

02-15-2001

ET

Docket No.:



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168629

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To the Honorable Commissioner of Patents and Trademarks, please record the attached original documents or copy thereof.

1. Name of conveying party(ies):

STS Biopolymers, Inc.

2-1-01

- Individual(s)
- General Partnership
- Corporation-State New York
- Other

- Association
- Limited Partnership

Additional names(s) of conveying party(ies)  Yes  No

3. Nature of conveyance:

- Assignment
- Security Agreement
- Other
- Merger
- Change of Name

Execution Date: January 12, 2001

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

Name: Manufacturers & Traders Trust Company

Internal Address:

Street Address: 225 East Avenue

City: Rochester State: NY ZIP: 14604

- Individual(s) citizenship
- Association
- General Partnership
- Limited Partnership
- Corporation-State
- Other New York Banking Corporation

If assignee is not domiciled in the United States, a domestic designation is  Yes  No  
(Designations must be a separate document from Additional name(s) & address(es)  Yes  No

4. Application number(s) or registration numbers(s):

A. Trademark Application No.(s)

75/275,917  
75/574,564  
76/001,827

Additional numbers

B. Trademark Registration No.(s)

2,172,305  
2,366,764

Yes  No

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

Name: Neal L. Slifkin, Esq.

Internal Address: HARRIS BEACH LLP

The Granite Building

Street Address: 130 East Main Street

City: Rochester State: NY ZIP: 14604

6. Total number of applications and registrations involved:.....

5

7. Total fee (37 CFR 3.41):.....\$ \$140.00

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number:

08-0865

DO NOT USE THIS SPACE

02-14-2001 TILAZI 0000000E 75275917  
01 012461 40.00 00  
02 012462 100.00 00

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.

Neal L. Slifkin

Name of Person Signing

Neal L. Slifkin

Signature

2/1/01

Date

Total number of pages including cover sheet, attachments, and

11

## CONTINGENT PATENT, TRADEMARK AND LICENSE ASSIGNMENT

This Contingent Patent, Trademark, and License Assignment is subject to a certain Intercreditor Agreement dated January 12, 2001 among STS Biopolymers, Inc., Manufacturers and Traders Trust Company, and Cephas Capital Partners, L.P.

THIS CONTINGENT PATENT, TRADEMARK AND LICENSE ASSIGNMENT ("*Assignment*") is made by **STS BIOPOLYMERS INC.**, a New York corporation having its principal office and place of business at 336 Summit Point Drive, Henrietta, New York 14467 ("*Assignor*"), in favor of **MANUFACTURERS & TRADERS TRUST COMPANY**, a New York banking corporation having a place of business at 225 East Avenue, Rochester, New York 14604 ("*Assignee*").

WHEREAS, Assignor and Assignee are parties to a certain Term Loan Agreement, Term Loan Note, and Grid Note of even date herewith (as the same may hereafter be amended, supplemented, amended and restated, renewed or otherwise modified from time to time, collectively together with all related documents and agreements, called the "*Financing Agreements*"), which Financing Agreements provide (i) for the Assignee to make a term loan in the original principal amount of \$500,000.00 to Assignor; (ii) for the Assignee to, from time to time, extend other credit to or for the account of Assignor; and (iii) for the grant by Assignor to Assignee of a security interest in certain of Assignor's assets, including, without limitation, its patents, patent applications, service marks, service mark applications, service names, trademarks, trademark applications, trade names, goodwill and licenses;

NOW, THEREFORE, in consideration of the premises set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor agrees as follows:

1. Assignment of Patents. To secure the complete and timely satisfaction of all of the liabilities and obligations of every kind or nature of Assignor to Assignee under or related to the Financing Agreements and all notes, agreements, and documents delivered in connection therewith, including as extended, modified, or replaced from time to time (the "*Obligations*"), Assignor hereby grants, assigns and conveys to Assignee all of the Assignor's right, title and interest in and to all of its now owned or existing and filed and hereafter acquired or arising and filed patents and patent applications, including, without limitation, the inventions and improvements described and claimed therein, including those listed on Schedule A, attached hereto and made a part hereof, and (a) the reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof, (b) all income, royalties, damages and payments now and hereafter due and/or payable under and with respect thereto, including, without limitation, damages and payments for past or future infringements thereof, (c) the right to

sue for past, present and future infringements thereof, and (d) all rights corresponding thereto throughout the world (all of the foregoing patents and applications, together with the items described in clauses (a)-(d), are sometimes hereinafter individually and/or collectively referred to as the "*Patents*").

2. Security Interest in Trademarks and Goodwill. To secure the complete and timely satisfaction of all of the Obligations, Assignor hereby grants and conveys to Assignee a lien and security interest in all of the Assignor's right, title and interest in and to all of its now owned or existing and filed and hereafter acquired or arising and filed:

(i) trademarks, trademark registrations, trade names and trademark applications, service marks, service mark registrations, service names and service mark applications, including, without limitation, the trademarks, trademark registrations, trade names and trademark applications, service marks, service mark registrations, service names and service mark applications listed on Schedule B, attached hereto and made a part thereof, and (a) renewals thereof, (b) all income, royalties, damages and payments now and hereafter due and/or payable with respect thereto, including, without limitation, damages and payment for past or future infringements thereof, (c) the right to sue for past, present and future infringements thereof, and (d) all rights corresponding thereto throughout the world (all of the foregoing trademarks, service marks, trademark and service mark registrations, trade names, service names and applications, together with the items described in clauses (a)-(d), are sometimes hereinafter individually and/or collectively referred to as the "*Trademarks*"); and

(ii) the goodwill of Assignor's business including but not by way of limitation such goodwill connected with and symbolized by the Trademarks.

3. Restrictions on Future Assignments. Assignor agrees that until the Obligations shall have been satisfied in full and the Financing Agreements shall have been terminated, Assignor will not, without Assignee's prior written consent, enter into any agreement relating to the Patents or Trademarks which would limit or restrict the rights of Assignee hereunder and Assignor further agrees that it will not take any action, or permit any action to be taken by others subject to its control, including licensees, or fail to take any action which would affect the validity or enforcement of the rights transferred to Assignee under this Assignment.

4. New Patents, Trademarks. Assignor represents and warrants that the Patents and Trademarks listed on Schedules A and B, respectively, constitute all of the patents, service marks, trademarks, applications and licenses now owned by Assignor. If, before the Obligations shall have been satisfied in full,

Assignor shall (i) obtain rights to any new patentable inventions, trademarks, trademark registrations, trade names, service marks, service mark registrations, service names, or licenses, or (ii) become entitled to the benefit of any patent, service mark or trademark application, service mark, service mark registration, trademark, trademark registration, or license renewal, or patent for any reissue, division, continuation, renewal, extension, or continuation-in-part of any Patent or any improvement on any Patent, the provisions of this Assignment shall automatically apply thereto and Assignor shall give to Assignee prompt written notice thereof. Assignor hereby authorizes Assignee as attorney in fact to modify this Assignment by amending Schedules A and B, as applicable, to include any future patents, patent applications, service marks, service mark registrations, service mark applications, service names, trademarks, trademark registrations, trademark applications, trade names and licenses which are Patents, Trademarks or Licenses, as applicable, under Sections 1 and 2 above or under this Section 4, and to file or refile this Assignment with the United States Patent and Trademark Office.

5. Representations and Warranties. Assignor represents and warrants to and agrees with Assignee that:

(i) the Patents (to the extent issued) and Trademarks are subsisting and have not been adjudged invalid or unenforceable, in whole or in part;

(ii) to the best knowledge of Assignor, each of the Patents and Trademarks is valid and enforceable;

(iii) Assignor is the owner of the Patents and Trademarks and has the power and authority to make, and will continue to have authority to perform, this Assignment according to its terms;

(iv) to the best knowledge of Assignor, this Assignment does not violate and is not in contravention of any other agreement to which Assignor is a party or any judgment or decree by which Assignor is bound and does not require any consent under any other agreement to which Assignor is a party or by which Assignor is bound; and

(v) there has been no prior sale, pledge, encumbrance, assignment or other transfer or disposition of any of the Patents or Trademarks or any part thereof and the same are free from all liens, charges and encumbrances of any kind, including but not limited to licenses, shop rights and covenants not to sue

third persons, other than Permitted Liens (as defined in the Financing Agreements).

Notwithstanding anything to the contrary contained herein, however, Assignor has or may grant rights to Cephaz Capital Partners, L.P. subject to the Intercreditor Agreement first described herein.

6. Royalties; Terms. Assignor hereby agrees that the use by Assignee of all Patents, Trademarks and Licenses as described above shall be worldwide and without any liability for royalties or other related charges from Assignee to the Assignor. The term of the assignments granted herein shall extend until the earlier of (i) the expiration of each of the respective Patents, Trademarks and Licenses assigned hereunder, or (ii) the Obligations have been paid in full and the Financing Agreements has been terminated.

7. Grant of License to Assignor. Unless and until an "Event of Default" (as defined in the Financing Agreements) shall have occurred, Assignee hereby grants to Assignor a nontransferable right and license to use the Trademarks, and to make, have made, use and sell the inventions disclosed and claimed in the Patents for Assignor's own benefit and account and for none other. Assignor agrees not to sell or assign its interest in, or grant any sublicense under, the license granted to Assignor in this Section 7 without the prior written consent of Assignee except in favor of Senior Creditors. From and after the occurrence of an Event of Default, Assignor's license with respect to Patents and Trademarks as set forth in this Section 7 shall terminate forthwith, and Assignee shall have, in addition to all other rights and remedies given it by this Assignment, those allowed by law and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in any jurisdiction in which the Patents and Trademarks may be located, including, but not by way of limitation, the location of Assignee's headquarters.

8. Reassignment to Assignor. Upon payment in full of the obligations and termination of the Financing Agreements, Assignee shall execute and deliver to Assignor all assignments and other instruments as may be necessary or proper to re-vest in Assignor full title to the Patents and Trademarks, subject to any disposition thereof which may have been made by Assignee pursuant hereto or pursuant to the Financing Agreements.

9. Duties of Assignor. Assignor shall have the duty to (i) prosecute diligently any patent application of the Patents made by it and any trademark or service mark application of the Trademarks made by it pending as of the date hereof or thereafter until the Obligations shall have been paid in full,

(ii) make application on unpatented but patentable inventions and on trademarks and service marks, as appropriate, and (iii) preserve and maintain all of its rights in patent applications and patents of the Patents and in trademark applications, trademarks, trademark registrations, service mark applications, service marks, and service mark registrations of the Trademarks. Any expenses incurred in connection with such applications shall be borne by Assignor. Assignor shall not abandon any right to file a Patent application or Trademark application, or any pending Patent application, Trademark application, Patent, nor Trademark without the consent of Assignee which will not be unreasonably withheld.

10. Financing Statements; Documents. At the request of Assignee, Assignor will join with Assignee in executing one or more financing statements pursuant to the New York version of the Uniform Commercial Code in form satisfactory to Assignee and will pay the costs of filing and/or recording this Assignment and all financing, continuation and termination statements in all public offices where filing or recording is deemed necessary or desirable by Assignee. Assignor will execute and deliver to Assignee from time to time such supplemental assignments or other instruments, including, but not by way of limitation, additional assignments to be filed with the United States Patent and Trademark office, as Assignee may require for the purpose of confirming Assignee's interest in the Patents, Trademarks and Licenses. Assignor hereby authorizes the Commissioner of Patents and Trademarks to issue any and all Patents on said inventions and any and all certificates of registration on all Trademarks to Assignee as assignee of Assignor's entire interest.

11. Assignee's Right to Sue. Assignee shall have the same rights, if any, as Assignor has, but shall in no way be obligated, to bring suit in its own name to enforce the Patents and Trademarks, and any licenses thereunder, and, if Assignee shall commence any such suit, Assignor shall, at the request of Assignee, do any and all lawful acts and execute any and all proper documents required by Assignee in aid of such enforcement and Assignor shall promptly, upon demand and as a part of the obligations, reimburse and indemnify Assignee for all costs and expenses incurred by Assignee in the exercise of its rights under this Section 11. After first giving Assignee a reasonable opportunity to bring suit in its own name to enforce the Patents and Trademarks, and any licenses thereunder, Assignor may bring such suit in its own name.

12. Waivers. No course of dealing between Assignor and Assignee nor any failure to exercise nor any delay in exercising, on the part of Assignee, any right, power or privilege hereunder or under the Financing Agreements shall operate as a waiver thereof; nor shall any single or partial exercise of any right,

power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

13. Severability. The provisions of this Assignment are severable, and if any clause or provision shall be held invalid and unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Assignment in any jurisdiction.

14. Modification. This Assignment cannot be altered, amended or modified in any way, except as specifically provided in Section 4 hereof or by a writing signed by the parties hereto.

15. Cumulative Remedies; Effect on Financing Agreements. All of Assignee's rights and remedies with respect to the Patents and Trademarks, whether established hereby or by the Financing Agreements, or by any other agreements or by law shall be cumulative and may be exercised singularly or concurrently. Assignor acknowledges and agrees that this Assignment is not intended to limit or restrict in any way the rights and remedies of Assignee under the Financing Agreements but rather is intended to facilitate the exercise of such rights and remedies.

16. Binding Effect; Benefits. This Assignment shall be binding upon the Assignor and its respective successors and assigns, and shall inure to the benefit of Assignee, its successors and assigns.

17. Governing Law. This Assignment has been delivered and accepted in Rochester, New York, and shall be governed by and construed in accordance with the local laws of the State of New York without giving effect to principles of conflicts of laws.

IN WITNESS WHEREOF, Assignor by its duly authorized officer has executed this Assignment as of January 12, 2001.

**STS BIOPOLYMERS, INC.**

By: Richard D. Richmond

Title: PRESIDENT

STATE OF NEW YORK )  
 ) ss:  
COUNTY OF MONROE )

The foregoing Contingent Patent, Trademark and License Assignment was executed and acknowledged before me this 12<sup>th</sup> day of January, 2001, by Richard D. Richmond, the President of STS Biopolymers, Inc., on behalf of the corporation.

Th S. Willett

Accepted at Rochester, New York  
as of January 12, 2001.

NOTARY PUBLIC  
STATE OF NEW YORK  
COMM. EXPIRES 12/31/2001

MANUFACTURERS AND TRADERS TRUST COMPANY

By: [Signature]  
Title: Vice President



**SCHEDULE A  
(Patents)**

**SLIP-COAT**

5,001,009 Issued: March 19, 1991  
Lubricious Hydrophilic Composite Coated on Substrates

5,331,027 Issued: July 19, 1994  
Lubricious Hydrophilic Coating, Resistant to Wet Abrasion

5,800,412 Issued: September 1, 1998  
Hydrophilic Coatings With Hydrating Agents

**MEDI-COAT**

5,069,899 Issued: December 3, 1991  
Anti-Thrombogenic. Anti-Microbial Compositions Containing Heparin

5,525,348 Issued: July 11, 1996  
Coating Compositions Comprising Pharmaceutical Agents

**BOND-COAT™**

5,997,517 Issued: December 7, 1999  
Bonding layers For Medical Device Surface Coatings

**ECHO-COAT®**

6,106,473 Issued: August 22, 2000  
Echogenic Coatings

**GLIDE-COAT™**

6,110,483 Issued: August 29, 2000  
Adherent Flexible Hydrogel and Medicated Coatings

The above patents have broad claims that cover the use of the STS Biopolymers hydrophobic/hydrophilic matrix on medical devices, including the delivery of any pharmaceutical agent from the polymer matrix, plus claims covering STS' metal bonding coating and ultrasound echogenic coating.

Several additional patent applications are currently pending and several more are in development for future submission to the Patent Office.

STS has parallel issued or pending patents in the major international market countries. The company will continue to pursue international coverage for new patent applications.

**SCHEDULE B  
(Trademarks)**

The trademarks for SLIP-COAT® and ECHO-COAT® are registered with the U.S. Patent and Trademark Office. Applications for registration have been submitted for MEDI-COAT™, BOND-COAT™ and GLIDE-COAT™. In addition to these trade names, the company has applied for registration for several trademarks which cover other coatings currently under development.