

PATENT ASSIGNMENT

Electronic Version v1.1

Stylesheet Version v1.1

SUBMISSION TYPE:

NEW ASSIGNMENT

NATURE OF CONVEYANCE:

SECURITY AGREEMENT

CONVEYING PARTY DATA

| Name | Execution Date |
|-----------------------------|----------------|
| Acura Pharmaceuticals, Inc. | 11/09/2005 |

RECEIVING PARTY DATA

| | |
|-----------------|-----------------------------|
| Name: | Galen Partners III, L.P. |
| Street Address: | 610 Fifth Avenue, 5th Floor |
| City: | New York |
| State/Country: | NEW YORK |
| Postal Code: | 10019 |

PROPERTY NUMBERS Total: 18

| Property Type | Number |
|---------------------|-----------|
| Patent Number: | 6864370 |
| PCT Number: | US0417891 |
| Patent Number: | 6790959 |
| Application Number: | 10813813 |
| Application Number: | 10692242 |
| Application Number: | 10850015 |
| Application Number: | 10849696 |
| Patent Number: | 6887999 |
| Application Number: | 10851528 |
| Application Number: | 10892578 |
| Application Number: | 11040235 |
| Application Number: | 10723654 |
| Application Number: | 60630991 |
| Application Number: | 60639831 |
| Application Number: | 60643637 |

PATENT

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REEL: 016769 FRAME: 0109

CH \$720.00 6864370

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|---------------------|----------|
| Application Number: | 60663973 |
| Application Number: | 11136636 |
| Application Number: | 60693898 |

CORRESPONDENCE DATA

Fax Number: (973)491-3490
Correspondence will be sent via US Mail when the fax attempt is unsuccessful.
Phone: 1-973-491-3326
Email: blp@stjohnlaw.com
Correspondent Name: Brian L. Petrequin
Address Line 1: Two Penn Plaza East
Address Line 4: Newark, NEW JERSEY 07105

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|-------------------------|------------|
| ATTORNEY DOCKET NUMBER: | 04407.0000 |
|-------------------------|------------|

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| NAME OF SUBMITTER: | /Brian L. Petrequin, Esq. |
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Total Attachments: 14

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PATENT SECURITY AGREEMENT

THIS PATENT SECURITY AGREEMENT (the "Agreement") is made and entered into November 9, 2005, by Acura Pharmaceuticals, Inc. a New York corporation ("Debtor"), in favor of Galen Partners III, L.P., a Delaware limited partnership, acting in its capacity as agent for the Lenders as defined below (the "Agent").

WITNESSETH:

WHEREAS, Debtor has entered into a Loan Agreement, of even date herewith with the lenders party thereto (the "Lenders") (as amended or otherwise modified from time to time, the "Loan Agreement"), providing for the extension of credit by the Lenders to Debtor; and

WHEREAS, the Lenders have required, as a condition to the extension of credit under the Loan Agreement, that Debtor grant to Agent a security interest in and to the Collateral (as defined herein). Capitalized terms appearing herein but not defined herein shall have the respective meanings ascribed thereto in the Loan Agreement.

AGREEMENT

NOW THEREFORE, for good and valuable consideration, the receipt of and adequacy of which are hereby acknowledged, Debtor hereby agrees with Agent as follows:

1. Security Interest. Debtor hereby grants to Agent a security interest in and to the Collateral described in Section 2 herein (the "Collateral") in order to secure the payment and performance of all Obligations.

2. Collateral. The Collateral is: all of Debtor's patents and patent applications including, without limitation, the patents and patent applications listed on Schedule A attached hereto and made a part hereof, and the inventions defined therein and improvements described and claimed therein and (i) all reissues, divisions, continuations, renewals, reexaminations, extensions and continuations-in-part of any of the foregoing, (ii) all income, royalties, damages and payments now and hereafter due or payable with respect thereto, including, without limitation, payments under all licenses entered into in connection therewith and damages and payments for past or future infringements thereof, (iii) the right to sue for past, present and future infringements thereof, and (iv) all rights corresponding thereto throughout the world (all of the foregoing patents and patent applications, together with the items described in clauses (i)-(iv) above, are referred to herein, either individually or collectively, as the "Patents").

Debtor represents and warrants that, to the best of its knowledge, the Patents listed on Schedule A constitute all of the patents and patent applications which are as of the date hereof owned by or are pending on behalf of Debtor in the United States or any state of the United States (as set forth on Schedule A) and that Debtor is not aware of any such patents which are not registered in the United States or any state thereof.

3. Agent's Right to Sue. From and after the occurrence and during the continuance of an Event of Default, Agent shall have the right, but shall in no way be obligated, to bring suit in its own name to enforce the Patents, and any licenses thereunder, and, if Agent shall commence any such suit, Debtor shall, at the request of Agent, do any and all lawful acts and execute any and all proper documents required by Agent in aid of such enforcement and Debtor shall indemnify and shall, upon demand, promptly reimburse Agent for all damages, costs and expenses, including attorneys' and paralegal fees and expenses, incurred by Agent in the exercise of its rights under this Section 3.

4. Remedies. If any Event of Default shall have occurred, then Agent shall be entitled to exercise in respect of the Collateral, in addition to other rights and remedies provided for herein, in the Loan Agreement and other Transaction Documents or otherwise available to it, all of the rights and remedies of a secured party under the Uniform Commercial Code in effect in the State of New York (the "UCC") whether or not the UCC applies to the affected Collateral, and also may (i) require Debtor, and Debtor hereby agrees that it will upon the request of Agent, forthwith, (A) execute and deliver an assignment, substantially in the form of Exhibit A hereto, of all right, title and interest in and to the Collateral, and (B) take such other action as Agent may request to effectuate the outright assignment of such Collateral or to exercise, register or further perfect and protect its rights and remedies with respect to such assigned Collateral, and (ii) without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any of Agent's offices or elsewhere, for cash, on credit or for future delivery, and upon such terms as Agent may deem commercially reasonable. Debtor agrees that at least ten (10) days notice to Debtor, given by Agent in accordance with the terms of the Loan Agreement, of the time and place of any public sale or the time which any private sale is to be made shall constitute reasonable notification. Agent shall not be obligated to make any sale of the Collateral regardless of notice of sale having been given. Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. Agent may purchase all or any part of the Collateral at public or, if permitted by law, private sale and, in lieu of actual payment of such purchase price, may setoff the amount of such price against the obligations of the Debtor to the Lenders and the Agent under the Loan Agreement and the other Transaction Documents (the "Obligations"). The proceeds realized from the sale of any Collateral shall be, applied first to the reasonable costs, expenses and attorneys and paralegal fees and expenses incurred by Agent and the Lenders for collection and for acquisition, protection, and sale of the Collateral; second to interest due upon any of the Obligations; and third to the principal of the Obligations. If any deficiency shall arise, Debtor shall remain liable to the Lenders and, if applicable, Agent therefor. The commencement of any action, legal or equitable, or the rendering of any judgment or decree for deficiency shall not affect Agent's security interest in the Collateral until the Obligations are fully paid. Debtor agrees that Agent has no obligation to preserve rights to Collateral against any other parties.

5. Cumulative Remedies: Power of Attorney: Effect on Loan Agreement. All of Agent's rights and remedies with respect to the Patents, whether established hereby, by the Loan Agreement, by any other Transaction Documents, or by law shall be cumulative and may be exercised singularly or concurrently. Debtor hereby authorizes Agent to make, constitute and appoint any officer or agent of Agent as Agent may select, in its sole discretion, as Debtor's true

and lawful attorney-in-fact, with power, from and after the occurrence of an Event of Default to (a) endorse Debtor's name on all applications, documents, papers and instruments necessary or desirable for Agent in the use of the Patents, (b) take any other actions with respect to the Patents as Agent deems in the best interest of Agent, (c) grant or issue any exclusive or non-exclusive license under the Patents to anyone, or (d) assign, pledge, convey or otherwise transfer title in or dispose of the Patents to anyone. Debtor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney, being coupled with an interest, shall be irrevocable until all Obligations shall have been paid in full and the Loan Agreement and the Transaction Documents have been terminated. Debtor acknowledges and agrees that this Agreement is not intended to limit or restrict in any way the rights and remedies of Agent under the Loan Agreement and the other Transaction Documents but rather is intended to facilitate the exercise of such rights and remedies.

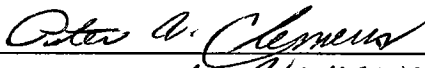
6. Notices. Any notice, approval, consent or other communication to any party hereunder shall be in the form and manner, and to the addresses as set forth in the Loan Agreement.

7. Miscellaneous. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which shall together constitute one and the same agreement. This Agreement shall be governed by the laws of the State of New York. In connection with any dispute arising under this Agreement, the Debtor consents and agrees to be bound by the jurisdictions identified for dispute resolution in the Loan Agreement.

[The rest of this page is intentionally left blank.]

IN WITNESS WHEREOF, Debtor has duly executed and delivered this Patent Security Agreement as of the day and year first above written.

ACURA PHARMACEUTICALS, INC.

By: 
Name: Peter A. Clement
Title: Sr. VP + CFO

By its acceptance hereof, as of the day and year first above written, the Agent agrees to be bound by the provisions hereof applicable to it.

GALEN PARTNERS III, L.P.

By: Claudius, L.L.C., General Partner
610 Fifth Avenue, 5th Fl.
New York, New York 10019

By: _____
Srini Conjeevaram, its General Partner

IN WITNESS WHEREOF, Debtor has duly executed and delivered this Patent Security Agreement as of the day and year first above written.

ACURA PHARMACEUTICALS, INC.

By: _____
Name:
Title:

By its acceptance hereof, as of the day and year first above written, the Agent agrees to be bound by the provisions hereof applicable to it.

GALEN PARTNERS III, L.P.

By: Claudius, L.L.C., General Partner
610 Fifth Avenue, 5th Fl.
New York, New York 10019

By: Srini Conjeevaram
Srini Conjeevaram, its General Partner

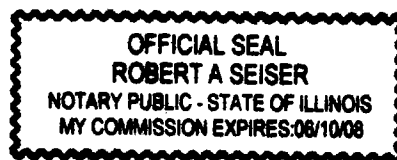
CERTIFICATE OF ACKNOWLEDGEMENT

COMMONWEALTH OR STATE OF Illinois)
COUNTY OF Cook) SS
)

Before me, the undersigned, a Notary Public in and for the county aforesaid, on this 28 day of October, 2005, personally appeared Peter A. Clemens to me known personally, and who, being by me duly sworn, deposes and says that he is the Jr. VP + CFO of Acura Pharmaceuticals, Inc., a New York corporation, and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and said person acknowledged said instrument to be the free act and deed of said corporation.

Robert A Seiser
Notary Public

My commission expires: 6/10/2008



SCHEDULE A

TO

PATENT SECURITY AGREEMENT

Dated as of November 9, 2005

Patents Owned By Acura Pharmaceuticals, Inc.

| <u>PATENT TITLE</u> | <u>DATE PATENT ISSUED OR SUBMITTED</u> | <u>REGISTRATION OR SERIAL NUMBER</u> |
|--|--|--|
| Process for Manufacturing Oxycodone | Patent issued 03/08/2005 | 6,864,370 |
| Process for Manufacturing Oxycodone (PCT) | Submitted 06/04/2004 | PCT/US04/17891 |
| Process for Manufacturing Thebaine | Patent issued 09/14/2004 | 6,790,959 |
| Process for Manufacturing Thebaine (Continuation application of 10/455,197) | Submitted 03/31/2004 | 10/813,813 |
| Process for Preparing Codeine | Submitted 10/23/2003 | 10/692,242 |
| Process for the Production of Opiates | Submitted 05/20/2004 | 10/850,015 |

| <u>PATENT TITLE</u> | <u>DATE PATENT ISSUED OR SUBMITTED</u> | <u>REGISTRATION OR SERIAL NUMBER</u> |
|---|--|--|
| Process for the Production of Opiates | Submitted 05/20/2004 | 10/849,696 |
| Preparation of Dihydrocodeine from Codeine | Patent issued 05/03/2005 | 6,887,999 |
| Preparation of Opioid Analgesics by a One-pot Process | Submitted 05/21/2004 | 10/851,528 |
| Process for Manufacturing Opioid Analgesics (Continuation in part of 10/455,202) | Submitted 07/16/2004 | 10/892,578 |
| Preparation of Opioid Analgesics | Submitted 01/21/2005 | 11/040,235 |
| Methods and Compositions for Deterring Abuse of Opioid . . . | Submitted 11/26/2003 | 10/723,654 |
| Methods and Compositions for Deterring Abuse of Opioid . . . (PCT) | Submitted 11/23/2004 | PCT/US205/39490 |
| Methods and Compositions for Deterring Abuse of Opioid . . . | Submitted 11/24/2004 | 60/630,991 |
| Methods and Compositions for Deterring Abuse of Orally . . . | Submitted 12/28/2004 | 60/639,831 |

| <u>PATENT TITLE</u> | <u>DATE PATENT ISSUED OR SUBMITTED</u> | <u>REGISTRATION OR SERIAL NUMBER</u> |
|---|--|--|
| Methods and Compositions for Deterring Abuse of Orally . . . | Submitted 01/13/2005 | 60/643,637 |
| Methods and Compositions for Deterring Abuse of Orally . . . | Submitted 03/22/2005 | 60/663,973 |
| Methods and Compositions for Deterring Abuse of Orally . . . | Submitted 05/24/2005 | 11/136,636 |
| Methods and Compositions for Deterring Abuse of Orally . . . | Submitted 06/24/05 | 60/693,898 |

EXHIBIT A

FORM OF ASSIGNMENT

ASSIGNMENT OF PATENTS

THIS ASSIGNMENT OF PATENTS ("Assignment") is made as of November 9, 2005 by and between Acura Pharmaceuticals, Inc., a New York corporation ("Assignor"), in favor of Galen Partners III, L.P., a Delaware limited partnership, as agent for the benefit of the Lenders ("Assignee").

Recitals

WHEREAS, Assignor and Assignee are parties to that certain Patent Security Agreement dated as of November 9, 2005 made by Assignor to Assignee (the "Agreement") providing that under certain conditions specified therein Assignor shall execute this Assignment; and

WHEREAS, the aforementioned conditions have been fulfilled;

NOW THEREFORE, Assignor hereby agrees as follows:

1. Assignment of Patents. Assignor hereby grants, assigns and conveys to Assignee its entire right, title and interest in and to all of Debtor's patents and patent applications including, without limitation, the patents and patent applications listed on Schedule I attached hereto and made a part hereof, and the inventions defined therein and improvements described and claimed therein and (i) all reissues, divisions, continuations, renewals, reexaminations, extensions and continuations-in-part of any of the foregoing, (ii) all income, royalties, damages and payments now and hereafter due or payable with respect thereto, including, without limitation, payments under all licenses entered into in connection therewith and damages and payments for past or future infringements thereof, (iii) the right to sue for past, present and future infringements thereof, and (iv) all rights corresponding thereto throughout the world (all of the foregoing patents and patent applications, together with the items described in clauses (i)-(iv) above, are referred to herein, either individually or collectively, as the "Patents").

2. Representations and Warranties. Assignor represents and warrants that it has the full right and power to make the assignment of the Patents made hereby and that it, with the

exception of the assignment to the Assignee in connection with that certain Loan Agreement, dated as of June 22, 2005 and that certain Loan Agreement dated as of September 16, 2005, the Assignor has made no previous assignment, transfer, agreement in conflict herewith or constituting a present or future assignment or encumbrance of any or all of the Patents, except as set forth in the Agreement.

3. Modification. This Assignment cannot be altered, amended or modified in any way, except by a writing signed by the parties hereto.

4. Binding Effect, Governing Law. This Assignment shall be binding upon Assignor and its successors and shall inure to the benefit of Assignee and its successors and assigns. This Assignment shall, except to the extent that federal law or laws of another state apply to the Patents or any part thereof, be governed by and construed in accordance with the internal laws of the State of New York.

IN WITNESS WHEREOF, Assignor has caused this Assignment to be executed and delivered as of the date first above written.

ACURA PHARMACEUTICALS, INC.,
A New York corporation

By: _____
Its: _____

SCHEDULE I

Patents (Acura Pharmaceuticals, Inc.)

| <u>PATENT TITLE</u> | <u>DATE PATENT ISSUED OR SUBMITTED</u> | <u>REGISTRATION OR SERIAL NUMBER</u> |
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| Process for Manufacturing Oxycodone | Patent issued 03/08/2005 | 6,864,370 |
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