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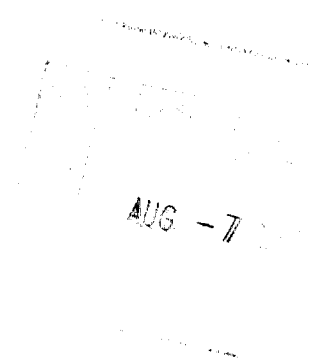


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8-7-01

To the Honorable Commissioner of Patents and Trademarks:

Please record the attached original document(s) or copy thereof.



**1. Name of conveying party(ies):**

DUMEX MEDICAL SURGICAL PRODUCTS LIMITED  
(A Canada Corporation)  
104 Shorting Road  
Toronto, Ontario, Canada M1S 3S4

No names of additional conveying parties are attached

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

ROYNAT CAPITAL, INC.  
(A Canada Corporation)  
26<sup>th</sup> Floor, Scotia Plaza  
40 King Street West  
Toronto, Ontario, Canada M1S 3S4

A domestic representative designation is attached  
No additional name(s) & addresses are attached

**3. Nature of Conveyance**

Security Agreement

Execution Date: May 23, 2001

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

A. Trademark Application No.(s)

- 1.) 75/568073, DUMEX
- 2.) 75/568071, CLEAR FIX
- 3.) 75/568096, COMPRIBAND
- 4.) 75/566797, DERMAFIX
- 5.) 75/568099, NET FIX
- 6.) 78/033072, SKINSEAL

08/14/2001 6TON11 00000064 75568073

01 FC:481  
02 FC:482

40.00 DP  
250.00 DP

**RECORDATION FORM COVER SHEET  
TRADEMARKS ONLY**

B. Trademark Registration No.(s):

- 1.) 2311169, DUCARE
- 2.) 2311170, DUFORM
- 3.) 2295902, DUPAD
- 4.) 2302006, DURLIX
- 5.) 2331476, DUTEX

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

Geoffrey C. Gaughan, Of Counsel  
Palmer & Associates  
962 Washington Street  
Hanover, MA 02339

**6. Total number of applications and registrations involved:** Eleven (11)

**7. Total Fee Enclosed:** \$290.00

**8. 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

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Geoffrey C. Gaughan, Attorney

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Date

Total number of pages including cover sheet, attachments and document: 9

## INTELLECTUAL PROPERTY SECURITY AGREEMENT (CANADA)

THIS AGREEMENT is made as of the 23<sup>rd</sup> day of May, 2001, between **DUMEX MEDICAL SURGICAL PRODUCTS LIMITED** (the "Debtor") and **ROYNAT CAPITAL INC.** (the "Lender").

A. The Debtor is, or may become, indebted or liable to the Lender pursuant to a guarantee dated May 23, 2001 (the "Guarantee") of the debts and liabilities of Dumex Medical Inc. to the Lender, which Guarantee is secured by a general security agreement dated May 23, 2001, issued by the Debtor in favour of the Lender (as such general security agreement may be amended, supplemented or replaced from time to time, the "GSA").

B. To secure the due payment of the principal, interest and all other moneys from time to time payable under the Guarantee (the "Liabilities"), the Debtor has granted to the Lender a security interest in all of its intellectual property, including:

- (a) all trade-marks, trade names, business names, trading styles, service marks, designs, logos and other sources of business identifiers, and the goodwill associated with any of the foregoing;
- (b) all copyrights in all works, including but not limited to all literary, artistic, musical and dramatic works, benefits of waivers of moral rights, sound recording rights, performers' rights and broadcasters' rights;
- (c) all industrial designs;
- (d) all technology, inventions, know-how, trade secrets and other processes;
- (e) all integrated circuit topographies;
- (f) all plant breeders' rights;
- (g) all personality rights; and

with respect to each of the above items:

- (v) all licenses and other agreements providing the Debtor with the right to use any items of the type described;
- (w) all licenses and other agreements granted by the Debtor permitting others the right to use any items of the type described;
- (x) all registrations and applications relating to such items, including all patents and industrial design registrations and foreign equivalents thereto;
- (y) the right to sue third parties (i) for past, present and future infringement or violations of any of the above items, (ii) for breach or enforcement of any agreement relating thereto, or (iii) for any injury to goodwill; and

all proceeds associated with the foregoing ("Intellectual Property").

C. The Debtor has duly authorized the execution, delivery and performance of this Agreement.

NOW, THEREFORE, for good and valuable consideration (the receipt and adequacy of which the parties acknowledge,) the parties agree as follows:

1. **Security.** To secure the due payment and performance of all of the Liabilities of the Debtor, the Debtor hereby grants to the Lender a security interest in all of its right, title and interest in and to the Intellectual Property, including without limitation the trade-marks listed in Schedule A, including all registrations and applications in connection therewith, and all of the goodwill associated with those trade-marks; the inventions, patents and patent applications listed in Schedule B, copyright in the works listed in Schedule C, including all registrations and applications in connection therewith, and the industrial designs and industrial design applications and registrations listed in Schedule D.

2. **Power of Attorney.** The Debtor irrevocably appoints the Lender and any officer or agent of the Lender in accordance with the *Powers of Attorney Act* (Ontario), with full power of substitution from time to time, as the Debtor's true and lawful attorney-in-fact, to do on the Debtor's behalf anything which can lawfully be done by an attorney in connection with the security interest granted herein and, without limitation, to execute and do any assignments, transfers, registrations, agreements, licenses, assurances and things which the Debtor ought to execute and do, and has not executed and done, under the covenants and provisions contained in this Agreement or the Debenture and to use the name of the Debtor in the exercise of all or any of the powers hereby conferred on the Lender, and the Debtor declares this to be a general power of attorney in the widest respect. This power of attorney shall not be revoked or terminated by any act or instrument other than the termination of this Agreement in accordance with Section 3.

3. **Termination of this Agreement.** Upon payment and performance in full of all of the Liabilities, termination of all rights of the Debtor to receive any additional credit from the Lender and fulfilment by the Debtor of all of its obligations to the Lender with respect to the Liabilities, this Agreement shall be and become fully ended and terminated and all right, title and interest in and to the Intellectual Property secured by the Debtor hereunder shall be released, and the Lender shall, upon the written request and at the expense of the Debtor, execute such instruments and other documents and give such notifications or assurances as may be necessary to fully release, cancel and discharge this Agreement.

4. **Rights and Remedies Cumulative.** The rights or remedies given to the Lender hereunder shall be cumulative of and not substituted for any rights or remedies to which Lender may be entitled under the Debenture or any other agreement or security provided to the Lender with respect to the Liabilities or under statute or at law, and may be exercised whether or not the Lender has pursued or are then pursuing any other such rights and remedies.

5. **Severability.** All provisions of this Agreement are severable. Should any part of this Agreement be declared invalid, illegal or unenforceable, such declaration shall not affect the remainder of this Agreement which shall remain in full force and effect.

6. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and shall be treated in all respects as an Ontario contract.

7. **Assignment.** This Agreement shall enure to the benefit of the Lender and its successors and assigns, and shall be binding upon the Debtor and its successors and permitted assigns. The Debtor may not assign any of its rights and obligations under this Agreement without the prior written consent of the Lender.

8. **Time of Essence.** Time shall be of the essence of this Agreement.

9. **Notices.** Subject to the express provisions of this Agreement, all communications provided for or permitted hereunder shall be given in accordance with the Debenture.

10. **Waiver.** A waiver of any provision of this Agreement shall constitute neither a waiver of any other provision nor a continuing waiver, unless expressly provided otherwise.

11. **Amendments.** This Agreement may not be modified or amended except with the written consent of both parties.

Executed at Toronto as of the day and year first written above.

**ROYNAT CAPITAL INC.**

By: [Signature]  
Name: **J.G. (Jim) Webster**  
Title: **Managing Director, Merchant Banking**

By: [Signature]  
Name: **Silvio Marsili**  
Title: **Director, Merchant Banking**  
(We have authority to bind the Corporation)

Address:  
26<sup>th</sup> Floor, Scotia Plaza  
40 King Street West  
Toronto, Ontario  
M5H 1H1

**DUMEX MEDICAL SURGICAL PRODUCTS LIMITED**

By: [Signature] c/s  
Name: Paul Fox  
Title: Authorized Signing Officer  
(I have the authority to bind the Corporation)

Address:  
104 Shorting Road  
Toronto, Ontario  
M1S 3S4

- Schedule A – Trade-marks
- Schedule B – Inventions and Patents
- Schedule C – Copyrights
- Schedule D – Industrial Designs

**Schedule A**

**Trade-Marks**

**A. Corporate Trade-Marks**

**(1) Registered**

Dumex Medical

**Application No.**

75/568073 (U.S.)

**Registration No.**

In Process.

**(2) Unregistered**

Dumex Medical Logo  
Dumex  
Dumex Logo  
Wound Care Direct  
iHealth Direct

**Application No.**

**Registration No.**

**B. Product Trade-Marks**

**Application No.**

**Registration No.**

All products of the company have names which are product trade-marks. Some of these have been or are being registered as a trade-mark in the United States including the following:

**(1) Being Registered**

Clearfix  
Comtriband  
Dermafix  
Net Fix  
Skinseal

**Application No.**

75/568071  
75/568096  
75/566797  
75/568099  
78/033072

**Registration No.**

In Process.  
In Process.  
In Process.  
In Process.  
In Process.

**(2) Registered**

DuCare  
DuForm  
DuPad  
Durlix  
Dutex

**Application No.**

75/568070  
75/568098  
75/568075  
75/568067  
75/566799

**Registration No.**

2,311,169  
2,311,170  
2,295,902  
2,302,006  
2,331,476

## **Schedule B**

### **Patents**

<b><u>Invention</u></b>	<b><u>Application No.</u></b>	<b><u>Patent No.</u></b>
1. Insert on neck of gauze bottles.	09/704546 (U.S.)	Pending
2. Dietary supplements for improvement in wound healing process.	09/396073 (U.S.)	Pending

## **Schedule C**

### **Works**

1. Copyright – All written material produced by the Debtor is subject to copyright. In limited circumstances (e.g. product catalogues, monograph sterile v. non-sterile) such material has been registered for copyright protection with the U.S. Library of Congress.
2. Products of the Debtor are subject to regulatory approval from the FDA.
3. In connection with the narcotics business of the Debtor, it possesses applicable DIN numbers.

## **Schedule D**

### **Industrial Designs**

See attached Appendix A – 1.

Sched. A.-Intellectual Prop. Agmt.-Dumex Docs.-May 22.01

Dumex Medical

## Industrial / Intellectual Property

### Industrial Property

#### 1. Industrial Design

- **Packaging Dies for Sterile Packaging Equipment**  
Eleven dies for Blister pack machines and seven dies for Surgimach packaging machine ranging from 1.50"x 2" up to 4.50"x 10" in various depths.
- **Pattern Chain (4)** for Comez knitting machines as distinct pattern knitting as per market leader (patent expired)
- **Artwork** (printing plates) for Dumex product
- **Drawings**
  - (a) Surgimach packaging machine
  - (b) Blister pack machine
  - (c) Medkeff NYE packaging machine
  - (d) Hydrogel impregnation device
  - (e) Iodoform Impregnation / Filling device
  - (f) Retort (Autoclave ) Sterilizer
  - (g) Rympler machine
  - (h) Drawings / Blue-print of various packaging dies

#### 2. Trade Secrets / Know-How

- **Government Field Dressing Manufacturing** including detail drawings, specifications, and procurements.
- **Crimping Proprietary Technology** (Rympler M/C)
- **Steam Sterilization** (fully validated sterilization cycle)
- **Stretch Technology** utilizing wet / dry heat to achieve desired stretch factor for our conforming bandages
- **Hydrogel Formulation**
- **Iodoform Formulation**

#### 3. Registrations

- **FDA** (Manufacturing establishment)
- **Health Canada** (Medical Device Establishment)
- **Health Canada** (various distribution licenses)
- **OMEE** (Environmental / Waste Disposal Registration)
- **RMPS** (over 200 Raw Material Product Specifications for procurement purposes)
- **Process SOP's** (standard operating procedures)
- **GMP Compliance manual**

TRADEMARK