

B/O FORM PTO-1595 (1/31/02)		U.S. Department of Commerce Patent and Trademark Office	
RECORDATION FORM COVER SHEET PATENTS ONLY			
To the Honorable Commissioner of Patents and Trademarks. Please record the attached original documents or copy thereof.			
<b>1. Name of Conveying Party:</b>  (1) James H. Fallon  (2) Richard M. Kinyamu  <input type="checkbox"/> Additional names of conveying parties attached.		<b>2. Name and Address of Receiving Party(ies):</b>  Name: NeuroRepair, Inc.  Street Address: 18596 Corte Fresco  City, State, Zip: Rancho Santa Fe, CA 92091-0229  <input type="checkbox"/> Additional name(s) and address(es) attached.	
<b>3. Nature of Conveyance</b> <input checked="" type="checkbox"/> Assignment                      Merger Security Agreement              Change of Name Other:  Execution Date: 1) February 2, 2006 2) February 2, 2006			
<b>4. (A) Patent Application Number(s):</b>  (1) 09/129,028 (2) 09/739,933 (3) 10/167,384  If this document is being filed together with a new application, the execution date of the application is:  Additional Numbers Attached.		<b>4. (B) Patent Number(s):</b>  Not Yet Assigned	
<b>5. Name and Address of Party to whom Correspondence Concerning this Document Should be Mailed:</b>  Name: Gary M. Nath  Address: CUSTOMER NO. 20529 NATH & ASSOCIATES PLLC 112 South West Street Alexandria, VA 22314 Phone: 703-548-6284 Fax: 703-683-8396		<b>6. Total Number of Applications and Patents Involved:</b>  3  <b>7. Total Fee:</b> (37 CFR 3.41) \$ 120.00  <input type="checkbox"/> Enclosed. <input checked="" type="checkbox"/> Authorized to be charged to deposit account  <b>8. Deposit Account Number:</b> 14-0112  ATTACH DUPLICATE COPY OF THIS PAGE IF PAYING BY DEPOSIT ACCOUNT	
DO NOT USE THIS SPACE			
<b>9. Statement and Signature:</b> <b>To the best of my knowledge and belief, the foregoing is true and correct and any attached copy is a true copy of the original document.</b>  Name of Person Signing: Gary M. Nath, Reg. No. 26,965 Jerald L. Meyer, Reg. No. 41,194 Attorney Docket No.: 26277 Customer No. 20529 Total number of pages comprising cover sheet: 1  Date: April 17, 2006			

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PATENT  
REEL: 017490 FRAME: 0576

## NOVATION AGREEMENT

A. James H. Fallon ["Fallon"] a professor in the Department of Anatomy & Neurobiology at the University of California, Irvine; Richard M. Kinyamu ["Kinyamu"] a researcher in the Department of Ophthalmology at the University of California, Irvine; the Regents of the University of California [the "Regents"] a California Corporation having its statewide administrative offices at 111 Franklin Street, 5<sup>th</sup> Floor, Oakland, California 94612-3550; and NeuroRepair, Inc., formerly known as NeuroRepair PharmaResearch, Inc. ["NRI"], a California corporation, having its principal place of business at 18596 Corte Fresco, Rancho Santa Fe, California 92091-0229 enter into this Agreement as of January 25, 2006, and agree to the following facts:

(1)

(a) NRI and the Regents entered into an exclusive license agreement, UC Control No. 2005-04-0519 [the "License Agreement"], on March 1, 2005 under which the Regents granted to NRI an exclusive license to the intellectual property disclosed (within every meaning of "disclose" as used in Title 35, United States Code) in the existing patent applications, or as later claimed in any patent or patents that have issued, or may issue from those U. S. or foreign patent applications reflected in UC Case Nos. 1997-284-1, 2, 3, 4, and 5 (Said intellectual property is hereinafter referred to as the "Invention").

(2) In the course of their performance under the License Agreement, the Regents and NRI have agreed that the terms of the License Agreement are impracticable.

(3) The Regents contracted with the law firm of Bozicevic Field & Francis, LLP to prosecute the patent applications relating to the patent applications described in subparagraph A(1) (a), above, and Bozicevic Field & Francis, LLP has undertaken to prosecute those patent applications.

(4) As of the date of this Novation Agreement, NRI has paid to the Regents \$58,225.00 pursuant to the License Agreement.

(5) As of November 28, 2005 the Regents have elected not to retain title to UC Case Nos. 1997-284-1, 2, 3, 4, and 5, and will no longer seek patent protection for UC Case Nos. 1997-284-1, 2, 3, 4, and 5. The Regents, therefore, pursuant to University of California Patent Policy, conclude that it is prudent and in the best interests of the general public to grant, transfer, and assign to Fallon and Kinyamu title to, and all attendant rights respecting ownership of, the Invention. In connection therewith, the Regents agree further to grant to Fallon and Kinyamu permission to request a waiver of patent rights from the National Institutes of Health ["NIH"], and to do such other things as may be prudent and necessary to perfect their ownership of the Invention.

(6) Under such facts as are known to all parties to this Novation Agreement as of the date of this Agreement, the Regents, Fallon, Kinyamu, and NRI agree that \$33,225 is a fair and reasonable amount to be paid to the Regents for its transfer, grant and assignment to Fallon and Kinyamu of all rights to the Invention.

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(7) Subject to NIH approval and non-assertion of the US Government right to request title, Fallon and Kinyamu desire and agree to grant, transfer, and assign to NRI the rights and property acquired by them respecting the Invention pursuant to this Novation Agreement and all other rights and property as may be acquired by either of them pursuant to Paragraph B-2 of this Agreement, in exchange for:

(a) NRI's payment of \$33,225.00 to the Regents to acquire ownership of the Invention; and

(b) NRI's promise to make a good faith effort to obtain patents relating to the Invention; and

(c) royalty compensation to be negotiated between NRI and Fallon and Kinyamu similar to what Fallon and Kinyamu would have received under University policy and the License Agreement.

(8) Notwithstanding a diligent search by the Regents and by NRI, the whereabouts of James Steven Reid ("Reid") a former researcher in the Department of Anatomy & Neurobiology at the University of California, Irvine, and co-inventor, with Fallon and Kinyamu of the intellectual property described in subparagraph A(1) (a), above, are unknown. NRI agrees to hold in trust for Reid, for a period of not less than two years, his portion of any royalty compensation distributed to the inventors, as a result of the assignment of the Invention to NRI. Because Reid cannot now be located, the Regents make this Agreement with Fallon and Kinyamu, and require signatures only from Fallon and Kinyamu, who shall be presumed to be acting, and who shall act, on behalf of Reid respecting Reid's interest in the Invention.

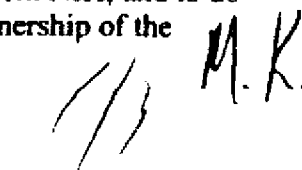
(9) The parties agree that a grant, transfer, and assignment to NRI of all rights to the Invention and to such other rights and property as may be acquired by NRI pursuant to Paragraph B-2 of this Agreement, for such commercial development and patent prosecution as NRI may, in its sole discretion, deem appropriate, is in the interest of the parties and the general public.

(10) In order to assure that efforts to expand upon and improve the Invention continue, and to provide an incentive for NRI to endeavor to deliver the benefits of the Invention to the public, the Regents have determined that the mission of the University is best served by allowing Fallon to pursue work relating to the Invention apart from his duties and obligations to the University.

B. In consideration of the foregoing facts, the parties agree that by this Agreement:

(1)

(a) The Regents hereby grant, transfer, and assign to Fallon and Kinyamu ownership of, and all rights claimed in, or disclosed in, the Invention, subject to approval by NIH and non-assertion of the US Government right to request title. The Regents further grant to Fallon and Kinyamu permission to request a waiver of patent rights from NIH, and to do such other things as may be prudent and necessary to perfect their ownership of the



Invention, or any part thereof. (See Attachment 1 for draft Waiver by Regents and Attachment 2 for draft Request to Retain Title by Inventors) The Regents will cooperate with Fallon and Kinyamu, as may be reasonable and necessary for Fallon and Kinyamu to obtain such waivers and permissions as are required to perfect their ownership of the Invention, or any part thereof.

(b) The Regents retain a nonexclusive, nontransferable, royalty-free, license to use the Invention solely for noncommercial education and research purposes. In consideration of this license for education and research purposes, the Regents hereby agree that Fallon may indefinitely continue to use his laboratory on the U.C. Irvine campus, and such materials as are reasonably necessary to his work, and his post-doctoral and other assistants, staff, and coworkers, in order to further his research into methods of cellular and neurological repair and regeneration, and into other possible uses of Growth Factors, and to extend, create variations of, refine, or improve upon, the Invention.

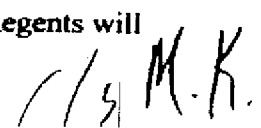
(2) Pursuant to Section II A of the University of California Patent Policy effective September 4, 1997 Fallon is granted an exemption from the requirement to disclose or assign to the Regents such intellectual property or inventions as may hereafter be created or developed by or at the direction of Fallon that are extensions, variations, or refinements of, or improvements to, the Invention or that comprise:

- (i) methods of cellular or neurological repair or regeneration or elements thereof; or
- (ii) therapeutic uses of Growth Factors, including, but not limited to, Fibroblast Growth Factor, Insulin-like Growth Factor, members of the Transforming Growth Factor family, and members of the Epidermal Growth Factor family.

This exemption shall not be construed to exempt Fallon from the requirement to disclose and assign to the Regents inventions or intellectual property not described in this Paragraph B-2, or to conflict with other policies of the University of California, or to interfere with overriding obligations to other parties including disclosure and assignment of inventions. No other exemption is granted from the University Patent Policy except as is described in this Paragraph B-2.

(3) Fallon and Kinyamu hereby grant, transfer, and assign all rights and property received by them pursuant to this Agreement to NRI. Upon the effective date of this Novation Agreement, but subject to NIH approval and possible future assertion of rights by the US Government, NRI can name and direct patent prosecution counsel of its choosing and exercise all other rights attendant to ownership of all rights and property conveyed to NRI pursuant to this Agreement. NRI agrees to make a good faith effort to obtain patents relating to the Invention, which patents will be wholly owned by NRI. Further, at such time as is reasonably convenient to the parties, NRI will negotiate in good faith with Fallon and Kinyamu in order to agree upon royalty compensation, similar to what they would have received under University policy and the License Agreement, to be paid to Fallon, Kinyamu, and Reid.

(4) Upon the execution of this Novation Agreement, the License Agreement will terminate by mutual agreement of the parties thereto and NRI will thereafter have no further obligations of any kind, including any unsatisfied obligations as may have accrued or arisen before the date of this Agreement, to the Regents under or relating to the License Agreement. The Regents will



retain \$33,225 of the \$58,225 paid by Neurorepair pursuant to the License Agreement and will, concurrently with execution of this Novation Agreement, reimburse to NRI the sum of \$25,000.

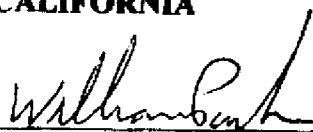
(5) The Regents and NRI will execute mutual General Releases respecting all claims relating to the License Agreement (see Attachment 3 for Releases).

(6) Bozicevic Field & Francis, LLP will cooperate with and otherwise assist new counsel chosen by NRI as may be reasonable for the transition of patent prosecution relating to the Invention at no charge or cost to NRI or the Regents.

(7) This Agreement, including the exhibits referenced herein and attached hereto, constitutes the entire agreement among the parties concerning this transaction, and replaces all previous or contemporaneous statements, representations, promises, understandings, and agreements, whether oral or written [hereinafter, collectively called "communications"], between or among any of the parties to this Agreement or their representatives. No communications of any kind made by, or on behalf of, any party, that are not expressly set forth in this Agreement document, shall be binding upon the parties, or any of them.

AGREED AND ACCEPTED:

**THE REGENTS OF THE UNIVERSITY  
OF CALIFORNIA**



William H. Parker,  
Vice Chancellor for Research

Date: Feb 3, 2006

**NEUROREPAIR, INC.**



Matthew Klipstein, CEO

Date: Jan 31, 2006

**BOZICEVIC, FIELD & FRANCIS, LLP**

  
Karl Bozicevic


Date: Feb 2, 2006

**JAMES H. FALLON**

  
James H. Fallon

Date: Feb 2, 2006

**RICHARD M. KINYAMU**

  
Richard M. Kinyamu

Date: Feb 2, 2006