

06-19-2002



Form PTO-1594 (Rev. 03/01) OMB No. 0651-0027 (exp. 5/31/2002) Tab settings

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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): Encompass Group, L.L.C. 6.13.02 Individual(s) Association General Partnership Limited Partnership Corporation-State Delaware Other Additional name(s) of conveying party(ies) attached? Yes No

2. Name and address of receiving party(ies) Name: SouthTrust Bank Internal Address: Street Address: 420 North Street, 9th Floor City: Birmingham State: AL Zip: 35203 Individual(s) citizenship Association General Partnership Limited Partnership Corporation-State Other Banking Corporation - Alabama 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

3. Nature of conveyance: Assignment Merger Security Agreement Change of Name Other Execution Date: 5/23/2002

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

5. Name and address of party to whom correspondence concerning document should be mailed: Name: Scott E. Taylor, Esq. Internal Address: Arnall Golden Gregory LLP 2800 One Atlantic Center Street Address: 1201 West Peachtree Street City: Atlantta State: GA Zip: 30309

6. Total number of applications and registrations involved: 39 7. Total fee (37 CFR 3.41): \$ 990.00 Enclosed Authorized to be charged to deposit account 8. Deposit account number: (Attach duplicate copy of this page if paying by deposit account)

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. Scott E. Taylor Name of Person Signing Signature Date 6/13/02 Total number of pages including cover sheet, attachments, and document: 8

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

06/18/2002 TDIAZ1 00000201 76311395

01 FC:481 40.00 OP 02 FC:482 950.00 OP

TRADEMARK REEL: 002528 FRAME: 0213

U.S. Federal Pending Trademark Applications

<u>Mark</u>	<u>Serial No.</u>	<u>Filing Date</u>
SILK EASE	76/311,395	09/10/2001
WORLD OF WELCOME	76/303,123	08/23/2001
E Z WEAR	76/225,809	03/19/2001
OXFORD COLLECTION	76/015,350	04/03/2001
ELITE SERVICE PLAN	75/857,567	11/24/1999

EXHIBIT "A"**U.S. Federal Trademark Registrations**

<u>Mark</u>	<u>Reg. No.</u>	<u>Reg. Date</u>
WHITE SWAN	2,501,984	10/30/2001
HEAVENLY SPIRAL	2,493,560	09/25/2001
META	2,396,069	10/17/2000
METAGUARD	1,591,029	04/10/1990
EXPRESSDRESS	2,391,211	10/03/2000
FUNDAMENTALS	2,388,504	09/19/2000
SCENTUAL SLEEP	2,302,934	12/21/1999
MIRAGUARD	2,325,488	03/07/2000
AROMATHERAPY COMFORT	2,318,160	02/15/2000
THE PILLOW FACTORY, INC.	2,415,004	12/26/2000
HOUSEKEEPER'S PRIDE	2,253,121	06/15/1999
HOUSEKEEPER'S CHOICE	2,253,120	06/15/1999
EXECUTOR	2,297,401	12/07/1999
EXECUTOR 2000	2,423,678	01/23/2001
VELVETY SLEEP	2,231,785	03/16/1999
SATINY COMFORT	2,231,784	03/16/1999
SRC-2000	2,198,094	10/20/1998
FRESH START	2,300,374	12/14/1999
HUG-A-BUDDY	2,160,466	05/26/1998
HUG-A-BUDDY JR.	2,160,465	05/26/1998
SAFECARE SOLUTIONS	2,068,349	06/10/1997
DESIGN	2,061,110	05/13/1997
THE SCRUB BOOK	1,983,149	06/25/1996
OPTIGUARD	1,905,022	08/16/2001
EASY CARE	1,808,487	11/30/1993
ZIP N'SAVE	1,736,665	12/01/1992
ADVENT	1,771,522	05/18/1993
SOFFILL	1,495,689	07/12/1988
POLY PLUS	1,356,666	08/27/1985
DETERGEX	0,423,911	09/17/1946
HOSPITEX	0,816,695	10/11/1966
HOSPITEX	0,816,680	10/11/1966
HOSPITEX	0,805,258	03/08/1966
FUNDAMENTALS BY WHITE SWAN	2,480,421	08/21/2001

TRADEMARK SECURITY AGREEMENT

THIS AGREEMENT is made this 23rd day of May, 2002, between ENCOMPASS GROUP, L.L.C., a Delaware limited liability company (hereinafter referred to as the "Company"), and SOUTHTRUST BANK, an Alabama banking corporation ("Lender"), under and pursuant to the Multi-Facility Loan and Security Agreement (the "Loan Agreement"), dated of even date hereof, between Company and Lender.

WITNESSETH:

WHEREAS, Company desires to obtain a loan from Lender pursuant to the terms of the Loan Agreement; capitalized terms used herein and not defined herein shall have the meanings ascribed thereto in the Loan Agreement; and

WHEREAS, Lender is willing to make a loan to Company from time to time in accordance with the terms of the Loan Agreement, provided Company executes this Agreement;

WHEREAS, Company has contemporaneously herewith pursuant to the Loan Agreement, granted to Lender, a lien upon and security interest in Company's now existing or hereafter acquired inventory and equipment and product specifications relating to products sold under the Trademarks (as hereinafter defined);

NOW, THEREFORE, for Ten Dollars (\$10.00) and other valuable consideration, and in consideration of the premises, Company hereby agrees with Lender as follows:

1. Unless otherwise defined herein, all capitalized terms used herein shall have the meanings ascribed to them in the Loan Agreement.

2. To secure the payment and performance of the Obligations, the Company hereby pledges, assigns and grants Lender, a continuing security interest in and lien upon all of the following property of the Company, whether now owned or existing or hereafter acquired (the "Collateral"):

(a) all trademarks, trademark registrations, tradenames and trademark applications, including, without limitation, the trademarks and applications listed on Schedule A attached hereto and made a part hereof (as the same may be amended from time to time), and (i) all renewals thereof, (ii) all income, royalties, damages and payments now or hereafter due or payable with respect thereto, including, without limitation, damages and payments for past or future infringements thereof, (iii) the right to sue for past, present and future infringements thereof, and (iv) all rights corresponding thereto throughout the world (all of the foregoing trademarks, trademark registrations, tradenames and applications, together with the items described in clauses (i)-(iv), are hereinafter collectively referred to as the "Trademarks"); and

(b) the goodwill of the Company's business connected with and symbolized by the Trademarks.

3. The Company represents and warrants that:

(a) To the best of the Company's knowledge, each of the Trademarks is subsisting and has not been adjudged invalid or unenforceable;

(b) Upon filing of this Agreement in the United States Patent and Trademark Office, this Agreement will create a legal and valid perfected lien upon and security interest in the collateral (other than foreign trademarks), enforceable against Company and all third Persons in accordance with its terms;

(c) No claim has been made that the use of any of the Trademarks does or may violate the rights of any third person; and

(d) The Company has the unqualified right to enter into this Agreement and perform its terms.

4. The Company covenants and agrees that:

(a) Each of the Trademarks is valid and enforceable;

(b) The Company is the sole and exclusive owner of the entire right, title and interest in and to each of the Collateral, free and clear of any liens, charges and encumbrances, including, without limitation, pledges, assignments, licenses (other than licenses granted in the ordinary course of business), registered user agreements and covenants by the Company not to sue third persons;

(c) The Company will maintain the quality of the products associated with the Trademarks, at a level substantially consistent with the quality at the time of this Agreement; and

(d) The Company has used and will continue to use for the duration of this Agreement, proper statutory notice in connection with its use of the Trademarks, including, without limitation, filing an affidavit of use with the United States Patent and Trademark Office during the sixth year of registration for each Trademark as required by law.

5. The Company hereby grants to Lender and its employees and agents the right upon prior notice to the Company to visit the Company's plants and facilities which manufacture, inspect or store products sold under any of the Trademarks and to inspect the products and quality control records relating thereto at reasonable times during regular business hours.

6. The Company agrees that, until all of the Obligations have been satisfied in full, it will not enter into any agreement (including, without limitation, any license agreement) which is inconsistent with the Company's duties under this Agreement.

7. If, before the Obligations have been satisfied in full, the Company shall obtain rights to any new trademarks, or become entitled to the benefit of any trademark application or trademark or any renewal of any Trademark, the provisions of paragraph 2 hereof shall automatically apply thereto, and the Company shall give to Lender prompt notice thereof in writing.

8. The company authorizes Lender to modify this Agreement by amending Schedule A to include any future trademarks and trademark applications within the definition of Trademarks under paragraph 2 or paragraph 7 hereof.

9. Upon and at any time after the occurrence and during the continuation of an Event of Default (as defined in the Loan Agreement), Lender shall have, in addition to all other rights and remedies given it by this Agreement, all rights and remedies under applicable law and all rights and remedies of a secured party under the Uniform Commercial Code as adopted and then in force in the State of Georgia. Without limiting the generality of the foregoing, Lender may immediately, without notice or demand, each of which Company hereby waives, collect directly any payments due the Company in respect of the

Collateral, or sell at public or private sale or otherwise realize upon all or from time to time, any of the Collateral. The Company hereby agrees that ten (10) days written notice to the Company of any public or private sale or other disposition of any of the Collateral shall be reasonable notice; provided, however, that no notice shall be required hereunder if not otherwise required by applicable law. At any such sale or disposition, Lender may, to the extent permitted by law, purchase the whole or any part of the Collateral sold, free from any right of redemption on the part of the Company, which right the Company hereby waives and releases. After deducting from the proceeds of such sale or other disposition of the Collateral all costs and expenses incurred by Lender in enforcing its rights hereunder (including, without limitation, all reasonable attorneys' fees actually incurred), Lender shall apply the remainder of such proceeds to the payment of the Obligations in such order and manner as Lender in its sole discretion may determine. Any remainder of the proceeds after payment in full of the Obligations shall be paid over to the Company. If any deficiency shall arise, the Company, its affiliates that are parties to the Loan Agreement and each guarantor of the Obligations shall remain jointly and severally liable to Lender therefor.

10. The Company hereby makes, constitutes and appoints Lender and any officer or Lender of Lender as Lender may select as the Company's true and lawful attorney-in-fact, with full power to do any or all of the following if an Event of Default shall occur and be continuing: to endorse the Company's name on all applications, documents, papers and instruments necessary for Lender to use the Trademarks, or to grant or issue any exclusive or nonexclusive license under the Trademarks to anyone else, or to assign, pledge, convey or otherwise transfer title in or dispose of the Collateral to anyone else. The Company hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable until all of the Obligations shall have been satisfied in full and the Loan Agreement shall have been terminated.

11. At such time as all of the Obligations shall have been satisfied finally and in full and the Loan Agreement shall have been terminated, Lender shall execute and deliver to the Company all releases and other instruments to terminate Lender's security interest in the Collateral.

12. Any and all fees, costs and expenses, of whatever kind or nature, including reasonable attorneys' fees and legal expenses, actually incurred by Lender in connection with the preparation of this Agreement and all other documents relating hereto and the consummation of this transaction, the filing or recording of any documents (including all taxes in connection therewith) in public offices, the payment or discharge of any taxes, counsel fees, maintenance fees, encumbrances or otherwise protecting, maintaining, or preserving the Collateral, or in defending or prosecuting any actions or proceedings arising out of or related to the Collateral, shall be borne and paid by the company **ON DEMAND** by Lender and shall bear interest at the rate prescribed in the Loan Agreement.

13. The Company shall use its best efforts to detect any infringes of the Trademarks and shall notify Lender in writing of infringements detected.

14. In the event that Company shall fail to enforce any Trademark that is material to its business, Lender shall have the right, but shall in no way be obligated, to bring suit instead in its own name to enforce such Trademark and any license thereunder, in which event the Company shall at the request of Lender do any and all lawful acts (including bringing suit) and execute any and all proper documents required by Lender to add such enforcement, and the Company shall promptly, **upon demand**, reimburse and indemnify Lender for all costs and expenses incurred in exercise of Lender's right under this paragraph 14.

15. If the Company fails to comply with any of its obligations hereunder, to the extent permitted by applicable law, Lender may do so in the Company's name or in Lender's name, but at the Company's

expense, and the Company agrees to reimburse Lender in full for all expenses, including reasonable attorneys' fees actually incurred by Lender in prosecuting, defending or maintaining the Trademarks or Lender's interest therein pursuant to this Agreement.

16. No course of dealing between the Company and Lender, nor any failure to exercise, nor any delay in exercising, on the part of Lender, any right, power or privilege hereunder or under the Loan Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

17. All of Lender's rights and remedies with respect to the Trademarks, whether established hereby or by the Loan Agreement, or by any other agreements or by law shall be cumulative and may be exercised singularly or concurrently.

18. The provisions of this Agreement are severable, and if any clause or provision shall be held invalid and unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Agreement in any jurisdiction.

19. This Agreement is subject to modification only by a writing signed by the parties, except as provided in paragraph 8 hereof.

20. The benefits and burdens of this Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties.

21. Notice of acceptance hereof is hereby waived by the Company.


22. THIS AGREEMENT HAS BEEN NEGOTIATED, EXECUTED AND DELIVERED AT AND SHALL BE DEEMED TO HAVE BEEN MADE IN ATLANTA, GEORGIA. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF GEORGIA.

23. THE COMPANY AND LENDER EACH WAIVES THE RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, PROCEEDING OR COUNTERCLAIM OF ANY KIND ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRADEMARKS.

WITNESS the execution hereof under seal as of the day and year first above written.

ATTEST:



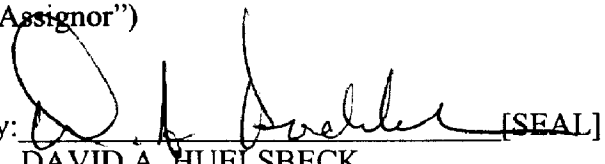


Notary



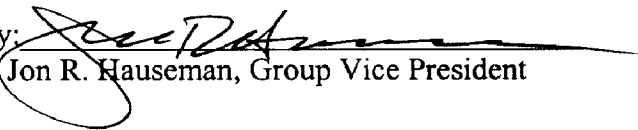
Witness

**ENCOMPASS GROUP, L.L.C., a Delaware
limited liability company**
("Assignor")

By:  [SEAL]

DAVID A. HUELSBECK
President and Chief Operating Officer

Accepted in Atlanta, Georgia:
**SOUTHTRUST BANK, an Alabama banking
corporation**

By: 

Jon R. Hauseman, Group Vice President