

10-14-1999



SHEET

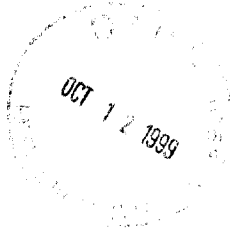
mPA 10.12.99

101170809

TO: The Commissioner of Patents and Trademarks. Please record the attached original document(s) or copy(ies).

Submission Type

- New
- Resubmission (Non-Recordation)
Document ID # _____
- Correction of PTO Error
Reel # _____ Frame # _____
- Corrective Document
Reel # _____ Frame # _____



Conveyance Type

- Assignment License
 - Security Agreement
 - Merger
 - Change of Name
 - Other _____
- Effective Date
Month Day Year
9/21/99

Conveying Party

____ Mark if additional names of conveying parties attached

Name Wellspring Pharmaceutical Corporation

Execution Date
Month Day Year
9/21/99

Formerly _____

- Individual General Partnership Limited Partnership Corporation
- Association Other _____
- Citizenship/State of Incorporation/Organization Delaware

Receiving Party

____ Mark if additional names of receiving parties attached

Name Merrill Lynch Business Financial Services Inc.

DBA/AKA/TA _____

Composed of _____

Address (line 1) 222 North LaSalle Street, 17th Floor

Address (line 2) Chicago, Illinois

Address (line 3) _____

- Individual General Partnership Limited Partnership Association
 - Corporation
 - Other _____
 - Citizenship/State of Incorporation/Organization Delaware
- If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached

10/14/1999 MTHA11 00000041 785081

FOR OFFICE USE ONLY

01 FC:481 40.00 OP
02 FC:482 25.00 OP

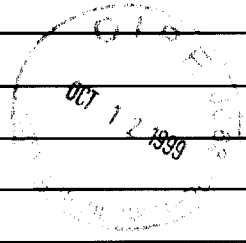
Mail documents to be recorded with required cover sheet(s) information to:
Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 200231

TRADEMARK
REEL: 001973 FRAME: 0774

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name _____
Address (line 1) _____
Address (line 2) _____
Address (line 3) _____
Address (line 4) _____



Correspondent Name and Address

Area Code and Telephone Number (202) 467-7332

Name Judith A. Yolles
Address (line 1) MORGAN, LEWIS & BOCKIUS LLP, Attn: TMSU
Address (line 2) 1800 M Street, N.W.
Address (line 3) Washington, D.C. 20036-5869

Pages Enter the total number of pages of the attached conveyance document including any attachments.

7

Trademark Application Number(s) or Registration Number(s)

Trademark Application Number(s)

Registration Number(s)

(785,081
548,626)

Number of Properties Enter the total number of properties involved.

2

Fee Amount Fee Amount for Properties Listed (37 CFR 3.41):

\$ 65.00

Method of Payment: Enclosed

Deposit Account _____

(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number: 13-4520

Authorization to charge additional fees: Yes No _____

Statement and Signature

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. Charges to deposit account are authorized, as indicated herein.

Judith A. Yolles
Name of Person Signing

Judith A. Yolles
Signature

12 OCT. 1999
Date Signed

TRADEMARK SECURITY AGREEMENT

(TRADEMARKS, TRADEMARK REGISTRATIONS,
TRADEMARK APPLICATIONS AND TRADEMARK LICENSES)

THIS TRADEMARK SECURITY AGREEMENT dated as of September 21, 1999 (as amended, modified or supplemented from time to time, this "Trademark Security Agreement"), is made by and between Wellspring Pharmaceutical Corporation, a Delaware corporation (the "Grantor"), and Merrill Lynch Business Financial Services Inc., a Delaware corporation (the "Secured Party").

R E C I T A L S:

WHEREAS, the Grantor, now owns or holds and may hereafter acquire or hold Trademarks (defined as all of the following: all trademarks, service marks, trade names, corporate names, company names, business names, fictitious business names, trade dress, logos, other source of business identifiers and general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations and recordings thereof or similar property rights, and all applications in connection therewith, including, without limitation, registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any state thereof or any other country or any political subdivision thereof, and all reissues, extensions or renewals thereof) including, without limitation, the Trademarks listed on Schedule A annexed hereto, as such Schedule may be amended from time to time by the addition of Trademarks subsequently registered or otherwise adopted or acquired;

WHEREAS, the Grantor is a party to the WCMA Loan and Security Agreement No. 876-07A57 dated as of September 21, 1999, WCMA Reducing Revolver Loan and Security Agreement No. 876-07A58 dated as of September 21, 1999 and WCMA Reducing Revolver Loan and Security Agreement No. 876-07A59 dated as of September 21, 1999 (as each of the same may be amended, supplemented or otherwise modified, renewed or replaced from time to time, a "Loan Agreement", and collectively, the "Loan Agreements"), to which reference is made for definitions of capitalized terms used and not otherwise defined herein;

WHEREAS, pursuant to the terms of the Loan Agreements, the Grantor has granted to the Secured Party a security interest in all personal property of the Grantor including, without limitation, all right, title and interest of the Grantor in, to and under all of Grantor's Trademarks and Trademark licenses (including, without limitation, those Trademark licenses listed on Schedule B hereto), whether presently existing or hereafter arising, adopted or acquired, together with the goodwill of the business connected with, and symbolized by, the Trademarks and all products and proceeds thereof and all income therefrom, including, without limitation, any and all causes of action which exist now or may exist in the future by reason of infringement or dilution thereof or injury to the associated goodwill, to secure the due and punctual payment and performance of the Obligations.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor does, as security for the due and punctual payment and performance of the Obligations, hereby grant to the Secured Party a continuing security interest in all of the Grantor's right, title and interest in, to and under the following (all of the following items or types of property being collectively referred to herein as the "Trademark Collateral"), whether presently existing or hereafter arising or acquired:

(i) each Trademark and all of the goodwill of the business connected with the use of, and symbolized by, each Trademark, including, without limitation, each Trademark referred to in Schedule A annexed hereto;

(ii) each Trademark license in favor of the Grantor as licensee, including, without limitation, each Trademark license referred to in Schedule B annexed hereto, to the extent such Trademark license does not prohibit the licensee from assigning or granting a security interest in its rights thereunder; and

(iii) all products and proceeds of, and income from, any of the foregoing, including, without limitation, any claim by Grantor against third parties for the past, present or future infringement or dilution of any Trademark or any Trademark licensed under any Trademark license, or for injury to the goodwill associated with any Trademark.

The Grantor agrees to deliver updated copies of Schedule A and Schedule B to the Secured Party at the end of any quarter in which the Grantor registers or otherwise adopts or acquires any Trademark not listed on Schedule A hereto or enters into any Trademark license not listed on Schedule B hereto, and to duly and promptly execute and deliver, or have duly and promptly executed and delivered, at the cost and expense of the Borrower, such further instruments or documents (in form and substance satisfactory to the Secured Party), and promptly perform, or cause to be promptly performed, any and all acts, in all cases, as may be necessary, proper or advisable from time to time, in the reasonable judgment of the Secured Party, to carry out the provisions and purposes of the Loan Agreements and this Trademark Security Agreement, and to provide, perfect and preserve the Liens of the Secured Party for the benefit of the Lenders under the Loan Agreements and this Trademark Security Agreement, in the Trademark Collateral or any portion thereof.

The Grantor represents and warrants to the Secured Party that (i) the Grantor is the sole and exclusive owner of all right, title and interest in and to each of the Trademarks listed on Schedule A hereto, free and clear of any lien, and has the sole and exclusive rights to the use thereof or the material covered thereby in connection with the services or products in respect of which they are being used by the Grantor, (ii) the Grantor is the licensee (free and clear of any liens) of the Trademarks described in Schedule B hereto and has the rights to the use thereof or the material covered thereby in connection with the services or products in respect of which they are being used, (iii) the Grantor does not own any patents nor is it the

licensee of any patent rights, (iv) the conduct of the Grantor's business (including, without limitation, the manufacture and sale of the products with respect to which the Trademarks listed on the Schedules hereto are being used) does not violate or infringe upon any patent, trademark, trade name, copyright or other similar right of any other person, (v) there is no claim, suit, action or proceeding pending, or to the Grantor's knowledge, threatened, against Grantor that involves a claim of infringement of any patent, trademark, trade name, copyright or similar right, or misappropriation of any trade secret, and (vi) the Grantor is not aware of any existing infringement or unlawful use of any Trademark listed on the Schedules hereto.

The Grantor agrees that if any person, firm, corporation or other entity shall do or perform any acts which the Secured Party believes constitute an infringement of any Trademark which is the subject of this Trademark Security Agreement, or violate or infringe any right of the Grantor or the Secure Party therein or if any person, firm, corporation or other entity shall do or perform any acts which the Secured Party believes constitute an unauthorized or unlawful use thereof, then and in any such event, upon 30 days' prior written notice to Grantor (or if an Event of Default is continuing, then without notice) the Secured Party may and shall have the right to take such steps and institute such suits or proceedings as the Secured Party may deem advisable or necessary to prevent such acts and conduct and to secure damages and other relief by reason thereof, and to generally take such steps as may be advisable or necessary or proper for the full protection of the rights of the parties. The Secured Party may take such steps or institute such suits or proceedings in its own name or in the name of the Grantor or in the names of the parties jointly. The Secured Party hereby agrees to give the Grantor notice of any steps taken, or any suits or proceedings instituted, by the Secured Party pursuant to this paragraph.

This security interest is granted in conjunction with the security interests granted to the Secured Party pursuant to the Loan Agreements. The Grantor does hereby further acknowledge and affirm that the rights and remedies of the Secured Party with respect to the security interest in the Trademark Collateral made and granted hereby are subject to, and more fully set forth in, the Loan Agreements, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

This Trademark Security Agreement is made for collateral purposes only. At such time as all of the Obligations shall have been fully and indefeasibly paid and performed and the commitments of the Secured Party to make advances under the Loan Agreements shall have terminated, the Secured Party, shall execute and deliver to the Grantor, at the Grantor's expense, without representation, warranty or recourse, all releases and reassignments, termination statements and other instruments as may reasonably be requested in order to terminate the security interest of the Secured Party in the Trademark Collateral, subject to any disposition thereof which may have been made by the Secured Party pursuant to the terms hereof or of the Loan Agreements.

The Secured Party agrees that there will be no assignment of the Trademark Collateral, other than the security interest described herein, unless and until there shall occur an Event of


Default and the Secured Party gives written notice to the Grantor of its intention to enforce its rights against any of the Trademark Collateral.

So long as no Event of Default shall have occurred and be continuing, and subject to the various provisions of the Loan Agreements and the Additional Agreements to which it is a party, the Grantor may use, license and exploit the Trademark Collateral in any lawful manner.

THIS TRADEMARK SECURITY AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY, THE LAWS OF THE STATE OF ILLINOIS WHICH ARE APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED WHOLLY WITHIN SUCH STATE.


IN WITNESS WHEREOF, the Grantor has caused this Trademark Security Agreement to be duly executed as of September 21, 1999.

WELLSPRING PHARMACEUTICAL CORPORATION

By: 
Name: Robert A. Vukovich
Title: President

Accepted:

MERRILL LYNCH BUSINESS FINANCIAL SERVICES, INC.

By: 
Name: Brian R. Connors
Title: AVP
222 North LaSalle Street, 17th Floor
Chicago, IL
Attention:
Telephone No. (312) 269-4483
Telecopy No. (312) 268-1378

TRADEMARKS

<u>Country</u>	<u>Owner</u>	<u>Application No.</u>	<u>Registration No.</u>	<u>Registration Date</u>	<u>Trademark</u>	<u>Description of Goods</u>
USA	Wellspring Pharmaceutical Corporation	72-193,818	785,081	February 6, 1965	DYRENIUM	Diuretic
USA	Wellspring Pharmaceutical Corporation	71-586,367	548,626	September 25, 1951	DIBENZYLINE	Syntholytic and adrenolytic agent, and as an agent effecting the central nervous system
Puerto Rico	Wellspring Pharmaceutical Corporation		13382	June 1, 1965	DYRENIUM	Diuretic

TRADEMARK LICENSES

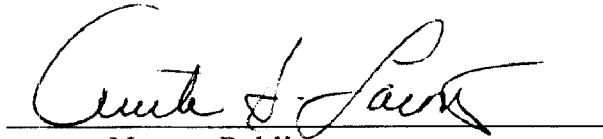
Limited license to use capsule shape as set forth in Section 3.7 of that certain Final Finished Pharmaceuticals Supply Agreement dated as of September 30, 1999 between SmithKline Beecham Corporation and SmithKline Beecham Pharmaceuticals Co. and Wellspring Pharmaceutical Corporation.

STATE OF NEW JERSEY)

: ss.:

COUNTY OF MONMOUTH)

On the 29th day of September, in the year 1999, before me personally came Dr. Robert A. Vukovich, to me known, who, being by me sworn, did say that he is the President of WELLSRING PHARMACEUTICAL CORPORATION, which corporation is described in, and which corporation executed, the above instrument, and that he signed his name by order of the Board of Directors of said corporation.



Notary Public

ANITA S. LACONTI
A Notary Public of New Jersey
My Commission Expires Jan. 7, 2002

1800 M Street, N.W.
Washington, D.C. 20036-5869
202-467-7000
Fax: 202-467-7176

**Morgan, Lewis
& Bockius LLP**
C O U N S E L O R S A T L A W

10/12/1999
October 12, 1999

VIA HAND DELIVERY

Assistant Commissioner for Trademarks
Box Assignments
2900 Crystal Drive
Arlington, Virginia 22202-3513

Attention: Assignment Branch

Re: Recordation of Trademark Security Agreement
 Our Ref.: 009974-27.0494

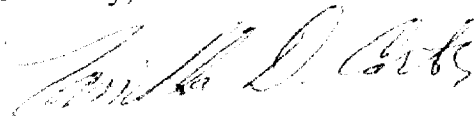
Dear Sir or Madam:

I enclose for recording at the Assignment Branch a Trademark Security Agreement between Wellspring Pharmaceutical Corporation, a Delaware corporation, and Merrill Lynch Business Financial Services Inc., a Delaware corporation. This agreement is being filed to update record title to the registrations listed on the attached Recordation Form Cover Sheet.

The details of this recording are set forth in the enclosed Recordation Form Cover Sheet in compliance with the U.S. Patent and Trademark Office Rules. In addition, we enclose a check in the amount of \$65.00 to cover the recordation fee. Please charge any additional fees to the deposit account of Morgan, Lewis & Bockius LLP, Account No. 13-4520.

Please call me if you have any questions. Thank you for your assistance with this matter.

Sincerely,



Tanikka D. Carter
Legal Assistant

Enclosures

cc: Richard S. Petretti, Esq. (w/encls.)
 Judith A. Yolles (w/o encls.)

Philadelphia Washington New York Los Angeles Miami Harrisburg Pittsburgh Princeton
London Brussels Frankfurt Tokyo Singapore Jakarta

1-WA/1302057.1

RECORDED: 10/12/1999

TRADEMARK
REEL: 001973 FRAME: 0783