



09-27-2005



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To the Director of the U.S. Patent and Trademark Office

Indicate the old address(es) and the new address(es) below.

1. Name of conveying party(ies)

PROGENY ADVANCED GENETICS, INC.

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

3. Nature of conveyance/Execution Date(s):

Execution Date(s) _____

- Assignment Merger
- Security Agreement Change of Name
- Joint Research Agreement
- Government Interest Assignment
- Executive Order 9424, Confirmatory License
- Other _____

2. Name and address of receiving party(ies)

Name: COMMUNITY BANK OF CENTRAL CALIFORNIA

Internal Address: 3rd Floor

Street Address: 301 MAIN STREET

City: SALINAS

State: CALIFORNIA

Country: USA Zip: 93905

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

4. Application or patent number(s):

This document is being filed together with a new application.

A. Patent Application No. (s)

B. Patent No. (s)

****SEE ATTACHED****

Additional numbers attached? Yes No

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

Name: Heidi Fetty

Internal Address: Loan Services - 3rd floor

Street Address: 301 Main Street

City: Salinas

State: CA Zip: 93905

Phone Number: (831) 757-2274 ext 295

Fax Number: (831) 772-9877

Email Address: hfetty@community-bnk.com

6. Total number of applications and patents involved: 4

7. Total fee (37 CFR 1.21(h) & 3.41) \$ 160.00

- Authorized to be charged by credit card
- Authorized to be charged to deposit account
- Enclosed
- None required (government interest not affecting title)

8. Payment Information

a. Credit Card Last 4 Numbers _____
Expiration Date _____

b. Deposit Account Number _____

Authorized User Name _____

9. Signature:

Signature _____

Date _____

Name of Person Signing _____

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

Documents to be recorded (including cover sheet) should be faxed to (571) 273-0140, or mailed to: Mail Stop Assignment Recordation Services, Director of the USPTO, P.O.Box 1450, Alexandria, V.A. 22313-1450

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PATENT
REEL: 017006 FRAME: 0815



INTELLECTUAL PROPERTY SECURITY AGREEMENT

This Intellectual Property Security Agreement (this "IP Agreement") is made as of the 12th day of September, 2005 by and between Progeny Advanced Genetics, Inc. ("Grantor"), and Community Bank of Central California ("Lender").

RECITALS

A. Lender has made extensions of credit to Grantor pursuant to a Promissory Note dated April 27, 1999, as amended and a Business Loan Agreement dated June 5, 2003, as amended; a Promissory Note dated June 5, 2003 and a Business Loan Agreement dated June 5, 2003; and a Promissory Note dated March 29, 2005 and a Business Loan Agreement dated March 29, 2005 (collectively the "Loan Agreement").

B. Pursuant to the Loan Agreement, the Grantor is required to grant to Lender a security interest in, and an assignment of, among other things, its "Copyrights", "Trademarks", "Patents", "Mask Works" and "Plant Variety Protection Certificates" (each as defined below) (collectively referred to as the "Intellectual Property Collateral").

C. Pursuant to the terms of the Loan Agreement, Grantor has agreed to grant to Lender a security interest in, and an assignment of, all of Grantor's right title and interest, whether presently existing or hereafter acquired in, to and under all of the Intellectual Property Collateral. Capitalized terms not defined herein shall have the same meanings as in the Loan 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 Grantor's Indebtedness under the Loan Agreement, Grantor 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 Grantor's present or future Indebtedness, obligations and liabilities to Lender, Grantor hereby grants a security interest in, and an assignment of, all of Grantor's right, title and interest in, to and under its Intellectual Property Collateral, including, without limitation, the following:

(a) Any and all copyright rights, copyright applications, copyright registrations and like protections in each work or authorship and derivative work thereof, whether published or unpublished and whether or not the same also constitutes a trade secret, now or hereafter existing, created, acquired or held, including without limitation those set forth on Exhibit A attached hereto (collectively, the "Copyrights");

(b) Any and all trade secrets, and any and all intellectual property rights in computer software and computer software products now or hereafter existing, created, acquired or held;

(c) Any and all design rights which may be available to Grantor now or hereafter existing, created, acquired or held;

(d) All patents, patent applications and like protections including, without limitation, improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same, including without limitation the patents and patent applications set forth on Exhibit B attached hereto (collectively, the "Patents");

(e) Any trademark and servicemark rights, whether registered or not, applications to register and registrations of the same and like protections, and the entire goodwill of the business of Grantor



connected with and symbolized by such trademarks, including without limitation those set forth on Exhibit C attached hereto (collectively, the "Trademarks")

(f) All mask works or similar rights available for the protection of semiconductor chips, now owned or hereafter acquired, including, without limitation those set forth on Exhibit D attached hereto (collectively, the "Mask Works");

(g) All certificates, plant variety applications and rights available for the protection of unique plant varieties, now owned or hereafter acquired, including, without limitation improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same, including without limitation the certificates and applications set forth on Exhibit E attached hereto (collectively, the "Plant Variety Protection Certificates");

(h) Any and all claims for damages by way of past, present and future infringements of any of the rights included above, with the right, but not the obligation, to sue for and collect such damages for said use or infringement of the intellectual property rights identified above;

(i) All licenses or other rights to use any of the Copyrights, Patents, Trademarks, Mask Works or Plant Variety Protection Certificates and all license fees and royalties arising from such use to the extent permitted by such license or rights; and

(j) All amendments, extensions, renewals and extensions of any of the Copyrights, Trademarks, Patents, Mask Works or Plant Variety Protect Certificates; and

(k) All proceeds and products of the foregoing, including without limitation all payments under insurance or any indemnity or warranty payable in respect of any of the foregoing.

2. Authorization and Request. Grantor authorizes and requests that the Register of Copyrights, the Commissioner of Patents and Trademarks and the Plant Variety Protection Office record this IP Agreement.

3. Covenants and Warranties. Grantor represents, warrants, covenants and agrees as follows:

(a) Grantor is now the sole owner of the Intellectual Property Collateral, except for non-exclusive licenses granted by Grantor in the ordinary course of its business.

(b) Performance of this IP Agreement does not conflict with or result in a breach of any IP Agreement to which Grantor is bound, except to the extent that certain intellectual property agreements prohibit the assignment of the rights thereunder to a third party without the licensor's or other party's consent and this IP Agreement constitutes a security interest.

(c) During the term of this IP Agreement, Grantor will not transfer or otherwise encumber any interest in the Intellectual Property Collateral, except for non-exclusive licenses granted by Grantor in the ordinary course of its business or as set forth in this IP Agreement;

(d) Each of Grantors rights in the Intellectual Property Collateral is valid and enforceable, and no part of the Intellectual Property Collateral has been judged invalid or unenforceable, in whole or in part, and no claim has been made that any part of the Intellectual Property Collateral violates the rights of any third party;

(e) Grantor shall promptly advise Lender of any material adverse change in the composition of the Intellectual Property Collateral, including but not limited to any subsequent ownership



right of the Grantor in or to any Trademark, Patent, Copyright, Mask Work or Plant Variety Protection Certificates specified in this IP Agreement;

(f) Grantor shall (i) protect, defend and maintain the validity and enforceability of the Trademarks, Patents, Copyrights, Mask Works and Plant Variety Protection Certificates, (ii) use its best efforts to detect infringements of the Trademarks, Patents, Copyrights, Mask Works and Plant Variety Protection Certificates and promptly advise Lender in writing of material infringements detected and (iii) not allow any Trademarks, Patents, Copyrights, Mask Works or Plant Variety Protection Certificates to be abandoned, forfeited or dedicated to the public without the written consent of Lender, which shall not be unreasonably withheld, unless Grantor determines that reasonable business practices suggest that abandonment is appropriate.

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

(h) This IP Agreement creates, and in the case of after acquired Intellectual Property Collateral, this IP Agreement will create at the time Grantor first has rights in such after acquired Intellectual Property Collateral, in favor of Lender a valid, and when perfected, a first priority security interest in the Intellectual Property Collateral, under both federal and state law, securing the payment and performance of the obligations evidenced by the Loan Agreement;

(i) Except for the filing with the United States Patent and Trademark office with respect to the Patents and Trademarks, Register of Copyrights with respect to the Copyrights and Mask Works and the Plant Variety Protection Office, with respect to the Plant Variety Protection Certificates, with the necessary documentation 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 Grantor of the security interest granted hereby or for the execution, delivery or performance of this IP Agreement by Grantor in the U.S. or (ii) for the perfection under federal law, or the exercise by Lender of its rights and remedies thereunder;

(j) All information heretofore, herein or hereafter supplied to Lender by or on behalf of Grantor with respect to the Intellectual Property Collateral is accurate and complete in all material respects.

(k) Grantor shall not enter into any agreement that would materially impair or conflict with Grantor's obligations hereunder without Lender's prior written consent, which consent shall not be unreasonably withheld. Grantor 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 Grantor's rights and interest in any property included within the definition of the Intellectual Property Collateral acquired under such contracts, except that certain contracts may contain anti-assignment provisions that could in effect prohibit the creation of a security interest in such contracts.

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

4. Lender's Rights. Lender shall have the right, but not the obligation, to take, at Grantor's sole expense, any actions that Grantor is required under this IP Agreement to take but which Grantor fails to take. Grantor shall reimburse and indemnify Lender for all reasonable costs and reasonable expenses incurred in the reasonable exercise of its rights under this section 4. Notwithstanding anything to the



contrary contained within this IP Agreement, it is the intent of the parties hereto that Grantor continue to own the Intellectual Property Collateral. Grantor agrees not to sell, or assign any interest in the Intellectual Property Collateral without the prior written consent of Lender.

5. Inspection Rights. Grantor hereby grants to Lender and its employees, representatives and agents the right to visit, during reasonable hours upon prior reasonable notice to Grantor, and any of Grantor'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 Intellectual Property Collateral, and to inspect the products and quality control records relating thereto upon reasonable written notice to Grantor and as often as may be reasonably requested, but not more than one (1) in every six (6) months; provided, however, nothing herein shall entitle Lender access to Grantor's trade secrets and other proprietary information.

6. Further Assurances; Attorney in Fact.

(a) On a continuing basis, Grantor 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, the Register of Copyrights and the Plant Variety Protection Office, and take all such action as may reasonably be deemed necessary or advisable, or as requested by Lender, to perfect Lender's security interest in all Copyrights, Patents, Trademarks, Mask Works and Plant Variety Certificates and otherwise to carry out the intent and purposes of this IP Agreement, or for assuring and confirming to Lender the grant or perfection of a security interest in all Intellectual Property Collateral.

(b) Grantor hereby irrevocably appoints Lender as Grantor's attorney-in-fact, with full authority in the place and stead of Grantor and in the name of Grantor, Lender or otherwise, from time to time in Lender's discretion, upon Grantor's failure or inability to do so, to take any action and to execute any instrument which Lender 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 Grantor's approval of or signature to such modification by amending Exhibit A, Exhibit B, Exhibit C, Exhibit D and Exhibit E hereof, as appropriate, to include reference to any right, title or interest in any Copyrights, Patents, Trademarks, Mask Works or Plant Variety Protection Certificates acquired by Grantor after the execution hereof or to delete any reference to any right, title or interest in any Copyrights, Patents, Trademarks, Mask Works or Plant Variety Protection Certificates in which Grantor no longer has or claims any right, title or interest; and

(ii) To file, in its sole discretion, and Assignment of Patent Form, substantially in the form as attached hereto as Exhibit F; and

(iii) To file, in its sole discretion, and a Recordation Form for the Plant Variety Protection Office, substantially in the form as attached hereto as Exhibit G; and

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

(a) An Event of Default occurs under the Loan Agreement; or

(b) Grantor breaches any warranty or agreement made by Grantor in this IP Agreement.

8. Remedies. Upon the occurrence and continuance of an Event of Default, Lender shall have the right to exercise all the remedies of a secured party under the California Uniform Commercial



Code, including without limitation the right to require Grantor to assemble the Intellectual Property Collateral and any tangible property in which Lender has a security interest and to make it available to Lender at a place designated by Lender. Lender shall have a nonexclusive, royalty free license to use the Copyrights, Patents, Trademarks, Mask Works and Plant Variety Protection Certificates to the extent reasonably necessary to permit Lender to exercise its rights and remedies upon the occurrence of an Event of Default. Grantor will pay any expenses (including reasonable attorney's fees) incurred by Lender in connection with the exercise of any of Lender's rights hereunder, including without limitation any expense incurred in disposing of the Intellectual Property Collateral. All of Lender's rights and remedies with respect to the Intellectual Property Collateral shall be cumulative.

9. Indemnity. Grantor agrees to defend, indemnify and hold harmless Lender 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 Lender as a result of or in any way arising out of, following or consequential to transactions between Lender and Grantor, whether under this IP Agreement or otherwise (including without limitation, reasonable attorneys fees and reasonable expenses), except for losses arising from or out of Lender's gross negligence or willful misconduct.

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

11. 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.

12. 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.

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

14. Counterparts. This IP Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute the same instrument.

15. Law and Jurisdiction. This IP Agreement shall be governed by and construed in accordance with the laws of the State of California, without regard for choice of law provisions. Grantor and Lender consent to the nonexclusive jurisdiction of any state or federal court located in Monterey County, California.

16. Confidentiality. In handling any confidential information, Lender 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 Lender, (ii) to prospective transferee or purchasers of an interest in the obligations secured hereby, provided that they have entered into comparable confidentiality agreement in favor of Grantor and have deliver a copy to Grantor, (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 Lender.

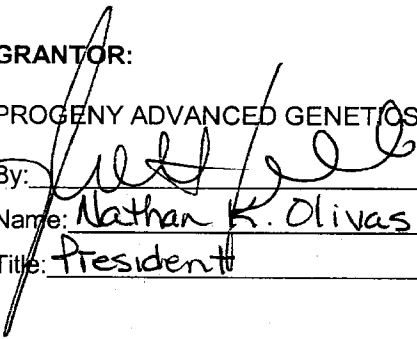


IN WITNESS WHEREOF, the parties hereto have executed this IP Agreement on the day and year first above written.

Address of Grantor:

GRANTOR:

PROGENY ADVANCED GENETICS INC.

By: 

Name: Nathan K. Olivas

Title: President



Exhibit "A" attached to that certain Intellectual Property Security Agreement dated _____

EXHIBIT "A"

COPYRIGHTS

SCHEDULE A - ISSUED COPYRIGHTS

<u>COPYRIGHT DESCRIPTION</u>	<u>REGISTRATION NUMBER</u>	<u>DATE OF ISSUANCE</u>
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SCHEDULE B - PENDING COPYRIGHT APPLICATIONS

<u>COPYRIGHT DESCRIPTION</u>	<u>APPLICATION NUMBER</u>	<u>DATE OF FILING</u>	<u>CREATION</u>	<u>FIRST DATE OF PUBLIC DISTRIBUTION</u>
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SCHEDULE C - UNREGISTERED COPYRIGHTS (Where No Copyright Application is Pending)

<u>COPYRIGHT DESCRIPTION</u>	<u>DATE OF CREATION</u>	<u>FIRST DATE OF DISTRIBUTION</u>	<u>ORIGINAL AUTHOR OR OWNER OF COPYRIGHT (IF DIFFERENT FROM GRANTOR)</u>	<u>DATE AND RECORDATION NUMBER OF IP AGREEMENT TO OWNER OF GRANTOR (IF ORIGINAL AUTHOR OR OWNER OF COPYRIGHT IS DIFFERENT FROM GRANTOR)</u>
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Exhibit "B" attached to that certain Intellectual Property Security Agreement dated August 4, 2005

EXHIBIT "B"

UTILITY PATENTS

<u>PATENT</u> <u>DESCRIPTION</u>	<u>COUNTRY</u>	<u>SERIAL NO.</u>	<u>FILING DATE</u>	<u>STATUS</u>
Icon	USA	US 6,486,365	11/24/2002	Issued
Legend	USA	US 6,492,579	12/10/2002	Issued
Pacer	USA	US 6,784,344	08/31/2004	Issued
Sun Devil	USA	US 6,495,744	12/17/2002	Issued



Exhibit "C" attached to that certain Intellectual Property Security Agreement dated _____

EXHIBIT "C"

TRADEMARKS

<u>TRADEMARK</u> <u>DESCRIPTION</u>	<u>COUNTRY</u>	<u>SERIAL NO.</u>	<u>REG. NO</u>	<u>STATUS</u>
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Exhibit "D" attached to that certain Intellectual Property Security Agreement dated _____

EXHIBIT "D"

MASK WORKS

<u>MASK WORK</u>				
<u>DESCRIPTION</u>	<u>COUNTRY</u>	<u>SERIAL NO.</u>	<u>REG. NO</u>	<u>STATUS</u>



Exhibit "E" attached to that certain Intellectual Property Security Agreement dated August 4, 2005

EXHIBIT "E"

PLANT VARIETY PROTECTION CERTIFICATES

<u>PLANT VARIETY CLASSIFICATION</u>	<u>COUNTRY</u>	<u>PV NO.</u>
Alpine	USA	200100090
Avalanche	USA	200500046
Ben Hur	USA	9900082
Caesar	USA	9600390
Crusader	USA	9800351
Cyclone	USA	20030177538
Danenberg 66	USA	9800033
Delta John	USA	200400150
Domingos 7/11	USA	9800373
Enterprise	USA	200000341
Gorilla	USA	200200113
Grand Max	USA	9900307
Green Lightning	USA	9800024
Headmaster	USA	9800023
Heritage	USA	2001001210
Icon	USA	200000340
King Henry	USA	9600323
Legend	USA	200200023
Liberty	USA	200400027
Monument	USA	200500030
Napoleon	USA	200400033
Pacer	USA	200100259
Prestige	USA	200400287
PX 105	USA	9700416
Sumida 626-S	USA	200100017