

06-20-2002

Form PTO-1594

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J.S. DEPARTMENT OF COMMERCE
U.S. Patent and Trademark Office

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

1. Name of conveying party(ies):

Palatin Technologies, Inc. - Delaware Corp.

6-11-02

- Individual(s)
- General Partnership
- Corporation-State
- Other _____
- Association
- Limited Partnership

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

3. Nature of conveyance:

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

Execution Date: 5/13/2002

2. Name and address of receiving party(ies)

Name: Mallinckrodt Inc.

Internal Address: P.O. Box 5840

Street Address: 675 McDonnell Blvd.

City: St. Louis State: MO Zip: 63134

- Individual(s) citizenship _____
- Association _____
- General Partnership _____
- Limited Partnership _____
- Corporation-State Delaware
- 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

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

A. Trademark Application No.(s) _____

B. Trademark Registration No.(s) 2,260,726

Additional number(s) attached Yes No

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

Name: Jeffrey S. Boone

Internal Address: Mallinckrodt Inc.

Street Address: 675 McDonnell Boulevard,

P.O. Box 5840

City: St. Louis State: MO Zip: 63134

6. Total number of applications and registrations involved: 1

7. Total fee (37 CFR 3.41).....\$ 40.00

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number:

13-1160

DO NOT USE THIS SPACE

9. Signature.

Jeffrey S. Boone

Name of Person Signing

Signature

28-May-2002

Date

Total number of pages including cover sheet, attachments, and document: 8

Main documents to be recorded with required cover sheet information to:
Commissioner of Patent & Trademarks, Box Assignments
Washington, D.C. 20231

06/19/2002 6TOM11 00000179 131160 2260726

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REEL: 002528 FRAME: 0655

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "Agreement") dated as of May 13, 2002, is entered into by and between PALATIN TECHNOLOGIES, INC., a Delaware corporation ("Palatin"), including its wholly-owned subsidiary, RHOMED INCORPORATED, a New Mexico corporation (Palatin and RhoMed Incorporated are hereinafter collectively referred to as the "Company"), and MALLINCKRODT INC., a Delaware corporation (the "Secured Party").

PRELIMINARY STATEMENTS

Palatin and the Secured Party are parties to a Strategic Collaboration Agreement, dated as of August 17, 1999, which is being amended by an Amendment, dated of even date herewith (the "Amendment"). The Amendment provides that the performance by Palatin of its obligations thereunder shall be secured by the security interest contemplated by this Agreement. Capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings set forth in the Amendment.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

STATEMENT OF AGREEMENT

1. Grant of Security.

1.1 In order to secure the complete and timely satisfaction by Palatin of its obligation to receive final United States Food and Drug Administration approval of a Biologics License Application for any LeuTech Product useful for the imaging of appendicitis prior to December 31, 2004 (the "Obligations"), the Company hereby grants to the Secured Party a security interest in and to all of the Company's right, title and interest in and to all of the patents and trademarks, including the goodwill of the business of the Company associated with the trademark of LeuTech for equivocal appendicitis, currently held, and as may be acquired during the term hereof, by the Company necessary for the use of LeuTech for equivocal appendicitis, all as identified on Schedule A attached hereto (collectively, the "Intellectual Property").

1.2 The amount of the Obligations secured by the security interest granted by this Agreement shall not exceed \$3.2 million, plus the amount identified in Section 6 herein, and in the event the Company is unable to satisfy the Obligations, the Secured Party shall enforce its rights under this Agreement pursuant to and subject to Section 5.

2. Representations and Warranties. The Company represents and warrants to the Secured Party as follows:

2.1 Schedule A sets forth a complete and correct list of all Intellectual Property owned by the Company on the date hereof. Except as set forth on Schedule A, the Company has the right to use all Intellectual Property which is necessary for the development of LeuTech for equivocal appendicitis. Except as set forth on Schedule A,

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there is no pending or, to the Company's knowledge, threatened claim or litigation against or affecting the Company contesting the validity of any of the Intellectual Property.

2.2 This Agreement creates a valid lien in the Intellectual Property, securing the timely satisfaction of the Obligations, and all other actions as are reasonably necessary or desirable to perfect and protect such security interest have been duly taken or will be taken in the requisite period of time.

2.3 Except for financing statements and such filings with the U.S. Department of Commerce Patent and Trademark Office required to be filed in favor of the Secured Party pursuant to this Agreement, no authorization, approval or other action by, and no notice to or filing with, any governmental or regulatory agency or authority is required (i) for the grant by the Company of the security interest granted hereby or (ii) for the execution, delivery or performance of this Agreement by the Company.

2.4 Except as set forth on Schedule A, the Company is the sole and exclusive owner of the entire unencumbered right, title and interest in and to the Intellectual Property, free and clear of any liens, charges and encumbrances, including without limitation pledges, assignments, licenses and covenants by the Company not to sue third parties.

2.5 All corporate action on the part of the Company necessary for the authorization, execution and delivery of this Agreement has been taken.

3. Further Assurances.

3.1 To the extent reasonably requested by the Secured Party, the Company agrees that from time to time, at the expense of the Company, the Company will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, in order to perfect and protect any security interest granted or purported to be granted hereby or to enable the Secured Party to exercise and enforce its rights and remedies hereunder with respect to any Intellectual Property. Without limiting the generality of the foregoing, the Company will execute and file such financing or continuation statements, or amendments thereto, and such other instruments or notices, as may be reasonably necessary or desirable, or as the Secured Party may reasonably request, in order to perfect and preserve the security interest granted or purported to be granted hereby.

3.2 The Company hereby authorizes the Secured Party to file one or more financing or continuation statements, and amendments thereto, relative to the Intellectual Property without the signature of the Company where permitted by law. A carbon, photographic or other reproduction of this Agreement or any financing statement covering the Intellectual Property or any part thereof shall be sufficient as a financing statement where permitted by law.

3.3 The Company will defend the Intellectual Property against all claims and demands of all persons (other than the Secured Party) claiming an interest therein. The Company will pay promptly when due all property and other taxes, assessments and governmental charges or levies imposed upon, and all claims (including claims for labor, materials and supplies) against, the Intellectual Property, except to the extent where there is a good faith contest to the validity thereof. In connection with any such good faith contest the Company will, at the request of the Secured Party, promptly provide a bond, cash deposit or other security, in an amount not to exceed \$3.2 million, reasonably satisfactory to protect the security interest of the Secured Party should such good faith contest be unsuccessful.

3.4 The Company shall take all reasonable steps to maintain and enforce the Intellectual Property, including but not limited to (i) payment of all fees and (ii) take all actions as are necessary, including prosecuting infringers, to prevent a material diminution in the value of the Intellectual Property.

3.5 The Company shall not sell, assign (by operation of law or otherwise) or otherwise dispose of any of the Intellectual Property without the prior written consent of the Secured Party, except in the ordinary course of business.

4. The Secured Party's Duties. The powers conferred on the Secured Party hereunder are solely to protect its interest in the Intellectual Property and shall not impose any duty upon it to exercise any such powers. The Secured Party shall not have any duty as to any Intellectual Property or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Intellectual Property.

5. Default and Remedies. If the Company fails to timely satisfy the Obligation, and the Company has elected not to pay the Milestone Amount, as such term is defined in the Amendment, to the Secured Party pursuant to Section 8(c) of the Amendment, the Secured Party may foreclose upon the security interest granted herein, and the Secured Party shall have those rights and remedies allowed by law and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in any applicable jurisdiction up to an amount not to exceed the amount specified in Section 1.2 of this Agreement.

6. Expenses. Other than with respect to the initial filing or recording fees incurred upon execution of this Agreement, which expenses shall be borne by the Company, each of the parties hereto shall bear their own fees and expenses incurred in connection with this Agreement; provided, however, the Company hereby agrees to pay the expenses, in an amount not to exceed \$[25,000], of the Secured Party which may be incurred in connection with the foreclosure of the security interests pursuant to this Agreement.

7. Amendments. No amendment or waiver of any provision of this Agreement nor consent to any departure by the Company herefrom shall in any event be effective unless the same shall be in writing and signed by the Secured Party, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

8. Continuing Security Interest; Termination. This Agreement shall create a continuing security interest in the Intellectual Property and shall (i) remain in full force and effect until satisfaction by the Company of the Obligations, (ii) be binding upon the Company, its successors and assigns, and (iii) inure to the benefit of the Secured Party and its successors, transferees and assigns. The security interest granted hereby shall terminate and all rights to the Intellectual Property shall revert to the Company (i) upon satisfaction of the Obligations by the Company or (ii) upon failure of the Secured Party to provide Additional Funding, as applicable, upon completion by the Company of each of the Milestones . Upon any such termination, the Secured Party will, at the Company's expense, execute and deliver to the Company such termination agreement and Uniform Commercial Code termination statements and such other documentation as the Company shall reasonably request to effect the termination and release of the security interest on the Intellectual Property.

9. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York (without regard to the conflicts of laws provisions thereof).

10. Miscellaneous. This Agreement is in addition to and not in limitation of any other rights and remedies the Secured Party may have by virtue of any other instrument or agreement heretofore, contemporaneously herewith or hereafter executed by the Company or by law or otherwise. If any provision of this Agreement is contrary to applicable law, such provision shall be deemed ineffective without invalidating the remaining provisions hereof. If and to the extent that applicable law confers any rights in addition to any of the provisions of this Agreement, the affected provision shall be considered amended to conform thereto. The Secured Party shall not by any act, delay, omission or otherwise be deemed to have waived any of its rights or remedies hereunder. A waiver by the Secured Party of any right or remedy hereunder on any one occasion, shall not be construed as a bar to or waiver of any such right or remedy which the Secured Party would have had on any future occasion nor shall the Secured Party be liable for exercising or failing to exercise any such right or remedy. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and the parties hereto may execute this Agreement by signing any such counterpart. Facsimile execution and delivery of this Agreement shall be legal, valid and binding execution and delivery for all purposes.

* * * * *

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the date first above written.

PALATIN TECHNOLOGIES, INC.

By: Stephen T. Wills
CFO

RHOMED INCORPORATED

By: Stephen T. Wills
CFO

MALLINCKRODT INC.

By: [Signature]
Title: PRESIDENT

CERTIFICATE OF ACKNOWLEDGEMENT

STATE OF New Jersey)
COUNTY OF Merced) SS

LARAINÉ CUOGHI
A Notary Public of New Jersey
My Commission Expires 12/02

Before me, the undersigned/a Notary Public in and for the County and State aforesaid, on this 23 day of May, 2002, personally appeared Stephen T. Wills, CPA, MST to me known personally, and who, being by me duly sworn, deposes and says that he is the Chief Financial Officer and of PALATIN TECHNOLOGIES, INC., a Delaware corporation and that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and said individual acknowledged said instrument to be the free act and deed of said corporation.

[Signature]

Laraine Cuoghi
Notary Public

(SEAL)

My commission expires:

LARAINÉ CUOGHI
A Notary Public of New Jersey
My Commission Expires 12/02

STATE OF New Jersey)
COUNTY OF MERCER) SS

Before me, the undersigned, a Notary Public in and for the County and State aforesaid, on this 23rd day of May, 2002, personally appeared Stephen T. Wills, to me known personally, and who, being by me duly sworn, deposes and says that he is the Chief Financial Officer of RHOMED INCORPORATED, a New Mexico corporation and that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and said individual acknowledged said instrument to be the free act and deed of said corporation.

Laraine Cuoghi
Notary Public

(SEAL)

My commission expires:

LARAINÉ CUOGHI
A Notary Public of New Jersey
My Commission Expires 12/02

SCHEDULE A

Patents:

U.S. Patent 6,261,536, issued July 17, 2001, *Post-Labeling Stabilization of Radiolabeled Proteins and Peptides* (Assignee of record RhoMed Incorporated)

U.S. Patent 6,066,309, issued May 23, 2000, *Post-Labeling Stabilization of Radiolabeled Proteins and Peptides* (Assignee of record RhoMed Incorporated)

U.S. Patent No. 5,346,687, issued September 13, 1994, *Direct Radiolabeling of Antibody against Stage Specific Embryonic Antigen for Diagnostic Imaging* (Assignee of record RhoMed Incorporated)

U.S. Patent No. RE35,500, issued May 6, 1997, *Direct Radiolabeling of Antibodies and Other Proteins with Technetium or Rhenium* (Assignee of record RhoMed Incorporated)

U.S. Patent No. RE35,457, issued February 18, 1997, *Radiolabeling Antibodies and Other Proteins with Technetium or Rhenium by Regulated Reduction* (Assignee of record RhoMed Incorporated)

Trademarks:

Registered Trademarks:

LEUTECH, Registration No. 2,260,726 (Owner Palatin Technologies, Inc.)

The Patents and Trademarks identified on this Schedule A shall include all reissues, divisions, continuations, renewals and extensions of such Patents and Trademarks identified above.

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