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Form PTO-1595

(Rev. 10/02)

RECC

OMB No. 0651-0027 (exp. 6/30/2005)

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U.S. DEPARTMENT OF COMMERCE

U.S. Patent and Trademark Office

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

1. Name of conveying party(ies):

Alwyn Company, Inc.

1-13-03

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

3. Nature of conveyance:

☐

Assignment

☐

Merger

☒

Security Agreement

☐

Change of Name

☐

Other

12/19/02

Execution Date: _____

2. Name and address of receiving party(ies)

Name: Maurice Alwyn Sween

Internal Address: _____

Street Address: P.O. Box 144

City: Nemo State: SD Zip: 57759

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) See attached pages

B. Patent No.(s) 6,281,236 B1;

6,329,413 B1 and 6,218,336

Additional numbers attached? ☒ Yes ☐ No

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

Name: Eric D. Paulsrud

Internal Address: Suite 2300

Street Address: 150 South 5th Street

City: Minneapolis State: MN Zip: 55402

6. Total number of applications and patents involved: 12

7. Total fee (37 CFR 3.41).....\$ 480.00

☒

Enclosed

☐

Authorized to be charged to deposit account

8. Deposit account number:

N/A

FINANCE SECTION

2003 JAN 13 AM 11:39

OFFICE OF PATENT RECORDS

DO NOT USE THIS SPACE

9. Signature.

Eric D. Paulsrud

Name of Person Signing

Eric D. Paulsrud

Signature

1/7/2003

Date

Total number of pages including cover sheet, attachments, and documents: 6

01/15/2003 LMUELLER 00000093 6281236

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

Commissioner of Patents & Trademarks, Box Assignments
Washington, D.C. 20231

480.00 DP

01 FC:8021

PATENT
REEL: 013653 FRAME: 0021

CONTINUATION OF INFORMATION IN ITEM NO. 4
Attachment to Recordation Form Cover Sheet – Patents Only
Additional Patent Application No.(s)

1. Application Serial No 09/570,120, "Methods for Treatment of Inflammatory Diseases"
2. Application Serial No. 09/570,266, "Allantoin-Containing Skin Cream"
3. Application Serial No. 09/758,781, "Allantoin-Containing Skin Cream"
4. Application Serial No. 09/758,696, "Methods for Treatment of Inflammatory Diseases"
5. Application Serial No. 09/939,816, "Flexible Applicator for Applying Oil-in-Water Emulsion with Improved Stability"
6. Application Serial No. 09/991,117, "Allantoin-Containing Skin Cream"
7. Application Serial No. 09/991,283, "Methods for Treatment of Inflammatory Skin Disease"
8. Provisional Application Serial No. 60/349,147, "Allantoin-Containing preparations for Administration as Aerosols"
9. Provisional Application Serial No. 60/341,906, "Allantoin-Containing Preparations for Administration as Gels"

AGREEMENT dated December 19, 2002 x19Between Alwyn Company, Inc., (herein called "Borrower"),having its principal office at Highway 60 East, Lake Crystal, MN 56055,and Maurice A. Sween
(herein called "Secured Party").

1. SECURITY INTEREST; COLLATERAL. To secure and provide for payment of \$9,200,000.00 as provided in the note or notes of Borrower of even date herewith and all other of Borrower's obligations and liabilities to Secured Party hereunder or thereunder and also any and all other obligations of Borrower to Secured Party of every kind or description, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising (herein collectively called "Liabilities"), Borrower hereby grants to Secured Party a security interest in the following described or specified property (herein collectively called "Collateral"): (Fill in or check where applicable)

- ☒ (a) All inventory of Borrower, whether now owned or hereafter acquired (herein called "Inventory");
- ☒ (b) All accounts of Borrower, now existing or hereafter arising (herein called "Accounts"), together with all interest of Borrower, now existing or hereafter arising, in goods, the sale of which gave rise to Accounts and all chattel paper, documents and instruments relating to Accounts;
- ☒ (c) All contract rights of Borrower, now existing or hereafter arising (herein called "Contract Rights");
- ☒ (d) Other: (Specify)

All furniture, fixtures, equipment and motor vehicles of Borrower now existing or hereafter acquired.

All patents, trademarks, copyrights, and other intellectual property of Borrower, including, without limitation:

United States Patent No. 6,281,236 B1, issued August 28, 2001, for Oil-in-Water Emulsion With Improved Stability.

United States Patent No. 6,329,413 B1, issued December 11, 2001, for Allantoin-Containing Skin Cream.

United States Patent No. 6,218,336 for Oil-in-Water Emulsion with Improved Stability.

Patent applications listed on Schedule 1 attached hereto.

Trademarks listed on Schedule 2 attached hereto.

together with the proceeds, products and accessions of and to any and all of the foregoing Collateral. Borrower will promptly deliver to Secured Party, duly indorsed when necessary, all Collateral consisting of chattel paper, documents and instruments and related guaranties, now on hand or hereafter received by Borrower.

2. WARRANTIES. Borrower represents and warrants to Secured Party as follows:

(a) Title. Except for the security interest granted hereby, Borrower is and, as to Collateral to be acquired after the date hereof, will be, the owner of the Collateral free from any adverse lien, security interest or encumbrances; and Borrower agrees that it will defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein.

(b) Location of Inventory. All Inventory presently owned by Borrower is kept at the following locations:

(No. and Street)

(City)

(County)

(State)

Highway 60 East, Lake Crystal, Blue Earth County, Minnesota

or if left blank, at that shown at the beginning of this agreement.

(c) Places of Business. In addition to that shown at the beginning of this agreement, Borrower has places of business only at the following locations:

(City)

(County)

(State)

Highway 60 East, Lake Crystal, Blue Earth County, Minnesota

(d) Inventory Used in More Than One State. If any Inventory is leased or held for lease to customers of Borrower and is of a type normally used in more than one State (such as automotive equipment, rolling stock, airplanes, road building equipment, commercial harvesting equipment, construction machinery and the like) and Borrower has a place of business in more than one State, Borrower's CHIEF PLACE OF BUSINESS is

(No. and Street)

(City)

(County)

(State)

Highway 60 East, Lake Crystal, Blue Earth County, Minnesota

or if left blank, is that shown at the beginning of this agreement.

(e) Location of Records. If Borrower has an office in more than one State, the office where Borrower keeps records concerning accounts and contract rights is

(No. and Street)

(City)

(County)

(State)

Highway 60 East, Lake Crystal, Blue Earth County, Minnesota

or if left blank, is that shown at the beginning of this agreement.

(f) Accuracy of Information. Subject to any limitation stated therein or in connection therewith, all information furnished to Secured Party concerning Collateral, or otherwise for the purpose of obtaining credit or an extension of credit, is, or will be at the time the same is furnished, correct in all material respects and complete insofar as completeness may be necessary to give Secured Party accurate knowledge of the subject matter.

3. AUTHORITY TO SELL OR PROCESS INVENTORY. So long as Borrower is not in default in the payment of any amount due hereunder or in default in the performance of any of the terms of this agreement Borrower shall have the right to use the Inventory in any lawful manner not inconsistent with this agreement or with the terms or conditions of any policy of insurance thereon and to sell or process the Inventory in the ordinary course of Borrower's business, subject to the following conditions, if any;

A sale in the ordinary course of business does not include a transfer in partial or total satisfaction of a debt.

This agreement is subject to the terms and conditions on the reverse side hereof all of which are made a part hereof.

Maurice A. Sween
Secured Party

Alwyn Company, Inc.
Borrower

By Maurice A. Sween

By Maurice A. Sween

By _____

Maurice A. Sween, Chairman -
Executive Officer

4. OTHER COVENANTS OF BORROWER.

(a) **DELIVERY OF PROCEEDS.** If any proceeds to Borrower shall include, or any of the Accounts shall be evidenced by, notes, trade acceptances, instruments or documents, or if any Inventory is covered by documents of title or chattel paper, whether or not negotiable, Borrower, if requested by Secured Party, shall immediately deliver the same to Secured Party, and, to evidence Secured Party's rights hereunder, Borrower will assign or indorse the same to Secured Party as Secured Party may request; Secured Party shall have full power to collect, compromise, indorse, sell or otherwise deal with the same in its own name or that of Borrower. With respect to proceeds and Collateral in the form of accounts, Secured Party may at any time notify account debtors that the accounts have been assigned to Secured Party and shall be paid to Secured Party; upon request of Secured Party at any time, Borrower will so notify account debtors and will indicate on all invoices of such account debtors that the accounts are payable to Secured Party. Regardless of the form of indorsement Borrower waives protest, notice of nonpayment and all other notices and demands. If Borrower fails to assign or to indorse any instrument or document Secured Party is authorized to assign or to indorse it on Borrower's behalf.

(b) **INSPECTION.** Borrower shall at all times and from time to time allow Secured Party by or through any of its officers, agents, attorneys or accountants to examine or inspect the Inventory wherever located and to examine, inspect and make abstracts from Borrower's books and records with respect to Collateral.

(c) **RECORDS AND REPORTS.** Borrower shall at all times keep accurate and complete records of the Collateral and its status. Borrower shall, if requested by Secured Party, submit to Secured Party such periodical statements, certified by an authorized representative of Borrower, regarding its financial status and reports showing all sales from, additions to, changes in value of, payments for and adjustments to Inventory. Borrower shall immediately notify Secured Party of any event causing loss or depreciation in the value of Inventory.

(d) **INSURANCE.** Borrower shall have and maintain insurance at all times with respect to all Inventory against risks of fire (including so-called extended coverage), theft, and against such other risks as is usually carried by owners of similar businesses and properties or as Secured Party may require and, in the case of motor vehicles, collision, containing such terms, in such form, for such periods and written by such companies as may be satisfactory to Secured Party, such insurance to be payable to Secured Party and Borrower as their respective interests may appear. All policies of insurance shall be delivered to and held by Secured Party at Secured Party's request. Secured Party may act as attorney for Borrower in obtaining, adjusting, settling and cancelling such insurance and indorsing any drafts. In the event of failure to provide insurance as herein provided, Secured Party may, at Secured Party's option, provide such insurance and Borrower shall pay to Secured Party, on demand, the cost thereof.

(e) **CHANGE OF PLACE OF BUSINESS OR LOCATION OF INVENTORY.** Borrower will promptly notify Secured Party in writing of any addition to, change in or discontinuance of its place (s) of business as shown at the beginning of this agreement and in paragraph 2 (c), the place at which Inventory is located as shown in paragraph 2 (b), the location of its chief place of business as set forth in paragraph 2 (d) and the location of the office where it keeps its records as set forth in paragraph 2 (e).

(f) **LIENS, TAXES, ETC.** Borrower will keep all Collateral free from any adverse lien, security interest or encumbrance and in good condition and will not waste or destroy any of the same. Without the written consent of Secured Party, Borrower will not allow any financing statement covering any of the Collateral to be on file in any public office, other than a financing statement filed pursuant to paragraph (g) of this Section. Borrower will not use the Inventory in violation of any statute or ordinance. Borrower will promptly pay when due all taxes and assessments upon the Collateral for its use or operation, upon the proceeds thereof, upon this agreement or any of Borrower's obligations hereunder. At its option, Secured Party may discharge taxes, liens, security interests or other encumbrances at any time levied or placed on the Collateral and may pay for the maintenance and preservation of the Collateral. Borrower agrees to reimburse Secured Party, on demand, for any payment made, or for any expense incurred by Secured Party pursuant to the foregoing sentence.

(g) **FINANCING STATEMENT.** At request of Secured Party, Borrower will join with Secured Party in executing one or more financing statements pursuant to the Uniform Commercial Code in form satisfactory to Secured Party and will pay the cost of filing the same in all public offices wherever filing is deemed by Secured Party to be necessary or desirable. Without limiting the foregoing, Borrower agrees that whenever the Uniform Commercial Code requires Borrower to sign a financing statement for filing purposes, Borrower hereby appoints Secured Party or any of Secured Party's representatives as Borrower's attorney and agent, with full power of substitution, to sign or indorse Borrower's name on any such financing statement or other document and authorizes Secured Party to file such a financing statement in all places where necessary to perfect Secured Party's security interest in the Collateral; and Borrower hereby ratifies all acts of said attorney and said substitute and agrees to hold Secured Party and said attorney harmless from any acts of commission or omission or any error of judgment or mistake of fact or law pertaining thereto.

(h) **CERTIFICATES OF TITLE.** If certificates of title are issued or outstanding with respect to any of the Inventory, Borrower will cause the interest of Secured Party to be properly noted hereon at Borrower's expense.

(i) **FURTHER ASSURANCES.** Borrower will do, make, execute and deliver all such additional and further acts, things, deeds, assurances and instruments as Secured Party may require, to more completely vest in and assure to Bank its rights hereunder and in or to the Collateral.

5. EVENTS OF DEFAULT; ACCELERATION. Any or all Liabilities shall, at the option of Secured Party and notwithstanding any time or credit allowed by any instrument evidencing any Liability, become immediately due and payable without notice or demand upon the occurrence of any of the following events of default: (a) default in the payment, when due and payable, of any amount due and payable hereunder or default in the payment or performance of any of the Liabilities; (b) default in the performance of any obligation or covenant contained or referred to herein; (c) any warranty, representation or statement made or furnished to Secured Party by or on behalf of Borrower proves to have been false in any material respect when made or furnished; (d) failure of Borrower, after request by Secured Party, to furnish financial information or to permit the inspection of its books and records; (e) any event which results in the acceleration of the maturity of the indebtedness of Borrower to others under any indenture, agreement or undertaking; (f) loss, theft, damage, destruction or encumbrance to or of any of the Inventory, or the making of any levy, seizure or attachment thereof or thereon; (g) death, dissolution, termination of existence, insolvency, business failure, appointment of a receiver of any part of the property of, assignment for the benefit of creditors by, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against, Borrower or any guarantor or surety for Borrower; (h) any change in the condition or affairs, financial or otherwise, of Borrower or of any indorser, guarantor or surety for any of the Liabilities which, in the opinion of Secured Party, impairs Secured Party's security or increases its risk.

6. RIGHTS AND REMEDIES ON DEFAULT. Upon the occurrence of any such event of default, and at any time thereafter, Secured Party shall have the rights and remedies of a secured party under the Uniform Commercial Code in addition to the rights and remedies provided herein or in any other instrument or paper executed by Borrower. Secured Party may require Borrower to assemble the Collateral and make it available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to both parties. If any notice to Borrower is required by law, such notification, if mailed, shall be deemed reasonable if such notification is mailed, postage prepaid, to the address of Borrower shown at the beginning of this agreement, as modified by any notice given pursuant to paragraph 4 (e), at least five days before the time of the sale or disposition. Borrower shall pay to Secured Party on demand any and all expenses, including reasonable attorneys' fees and legal expenses, incurred or paid by Secured Party in protecting or enforcing the Liabilities and other rights of Secured Party hereunder, including its right to take possession of the Collateral.

7. GENERAL. Secured Party shall not be deemed to have waived any of Secured Party's rights hereunder or under any other agreement, instrument or paper signed by Borrower unless such waiver be in writing and signed by Secured Party. No delay or omission on the part of Secured Party in exercising any right shall operate as a waiver of such right or any other right. A waiver on any one occasion shall not be construed as a bar to or waiver of any right or remedy on any future occasion. All Secured Party's rights and remedies, whether evidenced hereby or by any other agreement, instrument or paper, shall be cumulative and may be exercised singularly or concurrently. Any demand upon or notice to Borrower that Secured Party may elect to give shall be effective when deposited in the mails or delivered to a telegraph, wireless or radio company addressed to Borrower at the address shown at the beginning of this agreement, as modified by any notice given pursuant to paragraph 4 (e). Demands or notices addressed to Borrower's address at which Secured Party customarily communicates with Borrower shall also be effective. If at any time or times by assignment or otherwise Secured Party transfers any Liabilities and Inventory or other security therefor, such transfer shall carry with it Secured Party's powers and rights under this agreement with respect to the Liabilities and Collateral or other security transferred and the transferee shall become vested with said powers and rights, whether or not they are specifically referred to in the transfer. If and to the extent that Secured Party retains any other Liability or Collateral or other security, Secured Party will continue to have the rights and powers herein set forth with respect thereto. Whenever there are no outstanding Liabilities and no commitment on the part of Secured Party under any agreement which might give rise to any obligation of Borrower, Borrower may terminate this agreement upon written notice to Secured Party. Prior to such termination this shall be a continuing agreement in every respect. Secured Party shall have no duty to collect or protect the Collateral, to preserve rights of Borrower or others against prior parties, to realize on the Collateral in any particular manner or seek reimbursement from any particular source or to preserve, protect, insure or care for the Inventory. This agreement is intended to take effect when signed by Borrower and delivered to Secured Party. All rights of Secured Party hereunder shall inure to the benefit of the heirs, executors, administrators, successors and assigns of Secured Party and all obligations of Borrower hereunder shall bind the heirs, executors, administrators, successors and assigns of Borrower. If there be more than one Borrower, their obligations hereunder shall be joint and several.

SCHEDULE 1

ALWYN COMPANY, INC

APPLICATIONS

1. Application Serial No 09/570,120, "Methods for Treatment of Inflammatory Diseases"
2. Application Serial No. 09/570,266, "Allantoin-Containing Skin Cream"
3. Application Serial No. 09/758,781, "Allantoin-Containing Skin Cream"
4. Application Serial No. 09/758,696, "Methods for Treatment of Inflammatory Diseases"
5. Application Serial No. 09/939,816, "Flexible Applicator for Applying Oil-in-Water Emulsion with Improved Stability"
6. Application Serial No. 09/991,117, "Allantoin-Containing Skin Cream"
7. Application Serial No. 09/991,283, "Methods for Treatment of Inflammatory Skin Disease"
8. Provisional Application Serial No. 60/349,147, "Allantoin-Containing preparations for Administration as Aerosols"
9. Provisional Application Serial No. 60/341,906, "Allantoin-Containing Preparations for Administration as Gels"

SCHEDULE 2

ALWYN COMPANY, INC TRADEMARKS

<u>Mark</u>	<u>Reg./Appl. No.</u>
MYCONIL	Reg. No. 2048346
LUPICARE	Reg. No. 2159636
LUPICARE (and design0	Reg. No. 2230675
ALWYN	Reg. No. 2186344
ALWYN NO SEE UM	Reg. No. 2136230
PERI-AIDE	Appl. No. 75608701
NO SEE UM	Appl. No. 78163388
MYCONIL	Appl. No. 78150965
ALWEXTIN	Appl. No. 75794423
ALWEXTIN	Appl. No. 75794424