

01-24-2006

SHEET



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103163572

To the Honorable Commissioner for Patents and Trademarks: Please record the attached original document or copy thereof.

1. Name(s) of conveying party(ies):

- 1) TARGETED GROWTH, INC.
- 2)
- 3)
- 4)
- 5)
- 6)

Additional names of conveying parties attached? ☐ Yes ☒ No

2. Name and address of receiving party:

Name: GROWTHWORKS CANADIAN FUND LTD.

Internal Address: _____

Street Address: 20 QUEEN STREET WEST

SUITE 3504

City: TORONTO

Prov.: ONTARIO

Country: CANADA

Zip: M5H 3R3

Additional names & addresses attached? ☐ Yes ☒ No

3. Nature of conveyance:

- ☐ Assignment ☐ Merger
- ☒ Security Agreement ☐ Change of Name
- ☐ Other _____

Execution Dates:

- 1) DECEMBER 23, 2005 4) _____
- 2) _____ 5) _____
- 3) _____ 6) _____

4. Application number(s) or patent number(s): _____ This document is being filed together with a new application.

A. Patent Application No(s).
SEE ATTACHED

B. Patent No(s).
SEE ATTACHED

Additional numbers attached? ☒ Yes ☐ No

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

Name: DORSEY & WHITNEY LLP

Internal Address: KIMTON N. ENG

SUITE 3400

Street Address: 1420 FIFTH AVENUE

City: SEATTLE State: WA ZIP: 98101

6. Total number of applications and patents involved..... Twelve (12)

7. Total Fee (37 CFR 3.41): \$480

☒ Enclosed (check in the amount of \$480)

☒ Authorized to charge any additional fees to deposit account 50-1266

8. Deposit account number:

50-1266

DO NOT USE THIS SPACE

9. Statement and signature.

KIMTON N. ENG

Name of Person Signing

Kimton N. Eng

Signature

1/17/2006

Date

Total number of pages including cover sheet, attachments, and document: 10

Documents to be recorded (including cover sheet) should be faxed to (703) 306-5995, or mailed to:
Mail Stop Assignment Recordation Services, Director of the USPTO, P.O. Box 1450, Alexandria, VA 22313-1450

h:\users\shaikh.ayesha\pto 1595 growthworks capital.doc

Name of conveying party: TARGETED GROWTH, INC.

Name of receiving party: GROWTHWORKS CANADIAN FUND LTD.

A. Patent Application No(s).

09/865,018
10/038,060
10/129,912
60/750,991
09/980,758
60/703,999

B. Patent No(s).

5,958,769
6,242,575
5,688,665
6,355,774
6,635,450
6,316,208

PATENT AND TRADEMARK SECURITY AGREEMENT

THIS PATENT AND TRADEMARK SECURITY AGREEMENT (as the same may hereafter be amended, supplemented or restated from time to time, this "Agreement"), dated as of December 23, 2005, is made and given by Targeted Growth, Inc., a Washington corporation (the "Grantor"), to GrowthWorks Canadian Fund Ltd., a corporation incorporated under the Canadian Business Corporations Act (the "Secured Party").

RECITALS

Pursuant to that certain Guaranty, dated the date of this Agreement, by and among the Grantor and the Secured Party (the "Guaranty"), the Grantor has unconditionally guaranteed that certain Cdn.\$2,000,000.00 Convertible Debenture, dated the date of this Agreement (as the same may be amended, supplemented or restated from time to time, the "Debenture"), issued by Target Growth Canada Inc., a corporation existing under the laws of the Province of Saskatchewan and a majority-owned subsidiary of the Grantor (the "Borrower"), to the Secured Party pursuant to that certain Subscription Agreement, dated the date of this Agreement, between the Borrower and the Secured Party (as the same may be amended, supplemented or restated from time to time, the "Subscription Agreement"). Pursuant to this Agreement and that certain Security Agreement, dated as of the date hereof and to which this Agreement is attached as Exhibit A (as the same may hereafter be amended, supplemented or restated from time to time, the "Security Agreement" and together with this Agreement, the "Security Agreements"), the Grantor desires and intends to grant a security interest to the Secured Party in the collateral described herein and therein to secure the Grantor's performance of its obligations under the Guaranty.

AGREEMENT

NOW, THEREFORE, in consideration for the foregoing and for other good and valuable consideration and in order to induce the Secured Party to extend credit accommodations to the Borrower, the Grantor hereby agrees as follows:

Section 1. Definitions; Interpretation.

1 (a) Terms Defined in Security Agreement. All capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings assigned to them in the Security Agreement.

1 (b) Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

"Collateral" has the meaning set forth in Section 2.

"PTO" means the United States Patent and Trademark Office.

1 (c) Terms Defined in UCC. Where applicable in the context of this Agreement and except as otherwise defined herein, terms used in this Agreement shall have the meanings assigned to them in the UCC.

1 (d) Construction. In this Agreement, the following rules of construction and interpretation shall be applicable: (i) no reference to "proceeds" in this Agreement authorizes any sale, transfer, or other disposition of any Collateral by Grantor; (ii) "includes" and "including" are not limiting; (iii) "or" is not exclusive; and (iv) "all" includes "any" and "any" includes "all." To the extent not inconsistent with the foregoing, the rules of construction and interpretation applicable to the Security Agreement shall also be applicable to this Agreement and are incorporated herein by this reference.

Section 2. Security Interest.

2 (a) Grant of Security Interest. As security for the payment and performance of the Obligations, Grantor hereby assigns, transfers and conveys to the Secured Party, and grants to the Secured Party a security interest (the "PT Security Interest") in and mortgage to, all of Grantor's right, title and interest in, to and under the

following property, in each case whether now or hereafter existing or arising or in which Grantor now has or hereafter owns, acquires or develops an interest and wherever located (collectively, the "Collateral"):

(i) all patents and patent applications, domestic or foreign, all licenses relating to any of the foregoing and all income and royalties with respect to any licenses (including without limitation such patents and patent applications as described in Schedule A), all rights to sue for past, present or future infringement thereof, all rights arising therefrom and pertaining thereto and all reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof;

(ii) all state (including common law), federal and foreign trademarks, service marks and trade names, and applications for registration of such trademarks, service marks and trade names (but excluding any application to register any trademark, service mark or other mark prior to the filing under applicable law of a verified statement of use (or the equivalent) for such trademark, service mark or other mark to the extent the creation of a security interest therein or the grant of a mortgage thereon would void or invalidate such trademark, service mark or other mark), all licenses relating to any of the foregoing and all income and royalties with respect to any licenses (including without limitation such marks, names and applications as described in Schedule B), whether registered or unregistered and wherever registered, all rights to sue for past, present or future infringement or unconsented use thereof, all rights arising therefrom and pertaining thereto and all reissues, extensions and renewals thereof;

(iii) the entire goodwill of or associated with the businesses now or hereafter conducted by Grantor connected with and symbolized by any of the properties and assets described in Section 2(a)(ii) above;

(iv) all general intangibles and all intangible intellectual or other similar property of Grantor of any kind or nature, associated with or arising out of any of the aforementioned properties and assets and not otherwise described above; and

(v) all proceeds of any and all of the foregoing Collateral (including license royalties, rights to payment, accounts and proceeds of infringement suits) and, to the extent not otherwise included, all payments under insurance (whether or not the 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 the foregoing Collateral.

2 (b) Continuing Security Interest. Grantor agrees that this Agreement shall create a continuing security interest in the Collateral which shall remain in effect until terminated in accordance with Section 11.

Section 3. Supplement to Security Agreement. This Agreement has been entered into in conjunction with the security interests granted to the Secured Party under the Security Agreement or other security documents referred to therein. The rights and remedies of the Secured Party with respect to the security interests granted herein are without prejudice to, and are in addition to those set forth in the Security Agreement or any other security documents referred to therein, all terms and provisions of which are incorporated herein by reference.

Section 4. Representations, Warranties, Covenants and Agreements. 4 (a) List of Collateral. Grantor represents, warrants and covenants to the Secured Party that (i) a true and correct list of all of the existing Collateral consisting of U.S. patents and patent applications or registrations owned by Grantor, in whole or in part, is set forth in Schedule A, (ii) a true and correct list of all of the existing Collateral consisting of U.S. trademarks, trademark registrations or applications owned by Grantor, in whole or in part, is set forth in Schedule B, (iii) the Grantor has absolute title to each item of Collateral listed on Schedules A and B, free and clear of all Liens, except Permitted Liens, and (iv) and the Grantor (a) will have, at the time the Grantor acquires any rights in any Collateral hereafter arising, title to or an interest in each such item of Collateral free and clear of all Liens, except Permitted Liens, and (b) will keep all Collateral free and clear of all Liens, except Permitted Liens.

4 (b) No Sale. Except as permitted in the Security Agreement, the Grantor will not assign, transfer, encumber or otherwise dispose of any item of Collateral, or any interest therein, without the Secured Party's prior written consent.

4 (c) Defense. The Grantor will at its own expense and using commercially reasonable efforts, protect and defend the Collateral against all claims or demands of all Persons other than those holding Permitted Liens.

4 (d) Maintenance. The Grantor will at its own expense maintain the Collateral in a commercially reasonable manner consistent with past practices of the Grantor, including, but not limited to, filing all applications to obtain letters patent or trademark registrations and all affidavits, maintenance fees, annuities, and renewals possible with respect to letters patent, trademark registrations and applications therefor. The Grantor covenants that it will not abandon nor fail to pay any maintenance fee or annuity due and payable on any Collateral, nor fail to file any required affidavit or renewal in support thereof, without first providing the Secured Party: (i) sufficient written notice, of at least 30 days, to allow the Secured Party to timely pay any such maintenance fees or annuities which may become due on any Collateral, or to file any affidavit or renewal with respect thereto, and (ii) a separate written power of attorney or other authorization to pay such maintenance fees or annuities, or to file such affidavit or renewal, should such be necessary or desirable.

4 (e) Secured Party's Right to Take Action. If the Grantor fails to perform or observe any of its covenants or agreements set forth in this Section 4, and if such failure continues for a period of ten (10) calendar days after the Secured Party gives the Grantor written notice thereof (or, in the case of the agreements contained in Section 4(d), immediately upon the occurrence of such failure, without notice or lapse of time), or if the Grantor notifies the Secured Party that it intends to abandon any Collateral, the Secured Party may (but need not) perform or observe such covenant or agreement or take steps to prevent such intended abandonment on behalf and in the name, place and stead of the Grantor (or, at the Secured Party's option, in the Secured Party's own name) and may (but need not) take any and all other actions which the Secured Party may reasonably deem necessary to cure or correct such failure or prevent such intended abandonment.

4 (f) Costs and Expenses. Subject to the terms of Section 25 of the Security Agreement, and except to the extent that the effect of such payment would be to render any loan or forbearance of money usurious or otherwise illegal under any applicable law, the Grantor shall pay the Secured Party on demand the amount of all moneys expended and all costs and expenses (including reasonable attorneys' fees and disbursements) incurred by the Secured Party in connection with this Agreement or as a result of the Secured Party's taking action under Section 4(e) or exercising its rights under Section 6, together with interest thereon from the date expended or incurred by the Secured Party at a rate of 8% per annum.

4 (g) Power of Attorney. Without limiting the rights granted to the Secured Party pursuant to the Security Agreement, to facilitate the Secured Party's taking action under this Agreement and exercising its rights under Section 6, the Grantor hereby irrevocably appoints (which appointment is coupled with an interest) the Secured Party, or its delegate, as the attorney-in-fact of the Grantor with the right (but not the duty) from time to time to create, prepare, complete, execute, deliver, endorse or file, in the name and on behalf of the Grantor, any and all instruments, documents, applications, financing statements, and other agreements and writings required to be obtained, executed, delivered or endorsed by the Grantor under this Section 4, or, necessary for the Grantor, after an Event of Default, to enforce this Agreement or use the Collateral or to grant or issue any exclusive or non-exclusive license of any of the Collateral to any third party, or to sell, assign, transfer, pledge, encumber or otherwise transfer title in or dispose of any of the Collateral to any third party. The Grantor hereby ratifies all that such attorney shall

lawfully do or cause to be done by virtue hereof. The power of attorney granted herein shall terminate upon the termination of the Security Interest as provided in the Security Agreement and the payment and performance of all Obligations.

4 (h) Further Acts. On a continuing basis, Grantor shall make, execute, acknowledge and deliver, and file and record in the proper filing and recording places, all such instruments and documents, and take all such action as may be necessary or advisable or may be requested by the Secured Party to carry out the intent and purposes of this Agreement, or for assuring, confirming or protecting the grant or perfection of the security interest granted or purported to be granted hereby, to ensure Grantor's compliance with this Agreement or to enable the Secured Party to exercise and enforce all of its rights and remedies hereunder with respect to the Collateral, including any documents for filing with the PTO or any applicable state office. The Secured Party may record this Agreement, an abstract thereof, or any other document describing the Secured Party's interest in the Collateral with the PTO, at the expense of Grantor. In addition, Grantor authorizes the Secured Party to file financing statements describing the Collateral in any UCC filing office deemed appropriate by the Secured Party. If the Grantor shall at any time hold or acquire a commercial tort claim arising with respect to the Collateral, the Grantor shall immediately notify the Secured Party in a writing signed by the Grantor of the brief details thereof and grant to the Secured Party in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance satisfactory to the Secured Party.

Section 5. Authorization to Supplement. If Grantor shall (i) obtain rights to any new patentable inventions or become entitled to the benefit of any patent application or patent for any reissue, division, or continuation, of any patent or (ii) obtain rights to any new trademarks, the provisions of this Agreement shall automatically apply thereto. Grantor shall give prompt notice in writing to the Secured Party with respect to any such new patent or trademark rights or renewal or extension of any trademark registration. Without limiting Grantor's obligations under this Section 5, Grantor authorizes the Secured Party unilaterally to modify this Agreement by amending Schedule A and/or Schedule B to include any such new patent or trademark rights. Notwithstanding the foregoing, no failure to so modify this Agreement or amend Schedule A and/or Schedule B shall in any way affect, invalidate or detract from the Secured Party's continuing security interest in all Collateral, whether or not listed on Schedule A and/or Schedule B.

Section 6. Remedies. Upon the occurrence and during the continuation of an Event of Default and at any time thereafter, the Secured Party may, at its option, take any or all of the following actions:

6 (a) The Secured Party may exercise any or all remedies available under the Security Agreement;

6 (b) The Secured Party may sell, assign, transfer, pledge, encumber or otherwise dispose of the Collateral; and

6 (c) The Secured Party may enforce the Collateral and any licenses thereunder, and if the Secured Party shall commence any suit for such enforcement, the Grantor shall, at the request of the Secured Party, do any and all lawful acts and execute any and all proper documents required by the Secured Party in aid of such enforcement.

Section 7. Binding Effect. This Agreement shall be binding upon, inure to the benefit of and be enforceable by Grantor and the Secured Party and their respective successors and assigns. Grantor may not assign, transfer, hypothecate or otherwise convey its rights, benefits, obligations or duties hereunder except as specifically permitted by the Security Agreement.

Section 8. Governing Law. This Agreement shall be governed by, and construed in accordance with, the law of the State of Washington, except as required by mandatory provisions of law or to the extent the perfection or priority of the security interests hereunder, or the remedies hereunder, in respect of any Collateral are governed by the law of a jurisdiction other than the State of Washington.

Section 9. Entire Agreement; Amendment. This Agreement, the Security Agreement and the Guaranty, together with the Exhibits and Schedules hereto and thereto, contains the entire agreement of the parties

with respect to the subject matter hereof and supersedes all prior drafts and communications relating to such subject matter. Neither this Agreement nor any provision hereof may be modified, amended or waived except by the written agreement of the Secured Party and the Grantor; provided, however, if any secured convertible debentures of the Borrower that are substantially identical to the Debenture are purchased pursuant to that certain rights offering initiated by the Grantor on December 21, 2005, then the Grantor and the Secured Party anticipate amending this Agreement in a manner mutually acceptable to the Grantor and the Secured Party for the purposes of (i) joining as "Secured Parties" any such additional purchasers, (ii) including such debentures within the defined term "Debenture" under this Agreement, (iii) providing that GrowthWorks Canadian Fund Ltd. or its designee may act as the agent for all of the "Secured Parties" and (iv) providing that this Agreement may be waived, modified, amended, terminated, or discharged, and the Security Interest may be released, explicitly in a writing signed by both (a) the Grantor and (b) a majority in interest of the Debenture and all other debentures, so long as such majority includes GrowthWorks Canadian Fund Ltd. Notwithstanding the foregoing, the Secured Party unilaterally may execute or re-execute this Agreement or modify, amend or supplement the Schedules hereto as provided in Section 5 hereof. To the extent that any provision of this Agreement conflicts with any provision of the Security Agreement, the provision giving the Secured Party greater rights or remedies shall govern, it being understood that the purpose of this Agreement is to add to, and not detract from, the rights granted to the Secured Party under the Security Agreement.

Section 10. Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Delivery of an executed counterpart of this Agreement by facsimile shall be equally as effective as delivery of a manually executed counterpart. Any party hereto delivering a counterpart of this Agreement by facsimile shall also deliver a manually executed counterpart, but the failure to so deliver a manually executed counterpart shall not affect the validity, enforceability, or binding effect hereof.

Section 11. Termination. Upon payment in full of all of the Obligations, the security interests created by this Agreement shall terminate and the Secured Party (at Grantor's expense) shall promptly execute and deliver to Grantor such documents and instruments reasonably requested by Grantor as shall be necessary to evidence termination of all such security interests given by Grantor to the Secured Party hereunder, including cancellation of this Agreement by written notice from the Secured Party to the PTO.

Section 12. No Inconsistent Requirements. Grantor acknowledges that this Agreement and the other documents, agreements and instruments entered into or executed in connection herewith may contain covenants and other terms and provisions variously stated regarding the same or similar matters, and Grantor agrees that all such covenants, terms and provisions are cumulative and all shall be performed and satisfied in accordance with their respective terms.

Section 13. Severability. If one or more provisions contained in this Agreement shall be invalid, illegal or unenforceable in any respect in any jurisdiction or with respect to any party, such invalidity, illegality or unenforceability in such jurisdiction or with respect to such party shall, to the fullest extent permitted by applicable law, not invalidate or render illegal or unenforceable any such provision in any other jurisdiction or with respect to any other party, or any other provisions of this Agreement.

Section 14. Notices. All notices and other communications hereunder shall be in writing and shall be mailed, sent or delivered in accordance with the Security Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the Grantor has caused this Agreement to be executed and delivered by its duly authorized representative as of the date first written above.

GRANTOR:

TARGETED GROWTH, INC.

By:

Name:

Title:

T. J. T.
Thomas Tadafo
COO

Address:

Facsimile:

2515 Eastlake Ave G
Suite 200 Seattle WA
206-336-5573 98102

[SIGNATURE PAGE TO PATENT AND TRADEMARK SECURITY AGREEMENT]

SCHEDULE A**to the Patent and Trademark Security Agreement**

Grantor: Targeted Growth, Inc.

Issued U.S. Patents of Grantor

<u>Patent No.:</u>	<u>Issue Date:</u>	<u>Title:</u>
US 5958769	9/28/1999	Compositions and Methods for Mediating Cell Cycle Progression
US 20030027777	2/6/2003	Method for Enhancing Animal Growth and Cell Proliferation by Elimination of the Cyclin-Dependent Kinase Inhibitor Function of p27 (kip1)
US 6242575	6/5/2001	Antibodies for Detecting p27 Protein
US 5688665	11/18/1997	Isolated Nucleic Acid Molecules Encoding the p27 IP-1 Protein
US 6355774	3/12/2002	Isolated p27 Protein
US 20020110886	8/15/2002	Isolated p27 Protein and Methods for its Production and Use
US 6635450	10/21/2003	Isolated p27 Protein, Nucleic Acid Molecules Encoding Same, Methods of Identifying Agents Acting on Same, and Uses of Said Agents
US 6316208	11/13/2001	Methods for Determining Isolated p27 Protein Levels and Uses Thereof

Pending U.S. Patent Applications of Grantor

<u>Serial No.:</u>	<u>Filing Date:</u>	<u>Title:</u>
US App. 10/129,912	11/6/2002	Compositions and Methods for Modulation of Plant Cell Division
US App. 60/750,991	12/15/2005	Increased Seed Size and Seed Number Through Transgenic Over Expression of REVOLUTA Protein During Early Embryo Development.
US App. 09/980,758	5/14/1999	Methods for Increasing Plant Cell Proliferation by Functionally Inhibiting a Plant Cyclin Inhibitor Gene
US App. 60/703,999	7/29/2005	Dominant Negative Mutant KRP Protein Protection of Active Cyclin-CDK Complex Inhibition by Wild-Type KRP

SCHEDULE B

to the Patent and Trademark Security Agreement

Grantor: Targeted Growth, Inc.

U.S. Trademarks of Grantor:

None

Pending U.S. Trademark Applications of Grantor:

None