

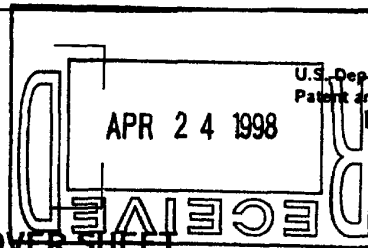
FORM PTO-1619A  
Expires 06/30/99  
OMB 0651-0027

05-07-1998



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RECORDATION FORM COVER SHEET  
PATENTS ONLY



U.S. Department of Commerce  
Patent and Trademark Office  
PATENT

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Submission Type

- ☒ New
- ☐ Resubmission (Non-Recordation)  
Document ID#
- ☐ Correction of PTO Error  
Reel #  Frame #
- ☐ Corrective Document  
Reel #  Frame #

Conveyance Type

- ☐ Assignment ☒ Security Agreement
- ☐ License ☐ Change of Name
- ☐ Merger ☐ Other
- U.S. Government  
(For Use ONLY by U.S. Government Agencies)
- ☐ Departmental File ☐ Secret File

Conveying Party(ies)

- ☐ Mark if additional names of conveying parties attached
- Execution Date  
Month Day Year  
04 01 1998

Name (line 1) HEMOCLEANSE, INC.

Name (line 2) an Indiana corporation

Second Party

Name (line 1)

Name (line 2)

Execution Date  
Month Day Year

Receiving Party

- ☐ Mark if additional names of receiving parties attached

Name (line 1) Infectious Disease Treatment Corporation

Name (line 2) a Florida Corporation

Address (line 1) Building 2500, 2nd Floor

Address (line 2) 2275 Swallow Hill Road

Address (line 3) Pittsburgh

PA/USA

15220

City

State/Country

Zip Code

☐ If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative is attached. (Designation must be a separate document from Assignment.)

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

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05/06/1998 SSMITH 00000006 08683678

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Mail documents to be recorded with required cover sheet(s) information to:  
Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231

REEL: 9138 FRAME: 0529

**Correspondent Name and Address**

Area Code and Telephone Number (412) 429-0673

Name Glenn Keeling, President

Address (line 1) IDT, Inc.

Address (line 2) Building 2500, 2nd Floor

Address (line 3) 2275 Swallow Hill Road

Address (line 4) Pittsburgh, PA 15220

**Pages**

Enter the total number of pages of the attached conveyance document including any attachments.

# 06

**Application Number(s) or Patent Number(s)**

☐ Mark if additional numbers attached

Enter either the Patent Application Number or the Patent Number (DO NOT ENTER BOTH numbers for the same property).

**Patent Application Number(s)**

08683678

**Patent Number(s)**

5536412

5277820

If this document is being filed together with a new Patent Application, enter the date the patent application was signed by the first named executing inventor.

Month Day Year

**Patent Cooperation Treaty (PCT)**

Enter PCT application number  
only if a U.S. Application Number  
has not been assigned.

PCT PCT PCT

PCT PCT PCT

**Number of Properties**

Enter the total number of properties involved.

# 03

**Fee Amount**

Fee Amount for Properties Listed (37 CFR 3.41): \$ 120.00

Method of Payment:  
Deposit Account

Enclosed ☐

Deposit Account ☐

(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number:

#

Authorization to charge additional fees:

Yes ☐

No ☐

**Statement and Signature**

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. Charges to deposit account are authorized, as indicated herein.

HemoCleanse, Inc.  
Robert B. Truitt, President & CEO

Name of Person Signing

Signature

Date

4/14/98

**HemoCleanse, Inc.**  
**CONVERTIBLE PROMISSORY NOTE**

**\$664,000.00**

**April 1, 1998**  
**West Lafayette, Indiana**

HemoCleanse, Inc., an Indiana corporation (the "Company"), for value received, hereby promises to pay to Infectious Disease Treatment Corporation, a Florida corporation, or any person to whom this Note is subsequently transferred and who becomes a registered holder of this Note (the "Holder"), the principal sum of Six Hundred Sixty-Four Thousand Dollars (\$664,000.00) (the "Principal Amount"), or so much of said principal sum as may be then outstanding on the earlier of (a) the closing of an initial public offering of the Company's common stock, no par value (the "Common Stock") (the "IPO"); (b) five business days after the closing of a \$5,000,000 Placement (hereinafter defined); (c) December 31, 2002, (the "Payment Date"), and thereafter on demand, and to pay interest on the unpaid principal balance hereof on such date at the rate of twenty percent (20.0%) per year. Interest will begin to accrue on the date of issuance set forth above and will be calculated on a simple interest basis until all principal is paid.

This Note is subject to the following terms and conditions:

1. **Series.** This Note is one of an authorized and limited \$1.5 million issue of Convertible Promissory Notes, of like tenor and maturity (the "1998 Bridge Notes"), and certain of the rights of the Holder hereunder are interrelated with the rights of such other holders of the 1998 Bridge Notes.
2. **Payment.** This Note may be prepaid in whole or in part at any time upon 10 days written notice to Holder, during which notice period Holder will have the opportunity to convert pursuant to Section 3.2 below. All payments on this Note and the other 1998 Bridge Notes will be made on a pro rata basis to all of the persons then holding any of the 1998 Bridge Notes, and will be applied first to the payment of accrued interest and then to the unpaid balance.
3. **Conversion**
  - 3.1. **Automatic Conversion.** All of the outstanding principal and accrued interest under this Note will, without any action of the Holder, be automatically converted into Common Stock of the Company on the Automatic Conversion Date defined as the earlier of (a) the closing of an IPO; or (b) five business days after the closing of a debt or equity financing raising aggregate gross proceeds of at least \$5,000,000 (the "\$5,000,000 Placement"). The Note will convert at a price (the "Conversion Price") equal to the lower of (A) \$2.00 per share; or (B) the initial public offering price of the IPO, in the case of an automatic conversion triggered

upon the closing of an IPO; or (C) the private offering price of the \$5,000,000 Placement, in the case of an automatic conversion triggered upon the closing of the \$5,000,000 Placement. This Note will not otherwise be automatically convertible. The securities issuable upon conversion of this Note are referred to herein as the "Conversion Shares". If this Note is automatically converted in connection with a \$5,000,000 Placement of equity or convertible securities, the Holder is entitled, with respect to any Conversion Shares so obtained, to the same rights, and will accept the same obligations, as are accorded to and accepted by the other investors in connection with the \$5,000,000 Placement.

- 3.2. **Terms of Conversion.** The outstanding principal balance and accrued interest due under this Note shall be convertible at the option of the Holder, at any time and from time to time (the "Optional Conversion Date"), but in no event after the Payment Date, into shares of the Company's Common Stock, at a Conversion Price equal to the lesser of \$2.00 per share or the last price paid to the Company for Common Stock by any purchaser. The Conversion Price set forth above shall be subject to adjustment in accordance with Section 4.1 hereof.
- 3.3. **Issuance of Common Stock.** The conversion of this Note pursuant to Section 3.1 will be deemed to have been made at the close of business on the Automatic Conversion Date or the close of business on the Optional Conversion Date. As of the Automatic Conversion Date or the Optional Conversion Date, the rights of the Holder as a noteholder will cease as to the extent of principal and interest converted and the Holder will be treated for all purposes as having become the record holder or holders of the Conversion Shares as of such date. No fractional shares of Common Stock will be issued upon the conversion of this Note, but, instead of any fraction of a share which would otherwise be issuable, the Company will deliver an amount of cash equal to such fraction multiplied by the Conversion Price.
- 3.4. **Covenants of Company.** The Company covenants that all of the Conversion Shares will, upon issuance, be duly authorized and issued, fully paid, nonassessable and free from all taxes, liens and charges with respect to the issue thereof. The Company further covenants that during the period within which this Note may be converted, the Company will at all times have authorized, and reserved free of preemptive or other rights for the purpose of issue such number of shares of Common Stock as shall then be issuable upon conversion of this Note as herein provided.

4. **Consolidation, Merger, Sale or Conveyance**

- 4.1. **Conversion Shares Adjustment.** If there should be any change in the Common Stock of the Company through stock splits, combinations, dividends, or other distributions, reclassification, reorganization, substitutions, merger, or consolidation, the Holder shall be entitled upon conversion of this Note according to Section 3 to the number of shares of Common Stock which the Holder would have owned or have been entitled to receive had the conversion occurred immediately prior to the happening of such event. No fractional shares shall be issued but, instead, the Conversion Price shall be proportionately reduced.
- 4.2. **Generally.** Nothing contained in this Note will prevent any consolidation or merger of the Company with or into any other corporation or corporations or

successive consolidations or mergers in which the Company or its successor or successors is a party or parties, or will prevent any sale or conveyance of the property of the Company as an entirety or substantially as an entirety to any other corporation authorized to acquire and operate the same. However, the Company hereby covenants and agrees that any such consolidation, merger, sale or conveyance will be upon the condition that (a) immediately after such consolidation, merger, sale or conveyance the corporation (whether the Company or such other corporation) formed by or surviving any such consolidation or merger, or to which such sale or conveyance will have been made, will not be in default in the performance or observance of any of the terms, covenants and conditions of this Note to be kept or performed by the Company; and (b) the corporation (whether the Company or such other corporation) formed by or surviving any such consolidation or merger, or to which such sale or conveyance will have been made, will expressly assume the due and punctual payment of the principal of this Note, according to the terms of this Note, and the faithful performance and observance of all of the covenants, conditions, and requirements of this Note to be performed by the Company by a supplemental instrument executed and delivered to the Holder by such corporation.

- 4.3. **Release.** In case of any such consolidation, merger, sale or conveyance and upon the assumption by the successor corporation pursuant to Section 4.2 above, such successor corporation will succeed to and be substituted for the Company, with the same effect as if it had been named in this Note in the Company's place, and the Company (including any intervening successor to the Company which has become obligated under this Note) will be relieved of any further obligation under this Note.
- 4.4. **Liability of Successor Corporation.** All of the covenants, stipulations, promises, and agreements contained in this Note by or on behalf of the Company will bind its successors and assigns, whether so expressed or not.

5. **Default**

- 5.1. **Events of Default.** An "Event of Default" will be deemed to occur upon the happening of any of the following: (a) the failure to pay when due any amount of principal or interest payable hereunder, (b) the filing against the Company which is not dismissed within 60 days thereafter, or by the Company, of a petition in bankruptcy or for an arrangement or reorganization, (c) the making by the Company of a general assignment for the benefit of creditors, (d) the appointment of a receiver or trustee for the Company, or (e) the institution of liquidation or dissolution or reorganization proceedings with respect to the Company.
- 5.2. **Rights on Default.** If an Event of Default occurs and is continuing, the holders of 51% of the aggregate principal amount of the 1998 Bridge Notes then outstanding may declare the principal of this Note and the other 1998 Bridge Notes, if not already due, to be due and payable immediately, by written notice to the Company. Upon any such declaration, all of the 1998 Bridge Notes will become due and payable immediately.
- 5.3. **Enforcement.** If the holders of 51% of the aggregate principal amount of the 1998 Bridge Notes then outstanding declare the principal of this Note due and

payable immediately, the holders may proceed, subject, however, to all the terms and conditions hereof, to protect and enforce their rights by an action at law, suit in equity, or other appropriate proceeding.

6. **Security Interest.** To secure payment of the 1998 Bridge Notes, of which this Note is a part, the Company hereby grants to the Holder a security interest in, and authorizes the Holder to file a Form UCC-1 including as collateral, "all general intangibles related to the BioLogic-DT<sup>®</sup> System and the BioLogic-DTPF System<sup>™</sup> technology and patents now or hereafter received by or belonging to the Company, including, but not limited to, Patent No. 5,277,820 issued on January 11, 1994, Patent No. 5,538,412 issued on July 16, 1996, and Patent Application No. 08/683,678 filed July 16, 1996, subject to the prior security interests contained in notes to Fredric I. Orkin and William N. Orkin which do not exceed \$150,000.00." This security interest shall continue until payment of the 1998 Bridge Notes in full, whether or not said 1998 Bridge Notes are renewed or extended, or conversion thereof as provided herein.

7. **Miscellaneous.**

7.1. **Restriction on Transfer.** By accepting this Note:

The Holder represents and warrants to the Company that (i) this Note and the Conversion Shares are being purchased for investment for the Holder's own account and not with the view to, or for resale in connection with, any distribution or public offering thereof, (ii) the Holder understands that neither this Note nor the Conversion Shares have been registered under the Securities Act of 1933, as amended (the "Securities Act") or any state securities laws by reason of their contemplated issuance in transactions exempt from the registration requirements of the Securities Act and applicable state securities laws and that the reliance of the Company and others upon these exemptions is predicated in part upon this representation by the Holder, and (iii) the Holder understands that this Note and the Conversion Shares may not be transferred or resold without registration under the Securities Act and any applicable state securities laws, or pursuant to an exemption from the requirements of the Securities Act and applicable state securities laws; and

The Holder agrees that the transfer of this Note and any Conversion Shares will be subject to the restriction that no such transfer will be effected until the Holder has first obtained a written opinion of counsel, satisfactory to the Company, that the proposed transfer, if consummated, may be lawfully made without registration under the Securities Act and any applicable state securities law (and that this Note and certificates representing any Conversion Shares will be stamped with appropriate legends setting forth these restrictions on transferability).

- 7.2. **Headings.** The headings in this Note are inserted for convenience only and will not affect the meaning or interpretation of all or any part of this Note.
- 7.3. **Governing Law.** This Note will be deemed to be a contract made under the laws of the State of Indiana, and for all purposes will be construed in accordance with the laws of the State of Indiana.
- 7.4. **Construction.** Wherever possible, each provision of this Note will be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Note is prohibited by or invalid under applicable law,

such provision will be ineffective only to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Note.

- 7.5. **Amendments.** Upon the written consent of the holders of at least 51% of the aggregate principal amount of the 1998 Bridge Notes then outstanding, compliance with any of the covenants and conditions set forth in the 1998 Bridge Notes may be modified, amended, rescinded, canceled or waived, in whole or in part. However, no such modification, amendment, rescission, cancellation or waiver will be made which would, without the consent of the Holder of each Note affected thereby, reduce the principal of, or the rate of interest payable on any such Note, postpone the date fixed for payment of principal of, or interest on, any such Note, or change the Conversion Price of any such Note.

IN WITNESS WHEREOF, the Company has caused this Note to be duly executed as of the date set forth above.

HemoCleanse, Inc.

By: Robert B. Truitt

Robert B. Truitt

Its: President and Chief Executive Officer

By: Stephen R. Ash

Stephen R. Ash, M.D.

Its: Chairman of the Board and Medical Director

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR STATE SECURITIES LAWS AND MAY NOT BE SOLD, TRANSFERRED, ASSIGNED, OFFERED, PLEDGED OR OTHERWISE DISTRIBUTED FOR VALUE UNLESS THERE IS AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT AND SUCH LAWS COVERING SUCH SECURITIES OR THE COMPANY RECEIVES AN OPINION OF COUNSEL ACCEPTABLE TO THE COMPANY STATING THAT SUCH SALE, TRANSFER, ASSIGNMENT, OFFER, PLEDGE OR OTHER DISTRIBUTION FOR VALUE IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SUCH ACT AND SUCH LAWS.