

06-26-2000

PTO-1595



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To the Honorable Commissioner of Patents and Trademarks
Please record the attached original document(s) or copy(ies) thereof

Attorney Docket No. **24863-0003US**

1. Name of the conveying parties

Gryphon Sciences

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

BioAsia Investments, LLC
575 High Street, Suite 201
Palo Alto, CA 94301

Additional name(s) of conveying party(ies) attached? **No**

3. Nature of conveyance:

☐ Assignment☐ Merger☒ Security Agreement☐ Change of NameExecution Dates: **May 8, 2000**

Additional Names(s) and Address(es) Attached
[] Yes [X] No

4. Application Number(s) or Patent Number(s)

If this document is being filed together with a new application, the execution date of the application is: **N/A**A. U.S. Patent Application No.: **08/343,585**B. Patent No(s). **N/A**

Additional Numbers Attached? [X] Yes [] No

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

Bruce W. Jennet, Esq.
HELLER EHRMAN WHITE & McAULIFFE
525 University Avenue
Palo Alto, CA 94301-1900

Telephone direct: (650) 324-7122
Facsimile: (650) 324-0638

6. Total number of Applications and Patents involved **19**7. Total Fee (37 CFR §3.41) **\$ 760.00**☒ Check Enclosed

[] Previously Paid

[] Authorized to charge to Deposit Acct #08-1641

(Attached duplicate copy if paying by Deposit Account)

8. ☒ Please Charge Deposit Account No. 08-1641 for any
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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.

Robert F. Dennis**Reg. No. 40,988**

Name of Person Signing

Signature

Date

Total number of pages including cover sheet, attachments, and document: **8**

Mail documents to be recorded with required cover sheet information to:

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PATENT
REEL: 010867 FRAME: 0598

Attachment to Section 4

Additional U.S. Patent Application No.

2. 08/343,144
3. 09/222,625
4. 09/222,069
5. 09/043,877
6. 09/331,507
7. 09/144,838
8. 08/647,405
9. 09/097,094
10. 09/141,833
11. 09/281,713
12. 09/144,964
13. 09/263,971
14. 09/364,302
15. 09/379,297
16. 07/899,452
17. 08/114,877
18. 08/537,928
19. 08/241,687

SECURITY AGREEMENT

This Security Agreement (this "Agreement") is made and entered into effective as of May 8, 2000 (the "Effective Date") by and between Gryphon Sciences, a California corporation (the "Borrower"), and BioAsia Investments, LLC (the "Lender").

Pursuant to the terms of that certain Secured Convertible Promissory Note (the "Secured Bridge Note") of even date herewith from the Borrower to the Lender, the Borrower has borrowed from the Lender at the Effective Date an aggregate of \$550,000.00 in principal amount.

NOW, THEREFORE, in consideration of the loan made by the Lender to the Borrower under the Secured Bridge Note, the parties' agreements herein, and for other good and valuable consideration, the parties hereby agree as follows:

1. Security. Subject to the other provisions hereof, the payment and performance of all the Borrower's obligations under the Secured Bridge Note (the "Secured Bridge Note Obligations") will at all times be secured as follows:

(a) Grant Of Security Interest; Priority. As security for the due performance and payment of the Secured Bridge Note Obligations under this Agreement, the Borrower hereby grants to the Lender a security interest in the "Collateral" as defined in Section 1(b) hereof. The Lender understands that, at the Effective Date, Silicon Valley Bank ("SVB") has a perfected first priority security interest (the "SVB Security Interest") in some or all of the Collateral, and that until the Borrower pays the Borrower's loan obligations to SVB to which such security interest relates, SVB will have a security interest in the Collateral that may be prior to that of the Lender.

(b) Collateral Defined. As used in this Agreement, the term "Collateral" means, collectively, any and all of the assets, properties, goods, inventory, equipment, furniture, fixtures, leases, supplies, records (including without limitation all of the books and records of the Borrower pertaining to other items constituting the Collateral), money, documents, instruments, chattel paper, accounts, intellectual property rights, including, but not limited to, copyrights, moral rights, patents, patent applications, trademarks, service marks, trade names, trade secrets and other general intangibles, whether owned by the Borrower on the Effective Date or hereafter acquired, and all proceeds thereof.

(c) Financing Statements. For so long as the Borrower is indebted to the Lender under the Secured Bridge Note, the Borrower will promptly execute and deliver to the Lender such assignments, notices, financing statements, or other documents and papers (including, but not limited to, such documents as may be filed with the U.S. Registrar of Copyrights and the U.S. Patent and Trademark Office in order to perfect the Lender's rights in the Borrower's patents, registered trademarks, registered copyrights and applications therefor) as the Lender may reasonably require in order to perfect and maintain the security interest in the Collateral granted to the Lender hereby and to give any third party notice of the Lender's interest in the Collateral. The Borrower will pay to the Lender all expenses incurred by the Lender in filing such assignments, notices, financing statements or other documents or papers (and any continuation statements or amendments thereto). Upon the full and final discharge of all of the Secured Bridge Note Obligations, the Lender will execute and deliver such documents as may be reasonably necessary and requested by the Borrower to release the Collateral from the security interest granted to the Lender in this Agreement.

2. Representations and Warranties of The Borrower. The Borrower represents and warrants to the Lender that:

(a) No Legal Obstacle to Agreement. To the best of the Borrower's knowledge, neither the execution and delivery of this Agreement nor the consummation of any transaction contemplated hereby, nor the fulfillment of the terms of this Agreement or of any other agreement or instrument referred to herein, has constituted or resulted in, or will constitute or result in, a breach of the provisions of any instrument, contract or agreement to which the Borrower is a party or by which the Borrower and/or the Collateral is bound, or the violation of any law, judgment, decree or governmental or administrative order, rule or regulation applicable to the Borrower, or has resulted in or will result in the creation of any lien or claim upon any of the Collateral. No consent of any other person (including without limitation any shareholder or creditor of the Borrower) is required in connection with the execution, delivery, performance, validity or enforceability of this Agreement.

(b) Title; No Liens or Claims in Collateral. With the exception of the SVB Security Interest and of commercially customary security interests in the Collateral held by lessors of such Collateral that consists of real and personal property, including equipment, leased to the Borrower in the ordinary course of the Borrower's business, and except for statutory liens for the payment of current taxes that are not yet delinquent and except for the security interest granted to the Lender under this Agreement: (i) the Borrower owns all right, title and interest in and to the Collateral and no other person or entity has any right, title or interest in or to the Collateral, and (ii) all of the Collateral is (and until the Secured Bridge Note Obligations are fully satisfied will be) free and clear of all liens, security interests, mortgages, claims, rights, encumbrances and restrictions of any kind.

(c) No Bankruptcy. The Borrower is not subject to any bankruptcy case or insolvency proceedings before any court in any jurisdiction. In the ninety (90) days preceding the effective date hereof, the Borrower has not received any threat from any third party to subject the Borrower to any involuntary bankruptcy or insolvency proceeding.

3. Covenants Of The Borrower. The Borrower hereby covenants and agrees with the Lender as follows with respect to the Borrower's activities during such time as any Secured Bridge Note Obligations remain outstanding:

(a) Taxes. The Borrower will pay all taxes due and owing by the Borrower at such time as they become due, except for amounts in good faith dispute by the Borrower, and then only for so long as in such good faith dispute.

(b) Condition Of Collateral. The Borrower will keep the Collateral in good condition and repair, normal wear and tear excepted.

(c) Maintenance Of Records. The Borrower will keep and maintain at its own cost and expense satisfactory and complete records of the Collateral belonging to and/or in the possession of the Borrower.

(d) Notice To Account Debtors. Upon the written request of the Lender given to the Borrower at any time after the occurrence and during the continuance of an Event of Default (as defined below), the Borrower will, in writing, promptly notify account debtors on all

the Borrower's accounts that such accounts have been assigned to the Lender and that payments in respect thereof will be made directly to the Lender.

(e) Moving Of Collateral. The Borrower will not move or relocate any or all of the Collateral that remains owned by the Borrower (other than any Collateral that is sold, leased or otherwise transferred by the Borrower in a bona fide transaction for value in the ordinary course of the Borrower's business, or except as may be specifically otherwise authorized in writing in advance by the Lender, which authorization will not be unreasonably withheld) to any location outside the State of California without giving the Lender written notice of the moving of such Collateral in sufficient time to enable the Lender to make all filings necessary to maintain without interruption the continuous perfection of the Lender's security interest in such moved or relocated Collateral in the jurisdiction(s) in which such Collateral is moved or relocated. Any notice provided by the Borrower relating to the movement of Collateral will indicate in detail the description of the Collateral to be moved or relocated and the location(s) and address(es) to which such Collateral is to be moved.

(f) Certain Other Grants Of Security Interest By The Borrower. Without the prior written consent of the Lender, which will not be unreasonably withheld, the Borrower will not grant to any third party, except for commercially customary security interests in the Collateral held by lessors of such Collateral that consists of real and personal property, including equipment, leased to the Borrower after the Effective Date in the ordinary course of the Borrower's business, a security interest in any or all of the Collateral that is at parity with, or senior to, the security interest granted by the Borrower to the Lender hereunder. It will be a condition of the Borrower granting any third party a security interest in any or all of the Collateral that is subordinate to the security interest of the Lender that the Borrower obtain an acknowledgment and agreement in writing from such third party as to the subordination of such third party's security interest in the Collateral to that of the Lender hereunder.

4. Lender's Rights And Remedies Upon Event Of Default.

(a) General Remedies. Subject to the other provisions hereof, upon any default under the Secured Bridge Note, then in addition to exercising any other rights or remedies the Lender may have under the Secured Bridge Note, at law or in equity, or pursuant to the provisions of the California Commercial Code, the Lender may, at the Lender's option, and without demand first made, exercise any one or all of the following rights and remedies: (i) declare the Secured Bridge Note immediately due and payable without demand, presentment, protest, or notice to debtor, all of which the Borrower expressly waives; (ii) collect the Collateral and its proceeds; (iii) take possession of the Collateral wherever it may be found, using all reasonable means to do so, or require the Borrower to assemble the Collateral and make it available to the Lender at a place designated by the Lender in writing to the Borrower which is reasonably convenient to the Borrower; (iv) proceed with the foreclosure of the security interest in the Collateral granted herein and the sale or endorsement and collection of the proceeds of the Collateral in any manner permitted by law or provided for herein; (v) sell, lease or otherwise dispose of the Collateral at public or private sale, with or without having the Collateral at the place of sale; (vi) institute a suit or other action against the Borrower for recovery on the Secured Bridge Note; (vii) exercise any rights and remedies of a secured party under the California Commercial Code; and/or (viii) offset, against any payment due from the Borrower to the Lender, the whole or any part of any indebtedness of the Lender to the Borrower.

(b) No Election of Remedies. The election by the Lender of any right or remedy will not prevent the Lender from exercising any other right or remedy against the Borrower.

(c) Proceeds. If an Event of Default occurs, all proceeds and payments with respect to the Collateral will be retained by the Lender (or if received by the Borrower will be held in trust and will be forthwith delivered by the Borrower to the Lender in the original form received, endorsed in blank) and held by the Lender as part of the Collateral or applied by the Lender to the payment of the Secured Bridge Note Obligations.

(d) Sale of Collateral. Any item of Collateral may be sold for cash or other value at public or private sale or other disposition and the proceeds thereof collected by or for the Lender. The Borrower will promptly execute and deliver, or promptly cause to be executed and delivered, such instruments, documents, assignments, waivers, certificates and affidavits and supply or cause to be supplied such further information and take such further action as the Lender may require in connection with any such sale or disposition. The Lender will have the right upon any such public sale, and, to the extent permitted by law, upon any such private sale, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in the Borrower, which right or equity is hereby waived or released. If any notice of a proposed sale, lease, license or other disposition of Collateral will be required by law, such notice will be deemed reasonable and proper if given at least ten (10) days before such sale, lease, license or other disposition. The Lender will give the Borrower at least ten (10) days prior written notice of any sale, lease, license or other disposition of Collateral (or any part thereof) by the Lender pursuant to the Lender's rights under this Agreement.

(e) Application Of Proceeds. The proceeds of all sales and collections in respect of the Collateral permitted hereunder by exercise of the Lender's rights under this Section 4, the application of which is not otherwise specifically herein provided for, will be applied as follows: (i) first, to the payment of the costs and expenses of such sale or sales and collections and the attorneys' fees and out-of-pocket expenses incurred by any or all of the Lender relating to costs of collection; (ii) any surplus then remaining will be applied first to the payment of all unpaid interest accrued under the Secured Bridge Note, and then to the payment of unpaid principal under the Secured Bridge Note; and (iii) any surplus then remaining will be paid to the Borrower.

(f) Limited Power Of Attorney. the Borrower hereby irrevocably designates and appoints the Lender as the Borrower's agent and attorney-in-fact to act for and in its behalf and instead of the Borrower, to undertake any such action, to execute and file any such document and to do all other lawfully permitted acts to further the purposes of the foregoing with the same legal force and effect as if executed by the Borrower if and when the Borrower does not undertake any action or sign any document requested by the Lender in accordance with the terms of this Agreement.

5. Miscellaneous.

(a) Counting Of Time. Whenever days are to be counted under this Agreement, the first day will not be counted and the next day will be counted as the first day.

(b) Notices. All notices, requests, consents and other communications hereunder to any party will be deemed to be sufficient if contained in a written instrument delivered in person, including delivery by recognized express courier, fees prepaid, or sent by facsimile transmission or duly sent by first class registered or certified mail, return receipt requested, postage prepaid, in each case addressed as set forth below such party's signature below, or to such other address as may hereinafter be designated in writing by the recipient to the sender pursuant to this Section 5(b). All such notices, requests, consents and other communications will be deemed to have been received in the case of personal delivery, including delivery by express courier, on the date of such delivery; in the case of facsimile transmission, on the date of transmission; and in the case of mailing, on the third day after deposit in the U.S. mail, proper postage prepaid.

(c) Jurisdiction; Venue. The Borrower and the Lender severally irrevocably submit to the in personam jurisdiction of, and venue in, the state courts of the State of California and of the United States District Court for the Northern District of California that are located in Santa Clara County, California, for the purpose of any suit, action or other proceeding arising out of or based upon this Agreement.

(d) Termination; Certain Actions By The Lender. When all of the Secured Bridge Note Obligations have been paid and performed in full and discharged, this Agreement and the security interest granted to the Lender under this Agreement will terminate automatically without the need for any other or further signature of any party or any other action. The Borrower will give written notice to all the Lender of such termination within thirty (30) days after such termination, and the Lender will, upon the written request of the Borrower, execute and deliver such customary and commercially reasonable documents and instruments as the Borrower request in good faith to evidence the discharge of the Secured Bridge Note Obligations, including full payment of, or, by its terms conversion into equity securities of the Company of, the Secured Bridge Note, and the termination of the Lender's security interest in the Collateral.

(e) Amendments and Waivers. Neither this Agreement or any term hereof may be amended, modified or waived, except by written instrument signed by the Borrower and by the Lender. No course of dealing between the parties will operate as a waiver of either party's rights under this Agreement. A waiver on any one occasion will not be construed as a bar to or waiver of any right or remedy on any future occasion. The Borrower acknowledges that the giving by the Lender of any notice or information to the Borrower, or the securing of any consent by the Borrower, not required by the express terms hereof to be given or secured, will not by implication constitute an amendment to or waiver or modification of any provision hereof, or impose upon the Lender any duty to give any such notice or information or to secure any such consent on any future occasion.

(f) Attorneys' Fees. If any party hereto commences or maintains any action at law or in equity (including counterclaims or cross-complaints) against any other party or parties hereto by reason of the breach or claimed breach of any term or provision of this Agreement by such other party or parties, then the prevailing party or parties in such action will be entitled to

recover its or their reasonable attorney's fees and court costs incurred therein from the other party or parties to such action.

(g) Successors and Assigns. The provisions of this Agreement will inure to the benefit of, and be binding on, each party's respective successors and assigns. This Agreement is not assignable in whole or in part by any party hereto without the prior written consent of both parties hereto, which will not be unreasonably withheld or delayed.

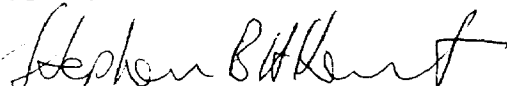
(h) Severability; Entire Agreement. The invalidity or unenforceability of any term or provision of this Agreement will not affect the validity or enforceability of any other term or provision hereof. The headings in this Agreement are for convenience of reference only and will not alter or otherwise affect the meaning of this Agreement. This Agreement and the Secured Bridge Note together constitute the entire agreement of the parties regarding the specific subject matter hereof and supersede any and all prior understandings or agreements between or among any of the parties with respect to such specific subject matter.

(i) Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of California, excluding that body of law pertaining to conflict of laws or choice of law.

(j) Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which will be an original and all which together will constitute one instrument.

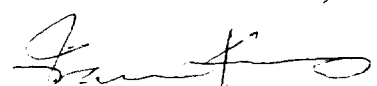
IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered as of the Effective Date.

GRYPHON SCIENCES

By: 
Name: Stephen KENT
Title: President & CEO

Address: Attention: Chief Executive Officer
250 East Grand Avenue, Suite 90
South San Francisco, CA 94080
Fax: (650) 952-3055

BIOASIA INVESTMENTS, LLC

By: 
Name: Frank Kung
Title: General Partner

Address: Attention: Dr. Frank Kung
575 High Street, Ste. 201
Palo Alto, CA 94301
Fax: (650) 688-0815