

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

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|-----------------------|-------------------|
| SUBMISSION TYPE: | NEW ASSIGNMENT |
| NATURE OF CONVEYANCE: | SECURITY INTEREST |

CONVEYING PARTY DATA

| Name | Formerly | Execution Date | Entity Type |
|----------------------|----------|----------------|-------------------------|
| SNAPWARE CORPORATION | | 06/08/2007 | CORPORATION: CALIFORNIA |

RECEIVING PARTY DATA

| | |
|-------------------|-------------------------------------|
| Name: | PARADOX CAPITAL LLC |
| Street Address: | 885 Second Avenue |
| Internal Address: | 49th Floor |
| City: | New York |
| State/Country: | NEW YORK |
| Postal Code: | 10017 |
| Entity Type: | LIMITED LIABILITY COMPANY: DELAWARE |

PROPERTY NUMBERS Total: 13

| Property Type | Number | Word Mark |
|----------------------|----------|-------------------------|
| Registration Number: | 2623543 | MAKE-A-GIFT |
| Registration Number: | 2048888 | SHATTERPROOF FLEXIGLASS |
| Registration Number: | 3194784 | SNAP 'N GO |
| Serial Number: | 76607458 | SNAP 'N LOCK |
| Registration Number: | 2756927 | SNAP 'N SERVE |
| Registration Number: | 1932006 | SNAP WARE |
| Registration Number: | 1817455 | SODA SAVER |
| Serial Number: | 78953269 | DURA-LOCK |
| Serial Number: | 78874348 | EASY MATCH |
| Serial Number: | 78874333 | MODS |
| Serial Number: | 76650872 | SMART STORE |
| Serial Number: | 76408889 | SNAP 'N STACK |
| Serial Number: | 77173107 | SNAP 'N FREEZE |

CH \$340.00 2623543

CORRESPONDENCE DATA

Fax Number: (704)444-8847
Correspondence will be sent via US Mail when the fax attempt is unsuccessful.
Phone: (704) 343-2278
Email: kimberly.saltrick@hmw.com
Correspondent Name: Kimberly Saltrick/Manley Roberts
Address Line 1: 201 North Tryon Street
Address Line 2: Helms Mulliss & Wicker, PLLC
Address Line 4: Charlotte, NORTH CAROLINA 28202

| | |
|-------------------------|---------------------|
| ATTORNEY DOCKET NUMBER: | 5006325-113 |
| NAME OF SUBMITTER: | Manley W. Roberts |
| Signature: | /Manley W. Roberts/ |
| Date: | 06/12/2007 |

Total Attachments: 60

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RECORDATION FORM COVER SHEET TRADEMARKS ONLY

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

| | |
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| <p>1. Name of conveying party(ies): SNAPWARE CORPORATION</p> <p><input type="checkbox"/> Individual(s) <input type="checkbox"/> Association <input type="checkbox"/> General Partnership <input type="checkbox"/> Limited Partnership <input checked="" type="checkbox"/> Corporation- State: <u>CALIFORNIA</u> <input type="checkbox"/> Other _____</p> <p>Citizenship (see guidelines) <u>CALIFORNIA, USA</u> Additional names of conveying parties attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> | <p>2. Name and address of receiving party(ies) <input type="checkbox"/> Yes Additional names, addresses, or citizenship attached? <input type="checkbox"/> No</p> <p>Name: <u>PARADOX CAPITAL LLC</u> Internal Address: <u>49TH FLOOR</u> Street Address: <u>885 SECOND AVENUE</u> City: <u>NEW YORK</u> State: <u>NEW YORK</u> Country: <u>USA</u> Zip: <u>10017</u></p> <p><input type="checkbox"/> Association Citizenship _____ <input type="checkbox"/> General Partnership Citizenship _____ <input type="checkbox"/> Limited Partnership Citizenship _____ <input type="checkbox"/> Corporation Citizenship _____ <input checked="" type="checkbox"/> Other <u>LLC</u> Citizenship <u>DELAWARE USA</u></p> <p>If assignee is not domiciled in the United States, a domestic representative designation is attached: <input type="checkbox"/> Yes <input type="checkbox"/> No (Designations must be a separate document from assignment)</p> |
| <p>3. Nature of conveyance)/Execution Date(s) :</p> <p>Execution Date(s) <u>JUNE 8, 2007</u></p> <p><input type="checkbox"/> Assignment <input type="checkbox"/> Merger <input checked="" type="checkbox"/> Security Agreement <input type="checkbox"/> Change of Name <input type="checkbox"/> Other _____</p> | |

4. Application number(s) or registration number(s) and identification or description of the Trademark.

| | |
|--|---|
| A. Trademark Application No.(s) See SCHEDULE A attached hereto and incorporated herein. | B. Trademark Registration No.(s) See SCHEDULE A attached hereto and incorporated herein. |
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Additional sheet(s) attached? Yes No

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

| | |
|--|---|
| <p>5. Name & address of party to whom correspondence concerning document should be mailed:</p> <p>Name: <u>KIMBERLY SALTRICK / MANLEY ROBERTS</u> Internal Address: <u>HELMS MULLISS & WICKER, PLLC</u> Street Address: <u>201 NORTH TRYON STREET</u> City: <u>CHARLOTTE</u> State: <u>NORTH CAROLINA</u> Zip: <u>28202</u> Phone Number: <u>704-343-2278</u> Fax Number: <u>704-444-8847</u> Email Address: <u>KIMBERLY.SALTRICK@HMW.COM</u></p> | <p>6. Total number of applications and registrations involved: 13</p> <p>7. Total fee (37 CFR 2.6(b)(6) & 3.41) \$ <u>340.00</u></p> <p><input type="checkbox"/> Authorized to be charged by credit card <input type="checkbox"/> Authorized to be charged to deposit account <input checked="" type="checkbox"/> Enclosed</p> <p>8. Payment Information:</p> <p>a. Credit Card Last 4 Numbers _____ Expiration Date _____</p> <p>b. Deposit Account Number _____ Authorized User Name _____</p> |
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9. Signature: *Manley Roberts* 6/8/07
 _____ _____
 Signature Date

MANLEY W. ROBERTS, AS COUNSEL TO PARADOX CAPITAL LLC
 Name of Person Signing

Total number of pages including cover sheet, attachments, and document: 60

Documents to be recorded (including cover sheet) should be faxed to (571) 273-0140, or mailed to:
 Mail Stop Assignment Recordation Services, Director of the USPTO, P.O. Box 1450, Alexandria, VA 22313-1450

**SCHEDULE A
TO RECORDATION FORMS COVERSHEET**

Trademarks

**I. United States Trademarks
Owner: Snapware Corporation**

Active Marks

| Trademark | Application Number | Date | Registration Number | Registration Date | Int'l Class Goods |
|----------------------------|---------------------------|-------------|----------------------------|--------------------------|--------------------------|
| 1. Make-A-Gift | | | 2,623,543 | 09/24/02 | 21 |
| 2. Shatterproof Flexiglass | | | 2,048,888 | 04/01/97 | 21 |
| 3. Snap 'N Go | | | 3,194,784 | 01/02/07 | 21 |
| 4. Snap 'N Lock | | | 76/607,458 | | 21 |
| 5. Snap 'N Serve | | | 2,756,927 | 08/26/03 | 21 |
| 6. Snap Ware | | | 1,932,006 | 10/31/95 | 21 |
| 7. Soda Saver | | | 1,817,455 | 01/18/94 | 21 |
| 8. Dura-Lock | 78/953,269 | 08/16/06 | | | 21 |
| 9. Easy Match | 78/874,348 | 05/20/06 | | | 21 |
| 10. MODS | 78/874,333 | 05/20/06 | | | 21 |
| 11. Smart Store | 76/650,872 | 09/02/03 | | | 21 |
| 12. Snap 'N Stack | 76/408,889 | 05/16/02 | | | 21 |
| 13. Snap 'N Freeze | 77/173, 107 | 05/04/07 | | | 21 |

THIS AGREEMENT IS SUBJECT TO AN INTERCREDITOR AGREEMENT, OF EVEN DATE HEREWITH, AMONG PARADOX CAPITAL LLC AND THE CIT GROUP/COMMERCIAL SERVICES, INC., AND ACKNOWLEDGED AND AGREED TO BY SNAPWARE CORPORATION, AND ANY SUCCESSOR OR ASSIGNEE OF ANY PARTY HERETO SHALL BE BOUND BY SUCH INTERCREDITOR AGREEMENT AS FULLY AS IF SUCH SUCCESSOR OR ASSIGNEE WERE A PARTY THERETO.

INTELLECTUAL PROPERTY SECURITY AGREEMENT

THIS INTELLECTUAL PROPERTY SECURITY AGREEMENT made as of June 8, 2007 (this "Security Agreement"), by SNAPWARE CORPORATION, a California corporation (the "Grantor"), in favor of PARADOX CAPITAL LLC, a Delaware limited liability company ("Paradox").

RECITALS

WHEREAS, pursuant to that certain Loan and Security Agreement dated as of the date hereof by and between the Grantor as borrower and Paradox as lender (such agreement, as amended, modified, supplemented or restated from time to time, being referred to as the "Loan and Security Agreement"), Paradox has agreed to provide a term loan to the Grantor in the amount and manner set forth in the Loan and Security Agreement (the "Loan"); and

WHEREAS, it is a condition to the obligation of Paradox to make the Loan to the Grantor that the Grantor execute and deliver to Paradox this Security Agreement.

AGREEMENT

NOW, THEREFORE, in order to induce Paradox to enter into the Loan and Security Agreement and make the Loan and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and intending to be legally bound, Grantor hereby represents, warrants, covenants and agrees with Paradox, as follows:

1. DEFINED TERMS. When used in this Security Agreement the following terms shall have the following meanings (such meanings being equally applicable to both the singular and plural forms of the terms defined):

1.1 "Collateral" shall have the meaning assigned to such term in Section 2 of this Security Agreement.

1.2 "Copyright License" means any written agreement, in which Grantor now holds or hereafter acquires any right, title or interest, which agreement grants any right in or to any Copyright or Copyright registration (whether Grantor is the licensee or the licensor thereunder)

including, without limitation, licenses pursuant to which Grantor has obtained the exclusive right to use a copyright owned by a third party, a sublicense to use a copyright, a distribution agreement regarding copyrighted works and the right to prepare for sale, sell or advertise for sale, all of the inventory now or hereafter owned by Grantor and now or hereafter covered by such license agreements.

1.3 "Copyrights" means all of the following in which Grantor now holds or hereafter acquires any right, title or interest: (a) all copyrights, whether registered or unregistered, held or existing pursuant to the laws of the United States, any State thereof or any other country; (b) registrations, applications and recordings in the United States Copyright Office or in any similar office or agency of the United States, any State thereof or any other country; (c) any continuations, renewals or extensions of any copyright; (d) any registrations to be issued in any pending applications; (e) any prior versions of works covered by copyright and all works based upon, derived from or incorporating such works; (f) any original embodiments of a work that are necessary for the manufacture or production of a copyrighted work including, without limitation, tools, molds, master tapes, master film reels, master CDs, master DVDs, master disks or other master magnetic or electronic media; (g) any income, royalties, damages, claims and payments now and hereafter due and/or payable with respect to copyrights, including, without limitation, damages, claims and recoveries for past, present or future infringement; (h) any rights to sue for past, present and future infringements of any copyright; and (i) any other rights corresponding to any of the foregoing rights throughout the world.

1.4 "License" means any Copyright License, Patent License, Trademark License or other license of trade secrets now held or hereafter acquired by Grantor.

1.5 "Lien" means any mortgage, lien, deed of trust, charge, pledge, security interest or other encumbrance.

1.6 "Litigation" means any suits, actions, proceedings (administrative, judicial or in arbitration, mediation or alternative dispute resolution), claims or counterclaims for infringement, misappropriation, or other violation of any of the Copyrights, Patents, Trademarks and/or Licenses.

1.7 "Patent License" means any written agreement, in which Grantor now holds or hereafter acquires any right, title or interest, which agreement grants any right with respect to any Patent (whether Grantor is the licensee or the licensor thereunder) including, without limitation, licenses pursuant to which Grantor has obtained the exclusive right to use a patent owned by a third party, a sublicense to use a patent, a distribution agreement regarding one or more patented products or processes and the right to prepare for sale, sell or advertise for sale, all of the inventory now or hereafter owned by Grantor and now or hereafter covered by such license agreements.

1.8 "Patents" means all of the following in which Grantor now holds or hereafter acquires any right, title or interest: (a) all United States or foreign patents (including, without limitation, utility, design and plant patents), all registrations and recordings thereof and all applications for United States or foreign patents, including, without limitation, registrations, recordings and applications in the United States Patent and Trademark Office or in any similar

office or agency of the United States, any State thereof or any other country; (b) all reissues, divisions, continuations, renewals, continuations in part or extensions of any patent; (c) all petty patents, divisionals and patents of addition; (d) all patents to issue in any such applications; (e) all means of manufacturing patented products, including, without limitation, trade secrets, formulas, customer lists, manufacturing processes, mask works, tools, molds and prototypes, (f) any income, royalties, damages, claims and payments now and hereafter due and/or payable with respect to patents, including, without limitation, damages, claims and recoveries for past, present or future infringement; and (g) any rights to sue for past, present and future infringements of any patent.

1.9 “Permitted Encumbrances” means Liens granted by the Grantor to CIT, subject to the CIT Intercreditor Agreement.

1.10 “Secured Obligations” means all obligations of Grantor of any kind under or in connection with this Security Agreement, the Loan and Security Agreement and the other Loan Documents now or hereafter existing including, without limitation, all fees, costs and expenses hereunder or thereunder.

1.11 “Trademark License” means any written agreement, in which Grantor now holds or hereafter acquires any right, title or interest, which agreement grants any license right in and to any Trademark (whether Grantor is the licensee or the licensor thereunder) including, without limitation, licenses pursuant to which Grantor has obtained the exclusive right to use a trademark owned by a third party, a sublicense to use a trademark, a distribution agreement relating to goods or services covered by one or more trademarks and the right to prepare for sale, sell or advertise for sale, all of the inventory now or hereafter owned by Grantor and now or hereafter covered by such license agreements.

1.12 “Trademarks” means any of the following in which Grantor now holds or hereafter acquires any right, title or interest: (a) any United States or foreign trademarks, trade names, corporate names, company names, business names, trade styles, trade dress, service marks, logos, other source or business identifiers, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations and recordings thereof and any applications in connection therewith, including, without limitation, registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country (collectively, the “Marks”); (b) any reissues, extensions or renewals of any Marks, (c) the goodwill of the business symbolized by or associated with the Marks, (d) all domain names, (e) all means of manufacturing goods or offering services covered by the Marks, including, without limitation, trade secrets, formulas, recipes, customer lists, manufacturing processes, tools, molds, designs, plans and prototypes, (f) any income, royalties, damages, claims and payments now and hereafter due and/or payable with respect to the Marks, including, without limitation, payments under all licenses entered into in connection with the Marks and damages, claims, payments and recoveries for past, present or future infringement and (g) any rights to sue for past, present and future infringements of the Marks.

1.13 “UCC” means the Uniform Commercial Code as the same may, from time to time, be in effect in the State of North Carolina; provided, however, in the event that, by reason

of mandatory provisions of law, any or all of the attachment, perfection or priority of Paradox's security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of North Carolina, the term "UCC" shall mean the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such attachment, perfection or priority and for purposes of definitions related to such provisions.

1.14 In addition, the following terms shall be defined terms having the meaning set forth for such terms in the UCC: "Account Debtor" and "Proceeds". Each of the foregoing defined terms shall include all of such items now owned or existing, or hereafter arising or acquired by Grantor.

1.15 All capitalized terms used herein and not otherwise defined herein shall have the respective meanings given to them in the Loan and Security Agreement.

2. GRANT OF SECURITY INTEREST. As collateral security for the prompt and complete payment and performance when due (whether at stated maturity, by acceleration or otherwise) of all the Secured Obligations and in order to induce Paradox to enter into the Loan and Security Agreement, Grantor hereby grants to Paradox a security interest in all of Grantor's right, title and interest, if any, in, to and under the following, whether now owned or existing or hereafter arising or acquired and wheresoever located (collectively, the "Collateral"):

2.1 All Copyrights, Patents and Trademarks including, without limitation, the Copyrights, Patents and Trademarks listed in Schedule A, all Licenses including, without limitation, the Licenses listed in Schedule B and any presently pending Litigation including, without limitation, the Litigation listed in Schedule C;

2.2 The accounts listed in Schedule F and all monies and other property deposited in such accounts; and

2.3 To the extent not otherwise included, all Proceeds of each of the foregoing and all accessions to, substitutions and replacements for and rents, profits and products of each of the foregoing.

3. RIGHTS OF SECURED PARTY; COLLECTION OF ACCOUNTS.

3.1 Notwithstanding anything contained in this Security Agreement to the contrary, Grantor expressly agrees that it shall remain liable under each of its Licenses to observe and perform in all material respects all the conditions and obligations to be observed and performed by it thereunder and that it shall perform all of its duties and obligations thereunder, all in accordance with and pursuant to the terms and provisions of each such License. Paradox shall not have any obligation or liability under any License by reason of or arising out of this Security Agreement or the granting to Paradox of a Lien therein or the receipt by Paradox of any payment relating to any License pursuant hereto, nor shall Paradox be required or obligated in any manner to perform or fulfill any of the obligations of Grantor under or pursuant to any License, 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 License, or to present or file any claim, or to take any action to collect or enforce any performance or the

payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times. Grantor agrees that any rights granted under this Security Agreement to Paradox with respect to all of the Collateral shall be worldwide and without any liability for royalties or other related charges from Paradox to Grantor.

3.2 Paradox authorizes Grantor to collect its accounts and accounts receivable related to the sale, license, settlement, judgment or other disposition of, or otherwise arising from, any of the Collateral (collectively, the "Accounts"), provided that such collection is performed in a commercially reasonable manner, and Paradox may, upon the occurrence and during the continuation of any Event of Default and with prior written notice to Grantor, limit or terminate said authority at any time. Upon the occurrence and during the continuation of any Event of Default, at the request of Paradox, Grantor shall deliver all original and other documents evidencing and relating to such Accounts, including, without limitation, all original orders, invoices and shipping receipts.

3.3 Paradox may at any time, upon the occurrence and during the continuation of any Event of Default, with prior written notice to Grantor of its intention to do so, notify any Account Debtors of Grantor or any parties to the Licenses of Grantor that the Accounts and the right, title and interest of Grantor in and under such Licenses have been assigned to Paradox and that payments shall be made directly to Paradox. Upon the request of Paradox at any time after the occurrence and during the continuation of an Event of Default, Grantor shall so notify such Account Debtors and parties to such Licenses. Upon the occurrence and during the continuation of any Event of Default, Paradox may, in its name or in the name of others, communicate with such Account Debtors and parties to such Licenses to verify with such parties, to Paradox's reasonable satisfaction, the existence, amount and terms of any such Accounts or Licenses.

4. REPRESENTATIONS AND WARRANTIES. Grantor hereby represents and warrants to Paradox, as of the date hereof and as of each of the Closing Date and the Subsequent Advance Date, that:

4.1 Except for Permitted Encumbrances and the security interest granted to Paradox under this Security Agreement, Grantor is the sole legal and equitable owner of all right, title and interest in and to each item of the Collateral in which it purports to grant a security interest hereunder, having good and marketable title thereto, free and clear of any and all Liens, and will continue to be the sole legal and equitable owner of all right, title and interest in and to each item of the Collateral, so long as the Copyrights, Patents, Trademarks and Licenses shall continue in force.

4.2 Except for those with respect to Permitted Encumbrances, (i) no effective security agreement, financing statement, equivalent security or lien instrument or continuation statement covering all or any part of the Collateral exists, and (ii) Grantor has made no previous assignment, transfer or agreements in conflict herewith or constituting a present or future assignment, transfer or encumbrance on any of the Collateral.

4.3 This Security Agreement creates a legal and valid security interest on and in all of the Collateral in which Grantor now has rights. Upon the filing of appropriate financing statements and the filing of a copy of this Security Agreement with the United States Copyright

Office and Patent and Trademark Office, Paradox will have a fully perfected first priority security interest (subject to Permitted Encumbrances) in all of the Collateral in which Grantor now has rights in the United States. This Security Agreement will create a legal and valid and fully perfected first priority security interest in the Collateral in which Grantor later acquires rights, when Grantor acquires those rights and Paradox makes additional filings with the United States Copyright Office, Patent and Trademark Office and/or other offices as are necessary to perfect Paradox's security interest in subsequent ownership rights and interests of Grantor in the Collateral.

4.4 Except for those with respect to Permitted Encumbrances, so long as any Secured Obligation remains outstanding, Grantor will not execute or authorize or consent to the filing in any public office of any effective financing statement or other document or instrument covering the Collateral. Grantor will cause any financing statement or other document or instrument covering the Collateral filed in any public office (other than any such financing statement or other document or instrument evidencing (i) liens in favor of CIT pursuant to the CIT Loan Documents or (ii) liens in favor of Paradox) to be terminated within thirty (30) days after Grantor acquires knowledge or notice thereof.

4.5 On the date hereof, Grantor's chief executive office, principal place of business and the place where Grantor maintains its records concerning the Collateral are located at the address set forth on the signature page hereof on the date hereof, and Grantor's corporate name, type of organization, jurisdiction of organization, and corporate identification number set forth on the signature page hereof on the date hereof are all true and correct.

4.6 Grantor has the full right and power to grant the security interest in the Collateral made hereby.

4.7 All information furnished to Paradox concerning the Collateral and proceeds thereof, for the purpose of inducing Paradox to enter into the Loan and Security Agreement and the transaction contemplated thereby, is or will be at the time the information is furnished, accurate and correct in all material respects.

4.8 To Grantor's actual knowledge and belief after reasonable inquiry, no infringement, breach or unauthorized use presently is being made of any of the Collateral which has or may reasonably be expected to have, alone or in the aggregate, an adverse effect on the value or enforceability of, or any rights of Grantor or Paradox in, any material Collateral. Grantor has advised Paradox of the existence of all material contractual restrictions on the use of the Collateral.

4.9 To the best of Grantor's knowledge and belief, (i) there are no obligations to, covenants to or restrictions from third parties affecting Grantor's use, disclosure, enforcement, transfer or licensing of the Collateral (other than (A) this Security Agreement, (B) the Loan and Security Agreement, (C) the other Loan Documents, and (D) the CIT Loan Documents); (ii) all Patents, Trademarks, Copyrights, and Licenses are valid and enforceable; (iii) Grantor has the right to use all Collateral that is necessary for the operation of Grantor's business as presently conducted and as proposed by Grantor to be conducted; (iv) the Grantor has taken all actions necessary to maintain and protect all Collateral and no loss of such Collateral is pending,

reasonably foreseeable or threatened; (v) there has been no claim made or threatened by or against Grantor asserting the invalidity, misuse or unenforceability of any item of Collateral or challenging Grantor's right to use or ownership of any item of Collateral, and there are no grounds for any such claim or challenge; (vi) there is not and has not been any actual or threatened infringement, misappropriation, breach or other violation of any Collateral, and there are no facts raising a likelihood of infringement, misappropriation, breach or other violation; (vii) except for Permitted Encumbrances, the consummation of the transactions contemplated by (or previously undertaken in reliance on) (A) this Security Agreement, (B) the Loan and Security Agreement, (C) the other Loan Documents, and (D) the CIT Loan Documents will not alter, impair or extinguish any rights of Grantor in the Collateral; (viii) Grantor has not infringed, misappropriated or otherwise violated, and Grantor does not infringe, misappropriate, or otherwise violate, any intellectual property or proprietary right of any other person or entity; and (ix) there has been no claim made or threatened against Grantor alleging infringement, misappropriation or other violation of intellectual property.

5. **COVENANTS.** Grantor covenants and agrees with Paradox that from and after the date of this Security Agreement and until the Secured Obligations have been performed and paid in full:

5.1 **Disposition of Collateral.** Grantor shall not sell, lease, assign, transfer or otherwise dispose of any of the Collateral, or contract to do so. Grantor shall not, without Paradox's prior written consent, enter into any agreement or amend, alter or modify in any material respect any existing agreement, including, without limitation, any license, related to any or all of the Collateral. Grantor also agrees to maintain the quality of any and all merchandise and/or services in connection with which the Trademarks are used, substantially consistent with or better than the quality of said merchandise and/or services as of the date hereof.

5.2 **Relocation of Business or Collateral.** Grantor shall not relocate its chief executive office, principal place of business or its records from such address(es) provided to Paradox pursuant to Section 4.5 above without prior written notice to Paradox.

5.3 **Limitation on Liens on Collateral.** Grantor shall not, directly or indirectly, create, permit or suffer to exist, and shall defend the Collateral against and take such other action as is necessary to remove, any Lien on the Collateral (other than Permitted Encumbrances).

5.4 **Maintenance of Records.** Grantor shall keep and maintain at its own cost and expense records of the Collateral that are complete in all material respects.

5.5 **Registration and Maintenance of Intellectual Property Rights.** Except as would not have an adverse effect on the value or enforceability of, or any rights of Grantor or Paradox in, any material Collateral, Grantor shall (i) use commercially reasonable efforts to prosecute any Patent, Trademark or Copyright pending as of the date hereof or thereafter, (ii) promptly make applications for, register or cause to be registered (to the extent not already registered and consistent with good faith business judgment) any Copyright, Copyright License, any Patent, Patent License, any Trademark or Trademark License, which is (a) set forth in Schedule A or Schedule B or (b) is individually or in the aggregate, material to the conduct of Grantor's business, with the United States Copyright Office or Patent and Trademark Office, as

applicable, including, without limitation, in all such cases the filing and payment of maintenance, registration and/or renewal fees, the filing of applications for renewal, affidavits of use, affidavits of noncontestability, the filing and diligent prosecution of opposition, interference and cancellation proceedings, and promptly responding to all United States Copyright Office or Patent and Trademark Office requests and inquiries. Except as would not have an adverse effect on the value or enforceability of, or any rights of Grantor or Paradox in, any material Collateral, Grantor also agrees to preserve and maintain all rights in the Collateral. Any expenses incurred in connection with prosecution, registration and maintenance shall be borne by the Grantor. Grantor further agrees to retain experienced patent, trademark and copyright attorneys for the filing and prosecution of all such applications and other proceedings when and if applicable. Except as would not have an adverse effect on the value or enforceability of, or any rights of Grantor or Paradox in, any material Collateral, Grantor shall not, without Paradox's prior written consent, abandon any rights in or fail to pay any maintenance or renewal fee for any Patent, Trademark or Copyright listed in Schedule A or breach, terminate, fail to renew or extend, or fail to perform any duties or obligations for any License listed in Schedule B. Grantor further agrees that it will not take any action, or permit any action to be taken by any Person to the extent that such Person is subject to its control, including licensees, or fail to take any action, which would affect the validity, priority, perfection or enforcement of the rights granted to Paradox under this Security Agreement, and any such action if it shall take place shall be null and void and of no effect whatsoever. If Grantor fails to comply with any of the foregoing provisions of this Section 5.5, Paradox shall have the right (but shall not be obligated) to do so on behalf of Grantor to the extent permitted by law, but at Grantor's expense, and Grantor hereby agrees, jointly and severally, to reimburse Paradox in full for all expenses, including the fees and disbursements of counsel incurred by Paradox in procuring, protecting, defending and maintaining the Collateral. In the event that Grantor shall fail to pay when due any fees required to be paid by it hereunder, or shall fail to comply with any other duty under this Security Agreement, Paradox may, but shall not be required to, pay, satisfy, discharge or bond the same for the account of Grantor, and all monies so paid out shall be Secured Obligations of Grantor repayable on demand (which demand obligations Grantor agrees to pay), together with interest at the rate applicable to the Loan.

5.6 Notification Regarding Changes in Intellectual Property. Grantor shall promptly advise Paradox of any right, title or interest of Grantor obtained after the date hereof in or to any material Copyright, Patent, Trademark or License not specified on Schedule A hereto, the provisions of Section 2 above shall automatically apply thereto, and Grantor hereby authorizes and appoints Paradox as Grantor's attorney-in-fact solely to the extent necessary to modify or amend such Schedule, as necessary, to reflect any addition or deletion to such ownership rights, and pursuant to Schedule D, to make any additional filings. Grantor hereby authorizes Paradox to modify this Security Agreement by amending Schedules A and B to include any future Copyrights, Patents, Trademarks or Licenses that are Collateral under Section 2 above. Paradox will make good faith efforts to provide copies of such amended Schedules A and B to Grantor, provided that, Paradox's failure to provide such copies shall not constitute a breach of this Agreement nor render such amendments ineffective. In addition to any requirements in this Security Agreement for notification, Grantor shall also provide Paradox with quarterly reports that identify the status of the Collateral, any new Copyrights, Patents, Trademarks and/or Licenses, any newly filed applications, the status of any pending applications, the payment of any maintenance or renewal fees, the status of Litigation and licensing, any

threats of Litigation, the identification of any known or suspected infringers and the discovery of any prior art or any other information that may affect the validity or enforceability of the Collateral.

5.7 Defense of Intellectual Property. Grantor shall (i) protect, defend and maintain the validity and enforceability of all material current and future Copyrights, Patents and Trademarks, (ii) use its commercially reasonable efforts to detect material infringements of such Copyrights, Patents and Trademarks and promptly advise Paradox in writing of material infringements detected and (iii) not allow any material Copyrights, Patents or Trademarks to be abandoned, forfeited or dedicated to the public. Grantor shall not commence, or cause to be commenced, any action, proceeding, lawsuit, mediation or arbitration relating to the Collateral without the prior written consent of Paradox, such consent not to be unreasonably withheld, nor shall Grantor engage in any activity or conduct that could give rise to declaratory judgment jurisdiction. At Grantor's sole expense, Paradox shall have the right (but shall not be obligated) to select counsel and/or participate in any action, proceeding, lawsuit, mediation or arbitration that could affect the rights in, validity or enforceability of the Collateral. In addition, any proposed settlement or compromise of any action, proceeding, lawsuit, mediation or arbitration that could affect value, validity or enforceability of, or any rights of Grantor or Paradox in, the Collateral must be approved, in writing, by Paradox.

5.8 Further Assurances; Pledge of Instruments. At any time and from time to time, upon the written reasonable request of Paradox, and at the sole expense of Grantor, Grantor shall promptly and duly execute and deliver any and all such further instruments and documents (including, without limitation, control agreements) and take such further action as Paradox may reasonably deem necessary or desirable to obtain the full benefits of this Security Agreement, including, without limitation, facilitating the filing of UCC-1 Financing Statements in all applicable jurisdictions and this Security Agreement (and any amendment hereto) or any other document that Paradox may reasonably deem necessary, including, without limitation, any filing described in Schedule D or any other collateral assignment (and any amendments thereto), with the United States Copyright Office, Patent and Trademark Office and/or the state or foreign equivalents of these offices, as applicable.

5.9 Right of Inspection and Audit. Subject to the limitations set forth in Section 6.7 of the Loan and Security Agreement, upon reasonable notice to Grantor (unless an Event of Default has occurred and is continuing, in which case no notice is necessary), Paradox shall at all times have full and free access during normal business hours (or during an Event of Default at any time) to all the books, records, correspondence, office, facilities and operations of the Grantor, including, without limitation, Grantor's quality control processes, and Paradox or any agents or representatives of Paradox may examine the same, take extracts therefrom and make photocopies thereof, and Grantor agrees to render to Paradox, at Grantor's cost and expense, such clerical and other assistance as may be reasonably requested with regard thereto, provided, however, that (unless an Event of Default has occurred and is continuing) (a) Grantor shall have the right to be present during Paradox's examination and (b) such examination shall not unreasonably interfere with the conduct of Grantor's business.

5.10 Continuous Perfection. Grantor shall not change its name, identity, corporate structure, jurisdiction of organization or corporation identification number in any manner which

might make any financing or continuation statement filed in connection herewith seriously misleading within the meaning of Section 9-506 of the UCC (or any other then applicable provision of the UCC) unless Grantor gives Paradox thirty (30) days prior written notice thereof and takes all action necessary or reasonably requested by Paradox to amend such financing statement or continuation statement so that it is not seriously misleading.

5.11 Power of Attorney. Effective only upon the occurrence and during the continuation of an Event of Default, Grantor hereby irrevocably appoints Paradox (and any of Paradox's designated officers or employees) as Grantor's true and lawful attorney to in accordance with the terms hereof: (a) send requests for verification of Accounts and Licenses or notify account debtors or licensees of Paradox's security interest in the Accounts and Licenses; (b) endorse Grantor's name on any checks or other forms of payment or security that may come into Paradox's possession in connection with the Collateral; (c) sign Grantor's name on any invoice or bill of lading relating to any Account, drafts against account debtors, schedules and assignments of Accounts and Licenses, verifications of Accounts and Licenses, and notices to account debtors and licensees, (d) make, settle and adjust all claims under and decisions with respect to Grantor's policies of insurance relating to the Collateral; (e) settle and adjust disputes and claims respecting the Accounts and Licenses directly with account debtors and licensees, for amounts and upon terms which Paradox determines to be reasonable; (f) modify, in its sole discretion, any intellectual property security agreement entered into between Grantor and Paradox without first obtaining Grantor's approval of or signature to such modification by amending reference to any right, title or interest in any Copyright, Patent, Trademark or License, acquired by Grantor after the execution hereof or to delete any reference to any right, title or interest in any Copyright, Patent, Trademark or License, in which Grantor no longer has or claims any right, title or interest; (g) endorse Grantor's name on all applications, documents, papers and instruments necessary or desirable for Paradox in the use of the Collateral, (h) take any other actions with respect to the Collateral as Paradox deems in the best interest of Paradox (consistent with any enforceable restrictions in Licenses to Grantor); (i) grant or issue any exclusive or non-exclusive license under the Collateral to anyone (consistent with any enforceable restrictions in Licenses to Grantor) or (j) assign, pledge, convey or transfer title in or dispose of the Collateral to anyone, including Paradox or a third party to the extent permitted under the UCC, free and clear of any encumbrance upon title thereof (other than any encumbrance created by this Security Agreement and consistent with any enforceable restrictions in Licenses to Grantor). Grantor hereby irrevocably appoints Paradox (and any of Paradox's designated officers or employees) as Grantor's true and lawful attorney to and in accordance with the terms hereof: (x) file, in its sole discretion, one or more financing or continuation statements and amendments thereto, relative to any of the Collateral without the signature of Grantor where permitted by law; and (y) with respect to the Trademarks, file a copy of this Security Agreement with the U.S. Patent and Trademark Office. The appointment of Paradox as Grantor's attorney in fact, and each and every one of Paradox's rights and powers, being coupled with an interest, is irrevocable until all of the Secured Obligations have been fully repaid and performed and Paradox's obligation to provide advances under the Loan Documents is terminated. Grantor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue of this Security Agreement.

6. RIGHTS AND REMEDIES UPON DEFAULT.

6.1 If any Event of Default shall occur and be continuing, Paradox may exercise in addition to all other rights and remedies granted to it under this Security Agreement and under any other instrument or agreement securing, evidencing or relating to the Secured Obligations, all rights and remedies of a secured party under the UCC. Without limiting the generality of the foregoing, Grantor expressly agrees that in any such event, and during the existence and continuation of an Event of Default, Paradox, 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 Grantor or any other Person (all and each of which demands, advertisements and notices are hereby expressly waived to the maximum extent permitted by the UCC and other applicable law), may forthwith maintain collect, receive, appropriate and realize upon the Collateral, or any part thereof, and may forthwith sell, lease, license, assign, give an option or options to purchase or sell or otherwise dispose of and deliver said Collateral (or contract to do so), or any part thereof (consistent with any enforceable restrictions in Licenses to Grantor), in one or more parcels at public or private sale or sales, at any exchange or broker's board or at any of Paradox'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. Paradox 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 said Collateral so sold, free of any right or equity of redemption, which equity of redemption Grantor hereby releases. During the period of any Event of Default, all proceeds from the use of the Trademarks by Grantor shall inure to the benefit of Paradox. Paradox shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale as provided in Section 6.4 hereof, Grantor remaining liable for any deficiency remaining unpaid after such application, and to the extent required by the UCC, only after so paying over such net proceeds and after the payment by Paradox of any other amount required by any provision of law, need Paradox account for the surplus, if any, to the Grantor. To the maximum extent permitted by applicable law, Grantor waives all claims, damages, and demands against Paradox arising out of the repossession, retention or sale of the Collateral except such as arise out of the gross negligence or willful misconduct of Paradox. Grantor agrees that Paradox need not give more than ten (10) days' notice (which notice shall be deemed given when personally delivered or on the date that is three (3) calendar days after the date on which it is mailed, postage prepaid, addressed to Grantor at its address set forth on the signature page hereof or at any other address provided by Grantor to Paradox after the date hereof in the manner specified in Section 11.6 of the Loan and Security Agreement) of the time and place of any public sale or of the time after which a private sale may take place and that such notice is reasonable notification of such matters. Grantor shall remain liable for any deficiency if the proceeds of any sale or disposition of the Collateral are insufficient to pay all amounts to which Paradox is entitled, Grantor also being liable for the reasonable fees of any attorneys employed by Paradox to collect such deficiency.

6.2 Grantor also agrees, jointly and severally, to pay all fees, costs and expenses of Paradox, including, without limitation, reasonable attorneys' fees, reasonably incurred in connection with the enforcement of any of its rights and remedies hereunder.

6.3 Grantor hereby waives presentment, demand, protest or any notice (to the maximum extent permitted by applicable law) of any kind in connection with this Security Agreement or any Collateral.

6.4 The Proceeds of any sale, disposition or other realization upon all or any part of the Collateral shall be distributed by Paradox in the following order of priorities:

FIRST, to Paradox in an amount sufficient to pay in full the reasonable costs of Paradox in connection with such sale, disposition or other realization, including all fees, costs, expenses, liabilities and advances reasonably incurred or made by Paradox in connection therewith, including, without limitation, reasonable attorneys' fees;

SECOND, to Paradox in an amount equal to the then unpaid Secured Obligations; and

FINALLY, upon payment in full of the Secured Obligations, to the Grantor or its representatives, in accordance with the UCC or as a court of competent jurisdiction may direct.

7. PARADOX'S RIGHT TO SUE. From and after the occurrence and during continuation of an Event of Default, Paradox shall have a right, but shall in no way be obligated, to bring suit for past, present and future damages in its own name and for its own benefit to enforce the Copyrights, Patents, Trademarks and Licenses, and if Paradox commences any such suit, Grantor shall, at the request of Paradox, use commercially reasonable efforts to do any and all lawful acts and execute any and all proper documents required by Paradox in aid of such enforcement.

8. RESERVED.

9. LIMITATION ON PARADOX'S DUTY IN RESPECT OF COLLATERAL. Paradox shall deal with the Collateral in the same manner as it deals with similar property for its own account. Paradox shall be deemed to have acted reasonably in the custody, preservation and disposition of any of the Collateral if it takes such action as Grantor requests in writing, but failure of Paradox to comply with any such request shall not in itself be deemed a failure to act reasonably and no failure of Paradox to do any act not so requested shall be deemed a failure to act reasonably.

10. RESERVED.

11. MISCELLANEOUS.

11.1 No Waiver; Cumulative Remedies.

11.1.1 Paradox shall not by any act, delay, omission or otherwise be deemed to have waived any of its respective rights or remedies hereunder, nor shall any single or partial exercise of any right or remedy hereunder on any one occasion preclude the further exercise thereof or the exercise of any other right or remedy.

11.1.2 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. Grantor

acknowledges and agrees that this Security Agreement is not intended to limit or restrict in any way the rights and remedies of Paradox but rather is intended to facilitate the exercise of such rights and remedies. Paradox shall have, in addition to all other rights and remedies given it by the terms of this Security Agreement, all rights and remedies allowed by law and the rights and remedies of a secured party under the UCC. Recourse to security will not be required at any time.

11.1.3 None of the terms or provisions of this Security Agreement may be waived, altered, modified or amended except by an instrument in writing, duly executed by Grantor and Paradox.

11.2 Releases.

11.2.1 This Security Agreement is made for collateral purposes only. Subject to Section 11.2.2 below, at such time as the Secured Obligations shall have been paid and performed in full and the Grantor has no further obligations under or with respect to the Loan and Security Agreement or the other Loan Documents, the Collateral shall be automatically released from the Liens created hereby, and this Security Agreement and all obligations of Paradox and the Grantor hereunder shall automatically terminate, all without delivery of any instrument or performance of any act by any party, and all rights to the Collateral shall revert to Grantor. At the request and sole expense of Grantor following any such termination, Paradox shall deliver to Grantor all termination statements, releases or other instruments as may be necessary or proper to revest in the Grantor (without recourse to or warranty by Paradox, except for encumbrances created by Paradox, provided that no such recourse or warranty shall apply to any Collateral sold or otherwise disposed of by Paradox pursuant to this Security Agreement) all right, title and interest in and to the Collateral granted in this Security Agreement, subject to any acceptance or disposition of Collateral which may have been made by Paradox pursuant to this Security Agreement.

11.2.2 This Security Agreement and the security interests granted herein shall remain in full force and effect and continue to be effective if at any time payment and performance of the Secured Obligations, or any part thereof, is, pursuant to applicable law, avoided, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Secured Obligations, whether as a "voidable preference," "fraudulent conveyance" or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is avoided, rescinded, reduced, restored or returned, the Secured Obligations and the security interests granted herein shall be reinstated and the Secured Obligations shall be deemed reduced only by such amount paid and not so avoided, rescinded, reduced, restored or returned. The provisions of this Section 11.2.2 shall survive repayment of all of the Secured Obligations, and the termination of this Security Agreement in any manner.

11.3 **Successor and Assigns.** This Security Agreement and all obligations of Grantor hereunder shall be binding upon the successors and permitted assigns of Grantor, and shall, together with the rights and remedies of Paradox hereunder, inure to the benefit of Paradox, any future holder of any of the Secured Obligations and their respective successors and assigns. Paradox may, without cost or expense to Grantor, assign all or any part of, or any interest (undivided or divided) in, Paradox's rights and benefits under this Security Agreement including,

without limitation, the right, title or interest in and to the Collateral. To the extent of any assignment by Paradox, the assignee shall have the same rights and benefits against Grantor hereunder as it would have had if such assignee were Paradox. Grantor shall not assign this Security Agreement without the prior written consent of Paradox, which consent may be granted or withheld at the sole discretion of Paradox. No sales of participations, other sales, assignments, transfers or other dispositions of any agreement governing or instrument evidencing the Secured Obligations or any portion thereof or interest therein shall in any manner affect the Lien granted to Paradox hereunder.

11.4 **Notices.** All notifications and other communications permitted or required under this Security Agreement shall be in writing and delivered to the Persons and in the manner specified in the Loan and Security Agreement.

11.5 **Counterparts.** This Security Agreement may be executed in any number of separate counterparts, each of which, when so executed, shall be deemed an original, and all of said counterparts taken together shall be deemed to constitute but one and the same instrument.

11.6 **Severability.** If any provision of this Security Agreement is held to be unenforceable under applicable law for any reason, it shall be adjusted, if possible, rather than voided in order to achieve the intent of the parties to the extent possible. In any event, all other provisions of this Security Agreement shall be deemed valid and enforceable to the fullest extent possible under applicable law.

11.7 **Governing Law.** IN ALL RESPECTS, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, THIS SECURITY AGREEMENT AND THE SECURED OBLIGATIONS ARISING HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NORTH CAROLINA APPLICABLE TO CONTRACTS MADE AND PERFORMED IN SUCH STATE EXCEPT TO THE EXTENT THAT PERFECTION OR THE EFFECT OF PERFECTION OF ANY SECURITY INTEREST IN THE COLLATERAL MAY BE GOVERNED BY THE LAWS OF ANY OTHER JURISDICTION.

11.8 **Consent to Jurisdiction and Service of Process; Waiver of Jury Trial.** ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST EACH PARTY HERETO WITH RESPECT TO THIS SECURITY AGREEMENT MAY BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION SITTING IN MECKLENBURG COUNTY, NORTH CAROLINA, AND BY EXECUTION AND DELIVERY OF THIS SECURITY AGREEMENT, EACH PARTY HERETO ACCEPTS, FOR ITSELF AND IN CONNECTION WITH ITS PROPERTIES, GENERALLY AND UNCONDITIONALLY, THE NONEXCLUSIVE JURISDICTION OF THE AFORESAID COURTS, AND IRREVOCABLY AGREES TO BE BOUND BY ANY FINAL JUDGMENT RENDERED THEREBY IN CONNECTION WITH THIS SECURITY AGREEMENT FROM WHICH NO APPEAL HAS BEEN TAKEN OR IS AVAILABLE. EACH PARTY HERETO IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO ITS NOTICE ADDRESS, SUCH SERVICE TO BECOME EFFECTIVE TEN (10) DAYS AFTER SUCH MAILING.

EACH OF PARTIES HERETO IRREVOCABLY WAIVES (I) TO THE EXTENT PERMITTED BY APPLICABLE LAW, TRIAL BY JURY IN ANY ACTION OR PROCEEDING WITH RESPECT TO THIS SECURITY AGREEMENT AND (II) ANY OBJECTION (INCLUDING, WITHOUT LIMITATION, ANY OBJECTION OF THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS) WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY SUCH ACTION OR PROCEEDING WITH RESPECT TO THIS SECURITY AGREEMENT IN ANY JURISDICTION SET FORTH ABOVE. NOTHING HEREIN SHALL AFFECT THE RIGHT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR SHALL LIMIT THE RIGHT OF PARADOX TO BRING PROCEEDINGS AGAINST GRANTOR IN THE COURTS OF ANY OTHER JURISDICTION.

11.9 **Advice of Counsel.** Grantor represents to Paradox that Grantor's attorneys have reviewed this Security Agreement and that it has discussed this Security Agreement with its attorneys.

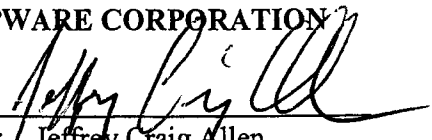
11.10 **Section and Heading Titles.** The section and heading titles are for convenience and reference only and shall not affect in any way the interpretation of any of the provisions of this Security Agreement.

11.11 **No Inconsistent Requirements.** This Security Agreement, the Loan and Security Agreement and the other Loan Documents may use or require several different limitations, requirements, covenants, representations, warranties, tests or measurements ("Limitations") to regulate the same or similar matters. All such Limitations are cumulative and shall each be performed, observed or complied with in accordance with their terms.

(Remainder of page intentionally left blank)

IN WITNESS WHEREOF, each of the parties hereto has caused this Security Agreement to be executed and delivered by its duly authorized officer on the date first set forth above.

SNAPWARE CORPORATION

By: 
Name: Jeffrey Craig Allen
Title: Chief Financial Officer

[CORPORATE SEAL]

Type of Organization:

Corporation

Jurisdiction of Organization:

California

Corporate Identification Number:

C1689490 (California)

[] (FEIN)

Address:

3900 Hamner Avenue
Mira Loma, CA 91752

ACCEPTED AND ACKNOWLEDGED BY:

PARADOX CAPITAL LLC

By: _____
Name: Edward P. Meintzer
Title: Vice President

IN WITNESS WHEREOF, each of the parties hereto has caused this Security Agreement to be executed and delivered by its duly authorized officer on the date first set forth above.

SNAPWARE CORPORATION

By: _____

Name: Jeffrey Craig Allen

[CORPORATE SEAL]

Title: Chief Financial Officer

Type of Organization:

Corporation

Jurisdiction of Organization:

California

Corporate Identification Number:

C1689490 (California)

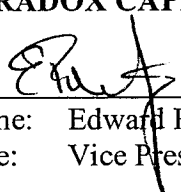
[] (FEIN)

Address:

3900 Hamner Avenue
Mira Loma, CA 91752

ACCEPTED AND ACKNOWLEDGED BY:

PARADOX CAPITAL LLC

By:  _____

Name: Edward P. Meintzer

Title: Vice President

Schedule A To Security Agreement

INTELLECTUAL PROPERTY

Copyrights

N/A

C854567

C854567

SAPWARE INTELLECTUAL PROPERTY SECURITY AGREEMENT
SIGNATURE PAGE

Trademarks

See attached.

Trademarks

I. United States Trademarks

Owner: Snapware Corporation

Active Marks

| Trademark | Application Number | Date | Registration Number | Registration Date | Int'l Class Goods |
|-------------------------|--------------------|----------|---------------------|-------------------|-------------------|
| Make-A-Gift | | | 2,623,543 | 09/24/02 | 21 |
| Shatterproof Flexiglass | | | 2,048,888 | 04/01/97 | 21 |
| Snap 'N Go | | | 3,194,784 | 01/02/07 | 21 |
| Snap 'N Lock | | | 76/607,458 | | 21 |
| Snap 'N Serve | | | 2,756,927 | 08/26/03 | 21 |
| Snap Ware | | | 1,932,006 | 10/31/95 | 21 |
| Soda Saver | | | 1,817,455 | 01/18/94 | 21 |
| Dura-Lock | 78/953,269 | 08/16/06 | | | 21 |
| Easy Match | 78/874,348 | 05/20/06 | | | 21 |
| MODS | 78/874,333 | 05/20/06 | | | 21 |
| Smart Store | 76/650,872 | 09/02/03 | | | 21 |
| Snap 'N Stack | 76/408,889 | 05/16/02 | | | 21 |
| Snap 'N Freeze | 77/173, 107 | 05/04/07 | | | 21 |

Trademarks

II. Foreign Trademarks

Owner: Snapware Corporation

Active Marks

| Country | Trademark | Application Number | Date | Registration Number | Registration Date | Int'l Class Goods |
|------------|---------------|--------------------|----------|---------------------|-------------------|-------------------|
| Canada | Soda Saver | | | 433690 | 09/23/94 | 21 |
| Canada | Snap Ware | | | 441571 | 03/31/95 | 21 |
| Chile | Snap Ware | | | 499,969 | 04/06/98 | 21 |
| Australia | Snap Ware | | | 786119 | 11/05/99 | 21 |
| Argentina | Snap Ware | | | 1,661,490 | 03/20/98 | 21 |
| Peru | Snap Ware | | | 35689 | 1997 | 21 |
| EPC | Snap Ware | | | 452227 | 08/25/99 | 21 |
| Columbia | Snap Ware | | | 201374 | 09/23/97 | 21 |
| Mexico | Snap Ware | | | 547117 | 04/25/97 | 21 |
| Brazil | Snap Ware | | | 820683604 | Pending | 21 |
| Guatemala | Snap Ware | | | 8618 | 07/02/97 | 21 |
| Japan | Snap Ware | | | 4211397 | 11/13/98 | 21 |
| Costa Rica | Snap Ware | | | 108,281 | 07/03/98 | 21 |
| Honduras | Snap Ware | | | | Pending | 21 |
| Germany | Snap 'N Serve | | | 301 59 453 | 01/14/02 | 21 |
| Japan | Snap 'N Lock | | | 4,899,637 | 10/07/05 | 21 |
| Canada | Smart Store | 1299028 | 04/25/06 | | | 21 |

Patents

See attached.

Patents

I. United States Patents

Owner: Snapware Corporation

| Issue Date | Patent Number | Title | Expiration Date |
|------------|---------------|---|-----------------|
| 12/21/93 | D342,455 | Measuring Spoon | 12/21/2007 |
| 12/13/05 | D512,606 | Container | 12/13/2019 |
| 01/13/98 | D389,067 | Container | 1/13/2012 |
| 04/09/02 | D455,321 | Container and Sealing Cover | 4/9/2016 |
| 01/03/06 | 6,981,607 | Container Cap Assembly | 1/3/2026 |
| 06/01/04 | D490,708 | Container Cap Assembly | 6/1/2018 |
| 01/23/96 | D366,418 | Container Closure Cap | 1/23/2010 |
| 07/25/06 | 7,080,754 | Container/Hinged Lid Assembly | 7/25/2026 |
| 04/03/07 | D539,562 | Gift Wrapping Center | 4/3/2021 |
| 12/10/96 | 5,582,314 | Latch Device For Container Cap Assembly | 12/10/2016 |
| 06/14/94 | 5,320,232 | Positive-Sealing Bottle Cap | 6/14/2014 |
| 04/26/94 | 5,305,900 | Positive-Sealing Bottle Cap | 4/26/2014 |
| 03/31/98 | D392,845 | Stackable Container With Removable Cover Member | 3/31/2012 |
| 11/22/05 | D511,632 | Stackable Tray Assembly | 11/22/2019 |
| 08/27/04 | 10,928,008 | Container Cap Assembly | 8/27/2024 |

II. Foreign Patents

Owner: Snapware Corporation

| Issue Date | Patent Number | Title | Country |
|------------|---------------|-----------------------------|-------------|
| | 945267 | Container Closure Cap | France |
| 09/27/94 | M9407649.9 | Container Closure Cap | Germany |
| 09/26/94 | 121768 | Container Closure Cap | Switzerland |
| 09/20/00 | 69250 | Container Closure Cap | Italy |
| 03/28/94 | D2042269 | Container Closure Cap | UK |
| | 9800427 | Container Closure Cap | Hong Kong |
| | 97 3976 | Container | France |
| 09/04/98 | 1025498 | Container | Japan |
| 2001 | 2103414 | Container and Sealing Cover | UK |
| 10/07/02 | 00151991/3 | Container and Sealing Cover | Spain |
| 01/14/02 | 40106811 | Container and Sealing Cover | Germany |
| 06/24/05 | 014429 | Container and Sealing Cover | France |
| 06/21/02 | 33903-00 | Container and Sealing Cover | Benelux |
| | 83488 | Container and Sealing Cover | Italy |

TRADEMARK

REF: 005355 FROM SNAPWARE CORP. 981 381 3200

| | | | |
|----------|----------------|-----------------------------|--------|
| 09/16/03 | 97158 | Container and Sealing Cover | Canada |
| 02/27/04 | 000158431-0001 | Container Cap Assembly | EPC |
| 02/24/04 | 106.021 | Container Cap Assembly | Canada |
| 02/27/04 | 2004-5980 | Container Cap Assembly | Japan |
| | 000262548-0001 | Container | EPC |

Patent Applications

| Application Date | Application Number | Title | Country |
|------------------|--------------------|---|---------|
| 02/17/06 | 29/254,131 | Airtight Lid and Container | USA |
| 08/14/06 | PA/02006/001567 | Airtight Lid and Container | Mexico |
| 02/17/06 | 29/254,218 | Airtight Lid and Container | USA |
| 08/14/06 | PA/02006/001568 | Airtight Lid and Container | Mexico |
| 08/16/06 | 000579263 | Airtight Lid and Container | EPC |
| | 2006/021858 | Airtight Lid and Container | Japan |
| 08/04/06 | 117012 | Airtight Lid and Container | Canada |
| 08/04/06 | 117105 | Airtight Lid and Container | Canada |
| | 2401001 | Container and Sealing Cover | Canada |
| 02/15/07 | PCT/US07/04094 | Container/Lid Combination For Storing Food and Other Articles | USA |
| 03/31/05 | 11/094,981 | Gift Wrapping Center | USA |
| 03/13/06 | 2,539,376 | Gift Wrapping Center | Canada |
| 10/20/06 | 11/584,701 | Method of Merchandising Modular Home Storage Containers | USA |

Schedule B To Security Agreement

LICENSES

HAMMARPLAST

SNIPS

C854567

LICENSING AGREEMENT

THIS AGREEMENT (the "Agreement") is entered into this 28th day of FEBRUARY, 2006 between Hammarplast AB, P.O. Box 6, SE-362 21, Tingsryd, Sweden, a corporation organized and existing under the laws of the Kingdom of Sweden ("LICENSOR"), and Snapware Corporation, 3900 Hamner Avenue, Mira Loma, CA 91752, a corporation organized and existing under the laws of the State of California, United States of America ("LICENSEE").

WITNESSETH:

WHEREAS, LICENSOR specializes in the manufacture, marketing and supply of certain proprietary consumer packaging, storage and related products, including those identified as "Smart Store" described below (referred to as "Licensed Products" or "Products"), and owns certain proprietary technical information regarding product design and production methods that is protected as trade secrets under applicable law (the "Licensed Technology"); and

WHEREAS, LICENSEE is engaged in the manufacturing and marketing of related, complementary products throughout the United States, its territories and North America (hereinafter referred to as the "Territory") to a variety of department stores and "storefront" retailers for purchase and personal use by individual consumers (collectively, the "Licensed Channel"),

WHEREAS, LICENSEE has manufacturing experience and other resources dedicated to the sale and distribution of other products in the Licensed Channel;

WHEREAS, LICENSOR desires to market the Products in the Territory in the Licensed Channel, and LICENSEE desires to participate in the manufacturing, distributing and marketing of the Products under the terms of this Licensing Agreement.

NOW, THEREFORE, the parties hereby enter into this Agreement as hereinafter set forth:

1. Purpose.

The purpose of this Agreement is to provide for the marketing, manufacturing, distribution and service of the Products by the LICENSEE in the Territory in the Licensed Channel. LICENSEE shall arrange for the manufacture of specialized tooling, at LICENSEE'S cost. Once the tooling is set up, and manufacturing processes are tested and operational, LICENSEE shall manufacture the Products using the Licensed Technology and other procedures specified by LICENSOR. During the term of this Agreement, LICENSEE shall use its best efforts to market the Licensed Products to customers within Territory.

2. License.

LICENSOR grants LICENSEE the exclusive right to use the Licensed Technology to manufacture sell and distribute the Products in the Territory in the Licensed Channel. Except as set forth below, LICENSOR agrees during the Initial Term and any Renewal Term of this Agreement not to sell the Products manufactured by or for LICENSOR or license any other organization to manufacture or sell the Products in the Territory in the Licensed Channel. If LICENSEE fails to meet the relevant target projections listed in Exhibit B hereto (the "Target Projections"), for two consecutive years during the Initial Term or any Renewal Term,

LICENSOR shall thereafter have the right to sell, or license to others the right to sell, the Products in the Territory during the remainder of the term and any Renewal Terms, but all other provisions of this Agreement shall remain in effect. LICENSEE shall not sell the Products outside the Territory, or authorize or permit its distributors or retailers to do so.

3. Products.

The Products being licensed under this agreement include Hammarplast's proprietary design "Smart Store" identified products specified in Exhibit A, as mutually redesigned and adapted for the US marketplace, and related manufacturing technology.

4. Limited Right to Direct Sales.

Notwithstanding the exclusive license to sell the Products hereunder, LICENSOR reserves the right to sell Products directly to any customer, without LICENSEE's consent or any sharing of payments or compensation, if LICENSEE has acted grossly negligent in serving or refuses to serve existing or potential customers.

5. Licensed Manufacturing.

The parties agree that the ultimate goal in connection with the activities set forth in this Agreement shall be the manufacture, distribution and marketing, by the LICENSEE, of the Products in the Territory in the Licensed Channel in accordance with the plan specified in Exhibit C.

LICENSOR shall furnish LICENSEE with technical information, existing drawings, specifications and start-up assistance to facilitate LICENSEE's manufacture. Subsequent to having completed the necessary tooling and manufacturing readiness and LICENSOR confirms that the LICENSEE has developed the capability to manufacture the Products, LICENSEE shall start the manufacturing of Licensed Products at its own facility.

6. Marketing Efforts.

The minimum sales requirements (the "Minimum Sales") and Target Projections for the first five years of the term of this Agreement are listed on Exhibit B. By the end of November of each year beginning in the fifth year of this Agreement, the LICENSEE shall submit to LICENSOR a sales forecast for the following year and both parties shall then agree to the final Minimum Sales and Target Projections for the following year. LICENSEE shall use its best efforts to meet the Target Projections for the applicable year.

The LICENSOR agrees to make available to LICENSEE, at its request, the necessary technical assistance and support to help LICENSEE's manufacturing process to remain competitive.

LICENSEE agrees to provide the necessary marketing effort, manufacturing and customer service capability and all other requirements appropriate in connection with its efforts to meet the Target Projections. Further, LICENSEE agrees to maintain qualified and adequate personnel, which shall include appropriate training of marketing, manufacturing and service staff, to enable LICENSEE to manufacture, market and service the Licensed Products.

7. Operating Procedures.

(a) LICENSEE agrees to admit LICENSOR's personnel to LICENSEE's facilities for the purpose of facilitating and inspecting the manufacturing of the Licensed Products for the Territory. Scheduling of such LICENSOR personnel shall be mutually determined. All costs incurred in connection with such visits shall be borne by LICENSOR. Mutually agreed joint marketing activities may be undertaken together with LICENSEE.

(b) Sales of Licensed Products made within the Territory by LICENSEE for delivery and use in any area outside the Territory are permissible only when such area is not the subject of a sales agency and only when written permission is obtained from the LICENSOR.

(c) The LICENSOR shall forward to the LICENSEE all inquiries regarding Licensed Products it receives relating to opportunities in the Territory. LICENSEE shall refer to LICENSOR all inquiries regarding Licensed Products it receives from outside the Territory.

(d) LICENSOR shall make available to the LICENSEE technical and commercial information used by the LICENSOR for marketing the Licensed Products outside the Territory. The LICENSEE shall, however, have the total responsibility at its expense for developing the appropriate marketing materials, support packages, seminars, and the like to introduce the Licensed Products in the Territory. Such information shall be developed by the LICENSEE for review by the LICENSOR. LICENSEE shall use its best efforts to publicize and promote the Licensed Products as may be necessary to meet the Target Projections agreed upon by the parties.

8. Technical Responsibility.

LICENSOR shall provide to LICENSEE copies of the existing production drawings and specifications relating to the tooling of Licensed Products including bills of materials, and material specifications covering all Products.

LICENSEE shall be responsible and obtain the appropriate code and standards approvals in the Territory and to satisfy all Federal and State requirements.

LICENSOR shall advise the LICENSEE of all technical improvements of the Licensed Products which may be developed. If necessary, the LICENSOR shall make available personnel for consultation for technical personnel of LICENSEE at the site of the LICENSOR. Both parties to this Agreement shall be responsible for the expenses of their respective staff personnel.

Any Licensed Product improvements recommended and or developed by the LICENSEE shall automatically be licensed back to the LICENSOR on a perpetual, unrestricted basis, and without charge.

LICENSOR shall initially instruct the technical and marketing personnel of LICENSEE at the LICENSOR's facility in Sweden. Costs of training and of its own personnel shall be borne by LICENSOR while LICENSEE shall bear the travel costs and personnel costs of its own staff.

9. Insurance

LICENSEE shall secure adequate and customary product liability insurance for Licensed Products under terms to be provided by LICENSOR and shall add LICENSOR as an Additional Insured to such policy and provide LICENSOR annually a Certificate of Insurance.

10. Limited Warranty.

LICENSOR warrants that it has sufficient rights in the Licensed Technology to grant LICENSEE the license provided in this Agreement. LICENSEE shall be responsible for all patent, copyright and trademark clearances necessary for product configurations and production methods finally chosen by LICENSEE; provided, however, LICENSOR shall cooperate with LICENSEE to obtain any such patent, copyright and trademark clearances, including signing any applications or consents related to same.

11. Reporting and Communications.

LICENSEE shall keep LICENSOR informed of LICENSEE's activities and of the marketing condition, competition, and other circumstances affecting the sale of the Licensed Products within the Territory. LICENSEE shall at all times make available to LICENSOR and its representatives such books and records, including, but not limited to, contract ledgers and marketing activities reports, reasonably necessary for LICENSOR to evaluate LICENSEE's performance hereunder and calculate royalty payments due and shall, upon LICENSOR's request, render written accounts of its performance hereunder to LICENSOR with such evidence as LICENSOR shall reasonably request.

12. Branding and Labeling.

Branding and labeling of the Products shall be subject to the approval of LICENSOR.

The units will be labeled as "Manufactured by Snapware under License from Hammarplast AB." LICENSEE shall indicate in its sales and technical literature and advertising that all Licensed Products are of LICENSOR's design but manufactured and serviced by LICENSEE. All Licensed Products shall be clearly marked with the identifying mark of LICENSOR, as may be designated in writing by LICENSOR, to fully identify LICENSOR. LICENSEE may add an appropriate product identification name or Trademark as well as the name of LICENSEE on the Product. Each Product must clearly state: "Manufactured under License from Hammarplast AB" or such other language, as LICENSOR shall reasonably request. The goodwill relating thereto is and shall remain the sole property of LICENSOR, and no right, title or interest therein shall be transferred by this Agreement to LICENSEE.

13. Confidentiality and Noncompetition.

LICENSEE hereby expressly acknowledges that the Licensed Technology and the skills, trade secrets and know-how given and imparted to LICENSEE's employees in connection with the performance of its duties hereunder are of great value and the exclusive property of LICENSOR. As additional consideration for the entry by LICENSOR into this Agreement, LICENSEE hereby agrees that it shall not disclose, and that it will take reasonable precautions to prevent any of its employees from disclosing, without the prior written consent of LICENSOR, to any person, corporation, or other entity in any manner, any of the information, know-how or skill herein above referred to. These restrictions shall not apply to information which must usually be included in sales literature, or supplied to sub-contractors, customers, prospective customers,

sales representatives or suppliers, or which is supplied to LICENSEE's SUBLICENSEE's in connection with LICENSEE's performance of its obligations under this Agreement. The prohibitions contained in this paragraph shall remain in effect following the termination hereof.

LICENSEE shall not during the period of this agreement and for a period of two (2) years following termination of this Agreement, market, sell or in any manner seek to promote the sale of products not heretofore sold by LICENSEE, which are competitive with the Licensed Products, to any customer in the Territory.

All of the records and accounts of LICENSOR and any information concerning clients and customers of LICENSOR, whether or not prepared by LICENSOR's employees or in its possession, shall be and remain the property of LICENSOR, regardless of who prepared said information. All of such books, records and information shall be immediately returned to LICENSOR upon termination of this Agreement.

14. License Fees and Royalty Fees.

(a) The LICENSEE shall pay, for the Licensed Products marketed under this Agreement, a royalty fee equal to 3% of the Net Sales for the Products sold during the period in question, plus, if the Contribution Margin (as defined below) for the period in question is greater than 50%, an additional royalty fee equal to: (i) 30% of the amount by which the actual Contribution Margin for the period in question exceeds 50%, multiplied by (ii) the Net Sales (e.g., if the Contribution Margin is 55% the additional royalty fee is 30% (55%-50%), or 1.5%, of the Net Sales).

For the purposes of this Agreement:

(i) "Net Sales" for the period of time in question means the aggregate amount of the gross sales derived from the efforts of LICENSEE, as reasonably determined by LICENSEE, for Products invoiced during the period in question by LICENSEE to customers minus: (A) discounts, refunds, rebates and returns with respect to such Products and (B) sales, excise or value added taxes (V.A.T.) incurred by LICENSEE with respect to such Products.

(ii) "Contribution Margin" for the period in question means (A) the Net Sales minus LICENSEE'S actual direct cost for materials and labor relating to the manufacturing of the Products sold, divided by (B) Net Sales for such period.

(b) The royalty fees shall be based on the LICENSEE's actual invoice prices, and shall become payable after the goods are invoiced to the user.

(c) The royalties shall accrue quarterly, on March 30 and each ensuing quarterly end. Payment shall be accompanied by a complete sales accounting of the Licensed Products. Payment shall be made in US dollars to the LICENSOR's designated account. Royalty payments and reports shall be rendered to the LICENSOR within thirty (30) days after the end of each semi-annual period.

(d) LICENSEE grants LICENSOR a first-priority security interest in the tooling for the Products as security for all royalties due or to become due LICENSOR hereunder and the full and faithful payment and performance of all other obligations of LICENSOR under this Agreement. Upon termination of this Agreement, regardless of the reason, LICENSEE grants LICENSOR the option, at LICENSOR's discretion, to purchase the tooling for the Products for its remaining book value, determined based on a 5-year straight-line depreciation schedule.

(e) It is also agreed that if Hammarplast AB elects to make and or buy Snapware products, that the same license fee and royalty fee structure will be used to calculate fees due to Snapware.

15. Pricing of Products.

With respect to sales to third parties, the LICENSEE agrees to price the Licensed Products competitively when compared to the pricing of competing products in the marketplace.

16. Notices.

Any notices, request or other communications hereunder to either of the parties hereto, in connection with this Agreement, will be in writing and will be deemed to have been given if sent by air mail or delivered by hand to it at its address as follows:

In the case of LICENSOR:

Hammarplast AB
P.O. Box 6
SE-362 21 Tingsryd
Sweden

In the case of LICENSEE:

Snapware Corporation
3900 Hamner Avenue
Mira Loma 91752
California
USA

17. Duration of Agreement.

This agreement shall take effect on the date of signing and shall remain in force for a period of three (3) years (the "Initial Term") unless terminated earlier in accordance with the terms hereof. Thereafter, this Agreement shall automatically renew for successive periods of three (3) years (each successive period a "Renewal Term"), so long as LICENSEE meets Target Projections.

LICENSOR may terminate this Agreement in the event of (i) a material default by LICENSEE, (ii) a material delay or deficiency in the production of the Products provided by LICENSEE, (iii) failure by LICENSEE to meet Minimum Sales goals for two consecutive years, (iv) LICENSEE's gross negligence in serving or refusing to serve existing or potential customers, (v) LICENSEE's insolvency or bankruptcy, or (vi) a change of majority control or ownership of LICENSEE.

The LICENSEE shall return immediately to the LICENSOR all documents dealing with the manufacturing of the Licensed Products in the event that this Agreement is terminated, and all right, title and interest in and to the Licensed Products and the Licensed Technology granted to LICENSEE hereunder shall automatically revert to LICENSOR.

If this Agreement is terminated or expires without renewal, the LICENSEE retains the right to complete the ongoing production run in progress during the termination notice. Such goods may be sold by the LICENSEE together with all inventoried goods according to the terms of this

Agreement. The LICENSEE shall provide final accounting of produced and inventoried items within one hundred twenty (120) days of the termination of this Agreement.

18. Force Majeure.

If the performance by a party shall be in any way prevented, interrupted or hindered in consequence of an act of God, war, civil disturbance, strike, lock-out, cessation of work, legislation or restriction of any governmental or other authority, breakdown or interruption of transport, or any other circumstances beyond the control of such party, failure or delay by that party in fulfilling such obligations shall not constitute a breach of this Agreement insofar and so long as it is caused by such prevention, interruption or hindrance.

19. Interpretation and Disputes.

The provisions of this Agreement shall be governed and interpreted under the laws of the Kingdom of Sweden. Any disputes arising in connection with this Agreement, which cannot be settled, between the parties shall be finally settled under the Rules of Conciliation and Arbitration of the International Chamber of Commerce in Stockholm, Sweden, by one or more arbitrators appointed in accordance with the said Rules.

Notwithstanding the preceding paragraph, the parties further agree and stipulate that in the event of commencement of any action of any nature by any third party against either of the parties hereto, made in any court or tribunal, which claim relates or could relate to any matter arising out of the construction, interpretation, or performance of this Agreement (and also including, but not limited to, all work to be performed in connection, with the delivery or installation of items purchased hereunder), this arbitration provision shall not be construed to prohibit pursuit in the same third party proceeding of any claim by either party hereto against the other arising out of the subject matter of the claim made by such third party.

20. Assignment.

Neither this Agreement nor any rights or duties under it shall be assigned or passed to the benefit of any third party without the other party's prior written consent, which consent shall not be reasonably withheld. LICENSOR may, however, assign its royalty rights as it sees fit. As used herein, "passed to the benefit of any third party" shall not include any change in control, merger, consolidation or other reorganization of LICENSEE.

21. Waiver.

The waiver by either party of a default or a breach of any provision of this Agreement by the other party shall not operate or be construed as a waiver of any subsequent default or breach.

22. Limitation of Damages.

In the event a party breaches this Agreement in any material respect, such party in breach shall only be responsible to the other party hereto for any direct damages actually suffered by such other party reasonably and approximately resulting from the breach. Notwithstanding the foregoing, in no event and under no circumstances shall a party to this Agreement be responsible for any lost profits or special or consequential damages of any kind. Further, in no event and under no circumstances shall a party to this Agreement be responsible for any general damages

except for general damages permitted by the first sentence of this paragraph 22. Where either party is liable in damages to the other, such damage shall in no case exceed the damage, which the party in default could reasonably have foreseen at the time of the execution of this Agreement. The party who is not in breach of this Agreement shall be under a duty to take all necessary measures to mitigate the loss, which has occurred as a result of any breach, provided such party, can do so without unreasonable inconvenience or cost. Should the non-breaching party fail to do so, the party guilty of the breach may claim a reduction in the damages otherwise payable hereunder.

23. No joint venture.

The parties mutually acknowledge that they have the relationship of independent contractors under this Agreement. This Agreement does not establish any arrangement of employer-employee, agency, partnership, joint venture, or fiduciary responsibility. LICENSOR gives no assurance as to the results attainable by LICENSEE hereunder.

24. Entire Agreement.

The provisions of this Agreement, including the attached Exhibits, shall constitute the entire Agreement between the parties with respect to Licensed Products and shall not be modified unless by an agreement in writing.

25. Severability

Should any paragraph or provision of this Agreement be held to be void, invalid or inoperative as a result of any judicial or administrative proceeding or decree, such decision shall not affect any other paragraph or provision hereof, and the remainder of this Agreement shall be effective as though such void, invalid or inoperative paragraph or provision had not been contained herein.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth on the first page of this Agreement.

LICENSOR:

HAMMARPLAST AB

BY: _____
Name: _____
Title: _____
Date: _____

LICENSEE:

SNAPWARE CORPORATION

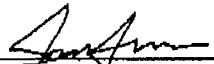
BY: 
Name: John Loken
Title: CEO
Date: Feb 28, 2006

Exhibit A
Licensed Products

Exhibit B
Minimum Sales and Target Projections

| Year | 1 | 2 | 3 | 4 | 5 |
|--------------------|-------------|-------------|--------------|--------------|--------------|
| Minimum Sales | - | \$2,000,000 | \$3,000,000 | \$4,000,000 | \$5,000,000 |
| Target Projections | \$3,000,000 | \$5,000,000 | \$10,000,000 | \$12,000,000 | \$15,000,000 |

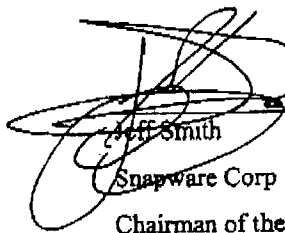
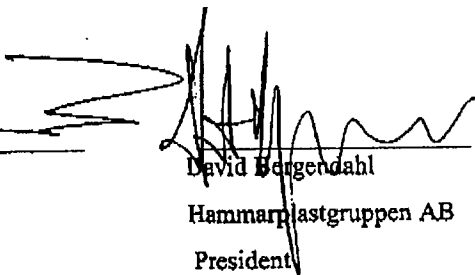
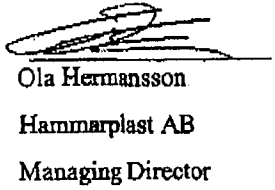
All numbers above are stated in US\$.

Snapware

Date: 2/3/2006

This will serve to memorialize items agreed upon today, February 3, 2006, between Snapware Corp. and Hammarplast AB.

1. Snapware will offer one of their 5 board seats to a Hammarplast employee. This person will be appointed by Hammarplast. The Hammarplast board member will have the right to attend the board meeting in person or via video or voice conferencing. One board meeting per year will be held at a Hammarplast location in Sweden.
2. Item 14 (a) of the license agreement will change so that additional fees will be due to Hammarplast if the contribution margin exceeds 50%. This is increased from the 45% that is currently reflected in the document.
3. It is agreed that if Hammarplast elects to make and or buy Snapware products, that the same license fee and royalty fee structure will be used to calculate fees due to Snapware.
4. Hammarplast agrees to invest in Snapware by purchasing 700,000 shares at \$1.50 US per share. Snapware agrees to allow Hammarplast to buy up to 1,000,000 shares at \$1.50 US. This offer will expire upon the closing of the current offering.
5. There is mutual agreement that the investment made by Hammarplast in Snapware will substantially be used by Snapware to support tools and equipment needed by Snapware to produce the Hammarplast product. Snapware's plan for this product line is outlined in exhibit C of this agreement, entitled Smart Store.
6. Both parties agree that the stock purchased by Hammarplast will be in accordance with the Stock Purchase Agreement as attached, or as amended, in exhibit D of this agreement.

| | | |
|---|---|--|
|  Jeff Smith Snapware Corp Chairman of the Board |  David Bengtendahl Hammarplastgruppen AB President |  Ola Hermansson Hammarplast AB Managing Director |
|---|---|--|

AGREEMENT

This agreement entered into by and between Snapware Corporation, a California corporation, having a place of business in Fullerton, California U.S.A. (hereinafter "Snapware") and Snips S.r.l., a company organized and existing under the laws of Italy and having a place of business in Milan, Italy (hereinafter "Snips").

WHEREAS, Snips is the owner of U.S. Patent 6,273,258 B1 directed to a modular and stackable container system for storing foodstuffs and other items (hereinafter referred to as the "258 patent").

WHEREAS, Snapware is desirous of obtaining an exclusive license under the '258 patent along with an exclusive license to manufacture, sell and import containers covered by the claims of said patent in the territory of i.e. North America, and Canada as set forth in Addendum 1, United States of America, and Snips is agreeable to granting such license subject to the following terms and conditions.

NOW THEREFORE, the parties agree as follows:

1. "Licensed Products" shall mean storage container systems as described and claimed in the '258 patent, which correspond to, but are not limited to, the shape and the material of the sample herein attached as two containers sealed in two plastic bags and signed by both the parties. One will be held by Snips, and one by Snapware, produced by Snips, hereinafter indicated as 'the Sample'

2. "Licensed Territory" shall mean United States of America and Canada as set forth in Addendum 1.
3. "Net Selling Price" shall mean the invoice price at which Licensed Products are sold by or for Snapware less credit for returns, freight allowance, off invoice promotional discounts, and any uncollectible accounts.
4. "When Sold". For purposes of computing royalties hereunder, Licensed Products shall be regarded as sold when billed out, or if not billed out, when they have been shipped or otherwise delivered to the purchaser.
5. Snips hereby grants to Snapware an exclusive license under the '258 patent to make, use and sell Licensed Products in the Licensed Territory including the importation of such products into the territory for sale therein.
 - 5.1 This exclusive license shall not include the right of sublicense and shall not include any further technology developed by Snips and protected by any i.p. right. Snapware undertake to produce or to import Licensed products having the same high characteristics and high quality standard of the Sample.
 - 5.2 It is expressly agreed that all new goods which may be built by the Snips in the future or which may be developed by the Snips in the future, will not be part and/or included in the present agreement.
6. Snapware agrees to prepare the necessary tooling to manufacture or have manufactured the Licensed Products and

commerce the manufacture of the Licensed Products within a reasonable time after the execution of this agreement.

6 bis. SALES TARGET AND RENEWAL

6 bis. 1 Snapware hereby undertakes to reach the target of sale of the Licensed Products corresponding to the amount in US Dollars as set forth below:

2003: \$500,000

2004: \$1,000,000

2005: \$2,000,000

2006: \$3,000,000

2007: \$3,000,000

6 bis. 2 In the event that the Snapware shall fail to reach the targets as set forth in 6 bis. 1, Snips shall have the right within 30 days after learning the target was not met by notice and writing to the Snapware 60 days in advance to convert the exclusive license right hereby conferred to Snapware to a non exclusive license.

6 bis. 3 In the event that the Snapware reaches the targets as set forth above, Snips shall automatically renew the exclusive license to Snapware indefinitely with the minimum target at \$3,000,000 for each year starting with 2008 unless the parties agree at a lower sales target.

6 bis. 4 In the event that the Snapware shall fail to reach the renewal target for each year as set forth in 6.bis. 3, Snips shall have the right within 30 days after learning the target

was not met by notice and writing to the Snapware 60 days in advance to convert the exclusive license right hereby conferred to Snapware to a non exclusive license.

6 ter. Snapware OBLIGATIONS

6 ter. 1 Except by mutual agreement, Snapware shall in no circumstances be entitled to make any deduction from the price payable by way of set off or otherwise in respect of any claim or counterclaim which he may have against Snips.

6 ter. 2 Snapware will not sell or promote directly or indirectly other goods that are using the claims similar to the claims described in the 258 patent.

6 ter. 3. Snapware will do its best to ensure that the products do not violate any right (even intellectual property rights) of any person in the territory.

6 quater. SNIPS'S OBLIGATIONS

6 quater. In case of indirect sales in the territory subject to this agreement made by importers or buyers from Snips, nothing can be contested to Snips, if the Snips was unaware of the occurred sale in the territory. In consideration of the exclusive license herein granted, Snapware agrees to pay Snips a royalty equal to five percent (5%) of the Net Selling Price of all Licensed Products manufactured and sold by or for Snapware for the duration of this agreement. Only one royalty

shall be due for any container and/or system covered by the '258.

7. For the purpose of computing the royalties referred to in paragraph 7 of this agreement, the year shall be divided into quarters, beginning January 1, April 1, July 1, and October 1 of each year. Within thirty (30) days after the end of each quarter, reports shall be made by Snapware to Snips setting forth the number of Licensed Products which have been sold during the preceding quarter, and also show the Net Selling Price of such Licensed Products. Snapware's remittance for the full amount of royalties due for such quarter shall accompany such report. *

8. Royalty payments to Snips shall be in US Dollars and wired transferred to:

INTERBANCA B.C.I. S.p.A. – Sede di Lodi

ABI – 03069

CAB – 20330

C/C 1840084/01/70

SWIFT BCIT-IT-ITMM-33

IBAN IT 24 G 02002 20300 018400840170

9. Snips shall have the right through a certified public accountant ("CPA"), at its own expense, to examine books and records, insofar as they concern the Licensed Products and not more often than once in any calendar year, for the purpose of verifying the reports provided for this agreement. In the event that Snips shall examine the records, documents and materials

in the possession or under the control of Snapware with respect to the subject matter, such examination shall be conducted in such manner as to not unduly interfere with the business of Snapware. The CPA shall not disclose to any other person, firm or corporation any information acquired as a result of any such examination except to report to both Snips and Snapware any understated or overstated royalty due. Nothing herein contained shall be construed to prevent the CPA from testifying in any arbitration proceeding with respect to the information obtained as a result of such examination. If any audit discloses an understated royalty of ten percent (10%) or greater, then Snapware shall pay the cost of that audit. During the access in Snapware premises Snips will be entitled to make a quality test to verify the correspondence of the current Licensed Products therein stored with the Sample.

11. INTELLECTUAL PROPERTY RIGHTS

11. 1 Snips is the owner, among others; of the following US trademark "SNIPS" n. 75/867.275.
11. 2. Snapware shall place the appropriate patent marking on all Licensed Products with the wording 'Licensed under U.S. Patent No. 6,273.
11. 3. All confidential information that will be exchanged between Snips and Snapware under this Agreement and/or all the information that will be acquired in the course of the visits

of the parties manufacturing sites arising from the present agreement shall be kept confidential by the receiving party.

11.4 Confidential Information shall not include information which:

a) Is in the public domain at the time in which it is disclosed by the submitting party to the receiving party or thereafter enters the public domain through no fault of the receiving party;

b) Is in the possession of the receiving party without restriction, prior to the time in which it is disclosed by the submitting party to the receiving party or is developed independently thereafter by the receiving party by individuals who have not had access to the confidential information or its made known to the receiving party by a third party under no confidentiality obligations with respect thereto.

11.5 The parties shall not use copy, adapt, alter, and disclose the entire agreement or part of it with possession of any information or data of the other which is disclosed or otherwise comes directly or indirectly as a result of this agreement except as strictly necessary to perform the party's obligations or exercise its duty. [Moreover, Snapware shall in no way file trademarks, patents, ornamental models, utility models as a result of the information and of the knowledge directly or indirectly

acquired from Snips. Any filing in breach of the present article shall entitle Snips to require the coercive transfer to Snips of the application or of the title that might have been granted. In case of any visit of Snips at Snapware premises above the same provision will be reciprocate.

11.6 The obligation of confidentiality in this clause shall continue in force notwithstanding termination of this agreement for any reason whatsoever.

12. Snapware shall promptly inform Snips by fax of any improper and unlawful use of US Patent No. 6,273,258, and of the trademarks "SNIPS", within the Territory. Snapware shall assist the Snips, at Snips costs, in undertaking all the actions that the Snips will consider as the most suitable to protect its own intellectual property rights.

12.bis Duration

The Agreement will come into force on July 2002 and shall continue for the life of the '258 patent unless terminated earlier according to art.6 and art 13.

13. Arbitration. All disputes, controversies or differences which may arise between the parties hereto in relation to or in connection with this agreement, or the breach thereof, shall be finally settled (by arbitration) under the Rules of Conciliation and Arbitration in the International Chamber of Commerce. The arbitration shall be conducted in the English language, shall be held in Milan, Italy, and the law of Italy

shall be the applicable law. Arbitration expenses of each party shall be borne by that party and costs of the arbitration shall be borne equally by the parties. Judgment on the arbitration award may be entered in any court of competent jurisdiction.

13 Bis. This Agreement inures to the benefit of, and is binding upon the parties, respective successors and assigns.

13 ter. WAIVER

The practices and the behavior of the parties shall not be considered, though in contrast with the terms of the present agreement, as waivers or as estoppel to any right, power or option therein laid down (including, but not limited to, the right to demand the full compliance with any term, condition and clause of the present agreement, or to denounce any violation resulting in the breach thereof as well as the right to terminate the present agreement before its expiration). Similarly any admission or refusal on the part of any one of the parties to perform any of the rights thereto deriving from the present agreement or to require from the other party the correct performance of the obligations of the latter shall not involve any waiver.

13 quater TERMINATION

Snips (without prejudice to its other rights) may terminate the agreement forthwith by notice in writing to Snapware without liability to compensate or indemnify

Snapware in connection therewith if:

- a) Snapware enters in a voluntary agreement proceeding, and/or voluntary liquidation proceedings, and/or winding up proceedings, and/or bankruptcy proceedings; and/or
- b) Snapware commits a breach of any clause of this agreement, except for failure to meet the sales target of Sections 6 bis.1 and 6 bis. 3, and does not rectify the same within 30 days from faxed or e-mailed notice by Snips listed note, requiring the performance of the subject obligation/s; and/or
- c) without prejudice to clause 13 quinquies.b, Snapware fails to make any payment when it becomes due or shall default in due performance or observance of any other obligation under this agreement, and fails to remedy the breach within a reasonable time specified by the company in its written notice to do so. [; and/or]

The remedy clause sub 13 quater. b), will apply no more than one time.

Snapware may terminate this agreement on six (6) months written notice to Snips.

13 quinquies CONSEQUENCES OF TERMINATIONS

If this agreement shall terminate for any reason:

- a) Snapware shall not be entitled to any indemnity and/or "Termination fee" and /or alike related to such termination, or any title or reason including both related to manpower directly or indirectly assigned to Snips' business.

14. CONTENT AND NOVATION

14.1 This sole distribution agreement constitutes the unique document recording the agreement between the parties involved and there is no other mutual consent in addition to the articles of this agreement.

14.2 Modification of the terms of this sole distribution agreement shall be made in writing and signed by both parties.

15. FINAL PROVISIONS

15.1 The agreement is written in 2 originals.

15.2 In case of controversy about the terms and interpretation of this agreement, the English version of it is the valid one.

15.3 This agreement shall inure to the benefit of the assigns and successors of the parties.

Snapware Corporation



SNIPS S.r.l.


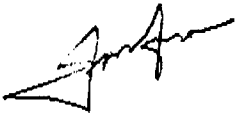



snips s.r.l.

provinciale 107 N. 7
00100 LODIGIANO (LO) - ITALY
tel. - Fax 0371/28.99.46
1080154

ADDENDUM 1

"Licensed Territory" with respect to Canada applies to products containing the 258 patent claims with respect to non food applications only.



Strada Provinciale 107 N. 7
26816 OSSAGO LODIGIANO (LO) - ITALY
Tel. 0371/28.99.43 ric. out. - Fax 0371/28.99.46
P. IVA 04603980154

Schedule C To Security Agreement

PENDING LITIGATION

N/A

C854567

Schedule D To Security Agreement**UCC or Other Filing Jurisdictions**

- California (Snapware Corporation)

Other Filings**1. U.S. Copyright Office**

A. Grantor has executed in blank and delivered to Paradox an assignment of Copyright Licenses and Copyrights set forth in Schedules A and B hereto. The assignment is in the form of Schedule E hereto. Grantor hereby authorizes Paradox to complete and record with the U.S. Copyright Office each assignment upon the occurrence of an Event of Default that is continuing at the time of filing.

B. Grantor hereby authorizes Paradox to file a copy of this Security Agreement with the U.S. Copyright Office for each Copyright License and Copyright set forth in Schedules A and B hereto.

2. U.S. Patent and Trademark Office

A. **Patents.** Grantor has executed conditional assignments (in the form of Schedule E hereto) for each Patent License and Patent set forth in Schedule A and B hereto. Grantor hereby authorizes Paradox to file the conditional assignments with the U.S. Patent and Trademark Office (or the appropriate foreign patent office).

B. Trademarks

1. Grantor has executed in blank and delivered to Paradox an assignment of Trademark Licenses and Trademarks set forth in Schedules A and B hereto. The assignment is in the form of Schedule E hereto. Grantor hereby authorizes Paradox to complete and record with the U.S. Patent and Trademark (or the appropriate foreign or state office) each assignment upon the occurrence of an Event of Default that is continuing at the time of filing.

2. Grantor hereby authorizes Paradox to file a copy of this Security Agreement with the U.S. Patent and Trademark Office for each Trademark License and Trademark now or hereafter set forth in Schedules A and B hereto.

3. Foreign Filings

Grantor shall promptly and duly execute, deliver and/or file any and all documents and instruments with any foreign recording office with respect to the Collateral and take such further action as Paradox may reasonably deem necessary or desirable to perfect its security interest in the Collateral in any foreign jurisdiction, including, without limitation, any foreign patent, trademark and/or copyright office.

C854567

Schedule E To Security Agreement

Form Assignment Documents

1. FORM OF COPYRIGHT ASSIGNMENT

COPYRIGHT ASSIGNMENT

This Assignment Agreement (this "Assignment") is made this ___ day of _____, 200__, by and between [NAME], a [TYPE OF ENTITY] ("Assignor") and [NAME], a [TYPE OF ENTITY] ("Assignee") for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged.

Assignor hereby assigns, grants and delivers (and hereby further agrees to assign, grant and deliver) exclusively unto Assignee all rights, titles and interests of every kind and nature whatsoever in and to the [DESCRIBE COPYRIGHTED MATERIAL], Copyright Registration Nos. _____, copies of which are attached hereto as Annex 1 and incorporated herein by reference, and all copies, versions, and derivatives thereof, (collectively, the "Works"), including all copyrights therein and thereto, all licenses to or for the Works, all renewals thereof, and all copyright registrations therefor. The rights assigned include, but are not limited to, all rights to secure copyright registration, renewals and extensions for those copyrights in the United States and every other country of the world, as well as all rights of publication, right to license, rights to create derivative works and all other rights which are incident to copyright ownership, together with all claims for damages and other remedies by reason of past infringement of any of the foregoing intellectual property rights, with the right to sue for, and collect, the same for Assignee's own use and benefit. Assignor hereby waives and transfers to Assignee any and all moral rights that Assignor may have under the law of any jurisdiction to the maximum extent permissible under law, and acknowledges that Assignee shall have the right to add to, subtract from, rearrange, edit and/or change the Works.

Assignor further agrees to execute and deliver to Assignee, its successors and assigns, such other and further instruments and documents as Assignee reasonably may request for the purpose of establishing, evidencing and enforcing or defending its complete, exclusive, perpetual and worldwide ownership of all rights, titles and interests of every kind and nature whatsoever, including all copyrights, in and to any Work, and Assignor hereby constitutes and appoints Assignee as its agent and attorney-in-fact, with full power of substitution, to execute and deliver such documents or instruments as Assignor may fail or refuse to execute and deliver, this power and agency being coupled with an interest and being irrevocable.

Should there be any conflict between any provision of this Assignment and any present or future law (statutory or common law), contrary to which the parties have no legal or enforceable right to contract, the latter shall prevail, but in such event the provision of this Assignment affected shall be curtailed and limited only to the extent necessary to bring it within legal and enforceable requirements, and the other provisions of this Assignment shall not be affected but shall remain in full force and effect.

Agreed to and accepted this ____ day of _____ 200__

[ASSIGNOR]:

[ASSIGNEE]:

By: _____

By: _____

Name:

Name:

Title:

Title:

ANNEX 1

[PHOTO OR COPY OF THE WORK PLUS REGISTRATION INFO]

2. FORM OF CONDITIONAL ASSIGNMENT OF PATENTS

CONDITIONAL ASSIGNMENT OF PATENTS

THIS CONDITIONAL ASSIGNMENT is made this ____ day of _____, 200__, by and between [NAME], a [TYPE OF ENTITY] (“Assignee”), and _____, a _____ corporation having its principal offices at _____ (“Assignor”).

WITNESSETH :

WHEREAS, Assignor is the sole owner of all right, title and interest in and to or the licensee of the patents, patent applications and inventions identified on attached Annex 1, which is incorporated by reference, and all corresponding patents and patent applications in all jurisdictions worldwide, and divisions, continuations, continuations-in-part, reissues, reexaminations, renewals or extensions thereof, any patent issuing thereon, and all licenses to or for such patents (collectively, the “Patents”);

WHEREAS, simultaneously with the execution of this Conditional Assignment Assignor received a term loan (the “Loan”) from the Assignee pursuant to that certain Loan and Security Agreement dated as of June 7, 2007, between the Assignor and the Assignee (such agreement, as amended, restated, supplemented or otherwise modified from time to time, the “Loan and Security Agreement”);

WHEREAS, as a material inducement to Assignee providing the Loan, Assignor has simultaneously executed an Intellectual Property Security Agreement dated as of the date hereof, by and between the Assignor and Assignee (the “Intellectual Property Security Agreement”) among other matters, granting a lien in and a conditional assignment of the Patents;

WHEREAS, pursuant to the Intellectual Property Security Agreement and 37 C.F.R. § 3.56, Assignor desires to assign to Assignee, upon an Event of Default (as defined in the Loan and Security Agreement) the entire right, title and interest in and to the Patents and Assignee wishes to obtain, upon an Event of Default, the entire right, title and interest in and to the Patents;

NOW, THEREFORE, for good and valuable consideration, receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Assignor, pursuant to 37 C.F.R. §3.56, conditionally assigns all right, title and interest in and to the Patents, including all rights to sue and recover for the past infringement thereof, and any and all causes of action related thereto, to Assignee, provided that such assignment is conditioned upon the occurrence of an Event of Default. Upon the occurrence of an Event of Default, all right, title and interest in and to the Patents along with any and all rights of enforcement with respect to the Patents, including all rights to sue and recover for the past infringement thereof, and any and all causes of action related thereto shall be, and are hereby, immediately and irrevocably assigned, transferred, set over and conveyed to Assignee.

2. Assignor also agrees at any time to execute and to deliver upon request of Assignee such additional documents as the Assignee may deem necessary or desirable to secure patent protection throughout the world, and otherwise to do whatever necessary to give the full effect to and perfect the rights of the Assignee under this Assignment, including the execution, delivery and procurement of such other documents evidencing this Assignment as the Assignee may deem necessary or desirable.

3. The parties acknowledge and agree that this assignment is conditional upon the occurrence of an Event of Default and that presently, and until the occurrence of an Event of Default, there has been no assignment of the Patents. Therefore, until an Event of Default has occurred, the Assignor enjoys all of the substantive rights of patent ownership, including, without limitation, the right to sue for infringement, the right to prosecute any pending related applications and the duty to pay all maintenance fees for the Patents.

4. In the event Assignee was, is or becomes a party to or other participant in, or is threatened to be made a party to or other participant in, a threatened, pending or completed action, claim, suit or proceeding by reason of (or arising or allegedly arising in any manner out of or relating to in whole or in part) this Conditional Assignment, Assignor to the fullest extent permitted by applicable law shall indemnify and hold harmless the Assignee from and against any and all losses, damages, judgments, awards, fines, penalties, amounts paid or payable in settlement, deficiencies and expenses (including, without limitation, all reasonable attorney's fees, costs, witness fees and expenses, interest, assessments, and other charges) suffered, incurred or sustained by the Assignee or to which the Assignee becomes subject, resulting from, arising out of or relating to such action, claim, suit or proceeding (it being understood that any such losses, damages, judgments, awards, fines, penalties, amounts, deficiencies and expenses shall be paid or reimbursed (as applicable) by Assignor as soon as practicable but in any event no later than 15 days after written request is made to Assignor accompanied by supporting documentation), provided that such indemnity shall not be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and unappealable judgment to have resulted from the gross negligence or willful misconduct of Assignee. The Assignee shall give Assignor written notice of any action, claim, suit or proceeding (accompanied by such reasonable supporting documentation as may be in the Assignee's possession) as soon as practicable after the Assignee becomes aware thereof; provided that the failure of the Assignee to give such notice shall not relieve Assignor of its indemnification obligations under this Conditional Assignment.

5. Upon the occurrence of an Event of Default all of the foregoing Patents shall be held and enjoyed by Assignee for its own use and for the use of its successors, assigns or other legal representatives, as fully and entirely as the same would have been held and enjoyed by Assignor if this conditional transfer to Assignee had not been made. This Assignment is not intended to limit Assignor's obligation pursuant to the Loan and Security Agreement to assign patents and patent applications that have not been included in Schedule 1.

IN WITNESS WHEREOF, Assignor has caused this instrument of Conditional Assignment to be executed and its corporate seal to be hereunto affixed.

Agreed to and accepted this ___ day of _____ 200__.

[ASSIGNOR]:

[ASSIGNEE]:

By: _____
Name:
Title:

By: _____
Name:
Title:

ANNEX 1

| Country | Patent No. | Issue Date | Title |
|---------|------------|------------|-------|
| | | | |
| | | | |
| | | | |
| | | | |

3. FORM OF TRADEMARK ASSIGNMENT

TRADEMARK ASSIGNMENT

WHEREAS, [NAME], a [STATE] corporation; having its principal place of business at _____ (“Assignor”) has used the trademarks, _____, Registration Nos. _____, registered in the United States Patent and Trademark Office as set forth on the attached Annex 1, which is incorporated herein by reference (collectively, the “Marks”); and

WHEREAS, [NAME], a [TYPE OF ENTITY], having its principal place of business at _____ (“Assignee”) is desirous of acquiring any and all rights that Assignor may have in and to the Marks and the registrations thereof, together with the goodwill of the business in connection with which any of the Marks is used and which is symbolized by such Mark, along with the right to pursue claims and recover damages and profits for past infringements thereof;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Assignor does hereby assign, transfer, convey and deliver (and agrees further to assign, transfer, convey and deliver) unto Assignee all right, title and interest in and to each Mark, including the registration therefor and any common law rights therein, in the United States and throughout the world, and any and all similar designations thereto, together with the goodwill of the business in connection with which such Mark is used and which is symbolized by such Mark, along with any and all licenses to or for such Mark and the right to pursue claims and recover damages and profits for past infringements thereof.

Assignor agrees to execute and deliver at the request of the Assignee, all papers, instruments, and assignments, and to perform any other reasonable acts that Assignee may require in order to vest all of Assignor’s right, title, and interest in and to each Mark in Assignee and/or to provide evidence to support any of the foregoing in the event such evidence is deemed necessary by Assignee, to the extent such evidence is in the possession or control of Assignor.

Agreed to and accepted this ____ day of _____ 200__.

[ASSIGNOR]:

[ASSIGNEE]:

By: _____
Name:
Title:

By: _____
Name:
Title:

ANNEX 1

| Country | Registrant | Mark | Registration No. | Registration Date | Classes |
|---------|------------|------|------------------|-------------------|---------|
| | | | | | |
| | | | | | |
| | | | | | |

Schedule F to Security Agreement

IP ACCOUNTS

[Name of Grantor]:

| Account Name | Account Number |
|---------------------|-----------------------|
| N/A | |
| | |
| | |
| | |

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