFHD GARFIELD	REGISTERED	41	R2276543	75-353464	50

Trademark	Status	International Class(es)	Registration Number	Serial Number	Page
23. GARFIELD AND FRIENDS	REGISTERED	41	R1555199	73-776474	51
24. E-COMIC	REGISTERED	42	R2493643	75-753586	53
25. ** DESIGN ONLY **	REGISTERED	42	R1657710	74-033282	54
26. ** DESIGN ONLY **	REGISTERED	42	R2177959	75-222794	55
27. POOKY	REGISTERED	28	R1276382	73-412611	80
28. GARFIELD GOODIES	REGISTERED	31	R2280138	75-978233	97

**SECURITY AGREEMENT FOR PATENTS AND TRADEMARKS
AND CONDITIONAL ASSIGNMENT**

This SECURITY AGREEMENT FOR PATENTS AND TRADEMARKS AND CONDITIONAL ASSIGNMENT (this "Agreement"), dated as of December 27, 2001 among PAWS, INCORPORATED, an Indiana corporation (herein, together with its successors and assigns, the "Borrower"), and COMERICA BANK-CALIFORNIA, a California banking corporation (the "Bank").

The Borrower and the Bank are parties to a Credit Agreement dated as of December 27 2001 (as modified and supplemented and in effect from time to time, herein called the "Credit Agreement"), providing, subject to the terms and conditions thereof, for term loans by the Bank to the Borrower in an aggregate principal amount equal to \$15,000,000. Except as otherwise expressly provided in this Agreement, terms defined in the Credit Agreement shall have their respective defined meanings when used herein.

To induce the Bank to enter into the Credit Agreement with the Borrower and to make the Loans thereunder, the Borrower has agreed to execute and deliver this Agreement and to grant a security interest in the Collateral (as hereinafter defined) as security for (i) any and all obligations of the Borrower in respect to the Loan under the Credit Agreement, the Term Loan Promissory Notes, the Loan Documents (including this Agreement) and any other note or notes from time to time evidencing the Loans, and (ii) any and all other amounts from time to time payable by the Borrower to the Bank under the Credit Agreement, the Loan Documents (including this Agreement) or the Term Loan Promissory Notes (the obligations described in clauses (i) and (ii) being herein collectively referred to as the "Obligations").

Accordingly, the parties hereto hereby agree as follows:

1. Definitions. All capitalized terms used herein shall have the meanings ascribed to them in the Credit Agreement unless expressly stated otherwise herein.
2. Grant of Security Interest and Conditional Assignment. As security for the prompt payment and performance of the Obligations, the Borrower hereby grants a security interest in, a general lien upon, and/or a right of set-off to the Bank against and conditionally assigns, transfers and conveys to the Bank upon the occurrence of an Event of Default and during the continuance thereof the following (whether now owned or hereafter acquired by the Borrower in the United States) (hereafter collectively called the "Collateral"):
 - (a) (i) all United States trademarks, trade names, service marks and logos (including, without limitation, the trademarks covered by the registrations listed on Schedule A to this Agreement) (the foregoing collectively referred to as the

“Trademarks”), together with the goodwill of the business connected with the use of, and symbolized by, the Trademarks; (ii) all United States registrations of the Trademarks (including without limitation, those listed on Schedule A to this Agreement), all United States applications to register the Trademarks, and all renewals of any United States registrations of the Trademarks; (iii) the right to sue for past, present and future infringements of the Trademarks; and (iv) all licenses or other agreements with third parties granting the Borrower any rights with respect to the Trademarks or any other rights relating to trademarks, logos, service marks or trade names, subject to the terms of such licenses and other agreements and any consents that may be required;

(b) (i) all United States patents and patent applications (including, without limitation, those listed on Schedule B to this Agreement) (collectively, the “Patents”); (ii) all reissues, divisions, continuations, continuations-in-part and extensions of the Patents; (iii) all license or agreements with third parties granting the Borrower any rights with respect to the Patents or any other rights relating to patents, inventions, processes, production methods, proprietary information, know-how and trade secrets used or useful in the business of the Borrower, and all payments thereunder, subject to the terms of such licenses and other agreements and any consents that may be required; and (iv) the right to sue for past, present, and future infringements of the Patents;

(c) (i) all United States copyrights and the works which are the subject of such copyrights (collectively, the “Copyrights”); (ii) all United States registrations of and United States applications to register the Copyrights and all renewals of any United States Copyright registrations; (iii) the right to sue for past, present and future infringement of the Copyrights; and (iv) all license or other agreements with third parties granting the Borrower any rights with respect to the Copyrights or any other rights relating to works protected by copyrights, subject to the terms of such licenses and other agreements and any consents that may be required;

(d) all information, customer lists, identification of supplier, data, plans, blueprints, specifications, designs, drawings, recorded knowledge, surveys, engineering reports, test reports, manuals, materials standards, processing standards, performance standards, catalogs, computer and automatic machinery software and programs, and the like pertaining to operations by the Borrower in, on or about any of its plants or warehouses; all field repair data, sales data and other information relating to sales or service of products now or hereafter manufactured on or about any of its plants; and all accounting information pertaining to operations in, on or about any of its plants and all media in which or on which all of the information or knowledge or data or records relating to its plants and warehouses may be recorded or stored and all computer programs used for the compilation or printout of such information, knowledge, records or data, and the Bank shall keep all such information, knowledge, records or data strictly confidential and limit dissemination thereof solely among its officers and their designees, auditors and regulatory authorities (on an “as necessary” basis);

(e) to the extent not included above, all general intangibles (as such terms are defined in the Uniform Commercial Code of the State of California) of the Borrower; and

(f) all proceeds of any and all of the foregoing.

3. Continuing Liability. The Borrower hereby expressly agrees that, anything herein to the contrary notwithstanding, it shall remain liable under each license, agreement and obligation included in the Collateral 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 thereof. The Bank shall have no obligation or liability under any such license, agreement or obligation by reason of or arising out of this Agreement or the receipt by the Bank of any payment relating to any such license, agreement or obligation pursuant thereto, nor shall the Bank be required or obligated in any manner to perform or fulfill any of the obligations of the Borrower 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, agreement or obligation, or to present or file any claim, or to take any action to collect or enforce any performance or the payment of any amounts to which it may be entitled at any time or times.

4. Remedies. If an Event of Default has occurred and is continuing, the Bank may exercise, in addition to all other rights and remedies granted to it in this Agreement, the Credit Agreement and any of the Security Agreements, all rights and remedies of a secured party under the Uniform Commercial Code or any other applicable law. Without limiting the generality of the foregoing, the Borrower expressly agrees that if an Event of Default has occurred and is continuing, the Bank, 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 the Borrower or any other person (all and each of which demands, advertisements and/or notices are hereby expressly waived), may forthwith take title to the Collateral pursuant to the conditional assignment in Section 2 hereof, collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith sell, lease, assign, give option or options to purchase, or sell or otherwise dispose of and deliver said Collateral (or contract to do so), or any part thereof, in one or more parcels at public or private sales or sales at any exchange, brokers' board or at any of the Bank'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 the Bank shall apply the net proceeds (after expenses) of any such sale, lease, assignment or other disposition against the Obligations ratably according to the respective amounts (which in the case of Obligations other than Loans shall mean the amount due on the date of distribution) of such Obligations, the Borrower remaining liable for any deficiency therein. After payment in full of all of the Obligations (including those not yet due and payable at the time of the application referred to above), the Bank shall remit any surplus net proceeds to the Borrower (or its successors or assigns) or otherwise as a court of competent jurisdiction may direct. The Bank shall have 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 the Borrower, which right or equity is hereby expressly waived and released. To the extent permitted by applicable law, the Borrower waives all claims, damages, and demands against the Bank arising out of the repossession, retention or sale of the Collateral. The Borrower agrees that the Bank need not give more than ten (10 days' notice of the time after which a private sale may take place and that such notice is reasonable notification of such matter. The Borrower agrees to execute all documents necessary to effect the sale, lease, assignment grant of options or other disposition of the Collateral by the Bank pursuant to this Section 4.

5. Grant of Rights to Use, Assign or Sublicense Intangibles. For the purpose of enabling the Bank to exercise the rights and remedies under Section 4 hereof at such time as the Bank, without regard to this Section 5 and subject to the terms of all licenses or other agreements included in the Collateral, shall be lawfully entitled to exercise such rights and remedies and for no other purpose, the Borrower hereby grants to the Bank, in addition to the assignment of the Collateral in Section 2 hereof, an irrevocable right (exercisable without payment of royalty or other compensation of the Borrower) to use, assign or sublicense any of the Collateral, now owned or hereafter acquired by the Borrower, including in such right 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.

6. Representations and Warranties. The Borrower warrants and agrees (a) that it has taken and will take all steps necessary to maintain the Collateral to the extent permitted by law and consistent with reasonable business judgment and Borrower's past practices, including, without limitation, payment of any fees necessary to maintain the Collateral, filing and prosecution of applications to register the Collateral, enforcement of rights to the Collateral, and compliance with the terms of all agreements or licenses relating to the Collateral; (b) that it will at its expense, and at the Bank's reasonable request, defend the Bank's and the Borrower's respective interests in the Collateral from any and all claims and demands of any other person; (c) that it will not sell or assign its interest in or grant any license or sublicense under the Collateral except in the ordinary course of business and consistent with past practices; and (d) that it will not grant, create or permit to exist any encumbrance upon or security interest in the Collateral in favor of any other person except as expressly permitted under Section 8(2) of the Credit Agreement. The Borrower represents and warrants to the Bank that: (a) the Borrower has full power, authority and legal right and capacity to incur and perform its obligations hereunder, (b) this Agreement constitutes the legal valid and binding obligation of the Borrower enforceable in accordance with its terms, (c) the making and performance by the Borrower of this Agreement and the grant of the security interest hereunder have been duly authorized by all necessary corporate action, and do not and will not violate the provisions of any applicable law or applicable regulation, the Borrower's certificate or articles of incorporation or by-laws and do not and will not result in a breach of, or constitute a default under, or require any consent (other than consents which have been obtained where are in full force and effect and copies of which have been delivered to the Bank or which are required in connection with items immaterial to the value of the Collateral) or create any lien, charge or encumbrance under any agreement,

instrument or document (other than this Agreement) or the provisions of any order, writ, judgment, injunction, decree, determination or award of any court, government or governmental agency or instrumentality, applicable to the Borrower or to any of the assets of the Borrower to which the Borrower is a party or by which the Borrower or any of the assets of the Borrower may be bound or affected, and (d) this Agreement grants to the Bank a first priority lien upon and first priority security interest in the Collateral subject to no lien or security interest except as expressly permitted under Section 8(2) of the Credit Agreement.

7. Notices. All notices or other communications hereunder shall be given in the manner and to the addresses determined under Section 11.10 of the Credit Agreement.

8. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction;

9. No Waiver; Cumulative Remedies. The Bank shall not by any act, delay, omission or otherwise be deemed to have waived any of its rights or remedies hereunder, and no waiver shall be valid unless in writing signed by the Bank, and then only to the extent therein set forth. A waiver by the Bank of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Bank would otherwise have had on any future occasion. No failure to exercise nor any delay in exercising on the part of the Bank any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of 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.

10. 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.

11. Limitations by Law. All rights, remedies and powers provided by Sections 4 and 5 hereof may be exercised only to the extent that the exercise thereof does not violate any applicable provisions of law, and all the provisions of Sections 4 and 5 hereof are intended to be subject to all applicable mandatory provisions of law which may be controlling and to be 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 provision of any applicable law.

12. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Borrower and the Bank and their respective successors and assigns, and nothing

herein or in the Credit Agreement or any of the Security Agreements is intended or shall be construed to give any other person any right, remedy or claim under, to or in respect of this Agreement, the Credit Agreement or any of the Security Agreements.

13. Termination and Reassignment. The Bank agrees that upon the termination or expiration of the Credit Agreement and the Security Agreements and the payment in full of all the Obligations, the Bank will upon the request and at the expense of the Borrower execute all such documents as may be reasonably requested by the Borrower to release the security interests created hereby and to reassign (without representation or warranty) to the Borrower the Collateral.

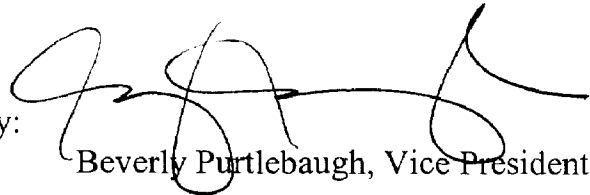
14. Applicable Law. This Agreement shall be governed by, and be construed and interpreted in accordance with the laws of the State of Indiana without giving effect to principles of conflicts of law.

15. Jury Trial Waiver. THE BORROWER AND THE BANK EACH WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, BETWEEN THE BANK AND THE BORROWER ARISING OUT OF, IN CONNECTION WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN THEM IN CONNECTION WITH THIS AGREEMENT OR ANY NOTE OR OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH OR THE TRANSACTIONS RELATED THERETO. THIS WAIVER SHALL NOT IN ANYWAY AFFECT, WAIVE, LIMIT, AMEND OR MODIFY THE BANK'S ABILITY TO PURSUE REMEDIES PURSUANT TO ANY CONFESSION OF JUDGMENT OR COGNOVIT PROVISION CONTAINED IN ANY NOTE OR OTHER INSTRUMENT, DOCUMENT OR AGREEMENT BETWEEN THE BANK AND THE BORROWER.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers as of the date first set forth above.

PAWS, INCORPORATED, an Indiana corporation

By:


Beverly Purtlebaugh, Vice President

COMERICA BANK-CALIFORNIA, a California banking corporation

By:

Suraj M. Gohill, Vice President

STATE OF INDIANA

) SS:

COUNTY OF DELAWARE)

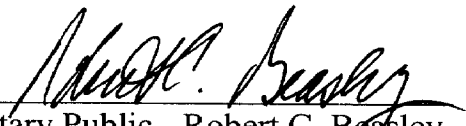
On December 27, 2001, before me, Robert C. Beasley, Notary Public, personally appeared Beverly Purtlebaugh, personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and seal.

Page 7 of 8

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TRADEMARK
REEL: 2431 FRAME: 0515


Notary Public - Robert C. Beasley

My Commission Expires: February 5, 2008

STATE OF CALIFORNIA) SS:
COUNTY OF LOS ANGELES

On December __, 2001, before me, _____,
Notary Public, personally appeared _____ personally
known to me or proved to me on the basis of satisfactory evidence to be the person(s) whose
name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they
executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s)
on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed
the instrument.

WITNESS my hand and seal.

Notary Public

Printed Name

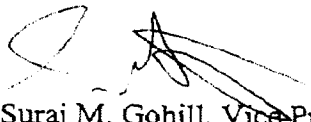
My Commission Expires: _____

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers as of the date first set forth above.

PAWS, INCORPORATED, an Indiana corporation

By: Beverly Purtlebaugh, Vice President

COMERICA BANK-CALIFORNIA, a California banking corporation

By:  Suraj M. Gohill, Vice President

STATE OF INDIANA)
) SS:
COUNTY OF DELAWARE)

On December 27, 2001, before me, Robert C. Beasley, Notary Public, personally appeared Beverly Purtlebaugh, personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/hcr/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and seal.

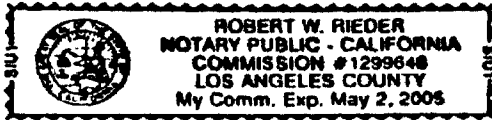
Notary Public-Robert C. Beasley

My Commission Expires: February 5, 2008

STATE OF CALIFORNIA) SS:
COUNTY OF LOS ANGELES

On ~~December 7, 2001~~ ^{January 7, 2002}, before me, Robert Rieder,
Notary Public, personally appeared Suraj Gobill ~~personally~~
~~known to me~~ or proved to me on the basis of satisfactory evidence to be the person(s) whose
name(s) is/are subscribed to the within instrument and acknowledged to me that he/~~she/they~~
executed the same in his/~~her/their~~ authorized capacity(ies), and that by his/~~her/their~~ signature(s)
on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed
the instrument.

WITNESS my hand and seal.



[Signature]
Notary Public

Robert Rieder
Printed Name

My Commission Expires: _____

SCHEDULE A
to Security Agreement for Patents and Trademarks
and Conditional Assignment

(Trademarks)

United States Trademarks

Mark

Registration No.

Registration Date

SCHEDULE B
to Security Agreement for Patents and Trademarks
and Conditional Assignment

(Patents)

United States Patents

Title

1. None

United States
Patent Applications

Title

1. None

Active Invention Files

Title

1. None