

07-01-1998

MRD 6.3.98



Docket No. 29170-21

100752052

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

1. Name of conveying party(ies): Obagi Medical Products, Inc.

Additional name of conveying party attached?  Yes  No

2. Name and address of receiving party(ies).

Name Imperial Bank

Internal Address: \_\_\_\_\_

Street Address: 695 Town Center Dr., Ste. 100

City: Costa Mesa State CA ZIP 92626-1924

Additional name(s) and address(es) attached?  Yes  No

3. Nature of conveyance:

Assignment  Merger

Security Agreement  Change of Name

Other \_\_\_\_\_

Execution Date: As of May 19, 1998

4. Application number(s) or patent numbers:

If this document is being filed together with a new application, the execution date of the application is: \_\_\_\_\_

A. Patent Application No.(s)

B. Patent No.(s)

08/528,782

4,874,361

08/672,797

5,166,176

PCT/US96/13788

5,131,384

Additional numbers attached?  Yes  No

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

Name Tony Adler, Esq.

Address: MITCHELL, SILBERBERG & KNUPP LLP

Street Address 11377 West Olympic Boulevard

City: Los Angeles State CA ZIP 90064

6. Total number of applications and patents involved: 6

7. Total fee (37 CFR 3.41) \$240.00

Enclosed

Any discrepancy or overpayment is authorized to be charged to deposit account

8. Deposit Account number:

20000008 200052 4874361

(Attach duplicate copy of this page if payable by deposit account)

06/29/1998 TTON11 00000008 200052 4874361  
01 FC:581 240.00 CH

DO NOT USE THIS SPACE

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Diane Mix

Name of Person Signing

*Diane Mix*  
Signature

May 29, 1998

Date

Total number of pages including cover sheet, attachments, and document: 7

**MORTGAGE, ASSIGNMENT AND GRANT OF SECURITY INTEREST  
WITH RESPECT TO PATENTS AND OTHER COLLATERAL**

KNOW ALL MEN BY THESE PRESENTS, that for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the undersigned, OBAGI MEDICAL PRODUCTS, INC., a California corporation (and formerly known as OMP Acquisition Corporation) (the "Debtor" or "Borrower"), having an office located at 310 Golden Shore, Second Floor, Long Beach, California 90802, does hereby irrevocably mortgage, pledge, assign and grant a continuing security interest to IMPERIAL BANK, a California chartered bank (the "Secured Party" or "Bank") having an office located at 695 Town Center Drive, Suite 100, Costa Mesa, California 92626-1924, and to the Secured Party's successors and assigns, in all right, title and interest of the Debtor, now owned or hereafter acquired throughout the universe, in and to all of the collateral described in Schedule A attached hereto including, without limitation, (a) the "Patents" (as such term is defined in Schedule A attached hereto), and (b) all accounts and accounts receivable generated by such Patents (all of the foregoing collateral is hereinafter severally and collectively referred to as the "Collateral"), as security for the payment and performance (whether presently existing or hereafter arising) of any and all indebtedness and obligations of the Debtor to the Bank (collectively, the "Obligations") pursuant to the terms of (i) that certain Credit Agreement dated December 1, 1997, by and between the Debtor and the Secured Party, (ii) that certain General Security Agreement dated December 1, 1997, by and between Debtor and Secured Party, (iii) all promissory notes of Debtor in favor of Secured Party (including, without limitation, that certain Promissory Note dated December 1, 1997, in the original principal amount of \$3,000,000.00 made by the Debtor in favor of the Secured Party, and that certain Promissory Note dated December 1, 1997, in the original principal amount of \$1,000,000.00 made by the Debtor in favor of the Secured Party), and (iv) all other agreements and documents between the Debtor and Secured Party now existing or hereafter entered into, as any of the foregoing may be amended, modified, and/or restated from time to time (collectively, the "Loan Documents"). The repayment of the Obligations are also secured by all other personal property of the Debtor.

This Mortgage, Assignment and Grant of Security Interest With Respect to Patents and Other Collateral is subject to all of the applicable terms and conditions in the Loan Documents. Upon the occurrence of a default or breach by the Debtor under any of the Loan Documents, the Bank may exercise any and all rights and remedies of the Bank under the Loan Documents, and the laws of the State of California and of the United States of America and any other relevant jurisdictions.

The Debtor does hereby irrevocably appoint the Bank as the Debtor's attorney in fact to do all acts and things permitted or contemplated by the terms hereof and/or any of the Loan Documents. This power of attorney is coupled with an interest and is irrevocable.

The Debtor shall have the duty (i) to prosecute diligently any patent application pending as of the date hereof or thereafter, (ii) to make application on unpatented but patentable inventions as appropriate in the operation of the Debtor's

business, (iii) to file and prosecute opposition and cancellation proceedings, (iv) to renew all Patents in a timely manner, and (v) to preserve and maintain all rights in patent applications of the Patents. The Debtor shall not abandon any Patent or any right to file a patent application without the consent of the Secured Party, which consent may be withheld in the Secured Party's sole and absolute discretion.

The Debtor agrees that if any person, corporation, partnership, trust, limited liability company or other entity shall do or perform any acts which the Bank believes infringes any right of the Debtor or any right of the Bank to the extent granted hereby, then the Bank may and shall have the right to take such steps and institute such suits or proceedings as the Bank may deem advisable or necessary to prevent such acts and conduct and to secure damages and other relief by reason thereof and to generally take such steps as may be advisable or necessary or proper for the full protection of the rights of the parties, but the Bank shall not be obligated to do any of the foregoing. The Bank may take such steps or institute such suits or proceedings in its own name or in the name of the Debtor or in the names of the parties jointly.

This Mortgage, Assignment and Grant of Security Interest With Respect to Patents and Other Collateral shall in all respects be subject to, construed in accordance with and governed by, the laws of the State of California without giving effect to that State's choice of law rules.

IN WITNESS WHEREOF, the undersigned has executed this instrument as of the 19th day of May, 1998.

OBAGI MEDICAL PRODUCTS, INC.,  
a California corporation (formerly  
known as OMP Acquisition Corporation)

By: I. C. Loe

Its: VP

**ALL-PURPOSE ACKNOWLEDGMENT**

<p>State of California )                  County of _____ )</p> <p>On _____, 199__ before me, _____  <small>DATE</small>                  personally appeared _____  <small>NAME(S) OF SIGNER(S)</small></p> <p><input type="checkbox"/> personally known to me <b>-OR-</b>  <input type="checkbox"/> proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.</p> <p>Witness my hand and official seal.</p> <p>_____                  SIGNATURE OF NOTARY</p>	<p style="text-align: center;"><b>CAPACITY CLAIMED BY SIGNER</b></p> <p><input type="checkbox"/> INDIVIDUAL(S)  <input type="checkbox"/> CORPORATE _____                  OFFICER(S) _____                  TITLE(S) _____</p> <p><input type="checkbox"/> PARTNER(S)  <input type="checkbox"/> ATTORNEY-IN-FACT  <input type="checkbox"/> TRUSTEE(S)  <input type="checkbox"/> SUBSCRIBING WITNESS  <input type="checkbox"/> GUARDIAN/CONSERVATOR  <input type="checkbox"/> OTHER: _____</p> <hr/> <p><b>SIGNER IS REPRESENTING:</b>                  NAME OF PERSON(S) OR ENTITY(IES)</p> <p>_____</p> <p>_____</p> <p>_____</p>
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**OPTIONAL SECTION**

<p>THIS CERTIFICATE MUST BE ATTACHED TO THE DOCUMENT DESCRIBED AT RIGHT:</p> <p>-----</p> <p>Though the data requested here is not required by law, it could prevent fraudulent reattachment of this form.</p>	<p>TITLE OR TYPE OF DOCUMENT: <u>Mortgage, Assignment and Grant of Security Interest With Respect to Patents and Other Collateral</u></p> <p>NUMBER OF PAGES _____ DATE OF DOCUMENT _____</p> <p>SIGNER(S) OTHER THAN NAMED ABOVE <u>xxx</u></p>
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DEBTOR: OBAGI MEDICAL PRODUCTS, INC., A CALIFORNIA CORPORATION  
(FORMERLY KNOWN AS OMP ACQUISITION CORPORATION)

SECURED PARTY: IMPERIAL BANK, a CALIFORNIA CHARTERED BANK

SCHEDULE A

(A) (i) all of the following personal property of Debtor whether presently existing or hereafter invented, created, written, produced or acquired: (a) all patents and patent applications filed in the United States Patent and Trademark Office (including, without limitation, the patents and/or patent applications listed on Schedule 1 attached hereto), and interests under patent license agreements, including, without limitation, the inventions and improvements described and claimed therein, (b) licenses pertaining to any patent whether Debtor is licensor or licensee, (c) all income, royalties, damages, payments, accounts and accounts receivable now or hereafter due and/or payable under and with respect thereto, including, without limitation, damages and payments for past, present or future infringements thereof, (d) all rights corresponding thereto throughout the world in all jurisdictions in which such patents have been issued or applied for, and (e) the reissues, divisions, continuations, renewals, extensions and continuations-in-part with any of the foregoing (all of the foregoing patents and applications and interests under patent license agreements, together with the items described in clauses (a) through (e) in this paragraph are sometimes herein individually and collectively referred to as the "Patents"), and (ii) all products and proceeds including, without limitation, insurance proceeds, of any of the foregoing.

DEBTOR: OBAGI MEDICAL PRODUCTS, INC., A CALIFORNIA CORPORATION  
(FORMERLY KNOWN AS OMP ACQUISITION CORPORATION)

SECURED PARTY: IMPERIAL BANK, a CALIFORNIA CHARTERED BANK

SCHEDULE 1

PATENTS

<u>Patent or Application Number</u>	<u>Description</u>	<u>Date of Issuance or Filing</u>
08/528,782	Skin Peel Maintenance Composition and Method	_____
08/672,797	Skin Peel Maintenance Composition and Method	6/28/96
PCT/US96/13788	Skin Peel Maintenance Composition and Method	_____
4,874,361	Method for Healing Damaged Skin	10/17/89
5,166,176	Composition for Healing Damaged Skin	11/24/92
5,131,384	Combination Applicator/ Massager	7/21/92

RNA\_D123.RV1

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

State of California  
County of Los Angeles  
On May 27, 1998 before me, Keisha E. Benson, Notary Public  
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")  
personally appeared Ian G. Walker  
Name(s) of Signer(s)

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



WITNESS my hand and official seal.

[Signature]  
Signature of Notary Public

**OPTIONAL**

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

**Description of Attached Document**

Title or Type of Document: Mortgage Assignment and Grant of Security Interest With Respect to Patents and Other Intellectual Property  
Document Date: 5/19/98 Number of Pages: 6  
Signer(s) Other Than Named Above:

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: Ian G. Walker

- Individual
- Corporate Officer  
Title(s): Vice President
- Partner —  Limited  General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_

RIGHT THUMBPRINT OF SIGNER  
Top of thumb here

Signer Is Representing:  
Obangi Medical Products, Inc.

Signer's Name: \_\_\_\_\_

- Individual
- Corporate Officer  
Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_

RIGHT THUMBPRINT OF SIGNER  
Top of thumb here

Signer Is Representing:  
\_\_\_\_\_