RE 01-16-2001 ET U.S. DEPARTMENT OF COMMERCE
Patent and Trademark Office

1-16-01

101583855

To the Honorable Commissioner of Patents and ... ocuments or copy thereof.

1. Name of conveying party(ies):
Orthopaedic Biosystems LTD., Inc.

( ) Individual ( ) Association
( ) General Partnership ( ) Limited Partnership
(✓) Corporation - AZ ( ) Other

Additional name(s) of conveying party(ies) attached?
( ) Yes (✓) No

2. Name and Address of receiving party(ies):

Name: Wells Fargo Business Credit, Inc.

Internal Address:

Street Address: 100 W. Washington St., 7th Fl., MAC S4101-076, Phoenix, AZ 85003

( ) Individual(s) Citizenship:
( ) Association:
( ) General Partnership:
( ) Limited Partnership:
(✓) Corporation: MN
( ) Other:

If assignee is not domiciled in the United States, a domestic representative designation is attached: ( ) Yes ( ) No

(Designations must be a separate document from Assignment)

Additional name(s) & address(es) attached? ( ) Yes (✓) No

3. Nature of conveyance:

( ) Assignment ( ) Merger
(x) Security Agreement ( ) Change of Name
( ) Other

Execution Date: July 18, 2000

4. Application number(s) or trademark number(s):

A. Trademark Application No.(s)

76/173,165 76/125,172 76/100,748 76/047,612
76/018,760 75/923,190 75/857,459 75/854,137
75/854,076 75/838,418

B. Trademark registration No.(s)

2,402,435 2,300,708 1,975,301

Additional numbers attached? ( ) Yes (✓) No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: Elisabeth A. Evert, Esq.

Internal Address: Sidley & Austin
Street Address: 717 North Harwood St., Suite 3400
City: Dallas State: TX ZIP: 75201

6. Total number of applications and registrations involved:
13

7. Total fee (37 CFR 3.41).....$ 340.00

( ) Enclosed

(✓) Authorized to be charged to deposit account

8. Deposit account number: 18-1260
(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

9. 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.

Elisabeth A. Evert, Esq. — Name of Person Signing
Signature
12 Jan 2001 — Date

Total number of pages comprising cover sheet 1

OMB No. 0651-0011 (exp. 4/94)

Do not detach this portion

Mail documents to be recorded with required cover sheet information to:

Commissioner of Patents and Trademarks
Box Assignment
Washington, D.C. 20231

Public burden reporting for this sample cover sheet is estimated to average about 30 minutes per document to be recorded, including time for reviewing the document and gathering the data needed, and completing and reviewing the sample cover sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Office of Information Systems, PK2-1000C, Washington, D.C. 20231, and to the Office of Management and Budget, Paperwork Reduction Project (0651-0011), Washington, D.C. 20503.

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01 FC:481 40.00 CH
02 FC:482 300.00 CH

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PATENT AND TRADEMARK SECURITY AGREEMENT

This Agreement, dated as of July 18, 2000 is made by and between ORTHOPAEDIC BIOSYSTEMS LTD., INC., an Arizona corporation, whose address and principal place of business is 15990 N. Greenway Hayden Loop Scottsdale, AZ 85050 (the "Debtor"), and WELLS FARGO BUSINESS CREDIT, INC., a Minnesota corporation, whose address and principal place of business is 100 West Washington Street, 7th Floor, MAC S4101-076, Phoenix, AZ 85003 (the "Secured Party").

Recitals

The Debtor and the Secured Party have entered into a Credit and Security Agreement of even date herewith (as the same may hereafter be amended, supplemented or restated from time to time, the "Credit Agreement") setting forth the terms on which the Secured Party may now or hereafter make certain loans or other financial accommodations to or for the account of the Debtor.

As a further condition to making any loan or other financial accommodation under the Credit Agreement or otherwise, the Secured Party has required the execution and delivery of this Agreement by the Debtor.

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

1. Definitions. All terms defined in the Recitals hereto or in the Credit Agreement 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 arising under or in connection with any Loan Document (as defined in the Credit Agreement) which the Debtor may now or at any time hereafter owe to the Secured Party, whether such debt, liability or obligation now exists or is hereafter created or incurred and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, independent, joint, several or joint and several, and including specifically, but not limited to, the Obligations (as defined in the Credit Agreement).

"Patents" means all of the Debtor's right, title and interest in and to patents or applications for patents, 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 the patents listed on Exhibit A.

"Trademarks" means all of the Debtor's right, title and interest in and to trademarks, service marks, collective membership marks, the respective goodwill associated with each, and licenses thereunder, all as presently existing or hereafter arising or acquired, including, without limitation, the marks listed on Exhibit B.

2. Security Interest. The Debtor hereby irrevocably pledges and assigns to, and grants the Secured Party a security interest, with power of sale to the extent permitted by law

TRADEMARK
REEL: 2212 FRAME: 0653

(the "Security Interest"), in the Patents and in the Trademarks to secure payment of the Obligations.

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 articles 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 name of the Debtor is Orthopaedic Biosystems Ltd., 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, accurately reflects the existence and status of registrations pertaining to the Patents as of the date hereof, and accurately lists all applications for patents pending on 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 Trademarks and all registrations pertaining thereto as of the date hereof.

(d) ***Title***. The Debtor has absolute title to each Patent and each Trademark listed on Exhibits A and B, free and clear of all security interests, liens and encumbrances, except the Security Interest. 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, and (ii) will keep all Patents and Trademarks free and clear of all security interests, liens and encumbrances except the Security Interest.

(e) ***No Sale***. The Debtor will not sell or otherwise dispose of the Patents or Trademarks, or any interest therein, without the Secured Party's prior written consent.

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

(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 applications to register and 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 Party: (i) sufficient written notice, as provided in the Credit Agreement, to allow the Secured Party to timely pay any

TRADEMARK
REEL: 2212 FRAME: 0654

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. Debtor will diligently pursue all pending applications for patents and will take all reasonable actions to ensure issuance thereof.

(h) ***Secured Party's 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 ten (10) calendar days after the Secured Party gives 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 Party that it intends to abandon a Patent or Trademark, the Secured Party may (but need not) perform or observe such covenant or agreement on behalf and in the name, place and stead of the Debtor (or, at the Secured Party's option, in the Secured Party's own name) and may (but need not) take any and all other actions which the Secured Party 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 Party on demand the amount of all moneys expended and all costs and expenses (including reasonable attorneys' fees) incurred by the Secured Party in connection with or as a result of the Secured Party's 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 Party at the highest rate then applicable to any of the Obligations.

(j) ***Power of Attorney***. To facilitate the Secured Party's 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 Party, or its 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 Party, after an Event of Default, to enforce or use the Patents or Trademarks or to grant or issue any exclusive or non-exclusive license under the Patents or Trademarks to any third party, or to sell, assign, transfer, pledge, encumber or otherwise transfer title in or dispose of the Patents or 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 termination of the Credit Agreement as provided therein and the payment and performance of all Obligations (as defined therein).

(k) ***Intent to Use Applications.*** Debtor has or may have in the future considered the adoption of trademarks or service marks for which it has or will file applications for registration with the United States Patent and Trademark Office under Section 1 (b) of the Trademark Act ("intent to use"). The trademarks for which applications are so filed, and the applications filed in connection therewith are not Trademarks and are not subject to the security interest created herein. Debtor agrees that it will be an Event of Default under this Agreement if at any time any other person acquires any interest, including a security interest, in the trademarks or the applications. Debtor further agrees that upon issuance by the United States Patent and

TRADEMARK
REEL: 2212 FRAME: 0655

Trademark Office of any registration of any such marks, the marks so registered at that time shall become Trademarks under this Agreement and shall be subject to the security interest granted hereunder. Debtor shall notify Secured Party of the issuance of any such registration, and shall execute any document required at that time to perfect the security interest in such marks, and failure to do so shall be an Act of Default under this Agreement.

4. Debtor's Use of the Patents and Trademarks. The Debtor shall be permitted to control and manage the Patents and Trademarks, including the right to exclude others from making, using or selling items covered by the Patents and 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.

5. Events of Default. Each of the following occurrences shall constitute an event of default under this Agreement (herein called "Event of Default"): (a) an Event of Default, as defined in the Credit Agreement, shall occur; or (b) the Debtor shall fail promptly to observe or perform any covenant or agreement herein binding on it; or (c) any of the representations or warranties contained in Section 3 shall prove to have been incorrect in any material respect when made.

6. Remedies. Upon the occurrence of an Event of Default and at any time thereafter, the Secured Party may, at its option, take any or all of the following actions:

(a) The Secured Party may exercise any or all remedies available under the Credit Agreement.

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

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

7. 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 Secured Party. A waiver signed by the Secured Party 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 Party's rights or remedies. All rights and remedies of the Secured Party shall be cumulative and may be exercised singularly or concurrently, at the Secured Party's option, 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 Party shall not be obligated to preserve any rights the Debtor may have against prior parties, to realize on the Patents and Trademarks at all or in any particular manner or order, or to apply any cash proceeds of Patents and Trademarks in any particular order of application. This Agreement shall be binding upon and inure to the benefit of the Debtor and the Secured Party and their respective participants, successors and assigns and shall take effect when signed by the Debtor and delivered to the Secured Party, and the Debtor waives notice of the Secured Party's acceptance hereof. The Secured Party may execute this Agreement if appropriate for the purpose

TRADEMARK
REEL: 2212 FRAME: 0656

of filing, but the failure of the Secured Party 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 Arizona 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. 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.

IN WITNESS WHEREOF, the parties have executed this Patent and Trademark Security Agreement as of the date written above.

ORTHOPAEDIC BIOSYSTEMS LTD., INC.

By _____

Its Chairman & CEO

WELLS FARGO BUSINESS CREDIT, INC.

By _____

Its CEO

STATE OF Arizona

COUNTY OF Maricopa

The foregoing instrument was acknowledged before me this 19 day of July, 2000, by D. RONALD YAGODA, the CEO of Orthopaedic Biosystems Ltd., Inc., an Arizona corporation, on behalf of the corporation.

(Seal and Expiration Date)

CYNTHIA C. COUGHLIN
Notary Public - Arizona
MARICOPA COUNTY
My Commission Expires
APRIL 05, 2002

Cynthia C. Coughlin
Notary Public

TRADEMARK
REEL: 2212 FRAME: 0657

STATE OF ARIZONA

COUNTY OF MARICOPA

The foregoing instrument was acknowledged before me this 20TH day of JULY, 2000, by SANAT AMLADI, a COMMERCIAL BANKING OFFICER of Wells Fargo Business Credit, Inc., a Minnesota corporation, on behalf of the corporation.

(Seal and Expiration Date)

OFFICIAL SEAL
CAROL M. DAHLBERG
Notary Public - State of Arizona
MARICOPA COUNTY
My Comm. Expires July 14, 2004

Carol M Dahlberg
Notary Public

TRADEMARK
REEL: 2212 FRAME: 0658

EXHIBIT A

UNITED STATES ISSUED PATENTS

Title	Patent Number	Issue Date
Bone Fastening Device	5,336,225	Aug. 9, 1994
Medullary Suture Anchor	5,464,425	Nov. 7, 1995
Apparatus for Attaching Soft Tissue to Bone	5,522,843	Jun. 4, 1996
Apparatus for Attaching Soft Tissue to Bone	5,720,766	Feb. 24, 1998
Medulary Anchor	5,728,100	Mar. 17, 1998
Bone Screw	5,743,914	Apr. 28, 1998
Surgical Knot Manipulator	6,045,561	Apr. 4, 2000
Sliding Knife and Needle Assembly for Making a Portal for Endoscopic or Arthroscopic Surgery (Licensed to OBL)	6,048,354	Apr. 11, 2000

FOREIGN ISSUED PATENTS

Title	Country	Patent Number	Issue Date
Bone Fastening Device	EPO	0690705	Sep. 30 1998
Bone Fastening Device	United Kingdom	0690705	Sep. 30 1998
Apparatus for Attaching Soft Tissue to Bone	PCT	PCT/US95/02401	Oct. 21, 1996
Apparatus for Attaching Soft Tissue to Bone	New Zealand	282268	Oct. 9, 1998
Apparatus for Attaching Soft Tissue to Bone	Mexico	190040	Oct. 13, 1998
Apparatus for Attaching Soft Tissue to Bone	Australia	695095	Nov. 19, 1998
Apparatus for Attaching Soft Tissue to Bone	Korea	196056	Feb. 19, 1999
Apparatus for Attaching Soft Tissue to Bone	Canada	2,183,984	Jul. 6, 1999
Apparatus for Attaching Soft Tissue to Bone	Japan	3024799	Jan. 21, 2000

Schedule A

UNITED STATES ISSUED TRADEMARKS, SERVICE MARKS AND COLLECTIVE MEMBERSHIP MARKS

REGISTRATIONS

Mark	Registration Number	Issue Date
PEBA	1,975,301	May 21, 1996
LIMS	2,300,708	Dec. 14, 1999

APPLICATIONS

Mark
Accu-Pass
Arthro-Pierce
Cuff Stitch
Mini Tac
Phoenix Anchor (Logo with Anchor)
Phoenix Anchor (Logo with Anchor and Bone)
Piercer Grasper
SuperSharp

COLLECTIVE MEMBERSHIP MARKS

None

UNREGISTERED MARKS

Mark
Elite Shoulder System
Elite Knot Manipulator
OBL RC5 Anchor
OBL RC5
OBL PRC5
OBL 2.8 mm HS Anchor
OBL 3.5 mm Ti
Phoenix 5.0 Allograft Anchor
2.8 mm OBL Anchor System

EXHIBIT B

UNITED STATES ISSUED TRADEMARKS, SERVICE MARKS AND COLLECTIVE MEMBERSHIP MARKS

REGISTRATIONS

Mark	Registration Number	Issue Date
PEBA	1,975,301	May. 21 1996
LIMS	2,300,708	Dec. 14 1999

APPLICATIONS

Mark
Accu-Pass
Arthro-Pierce
Cuff Stitch
Mini Tac
Phoenix Anchor (Logo with Anchor)
Phoenix Anchor (Logo with Anchor and Bone)
Piercer Grasper
SuperSharp

COLLECTIVE MEMBERSHIP MARKS

None

UNREGISTERED MARKS

Mark
Elite Shoulder System
Elite Knot Manipulator
OBL RC5 Anchor
OBL RC5
OBL PRC5
OBL 2.8mm HS Anchor
OBL 3.5 mm Ti
Phoenix 5.0 Allograft Anchor
2.8 mm OBL Anchor System