

FORM PTO-1595
1-31-92

RECORDATION FORM COVER SHEET

U.S. DEPARTMENT OF COMMERCE
Patent and Trademark Office

Docket No.: 4379-0011

PATENTS ONLY

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Commissioner of Patents
P.O. Box 1450
Alexandria, VA 22313-1450

To the Honorable Commissioner for Patents and Trademarks: Please record the attached original documents or copy thereto:

1. Name of Conveying Party(ies):

VERUS PHARMACEUTICALS, INC.

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

3. Nature of Conveyance:

 OTHER: Grant of a Security Interest in
Conveying Party's (Grantor's/Debtor's) Licensed
Patent Rights to the Receiving Party
(Grantee/Secured Party)

Execution Date: March 29, 2005

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

Name(s): PAUL ROYALTY FUND HOLDINGS II

Address: 50 California Street, Suite 3000
San Francisco, CA 94111Additional name(s) & address(es) attached? Yes No

4. Application number(s) or patent number(s):

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

A. Patent Application No(s).

11/006,382

11/175,543

11/199,596

B. Patent No(s).

Additional numbers attached? Yes No5. Name and address of party to whom correspondence
concerning document should be mailed:

Name: Willem F. Gadiano

Internal Address: Nixon & Vanderhye P.C.

Street Address: 901 North Glebe Road; 11th Floor

City: Arlington State: VA Zip: 22203

6. Total number of applications and patents involved: 3

7. Total fee (37 CFR 3.41)

\$120.00

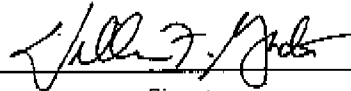
 Enclosed CREDIT CARD PAYMENT FORM ATTACHED. Authorized to be charged to deposit account number: 14-11408. The Commissioner is hereby authorized to charge any deficiency in
the fee(s) filed, or asserted to be filed, or which should have been filed
herewith (or with any paper thereafter filed by this firm) to our Account
No. 14-1140.

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.*

Willem F. Gadiano, Registration No. 37,136



August 26, 2005

Name and Registration No. of Person Signing

Signature

Date

Total number of pages including cover sheet: 8

CERTIFICATE OF FACSIMILE TRANSMISSION

I hereby certify that this document (including any paper referred to as being attached or enclosed) is being sent to the U.S. Patent and Trademark Office via
facsimile transmission to (571) 273-0140 on the date indicated below, with a coversheet addressed to Commissioner for Patents, U.S. Patent and Trademark
Office.

Date:

August 26, 2005

By:


Willem F. Gadiano, Reg. No. 37,136

959012

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PATENT
REEL: 016672 FRAME: 0088

CH \$120.00 141140 11006382



DELAWARE DEPARTMENT OF STATE
U.C.C. FILING SECTION
FILED 02:20 PM 04/01/2005
INITIAL FILING NUM: 5100710 4
AMENDMENT NUMBER: 000000
SRV: 050266725

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A NAME & PHONE OF CONTACT AT FILER (optional)

B SEND ACKNOWLEDGMENT TO: (Name and Address)

Sharmila Acharl
Morgan, Lewis & Bockius LLP
101 Park Avenue
New York, NY 10178

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1 DEBTOR'S EXACT FULL LEGAL NAME - Insert or type debtor name (TA or TI) - do not abbreviate or omit initials

1a ORGANIZATION'S NAME Veras Pharmaceuticals, Inc.					
OR 1b INDIVIDUAL'S LAST NAME					
1c MAILING ADDRESS 12671 High Bluff Drive, Suite 200		1d CITY San Diego	1e STATE CA	1f POSTAL CODE 92130	1g COUNTRY USA
1h ASSIGNOR'S ORGANIZATION OR DEBTOR	1i TYPE OF ORGANIZATION Corporation	1j JURISDICTION OF ORGANIZATION Delaware	1k ORGANIZATIONAL ID#, if any <input type="checkbox"/> NONE		

2 ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - Insert only one debtor name (2a or 2b) - do not abbreviate or omit initials

2a ORGANIZATION'S NAME					
OR 2b INDIVIDUAL'S LAST NAME					
2c MAILING ADDRESS		2d CITY	2e STATE	2f POSTAL CODE	2g COUNTRY
2h ASSIGNOR'S ORGANIZATION OR DEBTOR	2i TYPE OF ORGANIZATION	2j JURISDICTION OF ORGANIZATION	2k ORGANIZATIONAL ID#, if any <input type="checkbox"/> NONE		

3 SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNOR of ASSIGNOR(S)) - Insert or type secured party name (3a or 3b)

3a ORGANIZATION'S NAME Paul Royalty Funds Holdings II					
OR 3b INDIVIDUAL'S LAST NAME					
3c MAILING ADDRESS 50 California Street, Suite 3800		3d CITY San Francisco	3e STATE CA	3f POSTAL CODE 94111	3g COUNTRY USA

4 THIS FINANCING STATEMENT secures the following collateral:

All of the Debtor's right, title and interest in the Collateral Intellectual Property, the Collateral Product, the Collateral License Agreement, and all other rights to the items contained within the collateral description, as more fully set forth on Schedule I attached hereto.

207870ML

5. ALTERNATIVE DESIGNATION (if any) (NAME)	6. UCC ARTICLE	7. CONSIGNEE/CONSIGNOR	8. SALES/BUYER	9. PURCHASER	10. AC. LIEN	11. NON-UCC FILING
12. THIS FINANCING STATEMENT IS TO BE FILED (or recorded) IN THE PUBLIC RECORDS OF THE STATE OF DELAWARE			13. CHECK TO REQUEST SEARCH REPORTING ON DEBTOR'S RECORDS			
14. OPTIONAL FILER REFERENCE DATA			15. ADDITIONAL FEES			

SCHEDULE 1 TO UCC-1 FINANCING STATEMENT

Debtor: Verus Pharmaceuticals, Inc.
12671 High Bluff Drive
Suite 200
San Diego, CA 92130

Secured Party: Paul Royalty Funds Holdings II
50 California Street
Suite 3000
San Francisco, CA 94111

DEFINITIONS:

"Collateral Intellectual Property" shall mean trade secrets; know-how; confidential information; inventions (whether patentable or unpatentable and whether or not reduced to practice or claimed in a pending patent application) and improvements thereto; patents; registered or unregistered trademarks, trade names, service marks, including all goodwill associated therewith; registered and unregistered copyrights and all applications thereof; in each case that are owned, controlled by, issued to, licensed to, licensed by or hereafter acquired by or licensed by the Debtor, in each case embodied by, encompassing or necessary for the Collateral Product

"Collateral License Agreements" shall mean any development, commercialization, distribution, co-promotion, manufacturing, marketing, co-marketing, collaboration or partnering agreement entered into by Debtor or any of its affiliates as of March 29, 2005 or during the term of the Revenue Interests Assignment Agreement entered into as of March 29, 2005, between the Debtor and the Secured Party (the "Revenue Interests Assignment Agreement") pursuant to which the Debtor or its affiliates grant rights or licenses relating to any Collateral Product that has received regulatory approval in a regulatory jurisdiction as of the date of inquiry.

"Collateral Product" shall mean any product that has received regulatory approval in a regulatory jurisdiction for anaphylaxis, anaphylactic shock and/or the emergency treatment of severe allergic reactions relating to anaphylaxis, including without limitation the products currently referred to as Twinject 0.3 mg, Twinject 0.15 mg, Twinject 0.3 mg 2-Pack and Twinject 0.15 mg 2-Pack.

All capitalized terms used herein and not defined above are defined within the Security Agreement, dated as of March 29, 2005, between the Debtor and Verus

COLLATERAL:

All of the Debtor's right, title, and interest in the in the following personal property, whether now or hereafter existing, whether tangible or intangible, and wherever the same may be located:

- (a) the Collateral Intellectual Property and the Collateral Product;
- (b) the Collateral License Agreements, including, without limitation, (i) all rights of Debtor to receive monies due or to become due under or pursuant to the Collateral License Agreements, (ii) all rights of Debtor to receive proceeds of any insurance, indemnity, warranty or guaranty with respect to the Collateral License Agreements, (iii) all claims of Debtor for damages arising out of any breach of or default under the Collateral License Agreements, and (iv) all rights of Debtor to terminate, amend, supplement, modify or exercise rights or options under the Collateral License Agreements, except as otherwise set forth in the Revenue Interests Assignment Agreement, to perform thereunder and to compel performance and otherwise exercise all remedies thereunder;
- (c) all Accounts, contract rights, payment intangibles, Instruments and General Intangibles, in each case, constituting, comprising or evidencing any of the foregoing;
- (d) certain identified Deposit Accounts and all funds, monies, Checks and other items from time to time credited thereto or on deposit therein;
- (e) all books, records, databases, information, clinical data, test results, study results and regulatory filings and approvals, in each case, specifically relating to any of the foregoing;
- (f) all proceeds, products, rents and profits, of or from, and all tangible property and inventories related to, any and all of the foregoing, the Assigned Interests, the Revenue Interests, and, to the extent not otherwise included, all payments under insurance (whether or not Secured Party is the loss payee thereof), or any indemnity, warranty or guaranty, payable by reason of loss or damage to or otherwise with respect to any of the foregoing; and
- (g) all rights to license or otherwise exploit the Collateral Intellectual Property.

Notwithstanding the foregoing, "Collateral" shall not include any lease, license, or contract if and for so long as the grant of such security interest shall constitute or result in (i) the abandonment, invalidation or unenforceability of any right, title or interest of Debtor therein or (ii) a breach or termination pursuant to the terms of, or a default under, any such lease, license, contract or agreement (other than to the extent that any such term would be rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the UCC).

Twinject Intellectual Property

PATENTS/PATENT APPLICATIONS (LICENSED BY H-S FROM WASHINGTON BIOTECH)

U.S. 5,540,664

U.S. 5,358,489

U.S. 5,833,669

U.S. 5,665,071

U.S. APPLICATION NO. 11/006,382 (FILED DECEMBER 6, 2004)

AND ALL CORRESPONDING FOREIGN PATENTS AND APPLICATIONS TO THE ABOVE, AND ANY RELATED APPLICATIONS TO THE PENDING US APPLICATION.

U.S. TRADEMARK REGISTRATIONS AND APPLICATIONS

MARK	SER./ REG. #	FILING/ REG. DATE
TWINJECTJR	SER# 78124892	FILED 04/29/2002
TWINDOSEJR	SER# 78124887	FILED 04/29/2002
TWINDOSE	SER# 78124884	FILED 04/29/2002
DUODOSE	SER# 78124880	FILED 04/29/2002
DUODOSEJR	SER# 78124882	FILED 04/29/2002
TWINDOSE	SER# 75508746 (abandoned)	FILED 06/25/1998
TWINDOSEJR	SER# 75508742 (abandoned)	FILED 06/25/1998
TWINJECT	SER# 75350162 (abandoned)	FILED 09/02/1997
TWINJECT	SER# 78470999	FILED 08/20/2004
TWINJECT	SER# 76309722	FILED 09/06/2001
TWINJECT PD	SER# 76311697	FILED 09/12/2001
TWINJECT PED	SER# 76311698	FILED 09/12/2001
TWINJECT JR	SER# 75442068 (abandoned)	FILED 02/27/1998
ANATWINJR	SER# 75508744 (abandoned)	FILED 06/25/1998
ANATWIN	SER# 75508740 (abandoned)	FILED 06/25/1998
BIPHINE JR.	SER# 75327518 (abandoned)	FILED 07/21/1997
BIPHINE	SER# 75327517 (abandoned)	FILED 07/21/1997
DUODOSE	SER# 75508747 (abandoned)	FILED 06/25/1998
DUODOSE JR	SER# 75508741 (abandoned)	FILED 06/25/1998
ANAKIT	REG# 1564139	REG. DATE 11/07/1989
ANA-GUARD	REG# 1643320	REG. DATE 05/07/1991
ANA-KIT (and design)	REG# 1939510	REG. DATE 12/05/1995
ANA-KIT	REG# 1961512	REG. DATE 03/12/1996

FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS

COUNTRY	MARK	APP./ REG. #	FILING/ REG. DATE
CANADA	ANAKIT DESIGN	REG.# TMA225641	REG. DATE 01/27/1978
CANADA	TWINJECT	APP.# 1154855	FILED 10/04/2002
CANADA	TWINJECT PD	APP.# 1154856	FILED 10/04/2002
COMMUNITY TRADEMARKS	TWINJECT PD	APP.# 2603082 REG # 2603082	FILED 03/05/2002 REG. DATE 07/10/2003
COMMUNITY TRADEMARKS	TWINJECT	APP.# 2542173	FILED 01/21/2002

DOMAIN NAMES

TWINJECT.COM

TWINJECT.BIZ

TWINJECT.INFO

TWINJECT.NET

TWINJECT.ORG