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Form PTO-1595 (Rev. 10/02) OMB No. 0051-0027 (exp. 6/30/2005) Tab settings		RECORDATION FORM COVER SHEET PATENTS ONLY		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): MacroMed, Inc. Additional name(s) of conveying party(ies) attached? <input type="checkbox"/> Yes <input type="checkbox"/> No		2. Name and address of receiving party(ies) Name: <u>Sung Wan Kim, Ph.D.</u> Internal Address: _____ Street Address: <u>1711 Devonshire Drive</u> City: <u>Salt Lake City</u> State: <u>UT</u> Zip: <u>84108</u> Additional name(s) & address(es) attached? <input type="checkbox"/> Yes <input type="checkbox"/> No			
3. Nature of conveyance: <input type="checkbox"/> Assignment <input type="checkbox"/> Merger <input checked="" type="checkbox"/> Security Agreement <input type="checkbox"/> Change of Name <input type="checkbox"/> Other _____ Execution Date: <u>October 31, 2003</u>		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) _____ B. Patent No.(s) <u>5,702,717 6,004,573 6,117,949 6,201,072</u> Additional numbers attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
5. Name and address of party to whom correspondence concerning document should be mailed: Name: <u>Jim Herrin</u> Internal Address: <u>MacroMed, Inc.</u> Street Address: <u>9520 South State Street</u> City: <u>Sandy</u> State: <u>UT</u> Zip: <u>84070</u>		6. Total number of applications and patents involved <u>4</u> 7. Total fee (37 CFR 3.41).....\$ <u>160.00</u> <input type="checkbox"/> Enclosed <input checked="" type="checkbox"/> Authorized to be charged to deposit account 8. Deposit account number: <u>23-2416</u> (Attach duplicate copy of this page if paying by deposit account)			
DO NOT USE THIS SPACE					
9. Statement and signature. <i>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.</i> <u>Kristine Sayer</u> <u>December 8, 2003</u> Name of Person Signing Signature Date Total number of pages including cover sheet, attachments, and documents <u> </u>					

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

American LegalNet, Inc.
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INTELLECTUAL PROPERTY SECURITY AGREEMENT

THIS INTELLECTUAL PROPERTY SECURITY AGREEMENT is made as of October 31, 2003, by and between MACROMED, INC., a Utah corporation, having its chief executive office at 9520 South State Street, Sandy, Utah 84070 ("Debtor"), and SUNG WAN KIM, Ph.D., whose mailing address is 1711 Devonshire Drive, Salt Lake City, Utah 84108 ("Secured Party").

RECITALS:

A. Secured Party and Debtor are parties to a Loan Agreement of even date herewith (as it may be amended, modified, extended, and renewed from time to time, the "Loan Agreement"), pursuant to which Secured Party has agreed to extend certain credit to Debtor in the form of a bridge loan in the principal amount of One Million and No/100 Dollars (\$1,000,000.00) ("Loan"). The Loan is evidenced by a Convertible Secured Promissory Note in the maximum principal amount of the Loan of even date herewith (the "Note"). As used herein, the Loan Agreement, the Note, this IP Agreement, or any other documents or agreements that govern, evidence, secure or otherwise relate to the Loan Agreements or the Note, or the obligations evidenced thereby, are referred to herein collectively as the "Loan Documents."

B. It is a condition precedent to advancing any amounts to Debtor pursuant to the Loan Agreement that Debtor shall have entered into this Intellectual Property Security Agreement ("IP Agreement") granting Secured Party a continuing security interest in the collateral described in this Agreement.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged and intending to be legally bound, as collateral security for the prompt and complete payment when due of Debtor's Obligations (as defined below) to Secured Party, Debtor hereby represents, warrants, covenants and agrees as follows:

1. Grant of Security Interest. As collateral security for the prompt and complete payment and performance of all of Debtor's Obligations, Debtor hereby grants to Secured Party a security interest in all of Debtor's right, title and interest in, to and under the Patent Collateral, now or hereafter existing, created, acquired or held. As used herein

"Patent Collateral" means:

(a) all of Debtor's letters patent and applications for letters patent throughout the world, including all patent applications in preparation for filing anywhere in the world, including without limitation the patents and patent applications set forth on Exhibit A attached hereto;

(b) all patent licenses of Debtor (whether as licensee or licensor);

(c) all reissues, divisions, continuations, continuations-in-part, extensions, renewals and reexaminations of any of the items described in clauses (a) and (b) of this definition; and

(d) all proceeds of, and rights associated with, the foregoing, including all accounts and payment intangibles arising from the patents, license royalties and proceeds of infringement suits, the right to sue third parties for past, present or future infringements of any patent or patent application, including any patent or patent application referred to herein, and for breach or enforcement of any patent license, including any patent license referred to herein, and all rights corresponding thereto throughout the world.

2. Obligations Secured. The foregoing assignment and security interest is made for the purpose of securing (in such order as Secured Party may elect) the following ("Obligations"):

- (a) The payment of all indebtedness under the Note;
- (b) The payment of all sums advanced by Secured Party to protect the Patent Collateral pursuant to this IP Agreement or otherwise, with interest thereon at a rate equal to the interest rate in the Note;
- (c) The performance of every obligation of Debtor under this IP Agreement, the Loan Agreement, the Note and other Loan Documents;
- (d) The performance of every obligation, covenant and agreement of Debtor contained in any agreement, document or instrument now or hereafter executed by Debtor reciting that the obligations thereunder are secured by this IP Agreement; and
- (d) For the benefit of Secured Party, compliance with and performance of each and every provision of any other agreement, document, instrument, law, rule or regulation by which the Patent Collateral is bound or may be affected.

3. Authorization and Request. Debtor authorizes and requests that the Commissioner of Patents and Trademarks record this IP Agreement. Debtor also authorizes Secured Party to file a Uniform Commercial Code Financing Statement with the Utah Division of Corporations and Commercial Code (the "Division"), and in any other location or jurisdiction as deemed necessary by Secured Party, in its sole and absolute discretion, to perfect its security interest in the Patent Collateral hereunder.

4. Covenants and Warranties. Debtor represents, warrants, covenants and agrees as follows:

- (a) Debtor is the sole owner of the Patent Collateral, except for licenses granted by Debtor to its customers in the ordinary course of business;
- (b) Performance of this IP Agreement does not conflict with or result in a breach of any other agreement, decision or order to which Debtor is bound, and this IP Agreement constitutes a grant of a security interest;
- (c) During the term of this IP Agreement, Debtor will not transfer or otherwise encumber any interest in the Patent Collateral, except for licenses granted by Debtor in the ordinary course of business;
- (d) To its knowledge, each of the patents set forth on **Exhibit A**, is valid and enforceable, and no part of the Patent Collateral has been judged invalid or unenforceable, in whole or in part, and no claim has been made that any part of the Patent Collateral violates the rights of any third party;
- (e) Debtor shall promptly advise Secured Party of any material adverse change in the composition of the Patent Collateral, including but not limited to any ownership right of the Debtor in or to any Patent Collateral specified in this IP Agreement;
- (f) Debtor shall (i) protect, defend and maintain the validity and enforceability of the Patent Collateral, (ii) use its best efforts to detect infringements of the Patent Collateral and promptly advise Secured Party in writing of material infringements detected and (iii) not allow any Patent Collateral to be abandoned, forfeited or dedicated to the public without the written consent of Secured Party;

(g) Debtor shall promptly register the most recent version of any of Debtor's patents, if not already so registered, and shall, from time to time, execute and file such other instruments, and take such further actions as Secured Party may reasonably request from time to time to perfect or continue the perfection of Secured Party's interest in the Patent Collateral;

(h) This IP Agreement creates, and in the case of after-acquired Patent Collateral, this IP Agreement will create at the time Debtor first has rights in such after-acquired Patent Collateral, in favor of Secured Party, a valid and perfected first priority security interest in the Patent Collateral, subject to Section 18 of this IP Agreement, in the United States and such other applicable jurisdiction securing the payment and performance of the obligations evidenced by the Note and the Loan Agreement upon making the filings referred to in clause (i) below;

(i) To its knowledge, except for the filing with the United States Patent and Trademark office of this IP Agreement and the filing of a UCC Financing Statement with the Division as necessary to perfect the security interests created hereunder, and except as has been already made or obtained, no authorization, approval or other action by, and no notice to or filing with, any U.S. governmental authority or U.S. regulatory body is required either (i) for the grant by Debtor of the security interest granted hereby or for the execution, delivery or performance of this IP Agreement by Debtor in the United States or (ii) for the perfection of Secured Party's security interest hereunder or the exercise by Secured Party of its rights and remedies thereunder;

(j) All information heretofore, herein or hereafter supplied to Secured Party by or on behalf of Debtor with respect to the Patent Collateral is accurate and complete in all material respects;

(k) Debtor shall not enter into any agreement that would materially impair or conflict with Debtor's obligations hereunder without Secured Party's prior written consent, which consent shall not be unreasonably withheld. Debtor shall not permit the inclusion in any material contract to which it becomes a party of any provisions that could or might in any way prevent the creation of a security interest in Debtor's rights and interests in any property included within the definition of the Patent Collateral acquired under such contracts, and;

(l) Upon any executive officer of Debtor obtaining actual knowledge thereof, Debtor will promptly notify Secured Party in writing of any event that materially adversely affects the value of any Patent Collateral, the ability of Debtor to dispose of any Patent Collateral or the rights and remedies of Secured Party in relation thereto, including the levy of any legal process against any of the Patent Collateral.

(m) The Debtor represents and warrants to the Secured Party as follows: (a) if applicable, the Debtor's exact legal name is that indicated on the signature page hereof, (b) the Debtor is an organization of the type, and is organized in the jurisdiction set forth in the preamble hereto, (c) if the Debtor is an organization, the Debtor's organizational identification number appears on the signature page hereof below its signature or accurately states that the Debtor has none, and (d) the preamble hereto accurately sets forth the Debtor's residence, place of business or, if more than one, its chief executive office, as well as the Debtor's mailing address, if different.

(n) The Debtor covenants with the Secured Party as follows: (a) without providing at least 30 days prior written notice to the Secured Party, the Debtor will not change its name, residence, its place of business or, if more than one, chief executive office, or its mailing address or organizational identification number if it has one, (b) if the Debtor is an organization, and if the Debtor does not have an organizational identification number and later obtains one, the Debtor shall forthwith notify the Secured Party of such organizational identification number, and (c) if the Debtor is an organization, the Debtor will not change its type of organization, jurisdiction of organization or other legal structure, if applicable.

(c) In the Secured Party's discretion, if the Debtor fails to do so, the Secured Party may discharge taxes and other encumbrances at any time levied or placed on any of the Patent Collateral, and/or defend, protect and enforce Debtor's rights, title and interests under the Patent Collateral, including through litigation, prosecution of patent applications, or other means if necessary, in each case in the name of Debtor. The Debtor agrees to reimburse the Secured Party on demand for all expenditures so made. The Secured Party shall have no obligation to the Debtor to make any such expenditures, nor shall the making thereof be construed as the waiver or cure of any Event of Default.

5. Secured Party's Rights. Secured Party shall have the right, but not the obligation, to take, at Debtor's sole expense, any actions that Debtor is required under this IP Agreement to take but which Debtor fails to take, after ten (10) days' notice to Debtor. Debtor shall reimburse and indemnify Secured Party for all reasonable costs and reasonable expenses incurred in the reasonable exercise of its rights under this Section 5.

6. Inspection Rights. Debtor hereby grants to Secured Party and its employees, representatives and agents the right to visit, during reasonable hours upon prior reasonable written notice to Debtor, any of Debtor's plants and facilities that manufacture, install or store products (or that have done so during the prior six-month period) that are sold utilizing any of the Patent Collateral, and to inspect the products and quality control records relating thereto upon reasonable written notice to Debtor and as often as may be reasonably requested.

7. Further Assurances; Attorney in Fact.

(a) On a continuing basis, Debtor will, subject to any prior licenses, encumbrances and restrictions and prospective licenses, make, execute, acknowledge and deliver, and file and record in the proper filing and recording places in the United States, all such instruments, including appropriate financing and continuation statements and collateral agreements and filings with the United States Patent and Trademarks Office, and take all such action as may reasonably be deemed necessary or advisable, or as requested by Secured Party, to perfect or continue perfection of Secured Party's security interest in all Patent Collateral and otherwise to carry out the intent and purposes of this IP Agreement, or for assuring and confirming to Secured Party the grant or perfection of a security interest in all Patent Collateral.

(b) Debtor hereby irrevocably appoints Secured Party as Debtor's attorney-in-fact, with full authority in the place and stead of Debtor and in the name of Debtor, Secured Party or otherwise, from time to time in Secured Party's discretion, upon Debtor's failure or inability to do so, to take any action and to execute any instrument which Secured Party may deem necessary or advisable to accomplish the purposes of this IP Agreement, including:

(i) To modify, in its sole discretion, this IP Agreement without first obtaining Debtor's approval of or signature to such modification by amending **Exhibit A** hereof, as appropriate, to include reference to any right, title or interest in any Patent Collateral acquired by Debtor after the execution hereof or to delete any reference to any right, title or interest in any Patent Collateral in which Debtor no longer has or claims any right, title or interest; and

(ii) To file, in its sole discretion, one or more financing or continuation statements and amendments thereto or amendments to the copy of this Agreement that is filed with the United States Patent and Trademark Office, relative to any of the Patent Collateral.

8. Events of Default. The occurrence of any of the following shall constitute an Event of Default under this IP Agreement:

- (a) Debtor (i) admits in writing Debtor's inability to pay Debtor's debts as they mature,
- (ii) makes a general assignment for the benefit of creditors, or (iii) applies for, consents to, or

acquiesces in, the appointment of a trustee, receiver, or other custodian for Debtor or the property of Debtor or any part thereof, or in the absence of such application, consent, or acquiescence, a trustee, receiver, or other custodian is appointed for Debtor or the property of Debtor or any part thereof and such appointment is not discharged within sixty (60) days;

(b) At any time Debtor is "insolvent" after the Effective Date. As used in the preceding sentence "insolvent" means that at the time of determination Debtor is unable and Debtor expects to continue to be unable to pay its debts as they mature; or

(c) Commencement of any case under the Bankruptcy Code, Title 11 of the United States Code, or commencement of any other bankruptcy arrangement, reorganization, receivership, custodianship, or similar proceeding under any federal, state, or foreign law by or against Debtor and with respect to any such case or proceeding that is involuntary, and such case or proceeding is not dismissed with prejudice within sixty (60) days of the filing thereof.

9. Remedies.

(a) Exercise of Remedies. Upon the occurrence and continuance of an Event of Default, Secured Party shall have the right to exercise all the remedies of a secured party under the Uniform Commercial Code and any applicable federal law, including without limitation the right to require Debtor to assemble the Patent Collateral and any tangible property in which Secured Party has a security interest and to make it available to Secured Party at a place designated by Secured Party, and the right to require Debtor to execute any assignments of the Patent Collateral in form sufficient to assign the Patent Collateral to Secured Party for disposition by Secured Party. Secured Party shall have a nonexclusive, royalty free license to use the Patent Collateral to the extent reasonably necessary to permit Secured Party to exercise its rights and remedies upon the occurrence of an Event of Default. Debtor will pay any expenses (including reasonable attorney's fees) incurred by Secured Party in connection with the exercise of any of Secured Party's rights hereunder, including without limitation any expense incurred in disposing of the Patent Collateral. All of Secured Party's rights and remedies with respect to the Patent Collateral shall be cumulative.

(b) Standards for Exercising Rights and Remedies. To the extent that applicable law imposes duties on the Secured Party to exercise remedies in a commercially reasonable manner, the Debtor acknowledges and agrees that it is not commercially unreasonable for the Secured Party (a) to fail to incur expenses reasonably deemed significant by the Secured Party to prepare Patent Collateral for disposition, (b) to fail to obtain third party consents for access to Patent Collateral to be disposed of, or to obtain or, if not required by other law, to fail to obtain governmental or third party consents for the collection or disposition of Patent Collateral to be collected or disposed of, (c) to fail to exercise collection remedies against account debtors or other persons obligated on Patent Collateral or to fail to remove liens or encumbrances on or any adverse claims against Patent Collateral, (d) to exercise collection remedies against account debtors and other persons obligated on Patent Collateral directly or through the use of collection agencies and other collection specialists, (e) to advertise dispositions of Patent Collateral through publications or media of general circulation, whether or not the Patent Collateral is of a specialized nature, (f) to contact other persons, whether or not in the same business as the Debtor, for expressions of interest in acquiring all or any portion of the Patent Collateral, (g) to hire one or more professional auctioneers to assist in the disposition of Patent Collateral, whether or not the collateral is of a specialized nature, (h) to dispose of Patent Collateral by utilizing Internet sites that provide for the auction of assets of the types included in the Patent Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets, (i) to dispose of assets in wholesale rather than retail markets, (j) to disclaim disposition warranties, (k) to purchase insurance or credit enhancements to insure the Secured Party against risks of loss, collection or disposition of Patent Collateral or to provide to the Secured Party a guaranteed return from the collection or disposition of Patent Collateral, or (l) to the extent deemed appropriate by the

Secured Party, to obtain the services of other brokers, investment bankers, consultants and other professionals to assist the Secured Party in the collection or disposition of any of the Patent Collateral. The Debtor acknowledges that the purpose of this Section 9(b) is to provide non-exhaustive indications of what actions or omissions by the Secured Party would fulfill the Secured Party's duties under the Uniform Commercial Code or other state or federal law in the Secured Party's exercise of remedies against the Patent Collateral and that other actions or omissions by the Secured Party shall not be deemed to fail to fulfill such duties solely on account of not being indicated in this Section 9(b). Without limitation upon the foregoing, nothing contained in this Section 9(b) shall be construed to grant any rights to the Debtor or to impose any duties on the Secured Party that would not have been granted or imposed by this Agreement or by applicable law in the absence of this Section 9(b).

10. Indemnity. Debtor agrees to defend, indemnify and hold harmless 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 IP Agreement, and (b) all losses or expenses in any way suffered, incurred, or paid by Secured Party as a result of or in any way arising out of, following or consequential to transactions between Secured Party and Debtor, whether under this IP Agreement or the Loan Documents (including without limitation, reasonable attorneys fees and reasonable expenses).

11. Reassignment. At such time as Debtor shall completely satisfy all of the obligations secured hereunder, Secured Party shall execute and deliver to Debtor all deeds, assignments, and other instruments as may be necessary or proper to reinvest in Debtor full title to the property assigned hereunder, subject to any disposition thereof which may have been made by Secured Party pursuant hereto.

12. Course of Dealing. No course of dealing, nor any failure to exercise, nor any delay in exercising any right, power or privilege hereunder shall operate as a waiver thereof.

13. Attorneys' Fees. If any action relating to this IP Agreement is brought by either party hereto against the other party, the prevailing party shall be entitled to recover reasonable attorneys fees, costs and disbursements.

14. Amendments. This IP Agreement may be amended only by a written instrument signed by both parties hereto.

15. Counterparts. This IP Agreement may be executed in two or more counterparts, each party may sign on a separate counterpart, each of which shall be deemed an original but all of which together shall constitute the same instrument.

16. Law and Jurisdiction. This IP Agreement shall be governed by and construed in accordance with the laws of the State of Utah, without regard for choice of law provisions, except to the extent federal law may govern and preempt state law.

17. Confidentiality. In handling any confidential information, Secured Party shall exercise the same degree of care that it exercises with respect to its own proprietary information of the same types to maintain the confidentiality of any non-public information thereby received or received pursuant to this IP Agreement except that the disclosure of this information may be made (i) to the affiliates of the Secured Party, (ii) to prospective transferees or purchasers of an interest in the obligations secured hereby, provided that they have entered into comparable confidentiality agreements in favor of Debtor and have delivered a copy to Debtor, (iii) as required by law, regulation, rule or order, subpoena, judicial order or similar order and (iv) as may be required in connection with the examination, audit or similar investigation of Secured Party.

18. Loan Participations and Additional Secured Parties. The Secured Party agrees that if the Debtor enters into loan agreements, with the same terms and conditions as those in the Loan Documents, with

Jacques Conella and/or Samyang Corporation ("Additional Lenders") within 30 days of the execution date of the Loan Agreement, then the Secured Party and the Additional Lenders will share a participatory interest in the Patent Collateral on a pro-rata basis based on the respective amounts loaned by the Secured Party and the Additional Lenders, and shall execute an intercreditor agreement in a form acceptable to Secured Party.

19. Termination. This Agreement and related agreements and obligations, with exception to the Warrant Agreement, shall be terminated upon full repayment of the Loan Amount and accrued interest, or full conversion of the Note.

IN WITNESS WHEREOF, the parties hereto have executed this IP Agreement on the day and year first above written.

MACROMED, INC.
a Utah corporation

By: 

Joseph R. Robinson, Ph.D.
Acting CEO

Organizational Id. Number: 1022863-0142

"Debtor"


SUNG WAN KIM, PhD.

"Secured Party"

EXHIBIT "A"
PATENTS

Patent Description	Country	Patent No.	Patent Date	Status
Thermosensitive Biodegradable Polymers Based on Poly(Ether-Ester) Block Copolymers	USA	5,702,717	12-30-97	Patented
Biodegradable Low Molecular Weight Triblock Poly (Lactide-Co-Glycolide) Polyethylene Glycol Copolymers Having Reverse Thermal Gelation Properties	USA	6,004,573	12-21-99	Patented
Biodegradable Low Molecular Weight Triblock Poly (Lactide-Co-Glycolide) Polyethylene Glycol Copolymers Having Reverse Thermal Gelation Properties	USA	6,117,949	09-12-00	Patented
Biodegradable Low Molecular Weight Triblock Poly (Lactide-Co-Glycolide) Polyethylene Glycol Copolymers Having Reverse Thermal Gelation Properties	USA	6,201,072	03-13-01	Patented

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RECORDED: 12/08/2003

PATENT
REEL: 014770 FRAME: 0982