

AMENDED AND RESTATED PATENT ASSIGNMENT AGREEMENT

This Amended and Restated Patent Assignment Agreement (the "Amended Agreement") is entered into by and between DURECT Corporation, with a place of business at 2 Results Way, Cupertino, CA 95014 ("DURECT") and ALZA Corporation, with a place of business at 1010 Joaquin Road, Mountain View, CA 94043 ("ALZA") effective as of May 22, 2008 ("Effective Date").

BACKGROUND

A. ALZA has assigned to DURECT pursuant to that certain Patent Assignment Agreement effective December 12, 2007, as subsequently amended February 15, 2008 and March 5, 2008 (the "Patent Assignment Agreement") all right, title and interest to the patents and patent applications listed on Exhibit 1 hereto (the "Listed Exhibit E Patents") and on Exhibit 2 hereto (the "Listed Exhibit I Patents"). The Listed Exhibit E Patents and the Listed Exhibit I Patents shall hereinafter be referred to collectively as the "Listed ALZA Patents").

B. [REDACTED]

C. ALZA and DURECT now desire to amend and restate the Patent Assignment Agreement subject to the conditions specified below.

NOW THEREFORE, in consideration of the mutual covenants and agreements and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

DEFINITIONS

In addition to terms elsewhere defined in this Amended Agreement, the following terms shall have the meanings ascribed to them below.

"Affiliate" means any corporation or other entity which is directly or indirectly controlling, controlled by or under common control with a party hereto. For the purpose of this definition, "control" shall mean (i) the direct or indirect ownership of at least fifty percent (50%) of the outstanding shares or other voting rights of the subject entity to elect directors or (ii) the possession, directly or indirectly, of the power to manage, direct or cause the direction of the management and policies of the corporation or other entity or the power to elect or appoint fifty percent (50%) or more of the members of the governing body of the corporation or other entity.

"Calendar Quarter" shall mean each three month period commencing January 1, April 1, July 1 and October 1 of each year.

"First Commercial Sale" shall mean, with respect to any country, the first sale of [REDACTED] in a bona fide arm's-length transaction in such country following receipt

of all regulatory approvals necessary to commence regular, commercial sales of [REDACTED] in such country. Any sale prior to receipt of all approvals necessary to commence commercial sales, such as any so-called "named patient sale" or "compassionate use" sale, shall not be a First Commercial Sale.

[REDACTED].

"Net Sales" means the total amount invoiced by DURECT, and/or its Affiliates and licensees for sale or other commercial disposition of [REDACTED] to an unrelated Third Party in arms'-length transactions, less the following deductions in their normal and customary amounts: (a) all trade, cash and quantity credits, discounts, refunds or rebates, including without limitation rebates accrued, incurred or paid to assistance program and any other price reduction required by a governmental agency; (b) allowances or credits for returns, including without limitation amounts received for sales which become the subject of a subsequent temporary or partial recall by regulatory agency for safety or efficacy reasons outside the control of DURECT, and retroactive price reductions (including managed care and similar types of rebates); (c) freight, postage, shipping, insurance, and packaging costs and other outbound transportation charges prepaid or allowed; and (d) cost of export licenses and any taxes (excluding income taxes or similar taxes) fees or other charges associated with the exportation or importation of [REDACTED]. For clarity, Net Sales shall be determined in accordance with U.S. GAAP and a sale or transfer by DURECT to its Affiliates and/or licensees for resale by such Affiliate and/or licensee shall not be considered a sale for the purpose of this provision but the resale by such Affiliate and/or licensee to a Third Party shall be a sale for such purposes. Transfer for preclinical trials and clinical trials, testing or market research or promotional purposes shall not be a sale for the purpose of calculating Net Sales.

"Third Party" means any entity other than DURECT or ALZA.

"Valid Claim" means a claim in an issued and unexpired patent within the Listed ALZA Patents that (a) has not been abandoned, revoked, held invalid, declared unpatentable or unenforceable in a decision of a court or other body of competent jurisdiction, and that is unappealable or unappealed within the time allowed for appeal and (b) has not been rendered unenforceable through disclaimer.

AGREEMENT

1. Assignment of Listed ALZA Patents. ALZA hereby sells, assigns, transfers and sets over unto DURECT its entire right, title and interest in and throughout the world in and to the Listed Exhibit E Patents and inventions contained therein, all priority rights deriving therefrom under international conventions, and any and all patents (including extensions thereof) of any country, which have been or may be filed or granted on said inventions or any part thereof, including any divisional, continuing, renewal, reissue, or other patent applications, based in whole or in part thereon, or based upon said inventions; together with all claims for damages, whether accrued, present or future, for infringement of said patents or patent applications, including the right to sue for, obtain,

enforce and enjoy, in its own name, any and all remedies that may be available, to be held and enjoyed by DURECT, its successors, assigns and legal representatives subject only to:

[REDACTED]

ALZA hereby sells, assigns transfers and sets over unto DURECT its entire right, title and interest in and throughout the world in and to the Listed Exhibit I Patents and inventions contained therein, all priority rights deriving therefrom under international conventions, and any and all patents (including extensions thereof) of any country, which have been or may be filed or granted on said inventions or any part thereof, including any divisional, continuing, renewal, reissue, or other patent applications, based in whole or in part thereon, or based upon said inventions; together with all claims for damages, whether accrued, present or future, for infringement of said patents or patent applications, including the right to sue for, obtain, enforce and enjoy, in its own name, any and all remedies that may be available, to be held and enjoyed by DURECT, its successors, assigns and legal representatives subject only to:

[REDACTED]

Upon request by DURECT and at DURECT's sole expense, ALZA agrees to execute and deliver any documents that are reasonably necessary to perfect DURECT's interest in the Listed ALZA Patents.

2. [REDACTED]
3. Consideration to ALZA.

(a) Upfront Payment. In connection with the execution of the Patent Assignment Agreement, DURECT has paid to ALZA, and ALZA acknowledges receipt from DURECT, an amount equal to [REDACTED].

(b) Royalty. In addition to the payment provided in Section 3(a), DURECT shall pay to ALZA a royalty of [REDACTED]; provided, however, that such royalty shall not be owed by DURECT to ALZA [REDACTED]. DURECT's obligation to pay royalties shall commence on a [REDACTED] basis upon the First Commercial Sale of [REDACTED] in a particular country. All payments hereunder shall be made free and clear of any taxes, duties, levies, fees or charges, except for withholding taxes (to the extent applicable). All royalty payments hereunder shall be made to ALZA in U.S. Dollars by bank wire transfer in immediately available funds to the account designated by ALZA in writing to DURECT from time to time.

(c) Royalty Obligations and Reporting. After the date [REDACTED], all royalty payments shall be made within ninety (90) days after the end of each Calendar Quarter in which such sales were deemed to occur. Such royalty payments shall be accompanied by a detailed statement for each country in which sales [REDACTED] occurred in the Calendar Quarter covered by such statement, specifying: the gross sales (if available) and Net Sales in each country's currency; the royalties

payable in each country's currency, including an accounting of deductions taken in the calculation of Net Sales; the applicable exchange rate to convert from each country's currency to U.S. Dollars; and the royalties payable in U.S. Dollars. All royalty payments not made when due shall bear interest, calculated from the date such payment was due, at [REDACTED].

(d) Foreign Currency Conversion. For sales of [REDACTED] that occur in a currency other than U.S. Dollars, the quarterly royalty payment will be calculated as follows:

(A/B) x C = U.S. Dollars royalty payment on foreign currency sales, where

A = foreign currency "Net Sales" per quarter;

B = foreign exchange conversion rate, expressed in local currency per U.S. Dollar (using as the applicable foreign exchange conversion rate the average of the rate published in the western edition of the Wall Street Journal, or any other source agreed to the Parties from time to time, for the last business day of the Calendar Quarter); and

C = the royalty rate applicable to such Net Sales under this Agreement.

(e) Record Keeping and Review.

(i) DURECT Records. After the date of First Commercial Sale of [REDACTED], DURECT shall keep, for at least three (3) years following the end of the calendar year to which they pertain, records of all sales [REDACTED], in sufficient detail to permit ALZA to confirm the accuracy of DURECT's royalty calculations.

(ii) Review. Subject to the other terms of this Section 3(e)(ii), at the request of ALZA, upon at least fifteen (15) business days' prior written notice from ALZA to DURECT, and at the expense of ALZA (except as otherwise provided below), DURECT shall permit an independent certified public accountant selected by ALZA and reasonably acceptable to DURECT to inspect (during regular business hours) the records required to be maintained by DURECT under this Section 3(e)(i). At ALZA's request hereunder [REDACTED], the accountant shall be entitled to review, [REDACTED] DURECT's records for purposes of verifying DURECT's royalty calculations. Results of any such review shall be made available to both parties. If such accounting firm correctly concludes that additional royalties were owed during such period, DURECT shall pay the additional royalties, [REDACTED]. If, and only if, the amount of the underpayment is greater than [REDACTED], then DURECT shall reimburse ALZA for all costs related to such audit.

4. Indemnification of ALZA. DURECT agrees to indemnify, defend and hold ALZA and its directors, officers, employees and agents (each an "Indemnitee") harmless from and against any and all liabilities, claims, demands, expenses (including, without limitation, attorneys and professional fees and other costs of litigation), losses or causes of action incurred as a result of claims brought by Third Parties (each, a "Liability") arising out of or relating in any way to [REDACTED]. Each Indemnitee shall, as a condition of the DURECT's obligations under this Section 4(a): (i) provide to the DURECT prompt notice of any Third Party claim or demand that may be the subject of Section 4; (ii) assist DURECT and its representatives in the investigation and defense of any claim and/or suit for which indemnification is provided; and (iii) obtain DURECT's prior written consent (such consent not to be unreasonably withheld) in connection with any settlement of a claim, demand or cause of action.

5. [REDACTED]

6. General.

(a) This Amended Agreement shall be governed by and construed in accordance with the laws of the State of California, United States of America without regard to conflict of law provisions.

(b) Descriptive headings used herein are for convenience only and shall not affect the meaning or construction of any provision hereof.

(c) Effective as of the Effective Date, this Amended Agreement shall supersede the Patent Assignment Agreement ([REDACTED]), and this Amended Agreement, together with the exhibits hereto, shall set forth the entire understanding between ALZA and DURECT as to the subject matter hereof.

(d) This Amended Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Amended and Restated Patent Assignment Agreement to be executed by their duly authorized officers.

ALZA CORPORATION

DURECT CORPORATION

By: JJ Barr

By: Felix Thewissen

Name: JAMES J. BARR

Name: Felix Thewissen

Title: V.P. FINANCE

Title: Chairman & CSO

Date: May 22, 2008

Date: May 22, 2008

Witnessed by:
By: Angela Nwaneri

Witnessed by:
By: Jean I. Liu

Name: ANGELA NWANERI

Name: Jean I. Liu

EXHIBIT 1

Listed Exhibit E Patents

[REDACTED]

EXHIBIT 2

Listed Exhibit I Patents

[REDACTED]

Alza Patent Family No. ALZ 5226, including expired US Provisional Application 60/722,845, pending US Patent Application Serial No. 11/535,398 (Publication No. US 2007/0077304), and all related US domestic and foreign patents/patent applications including, without limitation, PCT/US2006/038268 and the following:

Alza Patent Family No. ALZ 5226				
Sustained Release Small Molecule Drug Formulation				
Country	App. #	Filing date	Patent #	Issue date
Argentina	PI060104311	28-Sep-2006		
Australia	Not filed			
Canada		28-Sep-2006		
Patent Cooperation Treaty	PCT/US2006/038268	28-Sep-2006		
Taiwan	95136121	28-Sep-2006		
U.S.A.	60/722,845	30-Sep-2005		
U.S.A.	11/535,398	26-Sep-2006		

[REDACTED]



DURECT CORPORATION
2 RESULTS WAY
CUPERTINO, CA 95014-4166
FAX 408.777-3577
TELEPHONE 408.777-1417

FACSIMILE TRANSMITTAL SHEET

TO:	Assignment Recordation Services	FROM:	David J. Abraham
COMPANY:	USPTO	DATE:	9-3-2008
FAX NUMBER:	(571)273-0140	TOTAL NO. OF PAGES INCLUDING COVER:	10
PHONE NUMBER:		SENDER'S TELEPHONE NUMBER:	408-777-4914
RE:	Assignment for Recordation	OUR REFERENCE NUMBER:	DURE-338

URGENT FOR REVIEW PLEASE COMMENT PLEASE REPLY PLEASE RECYCLE

NOTES/COMMENTS:

NOTICE:

THIS MESSAGE INTENDED ONLY FOR THE USE OF THE INDIVIDUAL OR ENTITY TO WHOM IT IS ADDRESSED AND MAY CONTAIN INFORMATION THAT IS CONFIDENTIAL. IF YOU HAVE RECEIVED THIS TRANSMISSION IN ERROR, PLEASE NOTIFY US IMMEDIATELY BY TELEPHONE AND DESTROY THIS TRANSMISSION. ANY COPYING OR DISTRIBUTION OF THIS COMMUNICATION IS STRICTLY PROHIBITED.

PATENT

RECORDED: 09/03/2008

REEL: 021477 FRAME: 0951