

02-03-2003

Form PTO-1595

(Rev. 10/02)

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):

Stryker Corporation

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

3. Nature of conveyance:

☐

Assignment

☐

Merger

☒

Security Agreement

☐

Change of Name

☐

Other _____

Execution Date: _____

2. Name and address of receiving party(ies)

Name: Prime Medical Products,
Inc. and Brian D. Zdeb
Internal Address: _____Street Address: 12472 Park AvenueCity: Windermere State: FL Zip: 34786Additional name(s) & address(es) attached? ☐ Yes ☐ NoApplication number(s) or patent number(s): 5,135,500

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

A. Patent Application No.(s) _____

B. Patent No.(s) 5,135,500Additional numbers attached? ☐ Yes ☐ No

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

Name: Brian D. ZdebInternal Address: Prime MedicalProducts, Inc.Street Address: 12472 Park AvenueCity: Windermere State: FL Zip: 347866. Total number of applications and patents involved: ☐7. Total fee (37 CFR 3.41).....\$ 40.00☒ Enclosed☐ Authorized to be charged to deposit account

8. Deposit account number: _____

DO NOT USE THIS SPACE

9. Signature.

Brian D. Zdeb

Name of Person Signing

Brian D. Zdeb

Signature

1/21/03

Date

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

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40.00 DP

Mail documents to be recorded with required cover sheet information to:
Commissioner of Patents & Trademarks, Box Assignments
Washington, D.C. 20231PATENT
REEL: 013699 FRAME: 0530

ATTACHMENT 3 TO THE ROYALTY AGREEMENT**SECURITY AGREEMENT**

This Security Agreement ("Agreement") is entered into as of December 20, 2002 (the "Effective Date"), by and between *Prime Medical Products, Inc.*, a Nevada corporation, with its principal place of business located at 12472 Park Avenue, Windermere, Florida 34786 and *Brian D. Zdeb*, an individual, residing at 12472 Park Avenue, Windermere, Florida 34786 (collectively, "Secured Party") and *Stryker Corporation*, a Michigan corporation, with its principal place of business located at 2725 Fairfield Road, Kalamazoo, Michigan ("Pledgor"). The Secured Party and Pledgor are individually referred to as a "Party" and collectively referred to as the "Parties".

WHEREAS, subject to Prime's claim to certain license rights in the '500 Patent asserted against McKinley by Prime in the Action (as defined in the Settlement Agreement), Stryker is the owner of certain technology including, without limitation, the concepts and ideas disclosed in U.S. Pat. No. 5,135,500 and a foreign equivalent patent, European Patent No. 0-497-923 (the "500 Patent");

WHEREAS, the Parties have entered into a certain Settlement Agreement of the same date herewith ("Settlement Agreement"), and in connection therewith have entered into a Royalty Agreement of the same date herewith ("Royalty Agreement"), pursuant to which Pledgor has agreed to pay the Secured Party certain Royalties (as such term is defined in Royalty Agreement); and

WHEREAS, Pledgor has agreed to grant the Secured Party a security interest in the '500 Patent to secure Pledgor's obligation to pay the Royalties in accordance with the Royalty Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Pledgor and the Secured Party agree as follows:

1. Security Interest in the '500 Patent And Associated Patent Rights. To secure the complete and timely payment of any Royalties due the Secured Party from Pledgor under the Royalty Agreement and subject to the terms and conditions contained herein, Pledgor hereby grants to the Secured Party a first priority security interest, having priority over any other security interests, with power of sale to the extent permitted by applicable law, all of Pledgor's rights in the '500 Patent, including, the inventions and improvements described and claimed in the '500 Patent and (a) all reissues, divisions, continuations, renewals, extensions, and continuations-in-part thereof; (b) all income, royalties, damages and payments now and hereafter due and/or payable under and with respect thereto including, without limitation, payments under all licenses entered into in connection therewith and damages and payments for past or

future infringement thereof; (c) the right to sue for past, present and future infringements thereof; and (d) all rights corresponding thereto throughout the world (collectively, the "Patent Rights").

2. Restrictions on Future Agreements. Pledgor will not, without Secured Party's prior written consent, enter into any agreement including, without limitation, any license agreement which is inconsistent with this Agreement and Pledgor further agrees that it will not take any action, and will use its best efforts not to permit any action to be taken by others subject to its control, including licensees, or fail to take any action, which would in any material respect affect the validity or enforcement of the rights transferred to Secured Party under this Agreement or the rights associated with the Patent Rights which are necessary or desirable in the operation of Pledgor's business. Nothing in this Agreement limits Pledgor or any of its licensees, including McKinley, to license or sublicense to others the right to make, use, sell, and offer to sell products covered by the Patent Rights so long as such license or sublicense in no way diminishes Prime's rights to receive royalty payments from Stryker for sales made by Stryker or its licensees, other than McKinley or its licensees, of any other product Stryker sells that uses the technology covered by the claims in the '500 Patent.

3. Continuation of Secured Party's Security Interest. This Agreement is made for collateral security purposes only. This Agreement shall create a continuing security interest in the Patent Rights and shall remain in full force and effect only until the Royalties due Secured Party have been paid pursuant to the Royalty Agreement and, thereafter, this Agreement shall terminate.

4. Release of Security Interest. Within thirty (30) days of the final Royalty Payment due Secured Party under the Royalty Agreement, Secured Party shall provide Pledgor with a duly executed release of this Security Agreement.

5. Representations and Covenants of Pledgor. Pledgor represents and warrants to Secured Party that except as to: (a) the License Agreement between Stryker and McKinley; (b) the license provisions set forth herein and in the Settlement Agreement; and (c) Primes' claim to certain license rights asserted against McKinley by Prime in the Action, the Patent Rights are not currently subject to any assignment, default, claim, setoff, lien, demand or encumbrance of any nature. Subject to the foregoing, Pledgor covenants and agrees: (i) not to create, or cause to be created, any liens or encumbrances (other than that created or contemplated by this Agreement) with respect to the Patent Rights; and (ii) to use the Patent Rights in compliance with all applicable laws and regulations promulgated by any governmental entity; (iii) to promptly pay all taxes and assessments of every nature which may be levied against such Patent Rights; and (iv) except as contemplated by Section 2, not to transfer or attempt to transfer any interest in any of the Patent Rights.

6. Duties of Pledgor. Pledgor shall take reasonable steps to preserve and maintain Pledgor's rights in the Patent Rights including, but not limited to, taking commercially reasonable and appropriate action to protect against infringement of U.S.

Pat. No. 5,135,500 within the United States for uses other than the administration of chemotherapy in the treatment of cancer patients or veterinary uses. Any expenses incurred in connection with the foregoing shall be borne by Pledgor.

7. Secured Party's Exercise of Rights and Remedies Upon Default. Default under this Agreement includes: Pledgor's failure to pay any Royalty, and applicable interest thereon, within one hundred and eighty (180) days after receipt by Pledgor of written demand from Secured Party for the payment of such amounts due and payable under the Royalty Agreement; Pledgor's failure to pay any Minimum Royalty, and applicable interest thereon, within ninety (90) days after receipt by Pledgor of written demand from Secured Party for the payment of such amounts due and payable under the terms of the Royalty Agreement; and in the event Pledgor commits a material breach of any covenant, obligation, agreement, condition, prohibition, representation, warranty or other term or provision of this Agreement and the Royalty Agreement; and, provided, that such uncured default has been confirmed by a Decision under Section 11 of this Agreement ("Default"). Upon the occurrence of Default, Secured Party may exercise any of the cumulative rights and remedies provided in this Agreement, and all of the rights and remedies of a secured party under the Uniform Commercial Code as enacted by the State of Colorado. The rights and remedies of Secured Party hereunder are cumulative and may be exercised singularly or concurrently and are not in lieu of, but are in addition to, any other rights or remedies which Secured Party may have under this Agreement. Upon the occurrence of Default, Pledgor hereby authorizes Secured Party to, in its sole discretion, (i) endorse Pledgor's name on all applications, documents, papers and instruments necessary or desirable for Secured Party in the use of the Patent Rights, (ii) take any other actions with respect to the Patent Rights as Secured Party deems is in its best interest, (iii) subject to Article 9 of the Uniform Commercial Code, assign, pledge, convey or otherwise transfer title in or dispose of the Patent Rights to anyone on commercially reasonable terms. Pledgor hereby ratifies all that such attorney-in-fact shall lawfully do or cause to be done by virtue hereof. Pledgor hereby agrees that in the event of a Default, the use by Secured Party of the Patent Rights as authorized hereunder shall not subject Secured Party to any liability for the payment of royalties or other related charges from Secured Party to Pledgor.

8. Further Assurances. Pledgor hereby agrees to execute such other documents and perform such other acts as may be deemed necessary or appropriate by Secured Party to perfect, protect or enforce the rights hereunder.

9. Right to Record Security Interest. Secured Party shall have the right, but not the obligation, to record this Agreement in the United States Patent and Trademark Office and with such other recording authorities deemed reasonable and proper by Secured Party. Upon satisfaction in full of the obligations of Pledgor under the Royalty Agreement and termination of the Royalty Agreement, Pledgor shall have the right to effect recording of such satisfaction or termination at the expense of Pledgor in the United States Patent Office and with such other recording authorities deemed reasonable and proper by Pledgor. Secured Party and Pledgor shall cooperate to effect all such recordings hereunder.

10. Dispute Resolution. The Parties agree to engage in a good faith negotiations to amicably resolve any dispute arising from, or that in any way is related to, the negotiations, execution, interpretation or enforcement of this Agreement including, without limitation, each Party presenting its respective position to an authorized representative of such Party who has the authority to settle the matter at a meeting located at a neutral site. If no such meeting can be arranged within two (2) weeks from the request of either Party, or if the Parties are unable to reach agreement within two (2) weeks after such meeting, the Parties agree that any such unresolved dispute shall be submitted for binding arbitration by a single arbitrator with such arbitration to be conducted in Denver, Colorado. The arbitration shall be conducted under the Commercial Rules of the American Arbitration Association. The arbitrator shall issue a written opinion stating the findings of fact and conclusions of law upon which the arbitrator's decision is based (the "Decision"). The Decision shall be final and binding. Judgment on any award made in the Decision shall be entered in any court of appropriate jurisdiction, or application may be made to that court for judicial acceptance of the Decision and an order of enforcement of the award, as the Party seeking to enforce that award may elect. The prevailing party in any such arbitration proceeding brought by one Party against the other Party will be entitled, in addition to any other rights and remedies it may have, to reimbursement of its expenses, including arbitration costs and reasonable attorneys' fees.

11. Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given when personally delivered, mailed by certified mail, return receipt requested, or shipped via express carrier or overnight courier service, or by facsimile, as evidenced by the sender's transmission confirmation sheet. Such notices or other communications shall be sent to the following addresses, unless other addresses are subsequently specified in writing by a Party:

Prime Medical Products:

12472 Park Avenue
Windermere, FL 34786
Telecopy No.: (407) 876-4315

With a copy to:

Charles Goldberg, Esq.
Rothgerber Johnson & Lyons LLP
One Tabor Center, Suite 3000
1200 Seventeenth Street
Denver, CO 80202-5855
Telecopy No.: (303) 623-9222

Stryker Corporation:

2725 Fairfield Road
Kalamazoo, MI 49002
Attn: Chief Financial Officer
Telecopy No.: (616) 383-7353

With a copy to:

Donald A. Degnan, Esq.
Holland & Hart LLP
1050 Walnut Street, #500
Boulder, CO 80302-5144
Telecopy No.: (303) 473-2720

12. Entire Agreement. This Agreement, the Royalty Agreement, the Attachments to the Royalty Agreement and the Settlement Agreement constitute the entire agreement between the Parties with respect to the subject matter of this Agreement and is the complete and exclusive statement of its terms. This Agreement cancels and supercedes all prior agreements, understandings, representations and negotiations, whether written or oral between the Parties with respect to the subject matter herein.

13. Binding Effect; Assignment. Neither Party may assign its rights or obligations under this Agreement without the written consent of the non-assigning party, with such consent not to be unreasonably withheld. Subject to the foregoing this Agreement shall be binding upon and shall inure to the benefit of Parties' respective successors and permitted assigns in accordance with the terms hereof.

14. Governing Law. This Agreement shall be governed by the laws of the State of Colorado without regard to conflicts of law principles.

15. Waiver and Modifications. No breach of any provision hereof can be waived unless in writing. Waiver of any one breach shall not be deemed to be a waiver of any other breach of the same or any other provisions hereof. This Agreement may not be changed, modified or amended, except by a written agreement executed by the Parties.

16. Severability. The provisions of this Agreement are severable, and if any clause or provision shall be held invalid and unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision.

17. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which counterparts collectively shall

constitute one Agreement. Signatures may be exchanged by telecopy, with original signatures to follow. Each Party hereto shall be bound by its own telecopied signature and shall accept to the telecopied signature of the other Parties hereto. The Parties shall sign a sufficient number of counterparts so that each Party will receive a fully executed original of this Agreement.

Executed as indicated below, but effective as of the date first indicated above.

BRIAN D. ZDEB

Date: 12/20/02 By: Brian D. Zdeb
Print Name: BRIAN D. ZDEB

PRIME MEDICAL PRODUCTS, INC.

Date: 12/20/02 By: Brian D. Zdeb
Print Name: BRIAN D. ZDEB
Title: PRESIDENT

STRYKER CORPORATION

Date: _____ By: _____
Print Name: _____
Title: _____

constitute one Agreement. Signatures may be exchanged by telecopy, with original signatures to follow. Each Party hereto shall be bound by its own telecopied signature and shall accept to the telecopied signature of the other Parties hereto. The Parties shall sign a sufficient number of counterparts so that each Party will receive a fully executed original of this Agreement.

Executed as indicated below, but effective as of the date first indicated above.

BRIAN D. ZDEB

Date: _____

By: _____

Print Name: _____

PRIME MEDICAL PRODUCTS, INC.

Date: _____

By: _____

Print Name: _____

Title: _____

STRYKER CORPORATION

Date: 12/25/02

By: 

Print Name: Peter R. Hammond

Title: Vice President General Manager

ACKNOWLEDGMENT COPY

Form PTO-1595

(Rev. 10/02)

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

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PATENTS ONLY

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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):

Stryker Corporation

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

3. Nature of conveyance:

☐ Assignment

☐ Merger

☒ Security Agreement

☐ Change of Name

☐ Other _____

Execution Date: _____

2. Name and address of receiving party(ies)

Name: Prime Medical Products,
Inc. and Brian D. Zdeb
Internal Address: _____

Street Address: 12472 Park Avenue

Windermere
City: _____ State: FL Zip: 34786

Additional name(s) & address(es) attached? ☐ Yes ☐ No

4. Application number(s) or patent number(s): 5,135,500

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

A. Patent Application No.(s) _____

B. Patent No.(s) 5,135,500

Additional numbers attached? ☐ Yes ☐ No

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

Name: Brian D. Zdeb

Internal Address: Prime Medical

Products, Inc.

Street Address: 12472 Park Avenue

Windermere
City: _____ State: FL Zip: 34786

6. Total number of applications and patents involved: ☐

7. Total fee (37 CFR 3.41).....\$ 40.00

☒ Enclosed

☐ Authorized to be charged to deposit account

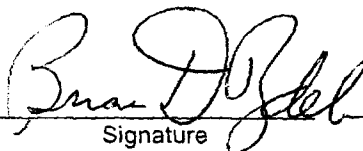
8. Deposit account number: _____

DO NOT USE THIS SPACE

9 Signature.

Brian D. Zdeb

Name of Person Signing


Signature

1/21/03
Date

Total number of pages including cover sheet, attachments, and documents: ☐ 8

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

PATENT
REEL: 013699 FRAME: 0538

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Prime Medical Products:

12472 Park Avenue
Windermere, FL 34786
Telecopy No.: (407) 876-4315

With a copy to:

Charles Goldberg, Esq.
Rothgerber Johnson & Lyons LLP
One Tabor Center, Suite 3000
1200 Seventeenth Street
Denver, CO 80202-5855
Telecopy No.: (303) 623-9222

Stryker Corporation:

2725 Fairfield Road
Kalamazoo, MI 49002
Attn: Chief Financial Officer
Telecopy No.: (616) 383-7353

With a copy to:

Donald A. Degnan, Esq.
Holland & Hart LLP
1050 Walnut Street, #500
Boulder, CO 80302-5144
Telecopy No.: (303) 473-2720

12. Entire Agreement. This Agreement, the Royalty Agreement, the Attachments to the Royalty Agreement and the Settlement Agreement constitute the entire agreement between the Parties with respect to the subject matter of this Agreement and is the complete and exclusive statement of its terms. This Agreement cancels and supercedes all prior agreements, understandings, representations and negotiations, whether written or oral between the Parties with respect to the subject matter herein.

13. Binding Effect; Assignment. Neither Party may assign its rights or obligations under this Agreement without the written consent of the non-assigning party, with such consent not to be unreasonably withheld. Subject to the foregoing this Agreement shall be binding upon and shall inure to the benefit of Parties' respective successors and permitted assigns in accordance with the terms hereof.

14. Governing Law. This Agreement shall be governed by the laws of the State of Colorado without regard to conflicts of law principles.

15. Waiver and Modifications. No breach of any provision hereof can be waived unless in writing. Waiver of any one breach shall not be deemed to be a waiver of any other breach of the same or any other provisions hereof. This Agreement may not be changed, modified or amended, except by a written agreement executed by the Parties.

16. Severability. The provisions of this Agreement are severable, and if any clause or provision shall be held invalid and unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision.

17. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which counterparts collectively shall

constitute one Agreement. Signatures may be exchanged by telecopy, with original signatures to follow. Each Party hereto shall be bound by its own telecopied signature and shall accept to the telecopied signature of the other Parties hereto. The Parties shall sign a sufficient number of counterparts so that each Party will receive a fully executed original of this Agreement.

Executed as indicated below, but effective as of the date first indicated above.

BRIAN D. ZDEB

Date: 12/20/02

By: Brian D. Zdeb
Print Name: BRIAN D. ZDEB

PRIME MEDICAL PRODUCTS, INC.

Date: 12/20/02

By: Brian D. Zdeb
Print Name: BRIAN D. ZDEB
Title: PRESIDENT

STRYKER CORPORATION

Date: _____

By: _____
Print Name: _____
Title: _____

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Executed as indicated below, but effective as of the date first indicated above.

BRIAN D. ZDEB

Date: _____

By: _____

Print Name: _____

PRIME MEDICAL PRODUCTS, INC.

Date: _____

By: _____

Print Name: _____

Title: _____

STRYKER CORPORATION

Date: 12/23/02

By: 

Print Name: Peter R. Hammond

Title: Vice President, General Manager