

02-04-2000



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**RECORDATION FORM COVER SHEET
PATENTS ONLY**

TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

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

Name (line 1)

Execution Date
Month Day Year

Name (line 2)

Second Party

Name (line 1)

Execution Date
Month Day Year

Name (line 2)

Receiving Party

Mark if additional names of receiving parties attached

Name (line 1)

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.)

Name (line 2)

Address (line 1)

Address (line 2)

Address (line 3)
City State/Country Zip Code

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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Public burden reporting for this collection of information is estimated to average approximately 30 minutes per Cover Sheet to be recorded, including time for reviewing the document and gathering the data needed to complete the Cover Sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Chief Information Officer, Washington, D.C. 20231 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0651-0027), Washington, D.C. 20503. See OMB Information Collection Budget Package, 0651-0027, Patent and Trademark Assignment Practice. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.

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

PATENT
REEL: 010514 FRAME: 0265

Correspondent Name and Address Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

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

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) | | | Patent Number(s) | | |
|---------------------------------------|----------------------|----------------------|--------------------------------------|--------------------------------------|----------------------|
| <input type="text" value="08491865"/> | <input type="text"/> | <input type="text"/> | <input type="text" value="5865167"/> | <input type="text" value="5730133"/> | <input type="text"/> |
| <input type="text" value="09399306"/> | <input type="text"/> | <input type="text"/> | <input type="text" value="5747789"/> | <input type="text" value="5699797"/> | <input type="text"/> |
| <input type="text" value="09353891"/> | <input type="text"/> | <input type="text"/> | <input type="text" value="5865743"/> | <input type="text"/> | <input type="text"/> |

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 PCT PCT

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

Number of Properties Enter the total number of properties involved. #

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

Method of Payment: Enclosed Deposit Account


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.

ADAM M. COHEN, ESQ.  JANUARY 7, 2000

Name of Person Signing Signature Date

Intellectual Property Security Agreement and Assignment

DOBI Medical Systems, LLC, Grantor
Lake Worth Ventures, Inc., Secured Party

This Intellectual Property Security Agreement and Assignment (this "**Agreement**") is made this 20th day of December, 1999, by DOBI Medical Systems, LLC, (the "**Grantor**") with and in favor of Lake Worth Ventures, Inc., a Delaware corporation (the "**Secured Party**").

WITNESSETH:

Whereas, the Grantor has issued to the Secured Party the first in a series of promissory notes dated of even date herewith, to evidence a loan to the Grantor by the Secured Party in the principal amount of \$185,000.00 (the "First Note"), and the Grantor may hereafter issue additional notes in such series to the Secured Party to evidence additional loans by the Secured Party to the Grantor (the "Series A Notes" or "Notes," which terms include the First Note); and

Whereas, to induce the Secured Party to make such loans in exchange for the Series A Notes, the Grantor has agreed to, and by this Agreement does hereby, create a security interest in all intellectual property owned by the Grantor or in which the Grantor has or hereafter may acquire rights, all as more fully set forth herein.

Whereas, the Collateral (as defined herein) is subject to a security interest which was first made by Dynamics Imaging, Inc., a Delaware corporation ("DII" or the "Seller") by written agreement (the "First Security Agreement") dated as of September 8, 1999, in favor of Great South Beach Improvement Co. ("GSB"), which is an affiliate of the Secured Party hereunder;

Whereas, the Grantor, by written instrument of even date herewith, has assumed liability for the obligations secured by the First Security Agreement; and

Whereas, the Secured Party is willing to accept the security interests hereby created notwithstanding the security interests of GSB in the Collateral, all as more fully set forth herein:

Now, therefore, in consideration of the premises and the mutual covenants contained herein, the parties hereto agree as follows:

1. Grant of Security. The Grantor hereby grants a continuing security interest in and collaterally assigns to the Secured Party, all of the following (collectively, the "**Collateral**");

(a) *Patents.* All of the Grantor's right, title and interest, whether now owned or hereafter acquired, in and to all United States and foreign patents and patent applications (including without limitation the patents and patent applications identified on **Schedule I** attached hereto and

incorporated herein by reference) and including the right to recover for all past, present and future infringements thereof and all reissues, divisions, continuations, continuations-in-part, substitutes, renewals, and extensions thereof, all improvements thereon, and all other rights of any kind whatsoever of the Grantor accruing thereunder or pertaining thereto (collectively, the "**Patents**").

(b) *Trademarks.* All of the Grantor's right, title and interest, whether now owned or hereafter acquired, in and to all United States and foreign trademarks, trade names, trade dress, service marks, trademark and service mark registrations, and applications for trademark or service mark registration and any renewals thereof (including without limitation each trademark, trade name, trade dress, registration and application identified in **Schedule II** attached hereto and incorporated herein by reference) and including all income, royalties, damages and payments now and hereafter due and/or payable with respect thereto (including without limitation damages for past, present or future infringements thereof), the right to sue or otherwise recover for all past, present and future infringements thereof, all rights corresponding thereto throughout the world (but only such rights as now exist or may come to exist under applicable local law) and all other rights of any kind whatsoever of the Grantor accruing thereunder or pertaining thereto, together in each case with the goodwill of the business connected with the use of, and symbolized by, each such trademark and service mark (collectively, the "**Trademarks**").

(c) *Copyrights.* All of the Grantor's right, title and interest, whether now owned or hereafter acquired, in and to all United States and foreign copyrights and copyright applications (including without limitation the copyrights and copyright applications identified on Schedule III attached hereto and incorporated herein by reference) and including the right to recover for all past, present and future infringements thereof and all reissues, divisions, continuations, continuations-in-part, substitutes, renewals, and extensions thereof, all improvements thereon, and all other rights of any kind whatsoever of the Grantor accruing thereunder or pertaining thereto (collectively, the "**Copyrights**").

(d) *Licenses.* All license agreements regarding Patents, Trademarks or Copyrights (other than "off the shelf" software) with any other party, whether the Grantor is a licensor or licensee under any such license agreement (including without limitation the licenses listed on **Schedule IV** attached hereto and incorporated herein by reference), and the right to prepare for sale, sell and advertise for sale, all inventory now or hereafter owned by the Grantor and now or hereafter covered by such licenses (collectively, the "**Licenses**").

(e) *Proprietary Information.* All trade secrets and know-how of Grantor, whether patentable or unpatentable, including, but not limited to, Grantor's proprietary data, databases, technologies, formulae, research, research results, software, source codes, software and other information systems codes, methods of production, methods of doing business, customer lists, and financial information and projections (collectively, the "**Proprietary Information**").

(f) All proceeds of any of the foregoing. The Patents, Trademarks, Copyrights, Licenses and Proprietary Information may be referred to hereinafter, individually or collectively, as the "Collateral."

In addition, the Grantor has executed in blank and delivered to the Secured Party an assignment of the Collateral (the "**IP Assignment**") owned by it in the form of **Exhibit A** hereto. The Grantor hereby authorizes the Secured Party to complete as Assignee and record with the United States Patent and Trademark Office (the "**Patent and Trademark Office**") and the United States Copyright Office (the "**Copyright Office**") each IP Assignment upon the occurrence of an **Event of Default** (as such term is defined in the Series Promissory Notes) that is continuing at the time of filing.

2. Security for Obligations; No Continuing Subordination.

(a) The security interests granted under this Agreement (the "**Security Interests**") by the Grantor secure the payment of the Series A Notes and the performance of all other obligations under the Notes (collectively with payments, the "**Obligations**").

(b) The Secured Party does **not** hereby agree to subordinate its Security Interests to the security interests in the Collateral of any assignee or other successor in interest, whether by operation of law or otherwise, and whether or not for value, of GSB. If and when the security interests of GSB in the Collateral are terminated, the Secured Party shall have a first priority security interest in the Collateral.

3. Collateral Assignment. In addition to, and not in limitation of, the grant of the Security Interests in the Collateral in **Section 1** above, the Grantor hereby grants, assigns, transfers, conveys and sets over to the Secured Party, the Grantor's entire right, title and interest in and to the Collateral; *provided*, that such grant, assignment, transfer and conveyance shall become effective only at the election of the Secured Party after the occurrence of an Event of Default that is continuing at the time of such election. The Grantor hereby agrees that after the effectiveness of such grant, assignment, transfer and conveyance of any of the Collateral, the use by the Secured Party of any of such Collateral shall be without any liability for royalties or other related charges from the Secured Party to the Grantor.

4. Further Assurances.

(a) The Grantor agrees that from time to time, at the expense of the Grantor, the Grantor will promptly execute and deliver all further instruments and documents and take all further action that may be necessary or desirable in the Secured Party's reasonable determination, or that the Secured Party may reasonably request, in order to (i) continue, perfect and protect any Security Interest granted or purported to be granted hereby, (ii) enable the Secured Party, for the benefit of the Secured Party, to exercise and enforce its rights and remedies hereunder with respect to any part of the Collateral.

(b) The Grantor hereby authorizes the Secured Party, upon the occurrence and during the continuation of an Event of Default, to file, where permitted by law, one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Collateral without the signature of the Grantor where permitted by law.

(c) The Grantor will furnish to the Secured Party, from time to time, statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Secured Party, may reasonably request, all in reasonable detail.

(d) The Grantor agrees that if the Grantor obtains an ownership interest in any patent or patent application that is not now identified on **Schedule I**, any trademark or trademark application that is not now identified on **Schedule II**, any copyright or copyright application that is not now identified on **Schedule III**, any license agreement in respect of any patent, trademark or copyright that is not now identified on **Schedule IV**, or any *Proprietary Information*. All trade secrets and know-how of Grantor, whether patentable or unpatentable, including, but not limited to, Grantor's proprietary data, databases, technologies, formulae, research, research results, software, source codes, software and other information systems codes, methods of production, methods of doing business, customer lists, and financial information and projections (collectively, the "**Proprietary Information**") not now identified in **Schedule V**: (i) the provisions of this Agreement shall automatically apply to such item, and such item shall automatically become part of the Collateral; (ii) the Grantor shall, promptly acquiring or becoming aware of such ownership interest, (A) give written notice thereof to the Secured Party, and take reasonable and customary steps to cause such Trademarks, Patents and/or Copyrights, as applicable, to be registered with the Patent and Trademark or Copyright Office, as applicable, and (B) file all documents that are known by the Grantor to be necessary or that the Secured Party reasonably requests in order to perfect the Security Interest of the Secured Party therein; *provided, however*, that so long as no Event of Default shall have occurred and be continuing, the registration obligations of the Grantor pursuant to clause (ii)(B) shall be limited to those that are consistent with the Grantor's business judgment and actual use of such Trademarks, Patents and Copyrights.

(e) The Grantor agrees not to abandon any right to file a material patent application, or abandon any material pending patent, trademark or copyright registrations application with respect to any of the Collateral, without the prior written consent of the Secured Party. The Grantor agrees to notify the Secured Party promptly, in writing, if the Grantor learns that any of the Collateral may become abandoned or dedicated or of any adverse determination or any development (including without limitation the institution of any proceeding in the Patent and Trademark Office, the Copyright Office, or any court) regarding any material part of the Collateral.

(f) The Grantor shall not do any act or omit to do any act whereby any of the Collateral may become dedicated or abandoned, except where such dedication or abandonment (i) will not materially adversely affect the business, condition (financial or otherwise), operations, performance, or properties of the Grantor individually or of the Grantor and its Subsidiaries taken as a whole, and (ii) is in the ordinary course of the Grantor's business.

(g) The Grantor agrees that if any of the Collateral is infringed or misappropriated by a third party, the Grantor shall promptly notify the Secured Party and shall take all reasonable steps to terminate the infringement or misappropriation, and take such other actions as the Grantor shall deem appropriate under the circumstances to protect such Collateral; *provided, however*, that so long as no Event of Default shall have occurred and be continuing, the termination of infringement or misappropriation obligations of the Grantor described in this sentence shall be limited to those that are consistent with the Grantor's business judgement and actual use of such Collateral. Any expense incurred in connection with such activities shall be borne by the Grantor.

(h) The Grantor shall continue to mark its products as required by statute with the numbers of all appropriate Patents.

5. General Representations and Warranties. The Grantor represents and warrants as follows:

(a) It has the unqualified right to enter into this Agreement and to perform its terms and to grant all the rights, titles and interests granted herein.

(b) The execution, delivery and performance by the Grantor of this Agreement does not and will not contravene any contractual restriction or other obligation or duty binding on or affecting the Grantor or any of its properties that has a reasonable likelihood of having a material adverse effect on the Collateral, the business or the financial condition of the Grantor..

(c) This Agreement has been duly authorized, executed and delivered by the Grantor and is a legal, valid and binding obligation of the Grantor enforceable against the Grantor in accordance with its terms except as such enforcement may be limited by applicable bankruptcy, insolvency, fraudulent conveyance, reorganization or other similar laws relating to or limiting creditors' rights generally or by general equity principles.

(d) To the best of the Grantor's knowledge, the Collateral does not infringe any rights owned or possessed by any third party, and no third party has alleged any such infringement.

(e) To the best of the Grantor's knowledge, there are no claims, judgments or settlements to be paid by the Grantor or pending claims or litigation relating to the Collateral or the use thereof.

(f) The Grantor's products have been marked as required by statute with respect to the Collateral.

(g) Grantor has no knowledge of the existence of any right under any patent, trademark, license agreement, trade name, trade secret, know-how, confidential research, development and commercial information, or other proprietary information held by any other person that would preclude the Grantor from publishing, distributing, marketing, selling, or using any product currently made by it, being made for it or sold or used by it, imported by it or exported by it, as the case may

be, or to use any processes currently used by it (except, in each case, to the extent that the Grantor has granted an exclusive license to another Person), or materially interfere with the ability of the Grantor to carry on its business as currently carried on, and the Grantor has no knowledge of any claim to the contrary that is likely to be made.

6. Representations and Warranties Regarding the Collateral. The Grantor represents and warrants as follows:

(a) Except for the security interests under the First Security Agreement, the Grantor is the sole legal and beneficial owner of the Collateral set forth on **Schedules I, II and III** hereto, free and clear of any lien, security interest, option, charge, pledge, assignment (whether conditional or not), or any other encumbrance except for certain Licenses and registered user agreements described on **Schedule IV**, and no financing statement or other instrument similar in effect covering all or any part of such Collateral is on file in any recording office, except such as may have been filed in favor of the Secured Party.

(b) **Schedule I** sets forth all of the Patents owned by the Grantor.

(c) **Schedule II** is a complete list of all of the registered Trademarks owned by the Grantor.

(d) **Schedule III** is a complete list of all of the registered Copyrights owned by the Grantor.

(e) Each Patent, Trademark and Copyright identified on **Schedule I** hereto is subsisting and has not been adjudged unpatentable, unregistrable, invalid or unenforceable, in whole or in part, and to the knowledge of the Grantor is, as applicable, patentable, registrable, valid and enforceable, and each of such Patent and Trademark applications has been filed in conformity with applicable rules and procedures of the Patent and Trademark Office, and each Copyright has been filed in conformity with applicable rules and procedures of the Copyright Office, and will be diligently prosecuted in conformity therewith so as not to become improperly abandoned.

(f) Set forth on **Schedule IV** is a list, which is complete and accurate in all material respects as of the date hereof, of Licenses of the Grantor necessary for the conduct of its business as currently conducted or utilized, including the expiration date of such Licenses.

(g) Each License of the Grantor identified on **Schedule IV** is validly subsisting and has not been adjudged invalid or unenforceable, in whole or in part, and is, to the Grantor's knowledge, valid and enforceable. No action or proceeding is pending or, to the Grantor's knowledge, threatened seeking to limit, terminate, rescind, cancel or question the validity of any License.

(h) **Schedule V** is a complete list describing all the Proprietary Information.

7. Transfers and Other Liens. The Grantor shall not (a) sell, assign (except involuntarily by operation of law) or otherwise dispose of any of, or grant any option with respect to, the Collateral, except that the Grantor may license the Collateral in the ordinary course of the Grantor's business, *provided* that such license is necessary or desirable in the conduct of the Grantor's business. The Secured Party shall execute any documents that the Grantor may reasonably request in order to permit the Grantor to exercise its right hereunder to license the Collateral, *provided* that the Secured Party shall not be required to do anything that may, in the reasonable judgment of the Secured Party, adversely affect the validity of the Security Interests; or (b) take any other action in connection with any of the Collateral that would impair the value of the interest or rights of the Grantor in the Collateral or that would impair the interest or rights of the Secured Party.

8. Secured Party Appointed Attorney-in-Fact. Without limiting any other provision of this Agreement, upon the occurrence and during the continuance of an Event of Default, the Grantor hereby irrevocably appoints the Secured Party as the Grantor's attorney-in-fact, with full authority in the place and stead of the Grantor and in the name of the Grantor or otherwise, from time to time in the Secured Party discretion, to take any action and to execute any instrument that the Secured Party may reasonably deem necessary or advisable to accomplish the purposes of this Agreement, including without limitation:

(a) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral;

(b) to receive, endorse and collect any drafts or other instruments, documents and chattel paper in connection with clause (a) above;

(c) to file any claims or take any action or institute any proceedings that the Secured Party may reasonably deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of the Secured Party, with respect to any of the Collateral; and

(d) to execute, in connection with the sale provided for in **Section 13** hereof, any endorsement, assignments, or other instruments of conveyance or transfer with respect to the Collateral.

9. Secured Party May Perform.

(a) If the Grantor fails to perform any agreement contained herein, the Secured Party may itself perform, or cause performance of, such agreement, and the expenses of the Secured Party incurred in connection therewith shall be payable by the Grantor to the fullest extent permitted by applicable law.

(b) The Secured Party or their designated representatives shall have the right, to the extent reasonably requested and upon reasonable prior notice, at any reasonable time during normal

business hours of the Grantor and from time to time, to inspect the Grantor's premises and to examine the Grantor's books, records and operations relating to the Collateral.

10. The Secured Party's Duties. The powers conferred on the Secured Party hereunder are solely to protect the interest of the Secured Party in the Collateral and shall not impose any duty upon the Secured Party to exercise any such powers. Except for the accounting for moneys actually received by the Secured Party hereunder, the Secured Party shall not have any duty as to any Collateral or as to the taking of any necessary steps to preserve rights against other parties or any other rights pertaining to any Collateral.

11. Remedies Upon an Event of Default. If an Event of Default shall have occurred and be continuing:

(a) The Secured Party may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party upon default under the Uniform Commercial Code as in effect in the State of New York (the "UCC") and also may (i) exercise any and all rights and remedies of the Grantor under, in connection with, or otherwise in respect of, such Collateral, including the completion and filing of the IP Assignment, (ii) require the Grantor to, and the Grantor hereby agrees that it will at its expense and upon request of the Secured Party forthwith, assemble all or part of the documents embodying such Collateral as directed by the Secured Party and make it available to the Secured Party, at a place to be designated by the Secured Party that is reasonably convenient to both the Secured Party and the Grantor, (iii) enter any premises owned or leased by the Grantor where documents embodying such Collateral or any part thereof are assembled for a reasonable period in order to effectuate the Secured Party's rights and remedies hereunder or under applicable law, without obligation to the Grantor in respect of such entry, (iv) license such Collateral or any part thereof, (v) with notice as specified below, sell such Collateral or any part thereof in one or more lots at public or private sale, at any of the Secured Party's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Secured Party may deem commercially reasonable, and (vi) without prior notice to the Grantor, direct any licensee of any Collateral to pay all royalties and other payments which may be or which may thereafter become payable to the Grantor directly to the Secured Party or any designee of the Secured Party, but the Secured Party shall give notice to the Grantor of any such direction no later than five (5) business days after giving any such direction. The Grantor agrees that at least ten (10) days' business notice to the Grantor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Secured Party shall not be obligated to make any sale of the Collateral regardless of notice of sale having been given. The Secured Party may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, with further notice to the Grantor, be made at the time and place to which it was so adjourned. The Secured Party may bid and otherwise fully participate at any public or private sale of the Collateral.

(b) All payments received by the Grantor under or in connection with the Collateral shall be received in trust for the benefit of the Secured Party, shall be segregated from other funds of the

Grantor and shall be immediately paid over to the Secured Party in the same form as so received (with any necessary endorsement).

(c) All payments made under or in connection with or otherwise in respect of the Collateral, and all cash proceeds received by the Secured Party in respect of any sale of, collection from, or other realization upon all or any part of such Collateral may, in the discretion of the Secured Party, be held by the Secured Party, as collateral for, and then or at any time thereafter applied for the ratable benefit of the Secured Party against all or any part of the Obligations. Any sale or other disposition of the Collateral and the possession thereof by the Secured Party shall be in compliance with all provisions of applicable law (including applicable provisions of the UCC).

12. Continuing Security Interest.

(a) This Agreement shall create a continuing Security Interest in the Collateral and shall remain in full force and effect until terminated in accordance with the provisions of **Section 18** hereof.

(b) The Grantor shall not sell, lease, transfer or otherwise dispose of any item of Collateral during the term of this Agreement without the prior written consent of the Secured Party to such sale, lease, transfer or other disposition.

(c) Upon the termination of this agreement in accordance with **Section 18** hereof, the Collateral shall be automatically released from the liens created hereby, all rights to the Collateral shall automatically revert to the Grantor, and this Agreement and all obligations of the Grantor hereunder shall terminate without delivery of any instrument or performance of any act by any party. Upon such termination of this Agreement, the Secured Party shall reassign and redeliver such Collateral then held by or for the Secured Party and execute and deliver to the Grantor such documents as it shall reasonably request to evidence such termination.

13. Entire Agreement; Amendment. This Agreement constitutes and expresses the entire understanding between the parties hereto with respect to the subject matter hereof, and supersedes all prior agreements and understandings, inducements, commitments or conditions, express or implied, oral or written, except as herein contained. The express terms hereof control and supersede any course of performance or usage of the trade inconsistent with any of the terms hereof. Neither this Agreement nor any portion or provision hereof may be changed, altered, modified, supplemented, discharged, canceled, terminated, or amended orally or in any manner other than by an agreement, in writing signed by the parties hereto.

14. Further Assurances. The Grantor agrees at its own expense to do such further acts and things, and to execute and deliver such additional conveyances, assignments, financing statements, agreements and instruments, as the Secured Party may at any time reasonably request in connection with the administration or enforcement of this Agreement or related to the Collateral or any part

thereof or in order better to assure and confirm unto the Secured Party their rights, powers and remedies hereunder.

15. Binding Agreement; Assignment. This Agreement, and the terms, covenants, conditions, rights and remedies hereof, shall be binding upon and inure to the benefit of the parties hereto, and to their respective heirs, legal representatives, successors and permitted assigns. Grantor may not assign any rights or obligations pursuant to this Agreement to any third party without the written consent of the Secured Party, which consent may be granted or withheld in the discretion of the Secured Party.

16. Severability. If any term or provision of this Agreement is or shall become illegal, invalid or unenforceable in any jurisdiction, all other terms and provisions of this Agreement shall remain legal, valid and enforceable in such jurisdiction and such illegal, invalid or unenforceable provision shall be legal, valid and enforceable in any other jurisdiction.

17. Counterparts; Facsimile Signatures. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement. This Agreement, once executed by a party, may be delivered to the other party hereto by facsimile transmission of a copy of this Agreement bearing the signature of the party so delivering this Agreement.

18. Termination. This Agreement and all obligations of the Grantor hereunder shall terminate once the Obligations have been paid in full.

19. Notices. Any notice, request or consent required hereunder or in connection herewith shall be deemed satisfactorily given if in writing (including facsimile transmissions) and delivered by hand, U.S. mail (registered or certified mail) or recognized overnight courier to the parties at their respective addresses or telecopier numbers set forth in the Purchase Agreement or such other addresses or telecopier numbers as may be given by any party to the others in writing.

If to the Grantor:

DOBI Medical Systems, LLC
1200 MacArthur Boulevard
Mahwah, New Jersey 07430
Att'n: Mr. Phillip C. Thomas, Chief Executive Officer
Facsimile: (201) 760-8860

With a copy to:

Kane Kessler, P.C.
1350 Avenue of the Americas
New York, New York 10019
Att'n: Jeffrey S. Tullman, Esq.
Facsimile: (212) 245-3009

If to the Secured Party:
Lake Worth Ventures, Inc.
Phillips Point, West Tower
777 South Flagler Drive, Suite 1112
West Palm Beach, Florida 33401
Att'n: Mr. David H. Clarke
Facsimile: (561) 833-6674

With a copy to:
Kane Kessler, P.C.
1350 Avenue of the Americas
New York, New York 10019
Att'n: Jeffrey S. Tullman, Esq.
Facsimile: (212) 245-3009

20. Governing Law. This agreement shall be governed as to its validity, interpretation and effect in accordance with the laws of the state of New York. Except as required by mandatory provisions of law and except if the validity or perfection of the security interest hereunder, or remedies hereunder, in respect of any particular collateral are governed by the laws of a jurisdiction other than New York.

21. Waiver of Jury Trial. Grantor and Secured Party hereby waive trial by jury in any judicial proceeding to which they are parties involving, directly or indirectly, any matter (whether in tort, contract or otherwise) in any way arising out of, related to, or connected with this Agreement and the relationships established hereunder.

[The balance of this page is intentionally left blank.]

In Witness Whereof, the parties have duly executed this Intellectual Property Security Agreement and Assignment on the day and year first written above.

Lake Worth Ventures, Inc., the Secured Party

DOBI Medical Systems, LLC, the Grantor

By: David H. Clarke
David H. Clarke, President

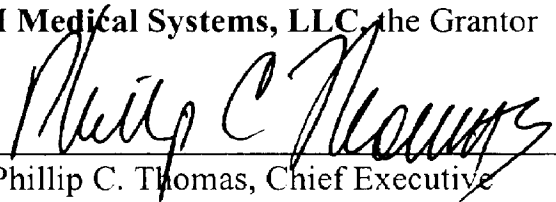
By: Phillip C. Thomas
Phillip C. Thomas, Chief Executive Officer

In Witness Whereof, the parties have duly executed this Intellectual Property Security Agreement and Assignment on the day and year first written above.

Lake Worth Ventures, Inc., the Secured
Party

DOBI Medical Systems, LLC, the Grantor

By: _____
David H. Clarke, President

By: 
Phillip C. Thomas, Chief Executive
Officer

SCHEDULE I -- Patents and Patent Applications

| <u>DII Docket No.</u> | <u>Title</u> | <u>Country</u> | <u>Patent/Application No.</u> |
|-----------------------|--|--|---|
| DYN P02 | Method of Living System Organism Diagnostics and Apparatus for its Realization | United States | U.S. Pat. No. 5,865,167 based upon U.S. Pat. Applications Serial Nos. 08/565,747 and 08/116,472 |
| DYN P03 | Method for Investigation of Distribution Of Physiological Components in Human Body Tissues and Apparatus for its Realization | United States | U.S. Pat. No. 5,747,789 based upon U.S. Pat. Applications Serial Nos. 08/678,786 and 08/160,396 |
| DYN P05 | Method of Living Organism Multimodal Functional Mapping | United States | U.S. Pat No. 5,865,743 based upon U.S. Pat. Applications Serial Nos. 08/529,408 and 08/201,105 |
| DYN P06 | Method and Device for Diagnosis of Living Organism | Germany Italy France United Kingdom Canada | German Patent No.: 69227463 Italian Patent No.: 19487BE/99 French Patent No.: EP 0612500 U.K. Patent No.: EP 0612500 Canadian Patent Application Serial No. 2,216,227 -- all of the above based upon Patent Cooperation Treaty Application Serial No. PCT/RU92/00237 which claims priority of Russian Patent Application Serial No. 5020307 |
| DYN P07 | Optical Functional Mamoscope | United States | U.S. Pat. No. 5,730,133 based upon U.S. Pat. Applications Serial Nos. 08/664,189 and 08/246,607 |

No.

| <u>DII Docket No.</u> | <u>Title</u> | <u>Country</u> | <u>Patent/Application No.</u> |
|-----------------------|--|---|---|
| DYN P08 | Method of Investigation of Microcirculation Functional Dynamics Of Physiological Liquids in Skin and Apparatus for its Realization | United States | U.S. Pat. No. 5,699,797 based upon U.S. Pat. Applications Serial Nos. 08/411,644 based upon Patent Cooperation Treaty Application Serial No. PCT/US93/09480 and Russian Patent Application Serial No. 5064982 |
| DYN P09 | Method and Apparatus for Diagnostics of Internal Organs | United States | U.S. Patent Application Serial No. 08/491,865 soon to issue as a U.S. Patent |
| DYN P10 | Dynamic-Functional Imaging of Biological Objects Using a Non-Rigid Object Holder | United States Europe to be filed on or before October 21, 1999 Canada to be filed On or before September 21, 2000 | U.S. Patent Application Serial No. 09/399,306 (awaiting Official Filing Receipt) based upon Patent Cooperation Treaty Application Serial No. PCT/US98/05559 based upon U.S. Provisional Application Serial No. 60/041,034 |
| DYN P12 | Method of Living Organism Multimodal Functional Mapping | United States | U.S. Pat. Application Serial No. 09/353,891 based upon U.S. Patent Applications Serial Nos. 09/238,404; 08/529,408 (now U.S. Patent No. 5,865,743 see DYN P05) and 08/201,105 |

SCHEDULE I (Addendum) -- Other Documents of Interest

| <u>DII Docket No.</u> | <u>Title</u> | <u>Country</u> | <u>Document</u> |
|-----------------------|--|---------------------------|---|
| DYN P06 | Method and Device for Diagnosis of Living Organism | International European | Published PCT Application No. WO 93/11704 European Patent Specification EP 0612500 B1 based on European Application No. 93911645 |
| DYN P08 | Method of Investigation of Microcirculation Functional Dynamics of Physiological Liquids in Skin and Apparatus for its Realization | International | Published PCT Application No. WO 94/07408 |
| DYN P10 | Dynamic-Functional Imaging of Biological Objects Using a Non-Rigid Object Holder | International | Published PCT Application No. WO 98/42248 |

10020-1/1P SPEC AGIR/Schedule IAdd

SCHEDULE II -- Trademarks, Trademark Registrations, Trademark Applications, Unregistered Tradenames/Trademarks and Domain Name

| <u>Mark</u> | <u>Country</u> | <u>Reg./Application No.</u> | <u>Status</u> |
|-------------|----------------|-----------------------------|-------------------------------|
| DOBI | Canada | 0888,015 | Pending |
| | France | 98748106 | Registered |
| | Germany | 39852116 | Registered |
| | Italy | GE98C000336 | Registered |
| | United Kingdom | 2175214 | Registered |
| | United States | 75/445,134 | Notice of Allowance (pending) |
| | Japan | 74776/1998 | Pending |
| | China | 9800114210 | Pending |
| | Russian | 98715722 | Pending |

Unregistered Tradenames/Trademarks

DYNAMICS IMAGING

DII

DYNAMIC FUNCTIONAL IMAGING

DFI

DYNAMIC OPTICAL BREAST IMAGING

DI (as a logo)

Domain Name: dynamicsimaging.co

10020-1/DOBI/Sched IIA

Schedule III – Copyrights and Copyright Registrations

Not Applicable

Schedule IV - Licenses and Certifications

1. Notice of Authorization from Underwriters Laboratories Inc. to apply the combined US/Canada UL Classification Mark dated June 11, 1998 and June 30, 1998; Underwriters Laboratories Ref: E191509, 98ME 61483, BB/A
2. Test reports from TUV Product Service Inc. that equipment conforms to European CE Mark Standards.

Schedule V - Proprietary Information

Proprietary Information of Dynamics Imaging, Inc. includes, but is not limited to, financial information and databases, business plans and projections, clinical databases and results of research, clinical sites and protocols, software, software source code, methods of production, methods of doing business, confidentiality agreements, vendors, product components and business strategies.