

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
Apnex Medical, Inc.	09/21/2012

RECEIVING PARTY DATA

Name:	New Enterprise Associates 10, Limited Partnership
Street Address:	1954 Greenspring Drive
Internal Address:	Suite 600
City:	Timonium
State/Country:	MARYLAND
Postal Code:	21093

PROPERTY NUMBERS Total: 21

Property Type	Number
Patent Number:	7644714
Application Number:	12625255
Patent Number:	7809442
Application Number:	12835984
Application Number:	12980743
Application Number:	12980774
Application Number:	12980807
Application Number:	13094371
Application Number:	13251748
Application Number:	13252028
Application Number:	13327351
Application Number:	11907533
Application Number:	13093534
Application Number:	12650045

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Application Number:	12980840
Application Number:	13113254
Application Number:	13205315
Application Number:	13251856
Application Number:	13106460
PCT Number:	US1202252
PCT Number:	US0721756

CORRESPONDENCE DATA

Fax Number: 6126077100
Correspondence will be sent via US Mail when the fax attempt is unsuccessful.
Phone: 612-607-7595
Email: kwilliams@oppenheimer.com
Correspondent Name: Barbara A. Wrigley
Address Line 1: 222 South Ninth Street
Address Line 2: Campbell Mithun Tower, Suite 2000
Address Line 4: Minneapolis, MINNESOTA 55402

ATTORNEY DOCKET NUMBER:	23262-1
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NAME OF SUBMITTER:	Barbara A. Wrigley
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Total Attachments: 13
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INTELLECTUAL PROPERTY SECURITY AGREEMENT

THIS INTELLECUAL PROPERTY SECURITY AGREEMENT ("Agreement"), dated as of September 21, 2012, is made by Apnex Medical, Inc., a Delaware corporation (the "Debtor"), in favor of the secured parties listed on Schedule 1 hereto, as such schedule may be amended from time to time to add additional parties by the Debtor, as amended (each a "Secured Party" and collectively, the "Secured Parties").

RECITALS

The Secured Parties have made certain loans to the Debtor as evidenced by those certain Secured Convertible Promissory Notes in favor of each of the Secured Parties (collectively, the "Secured Notes") issued pursuant to that certain Note Purchase Agreement dated of even date herewith among the Debtor and the Secured Parties (as may be amended from time to time, the "Note Purchase Agreement").

As a condition to extending credit to the Debtor under the Secured Notes, the Secured Parties have required the execution and delivery of this Agreement by the Debtor.

ACCORDINGLY, in consideration of the mutual covenants contained herein, the parties hereby agree as follows:

1. Definitions. All terms defined in the Recitals hereto that are not otherwise defined herein shall have the meanings given to them therein. In addition, the following terms have the meanings set forth below:

"Obligations" means each and every debt, liability and obligation of every type and description which the Debtor may now or at any time hereafter owe to the Secured Parties pursuant to the Note Purchase Agreement or the Secured Notes.

"Patents" means all of the Debtor's right, title and interest in and to patents or applications for patents, including any provisional and non-provisional patent applications, issued patents, reissued patents, re-examinations, extensions, divisionals, continuations, continuation-in-parts thereof and any co-pending foreign patents or patent applications, fees or royalties with respect to each, and including, without limitation, the right to sue for past infringement and damages therefor, and licenses thereunder, all as presently existing or hereafter arising or acquired, including, without limitation, any patent application listed on Exhibit A, this list being non-exclusive.

"Permitted Liens" means (i) the Security Interest, (ii) covenants, restrictions, rights, easements and minor irregularities in title that do not materially interfere with the Debtor's business or operations as presently conducted; (iii) liens for taxes not yet delinquent or liens for taxes being contested in good faith and by appropriate proceedings for which adequate reserves have been established and (iv) liens in respect of property or assets imposed by law which were incurred in the ordinary course of business, such as carriers', warehousemen's, materialmen's, landlord's and mechanics' liens and other similar liens arising in the ordinary course of business which are not delinquent or remain

payable without penalty or which are being contested in good faith and by appropriate proceedings.

“Requisite Interest” means Secured Parties holding at least 51% of the then aggregate outstanding principal amount under the Secured Notes.

“Trademarks” means all of the Debtor’s present and future right, title and interest in and to marks, including, but not limited to, all renewals thereof, all proceeds of infringement suits, the right to sue for past, present and future infringements and all rights corresponding thereto throughout the world, and the entire goodwill of the business associated with and symbolized by the marks, including, without limitation, the marks listed on Exhibit B, this list being non-exclusive.

2. Security Interest; Recordation. The Debtor hereby irrevocably pledges and grants the Secured Parties a security interest, with power of sale to the extent permitted by law (the “Security Interest”), in and to all of the right, title and interest of the Debtor in the Patents and the Trademarks to secure payment and performance in full of the Obligations. Upon the Secured Parties’ request, the Debtor shall execute financing statements or other applicable documents covering the Patents and the Trademarks and take such other steps as are necessary to cooperate with the Secured Parties to perfect its security interest granted herein. The Debtor authorizes the Commissioner for Patents, the Commissioner for Trademarks and the Register of Copyrights and any other government officials to record and register this Agreement upon request by the Secured Party.

3. Representations, Warranties and Agreements. The Debtor hereby represents, warrants and agrees as follows:

(a) *Existence; Authority.* The Debtor is a corporation, having full power to and authority to make and deliver this Agreement. The execution, delivery and performance of this Agreement by the Debtor have been duly authorized by all necessary action of the Debtor’s board of directors, and if necessary its stockholders, and do not and will not violate the provisions of, or constitute a default under, any presently applicable law or its certificate of incorporation or bylaws or any agreement presently binding on it. This Agreement has been duly executed and delivered by the Debtor and constitutes the Debtor’s lawful, binding and legally enforceable obligation. The correct legal name of the Debtor is Apnex Medical, Inc. The authorization, execution, delivery and performance of this Agreement do not require notification to, registration with, or consent or approval by, any federal, state or local regulatory body or administrative agency.

(b) *Patents.* Exhibit A accurately lists all Patents owned or controlled by the Debtor as of the date hereof and accurately reflects the existence and status of registrations pertaining to such Patents as of the date hereof.

(c) *Trademarks.* Exhibit B accurately lists all Trademarks owned or controlled by the Debtor as of the date hereof and accurately reflects the existence and status of registrations pertaining to such Trademarks as of the date hereof. The Debtor further represents and warrants that:

- (i) The Trademarks are subsisting and have not been adjudged invalid or unenforceable;
- (ii) The Trademarks that are registered are valid and enforceable;
- (iii) No claim has been made that the use of any of the Trademarks does or may violate the rights of any third person;
- (iv) The Debtor has used, and will continue to use for the duration of this Agreement, proper statutory notice in connection with its use of the Trademarks; and
- (v) The Debtor has used, and will continue to use for the duration of this Agreement, consistent standards of quality of goods and services marked by the Trademarks.

(d) **Title.** The Debtor has absolute title to each Patent listed on Exhibit A, and each Trademark listed on Exhibit B, free and clear of all security interests, liens and encumbrances, except for Permitted Liens and the Security Interest granted herein, including, without limitation, pledges, assignments, licenses, registered user agreements and covenants by the Debtor not to sue third persons. The Debtor (i) will have, at the time the Debtor acquires any rights in Patents or Trademarks hereafter arising, absolute title to each such Patent or Trademark, free and clear of all security interests, liens and encumbrances, except the Security Interest, (ii) will keep all Patents and Trademarks free and clear of all security interests, liens and encumbrances except the Security Interest granted herein and (iii) has obtained and will obtain enforceable written assignments from all employees assigning to the Debtor all technology and intellectual property created by its employees in connection with their employment.

(e) **No Sale.** Except for licensing in the ordinary course of business, the Debtor will not sell or otherwise dispose of the Patents or the Trademarks, or any interest therein, or grant any lien, encumbrance or security interest to any third party without the prior written consent of the Requisite Interest.

(f) **Defense.** The Debtor will at its own expense, and using its best efforts, protect and defend the Patents and the Trademarks against all claims or demands of all persons other than the Secured Parties.

(g) **Maintenance.** The Debtor will at its own expense maintain the Patents and the Trademarks to the extent reasonably advisable in its business, including, but not limited to, filing all affidavits and renewals possible with respect to issued registrations. The Debtor covenants that it will not abandon nor fail to pay any maintenance fee or annuity due and payable on any Patent or Trademark, nor fail to file any required affidavit in support thereof, without first providing the Secured Parties with (i) sufficient written notice to allow the Secured Parties to timely pay any such maintenance fees or annuity which may become due on any of said Patents or Trademarks, or to file any affidavit 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, should such be necessary or desirable.

(h) *The Secured Parties' Right to Take Action.* If the Debtor fails to perform or observe any of its covenants or agreements set forth in this Section 3, and if such failure continues for a period of 10 days after the Secured Parties give the Debtor written notice thereof (or, in the case of the agreements contained in subsection (g), immediately upon the occurrence of such failure, without notice or lapse of time), or if the Debtor notifies the Secured Parties that it intends to abandon a Patent or Trademark, the Secured Parties may (but need not) perform or observe such covenant or agreement on behalf of and in the name, place and stead of the Debtor (or, at the Secured Parties' option, in the Secured Parties' own names) and may (but need not) take any and all other actions which the Secured Parties may reasonably deem necessary to cure or correct such failure.

(i) *Costs and Expenses.* 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 Debtor shall pay the Secured Parties on demand the amount of all moneys expended and all costs and expenses (including reasonable attorneys' fees) incurred by the Secured Parties in connection with or as a result of the Secured Parties' taking action under subsection (h) or exercising its rights under Section 6, together with interest thereon from the date expended or incurred by the Secured Parties at the highest rate then applicable to any of the Obligations.

(j) *Power of Attorney.* To facilitate the Secured Parties' taking action under subsection (h) and exercising its rights under Section 6, the Debtor hereby irrevocably appoints (which appointment is coupled with an interest) the Secured Parties, or their delegate, as the attorney-in-fact of the Debtor 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 Debtor, any and all instruments, documents, applications, financing statements, and other agreements and writings required to be obtained, executed, delivered or endorsed by the Debtor under this Section 3, or, necessary for the Secured Parties, after an Event of Default, to enforce or use the Patents or the Trademarks or to grant or issue any exclusive or non-exclusive license under the Patents or the Trademarks to any third party, or to sell, assign, transfer, pledge, encumber or otherwise transfer title in or dispose of the Patents or the Trademarks to any third party. The Debtor 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 payment and performance of all of the Obligations.

4. The Debtor's Use of the Patents and the Trademarks. The Debtor shall be permitted to control and manage the Patents and the Trademarks, including the right to exclude others from making, using or selling items covered by the Patents and the Trademarks and any licenses thereunder, in the same manner and with the same effect as if this Agreement had not been entered into, so long as no Event of Default occurs and remains uncured; provided, however, that the Debtor has plans to abandon certain Patent applications that are not necessary for its core business purposes as determined by the Debtor in its sole discretion and the Secured Parties hereby consent to the abandonment of such Patent applications.

5. Events of Default. Any occurrence constituting an "Event of Default" under the Secured Notes shall constitute an event of default under this Agreement (herein called an "Event of Default").

6. Remedies. Upon the occurrence of an Event of Default and at any time thereafter, during the continuance of an Event of Default, the Secured Parties may, at their option, exercise and enforce any or all rights and remedies available under the Uniform Commercial Code and may also take any or all of the following actions:

(a) The Secured Parties may exercise any or all remedies available under the Secured Notes;

(b) The Secured Parties may sell, assign, transfer, pledge, encumber or otherwise dispose of the Patents and the Trademarks; and

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

7. Notice. Any notice or other communications hereunder to the parties hereto shall be in writing and may be personally served or sent by United States mail, registered or certified, postage pre-paid and properly addressed as set forth below its signature or on Schedule 1 hereto, as the case may be.

8. Termination of Security Interest. Upon the indefeasible payment in full of all Obligations, the security interest granted herein shall terminate and all rights to the Patents and Trademarks shall revert to the Debtor. Upon such termination, the Secured Parties hereby authorize the Debtor to file any documents or instrument requested by the Debtor in order to terminate the security interest and the Secured Parties will execute and deliver to the Debtor such documents or instruments as the Debtor shall reasonably request to evidence such termination.

9. Miscellaneous. This Agreement has been duly and validly authorized by all necessary action, corporate or otherwise. This Agreement can be waived, modified, amended, terminated or discharged, and the Security Interest can be released, only explicitly in a writing signed by the Requisite Interest. A waiver signed by the Secured Parties shall be effective only in the specific instance and for the specific purpose given. Mere delay or failure to act shall not preclude the exercise or enforcement of any of the Secured Parties' rights or remedies. All rights and remedies of the Secured Parties shall be cumulative and may be exercised singularly or concurrently, at the Secured Parties' options, and the exercise or enforcement of any one such right or remedy shall neither be a condition to nor bar the exercise or enforcement of any other. The Secured Parties shall not be obligated to preserve any rights that the Debtor may have against prior parties, to realize on the Patents and the Trademarks at all or in any particular manner or order, or to apply any cash proceeds of the Patents and the Trademarks in any particular order of application. This Agreement shall be binding upon and inure to the benefit of the Debtor and the Secured Parties and their respective participants, successors and assigns and

shall take effect when signed by the Debtor and delivered to the Secured Parties, and the Debtor waives notice of the Secured Parties' acceptance hereof. The Secured Parties may execute this Agreement if appropriate for the purpose of filing, but the failure of the Secured Parties to execute this Agreement shall not affect or impair the validity or effectiveness of this Agreement. A carbon, photographic or other reproduction of this Agreement or of any financing statement signed by the Debtor shall have the same force and effect as the original for all purposes of a financing statement. This Agreement shall be governed by the internal law of the state of Delaware without regard to conflicts of law provisions. If any provision or application of this Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications which can be given effect and this Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby. The parties hereto hereby (i) consent to the personal jurisdiction of the state and federal courts located in the State of Delaware in connection with any controversy related to this Agreement; (ii) waive any argument that venue in any such forum is not convenient; (iii) agree that any litigation initiated by the Secured Parties or the Debtor in connection with this Agreement or the Secured Notes may be venued in either the state or federal courts located in New Castle County, Delaware; and (iv) agree that a final judgment in any such suit, action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. All representations and warranties contained in this Agreement shall survive the execution, delivery and performance of this Agreement and the creation and payment of the Obligations.

THE PARTIES WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED ON OR PERTAINING TO THIS AGREEMENT.

[signature page follows]

IN WITNESS WHEREOF, the Debtor has executed this Intellectual Property Security Agreement as of the date written above.

THE DEBTOR:

APNEX MEDICAL, INC.

By: *R. Atkinson*
Name: Robert Atkinson
Its: President & CEO

Address:

Apnex Medical, Inc.
Attn: Robert E. Atkinson
2890 Centre Pointe
Roseville, MN 55113
Fax: (651) 757-3470

Organizational identification number:
4150487

SCHEDULE 1

List of the Secured Parties and their Addresses

New Enterprise Associates 10, Limited Partnership
1954 Green Spring Drive
Suite 600
Tenomium, MD 21093

EXHIBIT A

UNITED STATES PATENTS AND PATENT APPLICATIONS

Apnex Ref. No.	Bookoff Ref. No.	Application No.; Patent No. (if any)	Status
SATX 1+2	10519.0007	11/438,330; 7,644,714	Patented
SATX 1+2 (con1)	10519.0007-01	12/625,255	Pending
OSA Stim 1 + 2 (reg)	10519.0008	11/907,532; 7,809,442	Patented
OSA Stim 1 + 2 (con1)	10519.0008-01	12/835,984	Pending
OSA Stim 1 + 2 (con2)	10519.0008-02	12/980,743	Pending
OSA Stim 1 + 2 (con3)	10519.0008-03	12/980,774	Pending
OSA Stim 1 + 2 (con4)	10519.0008-04	12/980,807	Pending
OSA Stim 1 + 2 (con5)	10519.0008-05	13/094,371	Allowed
OSA Stim 1 + 2 (con6)	10519.0008-06	13/251,748	ABN
OSA Stim 1 + 2 (con7)	10519.0008-07	13/252,028	Pending
OSA Stim 1 + 2 (con8)	10519.0008-08	13/327,351	Pending
OSA Stim 3 (reg)	10519.0009	11/907,533	Pending
OSA Stim 3 (con1)	10519.0009-01	13/093,534	Pending
OSA Stim 3 (PCT)	10519.0009-00304	PCT/US07/ 21756	Expired
OSA Stim 3 (AU)	10519.0009-00110	AU 2007313319	Patented
OSA Stim 3 (AU1)	10519.0009-01110	AU Pat. No. 2012203591	Pending
OSA Stim 3 (CA)	10519.0009-00131	CA App. No. 2,666,529	Pending
OSA Stim 3 (EP)	10519.0009-00155	EP App. No. 07839472.3	ABN
OSA Stim 3 (EP1)	10519.0009-01155	EP App. No. 09156969.9	ABN

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OSA Stim 3 (EP2)	10519.0009- 02155	EP Pat. No. 2 116 274	Patented & Opposed
OSA Stim 3 (EP3)	10519.0009- 03155	EP App. No. 12163791.2	Pending
OSA Stim 3 (DE)	10519.0009- 03147	DE Util. Model. App. No. 202007019439. 9	Pending
OSA Stim 4 (reg)	10519.0012	12/650,045	Pending
OSA Stim 4 (con1)	10519.0012-01	12/980,840	Pending
Endo-1 (reg)	10519.0013	13/113,254	ABN
Endo-1 (con1)	10519.0013-01	13/205,315	Pending
Endo - 1 (con2)	10519.0013-02	13/251,856	Pending
OSA Stim 5 (reg)	10519.0014	13/106,460	Pending
OSA Stim 5 (PCT)	10519.0014- 00304	PCT/US12/2252	Pending

Exhibit A-2

EXHIBIT B

UNITED STATES TRADEMARKS & TRADEMARK APPLICATIONS

IP MASTER REPORTER

Trademark Status Report for **APNEX MEDICAL, INC.**

<u>Docket Number</u>	<u>Status</u>	<u>Country</u>	<u>Appl. No.</u>	<u>Appl. Date</u>	<u>Reg. No.</u>	<u>Req. Date</u>	<u>Renewal Due</u>
15813.0001AU01 Mark: APNEX AttorneyName: ASE - ANDREW S. EHARD	Registered	Australia	1255417	08/06/2008	1255417	03/12/2009	08/06/2018
15813.0001CA01 Mark: APNEX AttorneyName: ASE - ANDREW S. EHARD	Pending	Canada	1406202	08/05/2008			
15813.0001ET01 Mark: APNEX AttorneyName: ASE - ANDREW S. EHARD	Registered	Community Trademark	7137466	08/05/2008	007137466	03/23/2009	08/31/2018
15813.0001US01 Mark: APNEX AttorneyName: ASE - ANDREW S. EHARD	Registered	United States	771241785	07/30/2007	3822295	07/20/2010	07/20/2020

Exhibit B-1

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Wednesday, September 19, 2012

IP MASTER REPORTER
Trademark Status Report for **APNEX MEDICAL, INC.**

<u>Docket Number</u>	<u>Status</u>	<u>Country</u>	<u>Appl. No.</u>	<u>Appl. Date</u>	<u>Reg. No.</u>	<u>Reg. Date</u>	<u>Renewal Due</u>
15813.0002US01 <i>Mark:</i> HNS THERAPY AttorneyName: ASE - ANDREW S. EHARD	Abandoned	United States	77/412106	03/04/2008			
15813.0003US01 <i>Mark:</i> HGNS THERAPY AttorneyName: ASE - ANDREW S. EHARD	Registered	United States	77/551255	08/20/2008	3865018	10/19/2010	10/19/2020
15813.0004ET01 <i>Mark:</i> HGNS AttorneyName: ASE - ANDREW S. EHARD	Registered	Community Trademark	008891087	02/17/2010	008891087	08/10/2010	02/29/2020
15813.0004US01 <i>Mark:</i> HGNS AttorneyName: ASE - ANDREW S. EHARD	Registered	United States	77/934334	02/12/2010	3912278	01/25/2011	01/25/2021

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Wednesday, September 19, 2012

IP MASTER REPORTER

Trademark Status Report for APNEX MEDICAL, INC.

<u>Docket Number</u>	<u>Status</u>	<u>Country</u>	<u>Appl. No.</u>	<u>Appl. Date</u>	<u>Reg. No.</u>	<u>Reg. Date</u>	<u>Renewal Due</u>
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15813.0005US01	Registered	United States	85/111739	08/19/2010	3954147	05/03/2011	05/03/2021
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Mark: APNEX MEDICAL

AttorneyName: ASE - ANDREW S. EHARD Attorney2Name: NAM - Natalie A.