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Form PTO-1595

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U.S. DEPARTMENT OF COMMERCE
U.S. Patent and Trademark Office

To the Honorable Commissioner of Patents and Trademarks, please record the attached original documents or copy thereof.

1. Name of conveying party(ies):

AVOCET MEDICAL, INC.

7-20-01

Additional name(s) of conveying party(ies) attached? ☐ Yes ☒ No

3. Nature of conveyance:

- ☐ Assignment ☐ Merger
☒ Security Agreement ☐ Change of Name
☐ Other _____

Execution Date: 07-11-01

2. Name and address of receiving party(ies)

NAME: VECTOR LATER-STAGE EQUITY
FUND II (QP)

Internal Address: as agent for the

Secured Parties

JUL 20 2001

Street Address: 1751 Lake Cook Road,

Suite 350

City: Deerfield State: IL Zip: 60015

Additional name(s) & address(es) attached? ☐ Yes ☒ 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: _____

A. Patent Application No.(s)

09/536881
09/435253

B. Patent No.(s)

5344754 5580744 6061128
5554531 5418141
5418143

Additional numbers attached? ☐ Yes ☒ No

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

Name: Donna R. Gasiorowski

Internal Address: Senior Legal Assistant
to Jonathan Temps

Kirkland & Ellis

Street Address: 200 East Randolph Drive

City: Chicago State: IL Zip: 60601

6. Total number of applications and patents involved: 8

7. Total fee (37 CFR 3.41).....\$ 320.00

☒ Enclosed

☒ Authorized to be charged to deposit account
and any additional and/or credited fees

8. Deposit account number:

220440

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

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.

Donna R. Gasiorowski

Name of Person Signing

Donna R. Gasiorowski
Signature

7/20/01
Date

Total number of pages including cover sheet, attachments, and documents: 25

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

32422-3

PATENT
REEL: 012002 FRAME: 0144

07/26/2001 LMEILER 0000064 09536041
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SECURITY AGREEMENT

THIS SECURITY AGREEMENT dated as of July 10, 2001 ("*Security Agreement*"), is made by AVOCET MEDICAL, INC., a California corporation ("*Grantor*"), in favor of DELPHI VENTURES III, L.P., DELPHI VENTURES IV, L.P., VECTOR LATER-STAGE EQUITY FUND II (QP), L.P., VECTOR LATER-STAGE EQUITY FUND II, L.P., NEW ENTERPRISE ASSOCIATES VIII, LIMITED PARTNERSHIP, INTERWEST INVESTORS VI, L.P., INTERWEST PARTNERS VI, L.P., MEDVENTURE ASSOCIATES II, L.P., MDS LIFE SCIENCES TECHNOLOGY BARBADOS INVESTMENT TRUST, MDS LIFE SCIENCES TECHNOLOGY FUND LIMITED PARTNERSHIP and MDS LIFE SCIENCES TECHNOLOGY FUND USA, L.P. (each, a "*Secured Party*" and collectively, "*Secured Parties*").

RECITALS

A. Each Secured Party has agreed to make certain advances of money and to extend certain financial accommodation to Grantor as evidenced by those certain Secured Promissory Notes (the "*Notes*") executed by Grantor in favor of Secured Parties (collectively, the "*Loans*").

B. Each Secured Party is willing to make the Loans to Grantor, but only upon the condition, among others, that Grantor shall have executed and delivered to each Secured Party this Security Agreement.

AGREEMENT

NOW, THEREFORE, in order to induce Secured Parties to make the Loans and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and intending to be legally bound, Grantor hereby represents, warrants, covenants and agrees as follows:

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

"*Chattel Paper*" means and includes any "*chattel paper*," as such term is defined in Article 9 of the UCC, now owned or hereafter acquired or received by Grantor or in which Grantor now holds or hereafter acquires or receives any right or interest, and shall include, in any event, any records of Grantor evidencing both a monetary obligation and a security interest in specific goods, a security interest in specific goods and software used in the goods, a security interest in specific goods and license of software used in the goods, a lease of specific goods or a lease of specific goods and license of software used in the goods, and any such records consisting of information stored in an electronic medium.

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

"*Contracts*" means all contracts (including any customer, vendor, supplier, service or maintenance contract), leases, licenses, undertakings, purchase orders, permits, franchise

agreements or other agreements, whether in written or electronic form, in or under which Grantor now holds or hereafter acquires any right, title or interest.

"Copyright License" means any agreement, whether in written or electronic form, in which Grantor now holds or hereafter acquires any interest, granting any right in or to any Copyright or Copyright registration (whether Grantor is the licensee or the licensor thereunder) including, without limitation, licenses pursuant to which Grantor has obtained the exclusive right to use a copyright owned by a third party.

"Copyrights" means all of the following now owned or hereafter acquired or created (as a work for hire for the benefit of Grantor) by Grantor or in which Grantor now holds or hereafter acquires or receives any right or interest, in whole or in part: (a) all copyrights, whether registered or unregistered, held pursuant to the laws of the United States, any State thereof or any other country; (b) registrations, applications, recordings and proceedings in the United States Copyright Office or in any similar office or agency of the United States, any State thereof or any other country; (c) any continuations, renewals or extensions thereof; (d) any registrations to be issued in any pending applications, and shall include any right or interest in and to work protectable by any of the foregoing which are presently or in the future owned, created or authorized (as a work for hire for the benefit of Grantor) or acquired by Grantor, in whole or in part; (e) prior versions of works covered by copyright and all works based upon, derived from or incorporating such works; (f) income, royalties, damages, claims and payments now and hereafter due and/or payable with respect to copyrights, including, without limitation, damages, claims and recoveries for past, present or future infringement; (g) rights to sue for past, present and future infringements of any copyright; and (h) any other rights corresponding to any of the foregoing rights throughout the world.

"Event of Default" means (i) any failure by Grantor forthwith to pay or perform any of the Secured Obligations, (ii) any report, information or notice made to, obtained or received by Secured Parties at any time after the date hereof indicating that any Secured Party's security interest is not prior to all other security interests or other interests reflected in such report, information or notice, (iii) any breach by Grantor of any warranty, representation, or covenant set forth herein, and (iv) any "Event of Default" as defined in the Notes.

"Instrument" means and includes any "instrument," as such term is defined in Article 9 of the UCC, now or hereafter owned or acquired or received by Grantor or in which Grantor now holds or hereafter acquires or receives any right or interest, whether in written or electronic form, and shall include, in any event, any negotiable instrument or other writing that evidences a right to the payment of a monetary obligation, is of a type that in the ordinary course of business is transferred by delivery with any necessary endorsement or assignment and which otherwise is not itself Investment Property, a security agreement or lease comprising part of Chattel Paper, a letter of credit or a writing evidencing a right to payment arising out of the use of a credit or charge card or information contained on or for use with any such card.

"Intellectual Property" means any intellectual property, in any medium, of any kind or nature whatsoever, now or hereafter owned or acquired or received by Grantor or in which Grantor now holds or hereafter acquires or receives any right or interest, and shall include, in any event, any Copyright, Trademark, Patent, trade secret, customer list, internet domain name

(including any right related to the registration thereof), proprietary or confidential information, mask work, source, object or other programming code, invention (whether or not patented or patentable), technical information, procedure, design, knowledge, know-how, software, data base, data, skill, expertise, recipe, experience, process, model, drawing, material or record.

"License" means any Copyright License, Patent License, Trademark License or other license of rights or interests, whether in-bound or out-bound, whether in written or electronic form, now or hereafter owned or acquired or received by Grantor or in which Grantor now holds or hereafter acquires or receives any right or interest, and shall include any renewals or extensions of any of the foregoing thereof.

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

"Patent License" means any agreement, whether in written or electronic form, in which Grantor now holds or hereafter acquires any interest, granting any right with respect to any invention on which a Patent is in existence (whether Grantor is the licensee or the licensor thereunder).

"Patents" means all of the following in which Grantor now holds or hereafter acquires any interest: (a) all letters patent of the United States or any other country, all registrations and recordings thereof and all applications for letters patent of the United States or any other country, including, without limitation, registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country; (b) all reissues, divisions, continuations, renewals, continuations-in-part or extensions thereof; (c) all petty patents, divisionals and patents of addition; (d) all patents to issue in any such applications; (e) income, royalties, damages, claims and payments now and hereafter due and/or payable with respect to patents, including, without limitation, damages, claims and recoveries for past, present or future infringement; and (f) rights to sue for past, present and future infringements of any patent.

"Permitted Lien" means: (a) any Liens existing on the date of this Security Agreement and set forth on Schedule A attached hereto; (b) Liens for taxes, fees, assessments or other governmental charges or levies, either not delinquent or being contested in good faith by appropriate proceedings, provided the same have no priority over any Secured Party's security interest; (c) Liens (i) upon or in any Equipment acquired or held by Grantor to secure the purchase price of such Equipment or indebtedness incurred solely for the purpose of financing the acquisition of such Equipment or (ii) existing on such Equipment at the time of its acquisition, provided that the Lien is confined solely to the Equipment so acquired, improvements thereon and the Proceeds of such Equipment; (d) leases or subleases and licenses or sublicenses granted to others in the ordinary course of Grantor's business if such are otherwise permitted under this Security Agreement and do not interfere in any material respect with the business of Grantor; (e) any right, title or interest of a licensor under a license provided that such license or sublicense does not prohibit the grant of the security interest granted hereunder; (f) Liens arising from judgments, decrees or attachments; (g) easements, reservations, rights-of-way, restrictions, minor defects or irregularities in title and other similar Liens affecting real property not interfering in any material respect with the ordinary conduct of the business of Grantor; (h)

Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods; (i) Liens arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of setoff or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution; (j) Liens securing capital lease obligations on assets subject to such capital leases including sale and lease-back transactions otherwise permitted under this Security Agreement and Liens on equipment leased by Grantor pursuant to an operating lease in the ordinary course of Grantor's business (including proceeds thereof and accessions thereto), all incurred solely for the purpose of financing the lease of such equipment (including Liens arising from UCC financing statements regarding such leases); (k) Liens, not otherwise permitted, which Liens do not in the aggregate exceed \$50,000 at any one time; and (l) Liens incurred in connection with the extension, renewal or refinancing of the indebtedness secured by Liens of the type described in clauses (a) and (c) above, provided that any extension, renewal or replacement Lien shall be limited to the property encumbered by the existing Lien and the principal amount of the indebtedness being extended, renewed or refinanced does not increase.

"Revised Article 9" has the meaning set forth in Section 3.

"Secured Obligations" means (a) the obligation of Grantor to repay Secured Parties all of the unpaid principal amount of, and accrued interest on (including any interest that accrues after the commencement of bankruptcy), the Loans, (b) the obligation of Grantor to pay any fees, costs and expenses of Secured Parties under the Notes or under Section 7 hereof and (c) all other indebtedness, liabilities and obligations of Grantor to Secured Parties, whether now existing or hereafter incurred, and whether created under, arising out of or in connection with any written agreement or otherwise.

"Security Agreement" means this Security Agreement and all Schedules hereto, as the same may from time to time be amended, modified, supplemented or restated.

"Trademark License" means any agreement, whether in written or electronic form, in which Grantor now holds or hereafter acquires any interest, granting any right in and to any Trademark or Trademark registration (whether Grantor is the licensee or the licensor thereunder).

"Trademarks" means any of the following in which Grantor now holds or hereafter acquires any interest: (a) any trademarks, tradenames, corporate names, company names, business names, trade styles, service marks, logos, other source or business identifiers, prints and labels on which any of the foregoing have appeared or appear, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations and recordings thereof and any applications in connection therewith, including, without limitation, registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country (collectively, the "Marks"); (b) any reissues, extensions or renewals thereof; (c) the goodwill of the business symbolized by or associated with the Marks; (d) income, royalties, damages, claims and payments now and hereafter due and/or payable with respect to the Marks, including, without limitation, damages, claims and recoveries for past, present or future infringement; and (e) rights to sue for past, present and future infringements of the Marks.

"UCC" means the Uniform Commercial Code as the same may from time to time be in effect in the State of California (and each reference in this Security Agreement to an Article thereof (denoted as a Division of the UCC as adopted and in effect in the State of California) shall refer to that Article (or Division, as applicable) as from time to time in effect, which in the case of Article 9 shall include and refer to Revised Article 9 from and after the date Revised Article 9 shall become effective in the State of California); *provided, however*, in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of any Secured Party's security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of California, the term "UCC" shall mean the Uniform Commercial Code (including the Articles thereof) as in effect at such time in such other jurisdiction for purposes of the provisions hereof relating to such attachment, perfection or priority and for purposes of definitions related to such provisions.

2. GRANT OF SECURITY INTEREST. As collateral security for the full, prompt, complete and final payment and performance when due (whether at stated maturity, by acceleration or otherwise) of all the Secured Obligations and in order to induce Secured Parties to cause the Loans to be made, Grantor hereby assigns, conveys, mortgages, pledges, hypothecates and transfers to each Secured Party, and hereby grants to each Secured Party, a security interest in all of Grantor's right, title and interest in, to and under the following, whether now owned or hereafter acquired, (all of which being collectively referred to herein as the "Collateral"):

(a) All Intellectual Property of Grantor, including, without limitation, all Copyrights, Patents, Trademarks, Licenses, designs, drawings, technical information, marketing plans, customer lists, trade secrets, proprietary or confidential information, inventions (whether or not patentable), procedures, know-how, models and data;

(b) That certain deposit account of Grantor numbered 0144601736 maintained with Bank of America, NT&SA; and

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

Notwithstanding the foregoing provisions of this Section 2, the grant, assignment and transfer of a security interest as provided herein shall not extend to, and the term "Collateral" shall not include: (a) "intent-to-use" trademarks at all times prior to the first use thereof, whether by the actual use thereof in commerce, the recording of a statement of use with the United States Patent and Trademark Office or otherwise or (b) any Contract, Instrument or Chattel Paper in which Grantor has any right, title or interest if and to the extent such Contract, Instrument or Chattel Paper includes a provision containing a restriction on assignment such that the creation of a security interest in the right, title or interest of Grantor therein would be prohibited and would, in and of itself, cause or result in a default thereunder enabling another person party to such Contract, Instrument or Chattel Paper to enforce any remedy with respect thereto; *provided* that the foregoing exclusion shall not apply if (i) such prohibition has been waived or such other person has otherwise consented to the creation hereunder of a security interest in such Contract, Instrument or Chattel Paper or (ii) such prohibition would be rendered ineffective pursuant to

Section 9-318(4) of the Uniform Commercial Code or Sections 9-407(a) or 9-408(a) of Revised Article 9 of the Uniform Commercial Code, as applicable and as then in effect in any relevant jurisdiction, or any other applicable law (including the Bankruptcy Code) or principles of equity); *provided further* that immediately upon the ineffectiveness, lapse or termination of any such provision, the Collateral shall include, and Grantor shall be deemed to have granted a security interest in, all its rights, title and interests in and to such Contract, Instrument or Chattel Paper as if such provision had never been in effect; and *provided further that* the foregoing exclusion shall in no way be construed so as to limit, impair or otherwise affect any Secured Party's unconditional continuing security interest in and to all rights, title and interests of Grantor in or to any payment obligations or other rights to receive monies due or to become due under any such Contract, Instrument or Chattel Paper and in any such monies and other proceeds of such Contract, Instrument or Chattel Paper.

3. **Revised Article 9.** The parties acknowledge that revised Article 9 of the Uniform Commercial Code in the form approved by the American Law Institute and the National Conference of Commissioners on Uniform State Law and contained in the 1999 official text of Revised Article 9 ("*Revised Article 9*") has been adopted in the State of California and elsewhere and hereby agree to the following provisions of this Security Agreement in anticipation of the possible application thereof, in one or more jurisdictions, to the transactions contemplated hereby.

(a) In applying the law of any jurisdiction in which Revised Article 9 is in effect, the Collateral is all assets of Grantor described in Section 2, whether or not within the scope of Revised Article 9.

(b) Secured Parties may at any time and from time to time file financing statements, continuation statements (including "in lieu" continuation statements) and amendments thereto that describe the Collateral as all assets of Grantor or words of similar effect and which contain any other information required by Part 5 of Revised Article 9 for the sufficiency or filing office acceptance of any financing statement, continuation statement or amendment, including whether Grantor is an organization, the type of organization and any organization identification number issued to Grantor. Grantor agrees to furnish any such information to Secured Parties promptly upon request. Any such financing statements, continuation statements or amendments may be signed by the applicable Secured Party on behalf of Grantor and may be filed at any time in any jurisdiction whether or not Revised Article 9 is then in effect in that jurisdiction.

(c) Grantor shall at any time and from time to time, whether or not Revised Article 9 is in effect in any particular jurisdiction, take such steps as Secured Parties may reasonably request for Secured Parties (i) to obtain an acknowledgment, in form and substance reasonably satisfactory to Secured Parties, of any bailee having possession of any of the Collateral that the bailee holds such Collateral for Secured Parties, (ii) to obtain "control" of any investment property, deposit accounts, letter-of-credit rights or electronic chattel paper (as such terms are defined in Revised Article 9 with corresponding provisions in Rev. §§ 9-104, 9-105, 9-106 and 9-107 relating to what constitutes "control" for such items of Collateral), with any agreements establishing control to be in form and substance reasonably satisfactory to Secured Parties, and (iii) otherwise to insure the continued perfection and priority of such Secured Party's

security interest in any of the Collateral and of the preservation of its rights therein, whether in anticipation of or following the effectiveness of Revised Article 9 in any jurisdiction.

(d) Nothing contained in this Section 3 shall be construed to narrow the scope of any Secured Party's security interest in any of the Collateral or the perfection or priority thereof or to impair or otherwise limit any of the rights, powers, privileges or remedies of Secured Parties hereunder except (and then only to the extent) mandated by Revised Article 9 to the extent then applicable.

4. RIGHTS OF SECURED PARTIES. Notwithstanding anything contained in this Security Agreement to the contrary, Grantor expressly agrees that it shall remain liable under each of its Contracts and each of its Licenses to observe and perform all the conditions and obligations to be observed and performed by it thereunder and that it shall perform all of its duties and obligations thereunder, all in accordance with and pursuant to the terms and provisions of each such Contract or License. Secured Parties shall not have any obligation or liability under any Contract or License by reason of or arising out of this Security Agreement or the granting to Secured Parties of a lien therein or the receipt by Secured Parties of any payment relating to any Contract or License pursuant hereto, nor shall Secured Parties be required or obligated in any manner to perform or fulfill any of the obligations of Grantor under or pursuant to any Contract or License, or to make any payment, or to make any inquiry as to the nature or the sufficiency of any payment received by it or the sufficiency of any performance by any party under any Contract or License, or to present or file any claim, or to take any action to collect or enforce any performance or the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

5. REPRESENTATIONS AND WARRANTIES. Grantor hereby represents and warrants to Secured Parties that:

(a) Except for the security interest granted to Secured Parties under this Security Agreement and Permitted Liens, Grantor is the sole legal and equitable owner or, has the power to transfer or, as to Intellectual Property licensed from other persons, licensee of each item of the Collateral in which it purports to grant a security interest hereunder, having good and marketable title thereto or the power to transfer, free and clear of any and all Liens except for Permitted Liens.

(b) No effective security agreement, financing statement, equivalent security or lien instrument or continuation statement covering all or any part of the Collateral exists, except such as may have been filed by Grantor in favor of Secured Parties pursuant to this Security Agreement except for Permitted Liens.

(c) This Security Agreement creates a legal and valid security interest on and in all of the Collateral in which Grantor now has rights and all filings and other actions necessary or desirable to perfect and protect such security interest have been duly taken. Accordingly, each Secured Party has a fully perfected first priority security interest in all of the Collateral in which Grantor now has rights subject only to Permitted Liens. This Security Agreement will create a legal and valid and fully perfected first priority security interest in the Collateral in which Grantor later acquires rights, when Grantor acquires those rights subject only to Permitted Liens

and additional filings to be made with the United States Copyright Office and/or Patent and Trademark Office as are necessary to perfect each Secured Party's security interest in subsequent ownership rights and interests of Grantor in Copyrights, Patents, Trademarks and Licenses.

(d) Grantor's chief executive office, principal place of business, and the place where Grantor maintains its records concerning the Collateral are presently located at the address set forth on the signature page hereof. If Grantor is a corporation, limited liability company, limited partnership, corporate trust or other registered organization, the State (or if not a state, the other jurisdiction) under whose law such registered organization was organized is set forth on the signature page hereof. Grantor shall not change its jurisdiction of organization or such chief executive office, principal place of business or remove or cause to be removed, the records concerning the Collateral from those premises without prior written notice to Secured Parties or as otherwise expressly permitted by the Notes.

(e) All Copyrights, Copyright Licenses, Patents, Patent Licenses, Trademarks and Trademark Licenses now owned, held or in which Grantor otherwise has any interest are listed on Schedule B attached hereto. Grantor shall amend Schedule B from time to time within twenty (20) business days after the filing of any application for a Patent, Trademark or Copyright or the issuance of any Patent or registration of any Trademark or Copyright to reflect any additions to or deletions from this list. Except as set forth on Schedule B, none of the Patents, Trademarks or Copyrights has been licensed to any third party.

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

6.1 Disposition of Collateral. Grantor shall not sell, lease, transfer or otherwise dispose of any of the Collateral, or attempt or contract to do so, other than the granting of non-exclusive Licenses in the ordinary course of Grantor's business.

6.2 Change of Jurisdiction of Organization, Relocation of Business or Collateral. Grantor shall not change its jurisdiction of organization, relocate its chief executive office, principal place of business or its records, or allow the relocation of any Collateral (except as allowed pursuant to Section 6.1 immediately above) from such address(es) provided to Secured Parties pursuant to Section 5(d) above without prior written notice to Secured Parties.

6.3 Limitation on Liens on Collateral. Grantor shall not, directly or indirectly, create, permit or suffer to exist, and shall defend the Collateral against and take such other action as is necessary to remove, any Lien on the Collateral, except (a) Permitted Liens and (b) the Lien granted to each Secured Party under this Security Agreement. Grantor shall further defend the right, title and interest of Bank in and to any of Grantor's rights under the Intellectual Property and in and to the Proceeds thereof against the claims and demands of all persons whomsoever.

6.4 Taxes, Assessments, Etc. Grantor shall pay promptly when due all taxes, assessments and government charges or levies imposed upon, and all claims (including claims for labor, materials and supplies) against, the Collateral, except to the extent the validity thereof

is being contested in good faith and adequate reserves are being maintained in connection therewith.

6.5 Maintenance of Records. Grantor shall keep and maintain at its own cost and expense satisfactory and complete records of the Collateral.

6.6 Registration of Intellectual Property Rights. Grantor shall promptly register or cause to be registered (to the extent not already registered) the most recent version of any Copyright and any Copyright License and any Patent, Patent License, Trademark or Trademark License, which, individually or in the aggregate, is material to the conduct of Grantor's business, with the United States Copyright Office or Patent and Trademark Office, as applicable, including, without limitation, in all such cases the filing of applications for renewal, affidavits of use, affidavits of noncontestability and opposition and interference and cancellation proceedings. Grantor shall register or cause to be registered with the United States Copyright Office or Patent and Trademark Office, as applicable, those additional rights and interests developed or acquired by Grantor after the date of this Security Agreement, including, without limitation, any additions to the rights and interests of Grantor listed on Schedule B hereto, prior to the sale or licensing of any product containing such rights and interests.

6.7 Notification Regarding Changes in Intellectual Property. Grantor shall promptly advise Secured Parties of any subsequent ownership right or interest of the Grantor in or to any Copyright, Patent, Trademark or License not specified on Schedule B hereto and shall permit Secured Parties to amend such Schedule, as necessary, to reflect any addition or deletion to such ownership rights.

6.8 Defense of Intellectual Property. Grantor shall (i) protect, defend and maintain the validity and enforceability of the Copyrights, Patents and Trademarks, (ii) use its best efforts to detect infringements of the Copyrights, Patents and Trademarks and promptly advise Secured Parties in writing of material infringements detected and (iii) not allow any Copyrights, Patents or Trademarks to be abandoned, forfeited or dedicated to the public without the written consent of Secured Parties unless reasonable business practice would determine that any such abandonment is appropriate.

6.9 Further Assurances; Pledge of Instruments. At any time and from time to time, upon the written request of Secured Parties, and at the sole expense of Grantor, Grantor shall promptly and duly execute and deliver any and all such further instruments and documents and take such further action as Secured Parties may reasonably deem necessary or desirable to obtain the full benefits of this Security Agreement, including, without limitation, (a) using its best efforts to secure all consents and approvals necessary or appropriate for the grant of a security interest to each Secured Party in any Contract held by Grantor or in which Grantor has any right or interest not heretofore assigned, (b) executing, delivering and causing to be filed any financing or continuation statements (including "in lieu" continuation statements) under the UCC with respect to the security interests granted hereby, and (c) filing or cooperating with each Secured Party in filing any forms or other documents required to be recorded with the United States Patent and Trademark Office, United States Copyright Office, or any actions, filings, recordings or registrations in any foreign jurisdiction or under any international treaty, required to secure or protect each Secured Party's interest in Grantor's Collateral. Grantor also hereby

authorizes Secured Parties to file any such financing or continuation statement (including "in lieu" continuation statements) without the signature of Grantor. If any amount payable under or in connection with any of the Collateral is or shall become evidenced by any Instrument, such Instrument, other than checks and notes received in the ordinary course of business and any Instrument in the outstanding or stated amount of less than \$25,000, shall be duly endorsed in a manner reasonably satisfactory to Secured Parties and delivered to Secured Parties promptly and in any event within five (5) business days of Grantor's receipt thereof.

7. RIGHTS AND REMEDIES UPON DEFAULT.

(a) Beginning on the date which is ten (10) business days after any Event of Default shall have occurred and while such Event of Default is continuing, Secured Parties may exercise in addition to all other rights and remedies granted to them under this Security Agreement, the Notes and under any other instrument or agreement securing, evidencing or relating to the Secured Obligations, all rights and remedies of a secured party under the UCC. Without limiting the generality of the foregoing, Grantor expressly agrees that in any such event Secured Parties, without demand of performance or other demand, advertisement or notice of any kind (except the notice specified below of time and place of public or private sale) to or upon Grantor or any other person (all and each of which demands, advertisements and notices are hereby expressly waived to the maximum extent permitted by the UCC and other applicable law), may (i) reclaim, take possession, recover, store, maintain, finish, repair, prepare for sale or lease, shop, advertise for sale or lease and sell or lease (in the manner provided herein) the Collateral, and in connection with the liquidation of the Collateral and collection of the accounts receivable pledged as Collateral, use any Trademark, Copyright, or process used or owned by Grantor and (ii) forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and may forthwith sell, lease, assign, give an option or options to purchase or sell or otherwise dispose of and deliver said Collateral (or contract to do so), or any part thereof, in one or more parcels at public or private sale or sales, at any exchange or broker's board or at any of Secured Parties' offices or elsewhere at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk. To the extent Grantor has the right to do so, Grantor authorizes Secured Parties, on the terms set forth in this Section 7 to enter the premises where the Collateral is located, to take possession of the Collateral, or any part of it, and to pay, purchase, contact, or compromise any encumbrance, charge, or lien which, in the opinion of Secured Parties, appears to be prior or superior to its security interest. Each Secured Party shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of said Collateral so sold, free of any right or equity of redemption, which equity of redemption Grantor hereby releases. Grantor further agrees, at any Secured Party's request, to assemble its Collateral and make it available to the Secured Parties at places which Secured Parties shall reasonably select, whether at Grantor's premises or elsewhere. Secured Parties shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale as provided in Section 7(e), below, with Grantor remaining liable for any deficiency remaining unpaid after such application, and only after so paying over such net proceeds and after the payment by Secured Parties of any other amount required by any provision of law, need Secured Parties account for the surplus, if any, to Grantor. To the maximum extent permitted by applicable law, Grantor waives all claims, damages, and demands against Secured Parties arising out of the repossession, retention or sale of the Collateral. Grantor agrees that Secured Parties need not give more than ten (10) days'

notice of the time and place of any public sale or of the time after which a private sale may take place and that such notice is reasonable notification of such matters. Grantor shall remain liable for any deficiency if the proceeds of any sale or disposition of its Collateral are insufficient to pay all amounts to which any Secured Party is entitled from Grantor, Grantor also being liable for the attorney costs of any attorneys employed by any Secured Party to collect such deficiency.

(b) Grantor agrees that in any sale of any of such Collateral, whether at a foreclosure sale or otherwise, Secured Parties are hereby authorized to comply with any limitation or restriction in connection with such sale as they may be advised by counsel is necessary in order to avoid any violation of applicable law (including compliance with such procedures as may restrict the number of prospective bidders and purchasers, require that such prospective bidders and purchasers have certain qualifications and restrict such prospective bidders and purchasers to persons who will represent and agree that they are purchasing for their own account for investment and not with a view to the distribution or resale of such Collateral), or in order to obtain any required approval of the sale or of the purchaser by any governmental authority, and Grantor further agrees that such compliance shall not result in such sale being considered or deemed not to have been made in a commercially reasonable manner, nor shall Secured Parties be liable nor accountable to Grantor for any discount allowed by the reason of the fact that such Collateral is sold in compliance with any such limitation or restriction.

(c) Grantor also agrees to pay all fees, costs and expenses of Secured Parties, including, without limitation, reasonable attorneys' fees, incurred in connection with the enforcement of any of its rights and remedies hereunder.

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

(e) The Proceeds of any sale, disposition or other realization upon all or any part of the Collateral shall be distributed by Secured Parties in the following order of priorities:

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

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

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

8. INDEMNITY. Grantor agrees to defend, indemnify and hold harmless each Secured Party and its officers, employees, and agents against (a) all obligations, demands, claims, and liabilities claimed or asserted by any other party in connection with the transactions contemplated by this Security Agreement and (b) all losses or expenses in any way suffered, incurred, or paid by such Secured Party as a result of or in any way arising out of, following or consequential to transactions between such Secured Party and Grantor, whether under this

Security Agreement or otherwise (including without limitation, reasonable attorneys fees and expenses), except for losses arising from or out of such Secured Party's gross negligence or willful misconduct.

9. LIMITATION ON SECURED PARTIES' DUTY IN RESPECT OF COLLATERAL. Each Secured Party shall be deemed to have acted reasonably in the custody, preservation and disposition of any of the Collateral if it takes such action as Grantor requests in writing, but failure of such Secured Party to comply with any such request shall not in itself be deemed a failure to act reasonably, and no failure of such Secured Party to do any act not so requested shall be deemed a failure to act reasonably.

10. REINSTATEMENT. This Security Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against Grantor for liquidation or reorganization, should Grantor become insolvent or make an assignment for the benefit of creditors or should a receiver or trustee be appointed for all or any significant part of Grantor's property and assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Secured Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Secured Obligations, whether as a "voidable preference," "fraudulent conveyance," or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Secured Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

11. ACTIONS BY THE LENDERS AND AMENDMENTS. All actions, omissions and decisions of the Secured Parties hereunder or any amendment of the Notes or this Security Agreement (each called herein "Act of the Secured Parties") shall be determined by and require the written consent of the individuals and entities holding Notes with [50% [or] 66 and 2/3%] of the outstanding principal amount of and accrued interest on all Loans. Each Secured Party shall take such actions and execute such documents as may be necessary to confirm or accomplish any Act of the Secured Parties. Notwithstanding the foregoing, the consent of each affected Secured Party shall be necessary to do the following to any Notes:

(a) reduce the percentage of the principal and interest amount of Loans whose holders must consent to constitute an Act of the Secured Parties;

(b) reduce the rate of or change the time for payment of interest on any Loan;

(c) reduce the principal of or change the fixed maturity of any Loan; or

(d) make any Loan payable in money other than the stated in the Notes.

12. UNEQUAL PAYMENT BY GRANTOR. Each Secured Party agrees that if it shall, through the exercise of any right granted to the Secured Parties under this Security Agreement, under the Notes or by applicable law, including, but not limited to any right of set-off, any secured claim under Section 506 of the Bankruptcy Code or any other security or interest arising from, or in lieu of such secured claim, and received by such Secured Party under any applicable bankruptcy, insolvency or other similar law, or otherwise, obtain payment in respect of its Loan

as a result of which the unpaid portion of its Loan is proportionally less than the unpaid portion of the Loans of the other Secured Parties, then (a) it shall promptly purchase at par (and shall be deemed to have thereupon purchased) from such other Secured Parties a participation in the Loans of each such other Secured Party, so that the amount of such Secured Party's Loan and the participation in the Loans of the other Secured Parties shall be in the same proportion to all Loans then outstanding as the amount of its Loan prior to the obtaining of such payment was to the amount of all Loans outstanding prior to the obtaining of such payment and (b) such other adjustments shall be made from time to time as shall be equitable to ensure that the Secured Parties share the benefits of such payment pro rata. The term "Loan" as used in this paragraph shall include accrued interest thereon.

13. MISCELLANEOUS.

13.1 No Waiver; Cumulative Remedies.

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

(b) The rights and remedies hereunder provided are cumulative and may be exercised singly or concurrently, and are not exclusive of any rights and remedies provided by law.

(c) None of the terms or provisions of this Security Agreement may be waived, altered, modified or amended except by an instrument in writing, duly executed by Grantor and Secured Parties.

13.2 Termination of this Security Agreement. Subject to Section 10 hereof, this Security Agreement shall terminate upon the payment and performance in full of the Secured Obligations.

13.3 Successor and Assigns. This Security Agreement and all obligations of Grantor hereunder shall be binding upon the successors and assigns of Grantor, and shall, together with the rights and remedies of Secured Parties hereunder, inure to the benefit of Secured Parties, any future holder of any of the indebtedness and their respective successors and assigns. No sales of participations, other sales, assignments, transfers or other dispositions of any agreement governing or instrument evidencing the Secured Obligations or any portion thereof or interest therein shall in any manner affect the lien granted to Secured Parties hereunder.

13.4 Governing Law. In all respects, including all matters of construction, validity and performance, this Security Agreement and the Secured Obligations arising hereunder shall be governed by, and construed and enforced in accordance with, the laws of the State of California applicable to contracts made and performed in such state, without regard to the principles thereof regarding conflict of laws, except to the extent that the UCC provides for the application of the law of Grantor's State.

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

ADDRESS OF GRANTOR

100 Great Oaks Blvd.

San Jose, CA 95119-1347

Attention: Matthew Collier

AVOCET MEDICAL, INC.

By: *Matthew D. Collier*

Printed Name: Matthew D. Collier

Title: President and CEO

JURISDICTION OF ORGANIZATION OF GRANTOR:

CALIFORNIA

ACCEPTED AND ACKNOWLEDGED BY:

DELPHI VENTURES III, L.P.

By: _____

Printed Name: _____

Title: _____

ACCEPTED AND ACKNOWLEDGED BY:

DELPHI VENTURES IV, L.P.

By: _____

Printed Name: _____

Title: _____

ACCEPTED AND ACKNOWLEDGED BY:

VECTOR LATER-STAGE EQUITY FUND II (QP), L.P.

By: Vector Fund Management II, L.L.C.
Its: General Partner

By: _____

Printed Name: _____

Title: _____

ACCEPTED AND ACKNOWLEDGED BY:

VECTOR LATER-STAGE EQUITY FUND II, L.P.

By: Vector Fund Management II, L.L.C.
Its: General Partner

By: _____

Printed Name: _____

Title: _____

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

ADDRESS OF GRANTOR

100 Great Oaks Blvd.

San Jose, CA 95119-1347

Attention: Matthew Collier

AVOCET MEDICAL, INC.

By: _____

Printed Name: _____

Title: _____

JURISDICTION OF ORGANIZATION OF GRANTOR:**CALIFORNIA****ACCEPTED AND ACKNOWLEDGED BY:****DELPHI VENTURES III, L.P.**By: Printed Name: James J. BochnowskiTitle: MANAGING MEMBER**ACCEPTED AND ACKNOWLEDGED BY:****DELPHI VENTURES IV, L.P.**By: Printed Name: James J. BochnowskiTitle: MANAGING MEMBER**ACCEPTED AND ACKNOWLEDGED BY:****VECTOR LATER-STAGE EQUITY FUND II (QP), L.P.**By: Vector Fund Management II, L.L.C.
Its: General Partner

By: _____

Printed Name: _____

Title: _____

ACCEPTED AND ACKNOWLEDGED BY:**VECTOR LATER-STAGE EQUITY FUND II, L.P.**By: Vector Fund Management II, L.L.C.
Its: General Partner

By: _____

Printed Name: _____

Title: _____

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

ADDRESS OF GRANTOR

100 Great Oaks Blvd.

San Jose, CA 95119-1347

Attention: Matthew Collier

AVOCET MEDICAL, INC.

By: _____

Printed Name: _____

Title: _____

**JURISDICTION OF ORGANIZATION OF
GRANTOR:****CALIFORNIA****ACCEPTED AND ACKNOWLEDGED BY:****DELPHI VENTURES III, L.P.**

By: _____

Printed Name: _____

Title: _____

ACCEPTED AND ACKNOWLEDGED BY:**DELPHI VENTURES IV, L.P.**

By: _____

Printed Name: _____

Title: _____

ACCEPTED AND ACKNOWLEDGED BY:**VECTOR LATER-STAGE EQUITY FUND II
(QP), L.P.**By: Vector Fund Management II, L.L.C.
Its: General PartnerBy:  _____Printed Name: Douglas ReedTitle: Managing Director**ACCEPTED AND ACKNOWLEDGED BY:****VECTOR LATER-STAGE EQUITY FUND II, L.P.**By: Vector Fund Management II, L.L.C.
Its: General PartnerBy:  _____Printed Name: Douglas ReedTitle: Managing Director

ACCEPTED AND ACKNOWLEDGED BY:

NEW ENTERPRISE ASSOCIATES VIII,
LIMITED PARTNERSHIPBy: Nancy DormanPrinted Name: Nancy DormanTitle: General Partner

ACCEPTED AND ACKNOWLEDGED BY:

NEW ENTERPRISE ASSOCIATES VIII A,
LIMITED PARTNERSHIP

By: _____

Printed Name: _____

Title: _____

ACCEPTED AND ACKNOWLEDGED BY:

INTERWEST INVESTORS VI, L.P.

By: _____

Printed Name: _____

Title: _____

ACCEPTED AND ACKNOWLEDGED BY:

INTERWEST PARTNERS VI, L.P.

By: _____

Printed Name: _____

Title: _____

ACCEPTED AND ACKNOWLEDGED BY:

MDS LIFE SCIENCES TECHNOLOGY
BARBADOS INVESTMENT TRUST

By: _____

Printed Name: _____

Title: _____

ACCEPTED AND ACKNOWLEDGED BY:

MDS LIFE SCIENCES TECHNOLOGY FUND
LIMITED PARTNERSHIP

By: _____

Printed Name: _____

Title: _____

ACCEPTED AND ACKNOWLEDGED BY:

**NEW ENTERPRISE ASSOCIATES VIII,
LIMITED PARTNERSHIP**

By: _____

Printed Name: _____

Title: _____

ACCEPTED AND ACKNOWLEDGED BY:

**NEW ENTERPRISE ASSOCIATES VIII A,
LIMITED PARTNERSHIP**

By: _____

Printed Name: _____

Title: _____

ACCEPTED AND ACKNOWLEDGED BY:

INTERWEST INVESTORS VI, L.P.

By: _____

Printed Name: W. Stephen Holmes

Title: Managing Director

ACCEPTED AND ACKNOWLEDGED BY:

INTERWEST PARTNERS VI, L.P.

By: _____

Printed Name: W. Stephen Holmes

Title: Managing Director

ACCEPTED AND ACKNOWLEDGED BY:

**MDS LIFE SCIENCES TECHNOLOGY
BARBADOS INVESTMENT TRUST**

By: _____

Printed Name: _____

Title: _____

ACCEPTED AND ACKNOWLEDGED BY:

**MDS LIFE SCIENCES TECHNOLOGY FUND
LIMITED PARTNERSHIP**

By: _____

Printed Name: _____

Title: _____

ACCEPTED AND ACKNOWLEDGED BY:

**NEW ENTERPRISE ASSOCIATES VIII,
LIMITED PARTNERSHIP**

By: _____

Printed Name: _____

Title: _____

ACCEPTED AND ACKNOWLEDGED BY:

**NEW ENTERPRISE ASSOCIATES VIII A,
LIMITED PARTNERSHIP**

By: _____

Printed Name: _____

Title: _____

ACCEPTED AND ACKNOWLEDGED BY:

INTERWEST INVESTORS VI, L.P.

By: _____

Printed Name: _____

Title: _____

ACCEPTED AND ACKNOWLEDGED BY:

INTERWEST PARTNERS VI, L.P.

By: _____

Printed Name: _____

Title: _____

ACCEPTED AND ACKNOWLEDGED BY:

**MDS LIFE SCIENCES TECHNOLOGY
BARBADOS INVESTMENT TRUST**

By: *R. Arindell*

Printed Name: BERNELL E. ARINDELL

Title: TRUSTEE

ACCEPTED AND ACKNOWLEDGED BY:

**MDS LIFE SCIENCES TECHNOLOGY FUND
LIMITED PARTNERSHIP**

By: _____

Printed Name: _____

Title: _____

661036 V/EF
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ACCEPTED AND ACKNOWLEDGED BY:

**NEW ENTERPRISE ASSOCIATES VIII,
LIMITED PARTNERSHIP**

By: _____

Printed Name: _____

Title: _____

ACCEPTED AND ACKNOWLEDGED BY:

**NEW ENTERPRISE ASSOCIATES VIII A,
LIMITED PARTNERSHIP**

By: _____

Printed Name: _____

Title: _____

ACCEPTED AND ACKNOWLEDGED BY:

INTERWEST INVESTORS VI, L.P.

By: _____

Printed Name: _____

Title: _____

ACCEPTED AND ACKNOWLEDGED BY:

INTERWEST PARTNERS VI, L.P.

By: _____

Printed Name: _____

Title: _____

ACCEPTED AND ACKNOWLEDGED BY:

**MDS LIFE SCIENCES TECHNOLOGY
BARBADOS INVESTMENT TRUST**

By: _____

Printed Name: _____

Title: _____

ACCEPTED AND ACKNOWLEDGED BY:

**MDS LIFE SCIENCES TECHNOLOGY FUND
LIMITED PARTNERSHIP by its General
Partner, MDS LIFE SCIENCES TECHNOLOGY
FUND GP INC.**

By: [Signature]

Printed Name: Mike Callaghan Brian Baker

Title: Vice-President Controller

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15

TOTAL P.04

Received Jul-19-01 12:01pm

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To-COOLEY GODWARD LLP

Page 04

PATENT
REEL: 012002 FRAME: 0164

ACCEPTED AND ACKNOWLEDGED BY:

**MDS LIFE SCIENCES TECHNOLOGY FUND
USA, L.P.**

By: MDS CAPITAL USA (GA) INC., General Partner

By: TS Willett

Printed Name: THOMAS E. WILLET

Title: DIRECTOR

ACCEPTED AND ACKNOWLEDGED BY:

MEDVENTURE ASSOCIATES II, L.P.

By: _____

Printed Name: _____

Title: _____

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16

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From-

To-COOLEY GODWARD LLP

Page 03

ACCEPTED AND ACKNOWLEDGED BY:

**MDS LIFE SCIENCES TECHNOLOGY FUND
USA, L.P.**

By: _____

Printed Name: _____

Title: _____

ACCEPTED AND ACKNOWLEDGED BY:

MEDVENTURE ASSOCIATES II, L.P.

By: George Y. Choi

P1 George Y. Choi
Managing Member of MedVenture
Associates Management Co., L.L.C.
T. the General Partner of MedVenture
Associates II

SCHEDULE A

LIENS EXISTING ON THE DATE OF THIS SECURITY AGREEMENT

NONE.

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PATENT
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SCHEDULE B**INTELLECTUAL PROPERTY****U.S. PATENTS AND PATENT APPLICATIONS**

(List titles below or indicate "None")

PATENT No.	PENDING APPLICATION No.	TITLE
5,344,754		Assay timed by electrical resistance change and test strip
5,554,531		Device for performing timed assay by electrical resistance change
5,418,143		Test article and method for performing blood coagulation assays
5,580,744		Test article and method for performing blood coagulation assays
5,418,141		Test articles for performing dry reagent prothrombin time assays
6,061,128		Verification Device for Optical Clinical Assay Systems
09/536,881		Meter with integrated database and simplified
09/435,253		Comprehensive verification systems and methods for analyzer-read clinical systems

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