

PATENT ASSIGNMENT

Electronic Version v1.1
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SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY AGREEMENT
CONVEYING PARTY DATA	
Name	Execution Date
AURA MEDSYSTEMS, INC.	06/01/2009
RECEIVING PARTY DATA	
Name:	JOHNSON & JOHNSON DEVELOPMENT CORPORATION
Street Address:	410 George Street
City:	New Brunswick
State/Country:	NEW JERSEY
Postal Code:	08901
PROPERTY NUMBERS Total: 5	
Property Type	Number
Patent Number:	7331350
Patent Number:	7073510
Application Number:	10732032
Application Number:	11204958
Application Number:	11710843
CORRESPONDENCE DATA	
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ATTORNEY DOCKET NUMBER:	3931-605
NAME OF SUBMITTER:	Charles D. Larsen

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REEL: 022835 FRAME: 0549

Total Attachments: 12

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SECURITY AGREEMENT

This SECURITY AGREEMENT, dated as of June 1, 2009, is among Aura Medsystems, Inc., a Delaware corporation (the "Company") and Johnson & Johnson Development Corporation, a New Jersey Corporation ("JJDC").

W I T N E S S E T H:

WHEREAS, reference is made to the Note Purchase Agreement of even date herewith (as amended, supplemented or otherwise modified from time to time, the "Purchase Agreement"), among Company and JJDC, pursuant to which Company is to issue, and JJDC is to purchase, pursuant to the terms and conditions thereof, a senior secured convertible promissory note (as amended, supplemented or otherwise modified from time to time, the "Note"); and

WHEREAS, in order to induce JJDC to extend the credit evidenced by the Note, Company has agreed to enter into this Agreement and to grant JJDC the security interest in the IP Collateral described below; and

WHEREAS, Company is the owner of the entire right, title and interest in, to and under the Intellectual Property listed on Schedule I hereto.

NOW, THEREFORE, in consideration of the premises and for good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, Company hereby agrees with JJDC as follows:

1. **Defined Terms.**

(a) **Definitions.** Unless otherwise defined herein or the context otherwise requires, terms used in this Agreement, including its preamble and recitals, have the meanings provided in the Note.

(b) **Definitions of Certain Terms Used Herein.** As used herein, the following terms shall have the following meanings:

"Copyrights" shall mean all of Company's now existing or hereafter acquired right, title, and interest in and to: (i) copyrights, rights and interests in copyrights, works protectable by copyright, all applications, registrations and recordings relating to the foregoing as may at any time be filed in the United States Copyright Office or in any similar office or agency of the United States, any State thereof, any political subdivision thereof or in any other country, and all research and development relating to the foregoing; and (ii) all renewals of any of the foregoing.

"Copyright Licenses" shall mean all agreements, whether written or oral, providing for the grant by or to Company of any right to use any Copyright.

"Intellectual Property" shall mean all: (i) Trademarks and Trademark Licenses and all common-law rights in and to all of the foregoing; (ii) Patents and Patent Licenses; (iii) Copyrights and Copyright Licenses; (iv) all customer lists and customer information; (v) books, records, writings, computer tapes or disks, flow diagrams, specification sheets, computer software (but excluding in all cases any agreements for the licensing of commercially available off-the-shelf software), source codes, object codes, executable code, data, databases and other physical manifestations, embodiments or incorporations of any Trademark, Trademark License, Patent, Patent License, Copyright or Copyright License; and (vi) all other intellectual property throughout the world in and to all the foregoing.

"IP Collateral" shall have the meaning assigned to such term in Section 2 hereof.

"Licenses" shall mean, collectively, the Trademark Licenses, the Patent Licenses, and the Copyright Licenses.

"Patents" shall mean all of Company's now existing or hereafter acquired right, title and interest in and to: (i) all patents, patent applications, inventions, invention disclosures and improvements, and all applications, registrations and recordings relating to the foregoing as may at any time be filed in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof, any political subdivision thereof or in any other country, and all research and development relating to the foregoing; and (ii) the reissues, divisions, continuations, renewals, extensions and continuations-in-part of any of the foregoing.

"Patent Licenses" shall mean all agreements, whether written or oral, providing for the grant by or to Company of any right to manufacture, use or sell any invention covered by a Patent.

"Trademarks" shall mean all of Company's now existing or hereafter acquired right, title, and interest in and to: (i) all of Company's trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos, other business identifiers, prints and labels on which any of the foregoing have appeared or appear, all applications (but excluding in all cases all intent-to-use United States trademark applications for which an amendment to allege use or statement of use has not been filed under 15 U.S.C. § 1051(c) or 15 U.S.C. § 1051(d), respectively, or if filed, has not been deemed in conformance with 15 U.S.C. § 1051(a) or examined and accepted, respectively, by the United States Patent and Trademark Office, provided, that, upon such filing and acceptance, such intent-to-use applications shall be included in the definition of Trademarks), registrations and recordings relating to the foregoing as may at any time be filed in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof, any political subdivision thereof or in any other country, and all research and development relating to the foregoing; (ii) all renewals thereof; (iii) the entire goodwill of Company's business connected with and symbolized by the foregoing or the use thereof; and (iv) all designs and general intangibles of a like nature.

"Trademark Licenses" shall mean all agreements, whether written or oral, providing for the grant by or to Company of any right to use any Trademark.

"UCC" means the Uniform Commercial Code as from time to time in effect in the State of Delaware.

(c) Other Definitional Provisions.

i. The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and section and paragraph references are to this Agreement unless otherwise specified.

ii. The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

2. Grant of Security Interest.

To secure the payment and performance of the obligations under the Note, Company hereby confirms and acknowledges that it has granted (and, to the extent not previously granted under the Note or the Purchase Agreement, does hereby grant) and created in favor of JJDC a lien and security interest in Company's entire right, title and interest in and to (but none of its obligations or liabilities with respect thereto) its Intellectual Property and all proprietary rights relating to or arising from such Intellectual Property, in each case whether now owned or hereafter acquired by Company, and including, without limitation, Company's right, title and interest in and to each Intellectual Property and proprietary right identified on Schedule I attached hereto and made a part hereof, and the right to sue for past, present and future infringements and dilutions, and all rights corresponding thereto throughout the world, and the entire goodwill of Company's business connected with and symbolized by such Intellectual Property and all income, fees, royalties, proceeds and other payments at any time due or payable with respect to any of the foregoing (referred to collectively as the "IP Collateral").

3. Perfection of the IP Collateral.

(a) This Agreement creates and shall create a legal, a valid, enforceable and continuing perfected first priority security interest in the IP Collateral in favor of JJDC, to the occurrence of the following: (i) in the case of all IP Collateral in which a security interest may be perfected by filing a financing statement under the UCC, the completion of the filings and (ii) in the case of the IP Collateral for which UCC filings are insufficient, all appropriate filings having been made with the United States Copyright Office or the United States Patent and Trademark Office, as applicable.

(b) JJDC may at any time and from time to time execute and file UCC financing statements, continuation statements and amendments thereto that describe the IP Collateral and contain any information required by the UCC or the applicable filing office with respect to any such UCC financing statement, continuation statement or amendment thereof. JJDC may file this Security Agreement with the United States Patent and Trademark Office as necessary.

(c) Upon JJDC's reasonable request from time to time, the Company shall execute and deliver, and file and record in the proper filing and recording places, all such instruments, including UCC financing statements and collateral assignments of copyrights, trademarks and patents, and shall take all such other action, as JJDC deems reasonably necessary for perfecting or otherwise confirming to it the IP Collateral or to carry out any other purpose of this Agreement, the Purchase Agreement or the Note. Without limiting the foregoing, as soon as practicable, and in any event within 5 business days after the date of this Agreement, the Company shall record the Exclusive Patent License Agreement dated as of July 29, 2008 between and among the Company, The General Hospital Corporation d/b/a Massachusetts General Hospital and Massachusetts Eye and Ear Infirmary, as amended and from time to time, (or a suitably redacted version thereof) with the United States Patent and Trademark Office against the chain of title for the United States patent rights with respect to each of the following: US Patent No. 7,331,350, US Patent No. 7,073,510, and US Patent Application Nos. 10/732,032, 11/204,958 and 11/710,843.

4. Protection of Intellectual Property by Company. Company shall, at its sole cost, expense and risk, undertake the following with respect to the Intellectual Property listed on Schedule I:

(a) Pay all renewal fees and other fees and costs associated with maintaining the Intellectual Property and with the processing of the Intellectual Property and take all other commercially reasonable steps to maintain each registration of the Intellectual Property.

(b) Take all actions commercially reasonable to prevent any of the Intellectual Property from becoming forfeited, abandoned, dedicated to the public, invalidated or impaired in any way.

(c) Pursue the prompt, diligent processing of each application for registration, which is the subject of the security interest created herein, and not abandon or delay any such efforts.

(d) Take every precaution not to sell or assign its interest in, or grant any license under, any IP Collateral or enter into any other agreement with respect to the IP Collateral.

(e) Take any and all action necessary to protect the Intellectual Property from infringement, misappropriation or dilution, including, without limitation, the prosecution and defense of infringement actions.

(e) Maintain the quality of any and all products in connection with which the Intellectual Property are used, consistent with commercially reasonable business practices, and to provide JJDC, upon JJDC's request from time to time, with a certificate of an officer of Company certifying Company's compliance with the foregoing. Upon the occurrence of an Event of Default, Company agrees that JJDC, or a conservator appointed by JJDC, shall have the right to establish such additional product quality controls as JJDC, or said conservator, in its reasonable judgment, may deem necessary to assure maintenance of the quality of products sold by Company under the Intellectual Property.

(f) Assign, transfer and convey to JJDC all the IP Collateral owned or used by Company to enable JJDC, effective upon the occurrence of any Event of Default, to realize on the IP Collateral and any successor or assign to enjoy the benefits of the IP Collateral. This right and

assignment shall inure to the benefit of JJDC and its successors, assigns and transferees, whether by voluntary conveyance, operation of law, assignment, transfer, foreclosure, deed in lieu of foreclosure or otherwise. Such right and assignment is granted free of charge, without requirement that any monetary payment whatsoever including, without limitation, any royalty or license fee, be made to Company or any other Person by JJDC.

5. Representations and Warranties. Company represents and warrants that:

(a) Schedule I is a true, correct and complete list of all registered or applied for Intellectual Property owned by Company as of the date hereof.

(b) Except as set forth in Schedule I, none of the Intellectual Property identified on Schedule I is the subject of any licensing or franchise agreement pursuant to which Company is the licensor or franchisor.

(c) To Company's knowledge the Intellectual Property identified on Schedule I hereto, is valid and enforceable: (i) no claim has been made that the use of any of the Intellectual Property does or may violate the rights of any third person; and (ii) no material claim has been asserted and is pending by any Person challenging or questioning the use by Company of any of the Intellectual Property or the validity or effectiveness of any of the Intellectual Property.

(d) Except as could not be reasonably expected to result in a Material Adverse Change, Company is the sole and exclusive owner of the entire right, title and interest in, under and to the Intellectual Property identified on Schedule I hereto, free and clear of any liens, charges and encumbrances, other than liens in favor of JJDC.

(e) To the knowledge of Company, no holding, decision or judgment has been rendered by any governmental authority which would limit, cancel or question the validity of, or Company's rights in, any Intellectual Property in any respect that could reasonably be expected to result in a Material Adverse Change.

(f) Company has the legal right and authority to enter into this Agreement and perform its terms.

(g) Company shall give JJDC prompt written notice (with reasonable detail) in the event any of the following occur:

i. Company obtains rights to, or files applications for registration of, any new Intellectual Property, or otherwise acquires ownership of any newly registered Intellectual Property.

ii. Company becomes entitled to the benefit of any registered Intellectual Property whether as licensee or licensor.

iii. Company's enters into any new Licenses (excluding "off-the-shelf" software or similar immaterial licenses).

iv. Company knows or has reason to know, that any application or registration relating to any material Intellectual Property may become forfeited, abandoned or dedicated to the public, or of any adverse determination or development (including, without limitation, the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office or any court or tribunal) regarding Company's ownership of, or the validity of, any material Intellectual Property or Company's right to register the same or to own and maintain the same.

6. No Violation of the Note. The representations, warranties or covenants contained herein are supplemental to those representations, warranties and covenants contained in the Note, and shall not be deemed to modify any such representation, warranty or covenant contained in the Note.

7. Agreement Applies to Future Intellectual Property.

(a) The provisions of this Agreement shall automatically apply to any such additional property or rights described in Section 5(g) above, all of which shall be deemed to be and treated as "Intellectual Property" within the meaning of this Agreement.

(b) Upon the reasonable request of JJDC, Company shall execute and deliver, and have recorded, any and all agreements, instruments, documents and papers as JJDC may request to evidence and perfect JJDC's security interest in any Intellectual Property and the goodwill of Company relating thereto or represented thereby (including, without limitation, filings with the United States Patent and Trademark Office or any similar office), and Company hereby appoints JJDC as its attorney-in-fact to execute and file all such writings for the foregoing purposes, all acts of such attorney being hereby ratified and confirmed; provided, however, JJDC's taking of such action shall not be a condition to the creation or perfection of the security interest created hereby.

8. Use of Credit Security. Until JJDC provides written notice to the contrary following an Event of Default under the Note, Company may use the IP Collateral in the ordinary course of its business.

9. Company's Rights To Enforce Intellectual Property. Prior to the occurrence of an Event of Default under the Note, Company shall have the exclusive right to sue for past, present and future infringement of the Intellectual Property including the right to seek injunctions and/or money damages, in an effort by Company to protect the Intellectual Property against encroachment by third parties, provided, however:

(a) Any money damages awarded or received by Company on account of such suit (or the threat of such suit) shall constitute IP Collateral.

(b) Any damages recovered in any action pursuant to this Section, net of costs and attorneys' fees reasonably incurred, shall be applied as provided in the Note.

(c) Following the occurrence and during the continuance of any Event of Default, JJDC, by notice to Company, may terminate or limit Company's rights under this Section 9.

10. JJDC's Actions To Protect Intellectual Property. Upon the occurrence and continuance of any Event of Default, JJDC, acting in its own name or in the name of Company, may (but shall not be required to) act in Company's place and stead and/or in JJDC's own right with respect to the rights and obligations of Company under Section 4, Section 7 and Section 9 hereof.

11. Rights Upon Default. Upon the occurrence and during the continuance of any Event of Default, JJDC may:

- (a) Exercise all rights and remedies as provided for in the Note; and
- (b) Subject to the requirements of the UCC, use, transfer, assign or otherwise deal in the IP Collateral, as fully as the Company otherwise could do; and
- (c) Without notice except as specified below, sell the IP Collateral or any part thereof at public or private sale, at any of JJDC's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as JJDC may deem commercially reasonable. The Company agrees that, to the extent notice of sale shall be required by law, at least ten days prior notice to Company of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. JJDC shall not be obligated to make any sale of IP Collateral regardless of notice of sale having been given. JJDC may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned; and
- (d) Exercise, in respect of the IP Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party on default under the UCC (whether or not the UCC applies to the affected IP Collateral).

12. JJDC as Attorney In Fact.

(a) Company hereby irrevocably constitutes and designates JJDC as its attorney in fact, effective following the occurrence and during the continuance of an Event of Default:

i. To supplement and amend from time to time Schedule I of this Agreement to include any new or additional Intellectual Property; and

ii. To exercise any of the rights and powers referenced herein.

(b) The foregoing grant of a power of attorney, being coupled with an interest, shall be irrevocable until this Agreement is terminated by a duly authorized officer of JJDC.

(c) JJDC shall not be obligated to do any of the acts or to exercise any of the powers authorized by Section 10 or Section 12, but if JJDC elects to do any such act or to exercise any

of such powers, it shall not be accountable for more than it actually receives as a result of such exercise of power, and shall not be responsible to Company or any other Person for any act or omission to act except for any act or omission to act as to which there is a final determination made in a judicial proceeding (in which proceeding JJDC has had an opportunity to be heard) which determination includes a specific finding that the subject act or omission to act had been grossly negligent or in actual bad faith.

13. JJDC's Rights. Upon an Event of Default and during the continuance thereof, any use by JJDC of the Intellectual Property, as authorized hereunder in connection with the exercise of JJDC's rights and remedies under this Agreement and under the Note shall be coextensive with Company's rights thereunder and with respect thereto and without any liability for royalties or other related charges.

14. No Limitation; Note. This Agreement has been executed and delivered by Company for the purpose of recording the security interest granted to JJDC with respect to the IP Collateral with the United States Patent and Trademark Office and the United States Copyright Office. The security interest granted hereby has been granted as a supplement to, and not in limitation of, the security interest granted to JJDC under the Note and the Purchase Agreement. The Note (and all rights and remedies of Company and JJDC thereunder) shall remain in full force and effect in accordance with its terms. In the event of a conflict between this Agreement and the Note, the terms of this Agreement shall control with respect to the IP Collateral.

15. Termination; Release of IP Collateral. This Agreement, the security interests granted herein, and all obligations of Company and JJDC hereunder shall terminate upon the earlier of (a) the consummation of a Qualified Financing or (b) a conversion or repayment of the Note. Upon termination of this Agreement, JJDC shall, at the expense of Company, execute and deliver to Company such documents as Company shall reasonably request to evidence the release of JJDC's security interest in the IP Collateral.

16. Binding Effect; Benefits. This Agreement shall be binding upon Company and its successors and assigns, and shall inure to the benefit of JJDC and its successors and assigns.

17. Notices. All notices and other communications provided for hereunder shall be in writing or by facsimile and addressed, delivered or transmitted to JJDC or Company at its address or facsimile number specified in the Purchase Agreement, or at such other address or facsimile number as may be designated by such party in a notice to each other party. Any notice or other communication, if mailed and properly addressed with postage prepaid or if properly addressed and sent by pre-paid courier service, shall be deemed given when received; any such notice or other communication, if transmitted by facsimile, shall be deemed given when transmitted and electronically confirmed.

18. Amendments, etc. No amendment to or waiver of any provision of this Agreement, nor consent to any departure by Company from its obligations under this Agreement, shall in any event be effective unless the same shall be in writing and signed by JJDC and Company and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

19. No Waiver; Remedies. No failure on the part of JJDC to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

20. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such provision and such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

21. Headings. The various headings of this Agreement are inserted for convenience only and shall not affect the meaning or interpretation of this Agreement or any provisions thereof.

22. Counterparts. This Agreement may be executed by the parties hereto in one or more counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile shall be effective as delivery of a manually executed counterpart of this Agreement.

23. GOVERNING LAW. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF DELAWARE.

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IN WITNESS WHEREOF, the parties have caused this Security Agreement to be executed by its duly authorized representatives as of the date first above written.

AURA MEDSYSTEMS, INC.

By: Adm Fine
Name: Adam Fine
Title: Chairman of the Board

JOHNSON & JOHNSON DEVELOPMENT CORPORATION

By: _____
Name: _____
Title: _____

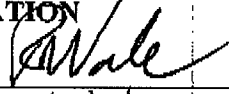
Security Agreement Signature Page

IN WITNESS WHEREOF, the parties have caused this Security Agreement to be executed by its duly authorized representatives as of the date first above written.

AURA MEDSYSTEMS, INC.

By: _____
Name: _____
Title: _____

**JOHNSON & JOHNSON DEVELOPMENT
CORPORATION**

By:  _____
Name: Brad Vale
Title: VP, Head of Venture Investments

Security Agreement Signature Page

Schedule I

Licensed IP Collateral

Exclusive Patent License Agreement dated as of July 29, 2008 between and among Aura Medsystems, Inc., The General Hospital Corporation d/b/a Massachusetts General Hospital and Massachusetts Eye and Ear Infirmary, as amended and from time to time in effect, along with all patents and other intellectual property rights licensed thereunder.

Owned IP Collateral

U.S. Trademark Registrations

Mark	Registration Number	Registration Date
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NONE

U.S. Copyright Registrations and Application

Copyrights	Registration Number	Registration Date
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NONE

U.S. Patent Registrations and Application

Description	Registration Number	Registration Date
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NONE

U.S. Domain Name Registration

["auramedsystems.com"]

["auramedsystems.net"]

SCHEDULE I

PATENT

RECORDED: 06/17/2009

REEL: 022835 FRAME: 0562