

05-23-2005

U.S. DEPARTMENT OF COMMERCE
States Patent and Trademark Office

Form PTO-1594 (Rev. 03/05)
OMB Collection 0651-0027 (exp. 6/30/2005)



RECOF 103007711
TRADEMARKS ONLY

2005 MAY 17 AM 9:39
5/17/05

To the Director of the U. S. Patent and Trademark Office: Please record the attached documents or the new address(es) below.

1. Name of conveying party(ies):
The Talaria Company, LLC

Individual(s) Association
 General Partnership Limited Partnership
 Corporation- State: _____
 Other Limited Liability Company

Citizenship (see guidelines) _____
 Additional names of conveying parties attached? Yes No

2. Name and address of receiving party(ies) Yes
 Additional names, addresses, or citizenship attached? No

Name: Citizens Bank of Massachusetts
 Internal
 Address: _____
 Street Address: 28 State Street
 City: Boston
 State: Massachusetts
 Country: USA Zip: 02110

Association Citizenship _____
 General Partnership Citizenship _____
 Limited Partnership Citizenship _____
 Corporation Citizenship _____
 Other _____ Citizenship _____

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)

3. Nature of conveyance /Execution Date(s) :
 Execution Date(s) May 13, 2005

Assignment Merger
 Security Agreement Change of Name
 Other _____

4. Application number(s) or registration number(s) and identification or description of the Trademark.
 A. Trademark Application No.(s) _____
 B. Trademark Registration No.(s) see attached continuation sheet

Additional sheet(s) attached? Yes No

C. Identification or Description of Trademark(s) (and Filing Date if Application or Registration Number is unknown):
see attached continuation sheet

5. Name & address of party to whom correspondence concerning document should be mailed:
 Name: Debra E. Scribner, Esq.
 Internal Address: _____
 Street Address: Bartlett Hackett Feinberg P. C.
10 High Street, Suite 920
 City: Boston
 State: MA Zip: 02110
 Phone Number: (617) 422-0200
 Fax Number: (617) 896-6290
 Email Address: DES@bostonbusinesslaw.com

6. Total number of applications and registrations involved: 23

7. Total fee (37 CFR 2.6(b)(6) & 3.41) \$ 920.00

Authorized to be charged by credit card
 Authorized to be charged to deposit account
 Enclosed

8. Payment Information:

a. Credit Card	Last 4 Numbers _____	\$ 920.00
	Expiration Date _____	
b. Deposit Account Number	_____	
Authorized User Name	_____	

9. Signature: Debra E. Scribner 5/17/05
 Signature Date

DBYRNE 00000145 2415096
Debra E. Scribner
 40.00 OP
 550.00 NP
 Name of Person Signing

Total number of pages including cover sheet, attachments, and documents: 13

05/20/2005
01 FC:0021
02 FC:8522

Documents to be recorded (including cover sheet) should be faxed to (703) 306-5895, or mailed to: Mail Stop Assignment Recordation Services, Director of the USPTO, P.O. Box 1450, Alexandria, VA 22304-1450

700218562

REEL: 003211 FRAME: 0415

OFFICE OF PTO RECORDATION
2005 MAY 17 AM 9:39
FINANCE SECTION

00000145096

CHECK REFUND TOTAL: 13

Conveying Party: The Talaria Company, LLC
 Receiving Party: Citizens Bank of Massachusetts
 Nature of Conveyance: Security Agreement dated May __, 2005

Continuation of Item Number 4

	Mark	Country	Registration Number	Registration Date
1.	HINCKLEY	USA	2,415,096	12/26/00
2.	HINCKLEY	USA	1,502,956	09/06/88
3.	HINCKLEY	USA	1,376,769	01/07/86
4.	HINCKLEY	USA	888,178	03/24/70
5.	Miscellaneous Design	USA	838,262	11/07/67
6.	H and Design	USA	843,134	01/30/68
7.	SOU'WESTER	USA	440,163	08/17/48
8.	BLACK WATCH	USA	1,646,781	06/04/91
9.	LITTLE HARBOR	USA	1,646,782	06/04/91
10.	WHISPERJET	USA	2,114,506	11/18/97
11.	JETSTICK	USA	2,403,202	11/14/00
12.	PICNIC BOAT	USA	2,372,018	08/01/00
13.	TALARIA	USA	2,382,379	09/05/00
14.	HINCKLEY	USA	2,783,466	11/18/03
15.	The Hinckley Company	USA	2,604,362	08/06/02
16.	Miscellaneous Design	USA	2,774,941	10/21/03
17.	Miscellaneous Design	USA	2,517,428	12/11/01
18.	H and Design	USA	2,588,133	07/02/02
19.	H and Design	USA	2,852,579	06/15/04
20.	DUALGUARD	USA	2,716,034	05/13/03

21.	SOU'WESTER	USA	2,826,789	03/30/04
22.	JETSTICK	USA	2,517,427	12/11/01
23.	LITTLE HARBOR	USA	2,919,049	01/18/05

INTELLECTUAL PROPERTY SECURITY AGREEMENT

This Intellectual Property Security Agreement (this "Agreement"), dated this 13th day of May, 2005, is by The Talaria Company, LLC, a Delaware limited liability company, having an address of One Little Harbor Landing, Portsmouth, RI (the "Debtor"), in favor of Citizens Bank of Massachusetts, a Massachusetts banking corporation, having an address of 28 State Street, Boston, MA 02109 ("Secured Party").

RECITALS

Debtor and Secured Party have entered into and executed a certain Revolving Line of Credit Agreement of even date herewith (the "Loan Agreement"). The obligations of Debtor to Secured Party under the Loan Agreement are further evidenced by (i) a certain Revolving Working Capital Line of Credit Promissory Note of even date herewith from Debtor to Secured Party in the original face amount of \$10,000,000.00; and (ii) a certain Revolving Floor Plan Line of Credit Promissory Note of even date herewith from Debtor to Secured Party in the original principal amount of \$5,000,000.00 (collectively, the "Notes").

The Debtor and Secured Party have agreed that the Debtor shall grant to the Secured Party a security interest in all of the intellectual property owned by the Debtor and have entered into this Agreement to reflect such security interest in favor of the Secured Party.

Accordingly, Debtor and Secured Party, hereby agree as follows:

1. **DEFINITIONS:** As used herein, the following terms shall have the meanings set forth below, or if not defined herein shall have the meanings ascribed to them in the Loan Agreement.

"Intellectual Property"* shall have the meaning assigned to such term in Section 3 hereof.

"IP Collateral" shall have the meaning assigned to such term in Section 2 hereof.

"Licenses" shall mean, collectively, the Patent Licenses and Trademark Licenses.

"Material Adverse Effect" means a material adverse effect on (a) the business, operations, property, assets, or condition, financial or otherwise, of Debtor, (b) the ability of Debtor to perform any material obligation or to pay any Obligations under the Loan Agreement or any of the other Financing Documents, or (c) the validity or enforceability of the Loan Agreement or any of the other Financing Documents or any of the material rights or remedies of the Secured Party thereunder.

"Patents" shall mean all letters patent and applications for letters patent of Debtor, and the inventions and improvements therein disclosed, and any and all divisions, reissues and continuations of said letters patent including, without limitation the patents listed on Exhibit A annexed hereto and made a part hereof.

"Patent Licenses" shall mean all agreements, whether written or oral, providing for the

grant by or to Debtor of any right to manufacture, use or sell any invention covered by a Patent, including, without limitation, the agreements listed on Exhibit A annexed hereto and made a part hereof

“PTO” shall mean the United States Patent and Trademark Office or any other federal governmental agency which may hereafter perform its functions.

“Trademarks” shall mean all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade dress, trade styles, service marks, designs, logos and other source or business identifiers of Debtor, whether registered or unregistered, including, without limitation, the trademarks listed on Exhibit B annexed hereto and made a part hereof, together with all registrations and recordings thereof all applications in connection therewith, and any goodwill of the business connected with, and symbolized by, any of the foregoing.

“Trademark Licenses” shall mean all agreements, whether written or oral, providing for the grant by or to Debtor of any right to use any Trademark, including, without limitation, the agreements listed on Exhibit B annexed hereto and made a part hereof

2. GRANT OF SECURITY INTEREST: As further security for the payment or performance in full of the Obligations, Debtor hereby grants to Secured Party a continuing security interest, with a power of sale (which power of sale shall be exercisable only during the continuance of an Event of Default), in all of the present and future right, title and interest of Debtor in and to the following property, and each item thereof, whether now owned or existing or hereafter acquired or arising, together with all products, proceeds, substitutions, and accessions of or to any of the following property (collectively, the “IP Collateral”):

- (a) All Patents and Patent Licenses.
- (b) All Trademarks and Trademark Licenses.
- (c) All renewals of any of the foregoing.
- (d) All General Intangibles connected with the use of, or related to, any and all Intellectual Property (including, without limitation, all goodwill of Debtor and its business, products and services appurtenant to, associated with, or symbolized by, any or all of the Intellectual Property and the use thereof).
- (e) All income, royalties, damages and payments now and hereafter due and/or payable under and with respect to any of the foregoing, including, without limitation, payments under all Licenses entered into in connection therewith and damages and payments for past or future infringements or dilutions thereof
- (f) The right to sue for past, present and future infringements and dilutions of any of the foregoing.

(g) All of Debtor's rights corresponding to any of the foregoing throughout the world.

3. PROTECTION OF INTELLECTUAL PROPERTY BY Debtor: Except as set forth below in this Section 3, Debtor shall undertake the following with respect to each of the items respectively described in Sections 2(a) and (b) (collectively, the "Intellectual Property"):

(a) Pay all renewal fees and other fees and costs associated with maintaining the Intellectual Property and with the processing of the Intellectual Property and take all other reasonable and necessary steps to maintain each registration of the Intellectual Property.

(b) Take all actions reasonably necessary to prevent any of the Intellectual Property from becoming forfeited, abandoned, dedicated to the public, invalidated or impaired in any way.

(c) At Debtor's sole cost, expense, and risk, pursue the prompt, diligent processing of each application for registration which is the subject of the security interest created herein and not abandon or delay any such efforts.

(d) At Debtor's sole cost, expense, and risk, take any and all action which Debtor reasonably deems appropriate under the circumstances to protect the Intellectual Property from infringement, misappropriation or dilution, including, without limitation, the prosecution and defense of infringement actions.

Notwithstanding the foregoing, so long as no Event of Default has occurred and is continuing, and no Material Adverse Effect would result therefrom, Debtor shall not have an obligation to use or to maintain any Intellectual Property (i) that relates solely to any product, that has been discontinued, abandoned or terminated or (ii) that has been replaced with Intellectual Property substantially similar to the Intellectual Property that maybe abandoned or otherwise become invalid, so long as the failure to use or maintain such Intellectual Property does not materially adversely affect the validity of such replacement Intellectual Property and so long as such replacement Intellectual Property is subject to the lien created by this Agreement.

4. DEBTOR'S REPRESENTATIONS AND WARRANTIES: Debtor represents and warrants that:

(a) Exhibit A is a true, correct and complete list of all Patents and Patent Licenses owned by Debtor as of the date hereof.

(b) Exhibit B is a true, correct and complete list of all Trademarks and Trademark Licenses owned by Debtor as of the date hereof

(c) Except as set forth in Exhibit A and B, none of the Intellectual Property is the subject of any licensing or franchise agreement pursuant to which Debtor is the licensor or franchisor.

(d) All IP Collateral owned by Debtor is, and shall remain, free and clear of all liens, encumbrances, or security interests in favor of any Person, other than liens in favor of the

Collateral Agent and such other liens, claims and encumbrances as maybe permitted by the Loan Agreement or by Secured Party in its sole and absolute discretion from time to time in writing.

(e) Debtor owns, or is licensed to use, all Intellectual Property necessary for the conduct of its business as currently conducted. No material claim has been asserted and is pending by any Person challenging or questioning the use by Debtor of any of its Intellectual Property or the validity or effectiveness of any of its Intellectual Property, nor does Debtor know of any valid basis for any such claim. To the knowledge of Debtor, the use by Debtor of the Intellectual Property does not infringe the rights of any Person. No holding, decision or judgment has been rendered by any governmental authority which would limit, cancel or question the validity of, or Debtor's rights in, any Intellectual Property in any respect that could reasonably be expected to have a Material Adverse Effect on the business or the property of Debtor.

(f) Debtor shall give Secured Party written notice (with reasonable detail) within ten (10) days following the occurrence of any of the following: (i) Debtor's obtaining rights to, and filing applications for registration of, any new Intellectual Property, or otherwise acquiring ownership of any newly registered Intellectual Property (other than Debtor's right to sell products containing the trademarks of others in the ordinary course of Debtor's business), (ii) Debtor's becoming entitled to the benefit of any registered Intellectual Property whether as licensee or licensor (other than Debtor's right to sell products containing the trademarks of others in the ordinary course of Debtor's business), (iii) Debtor's entering into any new Licenses, (iv) Debtor's knowing or having reason to know, that any application or registration relating to any material Intellectual Property may become forfeited, abandoned or dedicated to the public, or of any adverse determination or development (including, without limitation, the institution of, or any such determination or development in, any proceeding in the PTO, the Copyright Office or any court or tribunal) regarding Debtor's ownership of, or the validity of, any material Intellectual Property or Debtor's right to register the same or to own and maintain the same.

5. AGREEMENT APPLIES TO FUTURE INTELLECTUAL PROPERTY:

(a) The provisions of this Agreement shall automatically apply to any such additional property or rights described in subsections (i), (ii) and (iii) of Section 4(f), above, all of which shall be deemed to be and treated as "Intellectual Property" within the meaning of this Agreement.

(b) Upon the reasonable request of Secured Party, Debtor shall execute and deliver and have recorded, any and all agreements, instruments, documents and papers as Secured Party may request to evidence Secured Party's security interest in any Patent or Trademark and the goodwill and General Intangibles of Debtor relating thereto or represented thereby (including, without limitation, filings with the PTO or any similar office), and Debtor hereby constitutes Secured Party as its attorney-in-fact to execute and file all such writings for the foregoing purposes, all acts of such attorney being hereby ratified and confirmed; provided, however, Secured Party's taking of such action shall not be a condition to the creation or perfection of the security interest created hereby.

6. DEBTOR'S RIGHTS TO ENFORCE INTELLECTUAL PROPERTY: Prior to Secured Party's giving of notice to Debtor following the occurrence of an Event of Default, Debtor shall have the exclusive right to sue for past, present and future infringement of the Intellectual Property including the right to seek injunctions and/or money damages, in an effort by Debtor to protect the Intellectual Property against encroachment by third parties, provided, however:

- (a) Debtor first provides Secured Party with written notice of Debtor's intention to so sue for enforcement of any Intellectual Property.
- (b) Any money damages awarded or received by Debtor on account of such suit (or the threat of such suit) shall constitute IP Collateral.
- (c) Following the occurrence of any Event of Default, Secured Party, by notice to Debtor, may terminate or limit Debtor's rights under this Section 6.

7. SECURED PARTY'S ACTIONS TO PROTECT INTELLECTUAL PROPERTY: In the event of:

- (a) Debtor's failure, within five (5) days of written notice from Secured Party, to cure any failure by Debtor to observe or perform any of Debtor's covenants, agreements or other obligations hereunder; and/or
- (b) the occurrence and continuance of any other Event of Default,

Secured Party, acting in its own name or in that of Debtor, may (but shall not be required to) act in Debtor's place and stead and/or in Secured Party's own right in connection therewith.

8. RIGHTS UPON DEFAULT: Upon the occurrence of any Event of Default, Secured Party may exercise all rights and remedies of a secured party upon default under the Uniform Commercial Code as adopted in the Commonwealth of Massachusetts, with respect to the IP Collateral, in addition to which Secured Party may sell, license, assign, transfer, or otherwise dispose of the Intellectual Property. Any person may conclusively rely upon an affidavit of an officer of the Secured Party that an Event of Default has occurred and that Secured Party is authorized to exercise such rights and remedies.

9. SECURED PARTY AS ATTORNEY IN FACT:

- (a) Debtor hereby irrevocably constitutes and designates Secured Party as and for Debtor's attorney in fact, effective following the occurrence and during the continuance of any Event of Default: (i) to supplement and amend from time to time Exhibits A and B of this Agreement to include any new or additional Intellectual Property of Debtor, (ii) to exercise any of the rights and powers referenced herein, (iii) to execute all such instruments, documents, and papers as Secured Party reasonably determines to be appropriate in connection with the exercise of such rights and remedies and to cause the sale, license, assignment, transfer, or other disposition of the Intellectual Property.

(b) The within grant of a power of attorney, being coupled with an interest, shall be irrevocable until this Agreement is terminated by a duly authorized officer of Secured Party.

(c) Secured Party shall not be obligated to do any of the acts or to exercise any of the powers authorized by Section 9(a), but if Secured Party elects to do any such act or to exercise any of such powers, it shall not be accountable for more than it actually receives as a result of such exercise of power, and shall not be responsible to Debtor for any act or omission to act except for any act or omission to act as to which there is a final determination made in a judicial proceeding (in which proceeding Secured Party has had an opportunity to be heard) which determination includes a specific finding that the subject act or omission to act had been grossly negligent or in actual bad faith.

10. SECURED PARTY'S RIGHTS:

(a) Any use by Secured Party of the Intellectual Property, as authorized hereunder in connection with the exercise of Secured Party's rights and remedies under this Agreement and under the Loan Agreement shall be coextensive with Secured Party's rights thereunder and with respect thereto and without any liability for royalties or other related charges.

(b) None of this Agreement, the Loan Agreement, or any act, omission, or circumstance taken or arising hereunder maybe construed as directly or indirectly conveying to Secured Party any present right, title or interest in and to the Intellectual Property, which right, title and interest is effective only following the occurrence of any Event of Default.

11. **INTENT:** This Agreement is being executed and delivered by Debtor for the purpose of registering and confirming the grant of the security interest of Secured Party in the IP Collateral with the PTO. It is intended that the security interest granted pursuant to this Agreement is granted as a supplement to, and not in limitation of the security interest granted to Secured Party under that certain Security Agreement by Debtor to Secured Party of even date herewith covering all business assets of Debtor (the "ABA Security Agreement"). Secured Party shall have the same rights, remedies, powers, privileges and discretions with respect to the security interests created in the IP Collateral as in all other Collateral. In the event of a conflict between this Agreement and the ABA Security Agreement, the terms of this Agreement shall control with respect to the IP Collateral and the ABA Security Agreement with respect to all other Collateral.

12. **CHOICE OF LAWS:** It is intended that this Agreement take effect as a sealed instrument and that all rights and obligations hereunder, including matters of construction, validity, and performance, shall be governed by the laws of The Commonwealth of Massachusetts.

IN WITNESS WHEREOF, Debtor and Secured Party respectively have caused this Agreement to be executed by their respective duly authorized officers as of the date first above written.

DEBTOR

THE TALARIA COMPANY, LLC

Janet L. Wolford
Witness

By: Janet Smith
Name: Janet Smith
Title: Chief Financial Officer

SECURED PARTY

CITIZENS BANK OF MASSACHUSETTS

Nanette Capone
Witness

By: David J. Bugbee
David J. Bugbee, Vice President

Conveying Party: The Talaria Company, LLC
Receiving Party: Citizens Bank of Massachusetts
Nature of Conveyance: Security Agreement dated May 2, 2005

Continuation of Item Number 4

Patent Registrations:

1. Jetstick I---Stick Control System for Waterjet boats
Patent no. 6,234,100
Issued 5/22/01
2. Jetstick II Auto based Steering and Maneuvering system for boats
Patent No 6,230,642
Issued 5/15/01
3. Jetstick II Continuation application
Patent No. 6,308,651
Issued:10/30/01
4. Jetstick II Continuation application 3
Patent No. 6,604,479
Issued:8/12/03
5. Jetstick I Continuation application 2
Patent No. 6,401,644
Issued: 6/11/02
6. Differential Buckets
Patent No. 6,386, 930
Issued May 14, 2002
7. Jetstick I Continuation application 1
Patent No. 6,447,349
Issued September 10, 2002
8. Jetstick I Continuation Application 3
Patent No. 6,453,835
Issued September 24, 2002

Conveying Party: The Talaria Company, LLC
 Receiving Party: Citizens Bank of Massachusetts
 Nature of Conveyance: Security Agreement dated May 12, 2005

Continuation of Item Number 4

	Mark	Country	Registration Number	Registration Date
1.	HINCKLEY	USA	2,415,096	12/26/00
2.	HINCKLEY	USA	1,502,956	09/06/88
3.	HINCKLEY	USA	1,376,769	01/07/86
4.	HINCKLEY	USA	888,178	03/24/70
5.	Miscellaneous Design	USA	838,262	11/07/67
6.	H and Design	USA	843,134	01/30/68
7.	SOU'WESTER	USA	440,163	08/17/48
8.	BLACK WATCH	USA	1,646,781	06/04/91
9.	LITTLE HARBOR	USA	1,646,782	06/04/91
10.	WHISPERJET	USA	2,114,506	11/18/97
11.	JETSTICK	USA	2,403,202	11/14/00
12.	PICNIC BOAT	USA	2,372,018	08/01/00
13.	TALARIA	USA	2,382,379	09/05/00
14.	HINCKLEY	USA	2,783,466	11/18/03
15.	The Hinckley Company	USA	2,604,362	08/06/02
16.	Miscellaneous Design	USA	2,774,941	10/21/03
17.	Miscellaneous Design	USA	2,517,428	12/11/01
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19.	H and Design	USA	2,852,579	06/15/04
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