

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
Dynogen Pharmaceuticals, Inc.	12/10/2007

RECEIVING PARTY DATA

Name:	Arachnova Therapeutics Limited
Street Address:	95 Halkett Place
City:	St. Helier
State/Country:	JERSEY
Postal Code:	JE1 1BX

PROPERTY NUMBERS Total: 21

Property Type	Number
Patent Number:	7094786
Patent Number:	6846823
Patent Number:	7115606
Patent Number:	7220748
Application Number:	10757364
Application Number:	10838789
Application Number:	10841319
Application Number:	10841318
Application Number:	10841317
Application Number:	10866593
Application Number:	11119357
Application Number:	11441905
Application Number:	10757981
Application Number:	10846978
Application Number:	11122940

PATENT

500431490

REEL: 020309 FRAME: 0537

CH \$840.00 7094786

Application Number:	11124580
Application Number:	11728947
Application Number:	11728966
Application Number:	10519594
Application Number:	10617847
Application Number:	10525532

CORRESPONDENCE DATA

Fax Number: (415)268-7522

Correspondence will be sent via US Mail when the fax attempt is unsuccessful.

Phone: 4152686219

Email: shawnkim@mofo.com

Correspondent Name: Shawn Kim

Address Line 1: Morrison & Foerster LLP

Address Line 2: 425 Market Street

Address Line 4: San Francisco, CALIFORNIA 94105

NAME OF SUBMITTER:

Lance Peterson

Total Attachments: 16

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EXECUTION VERSION

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "**Agreement**"), dated as of December 10, 2007, is made between Dynogen Pharmaceuticals, Inc., a Delaware corporation ("**Debtor**"), and Arachnova Therapeutics Limited, a company organized under the laws of Jersey ("**Secured Party**").

WHEREAS, pursuant to that certain Patent and Technology Purchase and Sale Agreement, of even date herewith, by and between Debtor and Secured Party (as amended, modified, extended, supplemented, or renewed from time to time, the "**IP Transfer Agreement**"), Debtor has incurred certain payment obligations to Secured Party; and

WHEREAS, it is a condition precedent to the closing of the IP Transfer Agreement that Debtor enter into this Agreement and grant to Secured Party the security interests hereinafter provided to secure the Secured Obligations of Debtor described below.

NOW, THEREFORE, Debtor and Secured Party hereby agree as follows:

SECTION 1 Definitions; Interpretation.

(a) Terms Defined in the IP Transfer Agreement. All capitalized terms used in this Agreement and not otherwise defined herein shall have the respective meanings given to such terms in the IP Transfer Agreement.

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

"**Agreement**" has the meaning specified in the introductory paragraph hereto.

"**Collateral**" means, collectively, all of Debtor's right, title and interest in, to and under (a) the DDP225 Pooled IP insofar as they relate to the manufacture or use of DDP225; (b) all claims for infringement of the DDP225 Pooled IP; (c) all License Income; and (d) all cash proceeds of any and all of the foregoing, including without limitation insurance payments, indemnity payments and damage awards.

"**Documents**" means this Agreement, the IP Transfer Agreement, and all other certificates, documents, agreements and instruments delivered to Secured Party hereunder.

"**DDP225 Pooled IP**" means the United States patents and patent applications included in the Seller IP and the United States patents and patent applications relating to

DDP225 or the manufacture or use of drugs containing DDP225 that are owned by Secured Party, licensed to Secured Party or which Secured Party otherwise has a right to use, including without limitation all patents and patent applications set forth in Schedule 1.

"Event of Default" has the meaning set forth in Section 9.

"Lien" means any mortgage, deed of trust, pledge, security interest, assignment, deposit arrangement, charge or encumbrance or lien.

"Person" means an individual, corporation, partnership, joint venture, trust, unincorporated organization, governmental agency or authority, or any other entity of whatever nature.

"Secured Obligations" means and is limited to the obligations of Debtor to Secured Party under the IP Transfer Agreement to:

- (a) pay to Secured Party when due the Financing Payment;
- (b) issue and deliver to Secured Party when due the Milestone Shares or pay to Secured Party when due the Milestone Payment or the Crystallisation Payment, each of which, for the purposes of this Agreement, shall be deemed to be an obligation to pay to the Secured Party five million US dollars (US\$5,000,000), as applicable;

whether now existing or hereafter arising, and including interest that accrues after the commencement by or against Debtor of any bankruptcy or insolvency proceeding naming Debtor as the debtor in such proceeding.

"UCC" means the Uniform Commercial Code as the same may, from time to time, be in effect in the Commonwealth of Massachusetts.

"USPTO" means the U.S. Patent and Trademark Office.

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

(d) In this Agreement, (i) the meaning of defined terms shall be equally applicable to both the singular and plural forms of the terms defined; (ii) the captions and headings are for convenience of reference only and shall not affect the construction of this Agreement; and (iii) the word **"include"**, **"includes"**, and **"including"** shall be deemed to be followed by the phrase "without limitation".

SECTION 2 Security Interest.

(a) As security for the payment and performance of the Secured Obligations, Debtor hereby grants to Secured Party a security interest in all of Debtor's right, title and

interest in, to and under the Collateral, wherever located and whether now existing or owned or hereafter acquired or arising.

(b) This Agreement shall create a continuing security interest in the Collateral which shall remain in effect until terminated in accordance with Section 20 hereof.

SECTION 3 Authorization: Secured Party Appointed Attorney-in-Fact. Debtor hereby authorizes Secured Party to file at any time and from time to time any financing statements describing the Collateral, and Debtor shall execute and deliver to Secured Party, and Debtor hereby authorizes Secured Party to file (with or without Debtor's signature), at any time and from time to time thereafter, all amendments to financing statements, assignments, continuation financing statements, termination statements, security agreements relating to any of the DDP225 Pooled IP, affidavits, reports, notices, and other documents and instruments, in form satisfactory to Secured Party, and to take all other action, as Secured Party may reasonably request, to perfect and continue perfected, maintain the priority of or provide notice of the security interest of Secured Party in the Collateral and to accomplish the purposes of this Agreement, including any documents for filing with the USPTO and/or any applicable state office. Secured Party may record this Agreement, an abstract thereof, or any other document describing Secured Party's interest in the Collateral with the USPTO. The foregoing power of attorney is coupled with an interest and is irrevocable so long as the Secured Obligations have not been paid in full.

SECTION 4 Authorization to Supplement. If Debtor shall become entitled to the benefit of any patent application or patent or any reissue, division, or continuation, of any patent, in each case to the extent the foregoing constitute DDP225 Pooled IP, the provisions of this Agreement shall automatically apply thereto. Debtor shall give prompt notice in writing to Secured Party with respect to any such new patents. Without limiting Debtor's obligations under this Section 4, Debtor authorizes Secured Party to modify this Agreement by amending Schedule 1 to include any such new patent rights. Notwithstanding the foregoing, no failure to so modify this Agreement or amend Schedule 1 shall in any way affect, invalidate or detract from Secured Party's continuing security interest in all Collateral, whether or not listed on Schedule 1.

SECTION 5 Representations and Warranties. Debtor represents and warrants to Secured Party that:

(a) Debtor is duly organized, validly existing and in good standing under the law of the jurisdiction of its organization and has all requisite power and authority to execute, deliver and perform its obligations under this Agreement.

(b) The execution, delivery and performance by Debtor of this Agreement have been duly authorized by all necessary corporate action of Debtor, and this Agreement constitutes the legal, valid and binding obligation of Debtor, enforceable against Debtor in accordance with its terms.

(c) No authorization, consent, approval, license, exemption of, or filing or registration with, any governmental authority or agency, or approval or consent of any other Person, is required for the due execution, delivery or performance by Debtor of this Agreement, except for any filings necessary to perfect the security interest granted hereby on any Collateral.

(d) (i) Debtor's chief executive office and principal place of business (as of the date of this Agreement) are located at the address set forth in Schedule 2 hereto; (ii) Debtor's jurisdiction of organization and organizational identification number are as set forth in Schedule 2 hereto; (iii) Debtor's exact legal name is as set forth in the first paragraph of this Agreement; and (iv) all other locations where Debtor conducts business or Collateral is kept (as of the date of this Agreement) are set forth in Schedule 2 hereto.

(e) Debtor has rights in or the power to transfer all of the Collateral and, assuming that Secured Party has conveyed to Debtor sole and complete ownership of the Seller IP free from any Liens pursuant to the IP Transfer Agreement, Debtor is the sole and complete owner of the Collateral, free from any Lien other than Liens in favor of Secured Party. Secured Party acknowledges that the Collateral is subject to an option granted to Mitsubishi under the Mitsubishi Agreement for a license for the Mitsubishi Territory (as defined in the Mitsubishi License).

SECTION 6 Covenants. So long as any of the Secured Obligations remain unsatisfied, Debtor agrees that, to the extent failure to do so would materially adversely affect Secured Party's rights hereunder:

(a) Debtor shall appear in and defend any action, suit or proceeding which may affect to a material extent Debtor's title to, or right or interest in, or Secured Party's right or interest in, the Collateral, and shall do and perform all reasonable acts that may be necessary and appropriate to maintain, preserve and protect the Collateral, provided, that Debtor shall have the right to prosecute, maintain or abandon all patent applications and patents included in the Collateral in its sole discretion, as Debtor determines to be appropriate.

(b) Debtor shall comply in all material respects with all laws, regulations and ordinances, and all policies of insurance, relating in a material way to the possession, operation, maintenance and control of the Collateral.

(c) Debtor shall give prompt written notice to Secured Party (and in any event not later than 30 days following any change described below in this subsection (c)) of: (i) any change in the location of Debtor's chief executive office or principal place of business; (ii) any change in the locations set forth in Schedule 2; (iii) any change in its name; (iv) any changes in its identity or structure in any manner which might make any financing statement filed hereunder incorrect or misleading; (v) any change in its registration as an organization (or any new such registration); or (vi) any change in its jurisdiction of organization; provided that Debtor shall not change its jurisdiction of organization to a jurisdiction outside of the United States.

(d) Debtor shall keep accurate and complete books and records with respect to the Collateral, disclosing Secured Party's security interest hereunder.

(e) Debtor shall not surrender or lose possession of (other than to Secured Party), sell, lease, rent, or otherwise dispose of or transfer any of the Collateral or any right or interest therein, in any matter prohibited by the IP Transfer Agreement.

(f) Debtor shall keep the Collateral free of all Liens other than Liens in favor of Secured Party and Liens expressly subordinated to the security interest granted hereby.

(g) Debtor shall pay and discharge all taxes, fees, assessments and governmental charges or levies imposed upon it with respect to the Collateral prior to the date on which penalties attach thereto, except to the extent such taxes, fees, assessments or governmental charges or levies are being contested in good faith by appropriate proceedings.

(h) Debtor shall maintain and preserve its legal existence and all other rights, franchises and privileges necessary for the ownership of the Collateral, except in connection with any transactions not prohibited by the IP Transfer Agreement.

(i) Debtor shall (i) notify Secured Party of any material ownership claim made or asserted against the Collateral by any Person and of any change in the composition of the Collateral or other event which could materially adversely affect the value of Secured Party's Lien on the Collateral; and (ii) furnish to Secured Party such statements and schedules further identifying and describing the Collateral as Secured Party may reasonably request, all in reasonable detail.

SECTION 7 Secured Party's Duties. Notwithstanding any provision contained in this Agreement, Secured Party shall have no duty to exercise any of the rights, privileges or powers afforded to it and shall not be responsible to Debtor or any other Person for any failure to do so or delay in doing so. Except for accounting for monies actually received by Secured Party hereunder, Secured Party shall have no duty or liability to exercise or preserve any rights, privileges or powers pertaining to the Collateral.

SECTION 8 Events of Default. Any of the following events which shall occur and be continuing shall constitute an "Event of Default":

(a) Debtor shall fail to pay when due (or within the applicable grace period specified with respect thereto) the following amounts payable by Debtor under the IP Transfer Agreement, namely any such amount constituting all or a portion of (i) the Financing Payment or (ii) the Crystallisation Payment.

(b) Debtor (or its successor following a Crystallisation Event) shall fail to issue and deliver to Secured Party when due all or any part of the Milestone Shares or payable Milestone Payment as required and in accordance with the IP Transfer Agreement.

(c) (i) Debtor shall admit in writing its inability to, or shall fail generally or be generally unable to, pay its debts (including its payrolls) as such debts become due, or shall make a general assignment for the benefit of creditors, (ii) Debtor shall file a voluntary petition in bankruptcy or a petition or answer seeking reorganization or to effect a plan or other arrangement with creditors or any other relief under the U.S. Bankruptcy Reform Act of 1978, as amended or recodified from time to time (the "Bankruptcy Code") or under any other state or federal law relating to bankruptcy or reorganization granting relief to debtors, whether now or hereafter in effect, or shall file an answer admitting the jurisdiction of the court and the material allegations of any involuntary petition filed against Debtor pursuant to the Bankruptcy Code or any such other state or federal law, (iii) Debtor shall be adjudicated a bankrupt, or shall apply for or consent to the appointment of any custodian, receiver or trustee for all or any substantial part of Debtor's property, or shall take any action to authorize any of the actions set forth above in this paragraph, (iv) an involuntary petition seeking any of the relief specified in this paragraph shall be filed against Debtor which is not dismissed within ninety (90) days, or (v) any order for relief shall be entered against Debtor in any involuntary proceeding under the Bankruptcy Code or any such other state or federal law referred to in this subsection (c).

(d) Debtor shall (i) liquidate, wind up or dissolve (or suffer any liquidation, wind-up or dissolution) other than pursuant to a transaction in which all or substantially all of its assets are sold to a third party who assumes Debtor's obligations under the IP Transfer Agreement, (ii) suspend its operations other than in the ordinary course of business or (iii) take any action to authorize any of the actions or events set forth above in this subsection (d).

(e) Any levy upon, seizure or attachment of any substantial part of the Collateral which shall not have been rescinded or withdrawn.

SECTION 9 Remedies.

(a) Prior to taking any action under this Section 9 or under the UCC with respect to the Collateral, and as a condition to taking any such action, Secured Party shall give written notice of the occurrence of the Event of Default based upon which such action is proposed to be taken and of Secured Party's proposed action to (i) Debtor, and (ii) any licensee under the Collateral and any owner of more than five percent (5%) of the equity of Debtor, provided, that Debtor has given notice of the identity of and a valid address for notices to be provided to such licensee or equity owner to Secured Party. Such Persons shall have a period of forty-five (45) days from receipt of such notice in which to cure the specified Event of Default, during which 45 day period Secured Party shall not have the right to take any action hereunder with respect to such Event of Default.

(b) Upon the occurrence and during the continuance of any Event of Default, but only after compliance with Section 9(a), Secured Party may declare any of the Secured Obligations to be immediately due and payable and shall have, in addition to all other rights and remedies granted to it in this Agreement, the IP Transfer Agreement or

any other Document, all rights and remedies of a secured party under the UCC and other applicable laws. Without limiting the generality of the foregoing, Secured Party may (i) peaceably and without notice enter any premises of Debtor, take possession of any of the Collateral, remove or dispose of all or part of the Collateral on any premises of such Debtor or elsewhere, and otherwise collect, receive, appropriate and realize upon all or any part of the Collateral, and demand, give receipt for, settle, renew, extend, exchange, compromise, adjust, or sue for all or any part of the Collateral, as Secured Party may determine, (ii) Secured Party may require Debtor to assemble all or any part of the Collateral and make it available to Secured Party at any place and time designated by Secured Party, (iii) Secured Party may secure the appointment of a receiver of the Collateral or any part thereof (to the extent and in the manner provided by applicable law) or (iv) Secured Party may sell, resell, lease, use, assign, license, sublicense, transfer or otherwise dispose of any or all of the Collateral in its then condition or following any commercially reasonable preparation or processing (utilizing in connection therewith any of Debtor's assets, without charge or liability to Secured Party therefor) at public sale, by one or more contracts, in one or more parcels, at the same or different times, for cash or credit, or for future delivery without assumption of any credit risk, all as Secured Party deems advisable; provided, however, that Debtor shall be credited with the net proceeds of sale only when such proceeds are finally collected by Secured Party. Secured Party shall have the right upon any such public sale to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption, which right or equity of redemption Debtor hereby releases, to the extent permitted by law. Secured Party shall give Debtor at least twenty (20) days' notice of public sales or such greater notice as may be required by the UCC or other applicable law. Notwithstanding any provision of the UCC to the contrary, Secured Party may not in any way sell, lease, license, assign, transfer or otherwise dispose of the Collateral by private sale.

(c) For the purpose of enabling Secured Party to exercise its rights and remedies under this Section 10 or otherwise in connection with this Agreement, Debtor hereby grants to Secured Party an irrevocable, non-exclusive and assignable license (exercisable without payment or royalty or other compensation to Debtor) to use, license or sublicense any Collateral solely for such purpose.

(d) Secured Party shall not have any obligation to prepare the Collateral for sale. Secured Party has no obligation to attempt to satisfy the Secured Obligations by collecting them from any other Person liable for them, and Secured Party may release, modify or waive any Collateral provided by any other Person to secure any of the Secured Obligations, all without affecting Secured Party's rights against Debtor. Debtor waives any right it may have to require Secured Party to pursue any third Person for any of the Secured Obligations. Secured Party may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral. Secured Party may sell the Collateral without giving any warranties as to the Collateral. Secured Party may specifically disclaim any warranties of title or the like. This procedure will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral. If Secured Party sells any of the Collateral upon credit, Debtor will be credited only with payments actually made by the purchaser,

received by Secured Party and applied to the indebtedness of the purchaser. In the event the purchaser fails to pay for the Collateral, Secured Party may resell the Collateral and Debtor shall be credited with the proceeds of the sale.

(e) The cash proceeds actually received from the sale or other disposition or collection of Collateral, and any other amounts received in respect of the Collateral the application of which is not otherwise provided for herein, shall be applied first, to the payment of the reasonable costs and expenses of Secured Party in exercising or enforcing its rights hereunder and in collecting or attempting to collect any of the Collateral; and second, to the payment of the Secured Obligations. Any surplus thereof which exists after payment and performance in full of the Secured Obligations shall be promptly paid over to Debtor or otherwise disposed of in accordance with the UCC or other applicable law. Debtor shall remain liable to Secured Party for any deficiency which exists after any sale or other disposition or collection of Collateral.

SECTION 10 Notices. All notices, requests, consents and other communications hereunder shall be in writing, shall be addressed to the receiving party's address set forth below or to such other address as a party may designate by notice hereunder, and shall be either (a) delivered by hand, (b) made by telecopy, facsimile or other electronic transmission, (c) sent by recognized overnight courier providing evidence of delivery, or (d) sent by registered or certified mail, return receipt requested, postage prepaid.

If to Buyer:

Dynogen Pharmaceuticals, Inc.
52 Second Avenue
Waltham, MA 02451
Attn: Chief Executive Officer
Facsimile No.: (781) 839-5200

with a copy to:

Mintz, Levin, Cohn, Ferris, Glovsky and
Popeo, P.C. One Financial Center
Boston, MA 02111
Attn: Jeffrey M. Wiesen, Esq.
Facsimile No.: (617) 542-2241

If to Seller:

Arachnova Therapeutics Limited
95 Halkett Place
St. Helier, Jersey
Channel Islands
JE1 1BX
Attn: Michael Clark
Facsimile No.: +44 1534 753 754

with a copy to:

Morrison & Foerster MNP
One Ropemaker Street
London
EC2Y 9AW
United Kingdom
Attn: Julian Thurston
Facsimile No.: +44 (0)20 7496 8500

All notices, requests, consents and other communications hereunder shall be deemed to have been (a) if by hand, at the time of the delivery thereof to the receiving party at the address of such party set forth above, (b) if made by telecopy, facsimile or other electronic transmission, at the time that receipt thereof has been acknowledged by electronic confirmation or otherwise, (c) if sent by overnight courier providing evidence of delivery, on the next business day following the day such notice is delivered to the courier service, or (d) if sent by registered or certified mail, on the fifth (5th) business day following the day such mailing is made.

SECTION 11 No Waiver; Cumulative Remedies. No failure on the part of Secured Party to exercise, and no delay in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, remedy, power or privilege preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights and remedies under this Agreement are cumulative and not exclusive of any rights, remedies, powers and privileges that may otherwise be available to Secured Party.

SECTION 12 Costs and Expenses. Debtor agrees to pay on demand all costs and expenses of Secured Party, and the fees and disbursements of counsel, in connection with the enforcement or attempted enforcement of, and preservation of any rights or interests under, this Agreement, including in any out-of-court workout or other refinancing or restructuring or in any bankruptcy case, and the protection, sale or collection of, or other realization upon, any of the Collateral, including all expenses of taking, collecting, holding, sorting, handling, preparing for sale, selling, or the like, and other such expenses of sales and collections of Collateral.

SECTION 13 Binding Effect. This Agreement shall be binding upon, inure to the benefit of and be enforceable by Debtor, Secured Party and their respective successors and assigns and shall bind any Person who becomes bound as a "Debtor" under this Agreement. Debtor may assign this Agreement to any Person to whom it transfers the Collateral and assigns the IP Transfer Agreement in accordance with the terms thereof and who agrees in writing to become bound as the "Debtor" hereunder. Debtor may not otherwise assign, transfer, hypothecate or otherwise convey its rights, benefits, obligations or duties hereunder without the prior express written consent of Secured Party. Any such purported assignment, transfer, hypothecation or other conveyance by Debtor without the prior express written consent of Secured Party shall be void. For the avoidance of doubt, references to "Debtor" herein shall be deemed to refer,

as applicable, to any successor or valid assignee hereunder, including without limitation any Acquirer or Low Cap Acquirer. Secured Party may assign this Agreement to any Person to whom it assigns the IP Transfer Agreement in accordance with the terms thereof, but may not otherwise assign, transfer, hypothecate or otherwise convey its rights, benefits, obligations or duties hereunder without the prior express written consent of Debtor. Any such purported assignment, transfer, hypothecation or other conveyance by Secured Party without the prior express written consent of Debtor shall be void. Upon any permitted assignment of Secured Party's rights hereunder, such assignee shall have, to the extent of such assignment, all rights of Secured Party hereunder. Debtor agrees that, upon any such assignment, such assignee may enforce directly, without joinder of Secured Party, the rights of Secured Party set forth in this Agreement. Any such assignee shall be entitled to enforce Secured Party's rights and remedies under this Agreement to the same extent as if it were the original secured party named herein.

SECTION 14 Governing Law. This Agreement shall be governed by, and construed in accordance with, the law of the Commonwealth of Massachusetts, except as required by mandatory provisions of law and to the extent the validity or perfection 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 Commonwealth of Massachusetts.

SECTION 15 Submission to Jurisdiction. Debtor and Secured Party each hereby (a) submits to the non-exclusive jurisdiction of the courts of the Commonwealth of Massachusetts and the Federal courts of the United States sitting in the Commonwealth of Massachusetts for the purpose of any action or proceeding arising out of or relating to this Agreement, (b) agrees that all claims in respect of any such action or proceeding may be heard and determined in such courts, (c) irrevocably waives (to the extent permitted by applicable law) any objection which it now or hereafter may have to the laying of venue of any such action or proceeding brought in any of the foregoing courts, and any objection it may raise on the ground that any such action or proceeding in any such court has been brought in an inconvenient forum, and (d) agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner permitted by law.

SECTION 16 Entire Agreement; Amendment. This Agreement contains the entire agreement of the parties with respect to the subject matter hereof and shall not be amended except by the written agreement of the parties.

SECTION 17 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under all applicable laws and regulations. If, however, any provision of this Agreement shall be prohibited by or invalid under any such law or regulation in any jurisdiction, it shall, as to such jurisdiction, be deemed modified to conform to the minimum requirements of such law or regulation, or, if for any reason it is not deemed so modified, it shall be ineffective and invalid only to the extent of such prohibition or invalidity without affecting the remaining provisions of this Agreement, or the validity or effectiveness of such provision in any other jurisdiction.

SECTION 18 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.

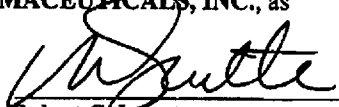
SECTION 19 Termination. Upon the payment and performance in full of all Secured Obligations, the security interests contemplated by this Agreement shall terminate and Secured Party shall promptly execute and deliver to Debtor such documents and instruments reasonably requested by Debtor to evidence termination of all security interests given by Debtor to Secured Party hereunder, including written notice from Secured Party to the USPTO and any other patent office. In the event Secured Party shall fail to promptly execute and deliver any such document or instrument, Debtor shall have the right to, in the name of Secured Party, or in the name of Debtor or otherwise, and Secured Party hereby constitutes and appoints Debtor (and any of Debtor's officers or employees or agents designated by Debtor) as Secured Party's true and lawful attorney-in-fact, with full power and authority, and hereby authorizes Debtor, in the event Secured Party shall fail to do so within 10 Business Days after written request thereof, to sign and file in the name of Secured Party any financing statement (with or without Secured Party's signature) or other instrument and any termination of this Agreement, and to sign the name of Secured Party on all or any of such documents or instruments and perform all other acts that Debtor deems necessary or advisable in order to evidence the termination of this Agreement and the release and discharge of Secured Party's security interest in, the Collateral.

SECTION 20 Conflicts. In the event of any conflict or inconsistency between this Agreement and the IP Transfer Agreement, the terms of the IP Transfer Agreement shall control.

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

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement,
as of the date first above written.

**DYNOGEN
PHARMACEUTICALS, INC., as
Debtor**

By 
Name: Robert C. Lorette
Title: Chief Business Officer and
Senior Vice President

**ARACHNOVA THERAPEUTICS
LIMITED, as Secured Party**

By _____
Title:

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement,
as of the date first above written.

DYNOGEN
PHARMACEUTICALS, INC., as
Debtor

By _____

Title:

ARACHNOVA THERAPEUTICS
LIMITED, as Secured Party

By Charlotte Wiliaoff

Title: DIRECTOR

SCHEDULE 1
to the Security Agreement

U.S. Patents for Debtor

Application Number	Application Date	Publication/Grant Number
10/757,364	1/13/2004	US 2004/0147509
10/838,789	5/3/2004	US 2004/0254168
10/841,319	5/7/2004	US 2004/0259862
10/841,318	5/7/2004	US 2004/0254170
10/841,317	5/7/2004	US 2004/0254169
10/866,593	6/11/2004	US 2005/0032780
11/119,357	4/29/2005	US 2005/0192270
11/441,905	5/26/2006	US 2006/0217391
10/757,981	1/13/2004	US 2004/0147510
10/846,979	5/14/2004	US Patent No. 7,094,786
10/846,978	5/14/2004	US 2004/0254171
10/817,332	4/2/2004	US Patent No. 6,846,823
10/863,770	6/7/2004	US Patent No. 7,115,606
11/122,940	5/4/2005	US 2005/0272719
11/124,580	5/6/2005	US 2005/0282799
11/728947	3/27/2007	US20070254891
11/7228966	3/27/2007	US20070254899
Not yet	12/4/07	Not yet

U.S. Patents for Secured Party

<u>Application Number</u>	<u>Publication / Grant Number</u>	<u>Status</u>
10/519594	-	Pending
10/617847	-	Pending
10/525532	-	Pending
10/502827	7220748	Issued - May 22, 2007

SCHEDULE 2
to the Security Agreement

1. **Jurisdiction of Organization and Organizational Identification Number**

Organized in the State of Delaware. Tax ID# 04-3625588

2. **Chief Executive Office and Principal Place of Business**

Waltham, Massachusetts

3. **Other locations where Debtor conducts business or Collateral is kept**

None.

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