

12-31-2002

FORM PTO-1594

RECC

U.S. DEPARTMENT OF COMMERCE

(Rev. 03/01)

Patent and Trademark Office

OMB No. 0651-0027 (exp. 05/31/2002)



102325125

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

1. Name of conveying party(ies):
Orqis Medical Corporation

12-23-02

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

2. Name and address of receiving party(ies):
Name: **Silicon Valley Bank**
Internal Address: HA155

Street Address: 3003 Tasman Drive

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

City: Santa Clara State: CA ZIP: 95054

3. Nature of conveyance:

Assignment Merger
 Security Agreement Change of Name
 Other _____

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

Execution Date: 11/18/2002

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No
Additional name(s) & address(es) attached? Yes No

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

A. Trademark Application No.(s)
76/128,217 76/128,212 76/128,216
76/128,124 76/159,886 76/159,992
76/159,991 76/138,314 76/159,988
76/159,990 76/159,993 76/164,815

B. Trademark No.(s)

Additional numbers attached? Yes No

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

Name: **Silicon Valley Bank**

Internal Address: Loan Documentation HA155

Street Address: 3003 Tasman Dr.

City: Santa Clara State: Ca ZIP: 95054

6. Total number of applications and registrations involved: 12

7. Total fee (37 CFR 3.41): \$315.00
 Enclosed
 Authorized to be charged to deposit account

8. Deposit account number: (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.

12/30/2002 DBYRNE 00000193 76128217

01 FD:8521
02 FD:8582

40.00 DR
275.00 DR

isha Sedillo
Name of Person Signing

isha Sedillo
Signature

12/12/02
Date

Total number of pages including cover sheet, attachments, and document: 13

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

TRADEMARK
REEL: 002640 FRAME: 0616

INTELLECTUAL PROPERTY SECURITY AGREEMENT

This Intellectual Property Security Agreement (this "IP Agreement") is made as of November 18, 2002 by and between Orqis Medical Corporation ("Borrower"), and Silicon Valley Bank, a California banking corporation ("Bank").

RECITALS

A. Bank has made a loan or loans to Borrower as described in the Loan and Security Agreement dated June 22, 1999 (the "Loan Agreement"). Borrower has requested that Bank *extend a* Term Loan and Bank has agreed, provided that Borrower grants Bank a security interest in Patents, Trademarks, Copyrights and Mask Works. Defined terms used but not defined herein shall have the same meanings as in the Loan Agreement.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged and intending to be legally bound, as collateral security for the prompt and complete payment when due of Borrower's Indebtedness under the Loan Agreement, Borrower hereby represents, warrants, covenants and agrees as follows:

1. Grant of Security Interest. As collateral security for the prompt and complete payment and performance of all of Borrower's present or future Indebtedness, obligations and liabilities to Bank, Borrower hereby grants a security interest in all of Borrower's right, title and interest in, to and under its Intellectual Property Collateral (all of which shall collectively be called the "Intellectual Property Collateral"), including, without limitation, the following:

(a) Any and all copyright rights, copyright applications, copyright registrations and like protections in each work or authorship and derivative work thereof, whether published or unpublished and whether or not the same also constitutes a trade secret, now or hereafter existing, created, acquired or held, including without limitation those set forth on Exhibit A attached hereto (collectively, the "Copyrights");

(b) Any and all trade secrets, and any and all intellectual property rights in computer software and computer software products now or hereafter existing, created, acquired or held;

(c) Any and all design rights which may be available to Borrower now or hereafter existing, created, acquired or held;

(d) All patents, patent applications and like protections including, without limitation, improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same, including without limitation the patents and patent applications set forth on Exhibit B attached hereto (collectively, the "Patents");

(e) Any trademark and servicemark rights, whether registered or not, applications to register and registrations of the same and like protections, and the entire goodwill of the business of Borrower connected with and symbolized by such trademarks, including without limitation those set forth on Exhibit C attached hereto (collectively, the "Trademarks");

(f) All mask works or similar rights available for the protection of semiconductor chips, now owned or hereafter acquired, including, without limitation those set forth on Exhibit D attached hereto (collectively, the "Mask Works");

(g) Any and all claims for damages by way of past, present and future infringements of any of the rights included above, with the right, but not the obligation, to sue for and collect such damages for said use or infringement of the intellectual property rights identified above; (h) All licenses or other rights to use any of the Copyrights, Patents, Trademarks, or Mask Works and all license fees and royalties arising from such use to the extent permitted by such license or rights; and (i) All amendments, extensions, renewals and extensions of any of the Copyrights, Trademarks, Patents, or Mask Works; and (j) All proceeds and products of the foregoing, including without limitation all payments under insurance or any indemnity or warranty payable in respect of any of the foregoing.

2. Authorization and Request. Borrower authorizes and requests that the Register of Copyrights and the Commissioner of Patents and Trademarks record this IP Agreement.

3. Covenants and Warranties. Borrower represents, warrants, covenants and agrees as follows:

(a) Borrower is now the sole owner of the Intellectual Property Collateral, except for non-exclusive licenses granted by Borrower to its customers in the ordinary course of business.

(b) Performance of this IP Agreement does not conflict with or result in a breach of any Agreement to which Borrower is bound, except to the extent that certain agreements prohibit the assignment of the rights thereunder to a third party without the licensor's or other party's consent and this IP Agreement constitutes a security interest.

(c) During the term of this IP Agreement, Borrower will not transfer or otherwise encumber any interest in the Intellectual Property Collateral, except for non-exclusive licenses granted by Borrower in the ordinary course of business or as set forth in this IP Agreement;

(d) To its knowledge, each of the Patents is valid and enforceable, and no part of the Intellectual Property Collateral has been judged invalid or unenforceable, in whole or in part, and no claim has been made that any part of the Intellectual Property Collateral violates the rights of any third party;

(e) Borrower shall promptly advise Bank of any material adverse change in the composition of the Collateral, including but not limited to any subsequent ownership right of the Borrower in or to any Trademark, Patent, Copyright, or Mask Work specified in this IP Agreement;

(f) Borrower shall (i) protect, defend and maintain the validity and enforceability of the Trademarks, Patents, Copyrights, and Mask Works, (ii) use its best efforts to detect infringements of the Trademarks, Patents, Copyrights, and Mask Works and promptly advise Bank in writing of material infringements detected and (iii) not allow any Trademarks, Patents, Copyrights, or Mask Works to be abandoned, forfeited or dedicated to the public without the written consent of Bank, which shall not be unreasonably withheld, unless Borrower determines that reasonable business practices suggest that abandonment is appropriate.

(g) Borrower shall promptly register the most recent version of any of Borrower's Copyrights, if not so already registered, and shall, from time to time, execute and file such other instruments, and take such further actions as Bank may reasonably request from time to time to perfect or continue the perfection of Bank's interest in the Intellectual Property Collateral;

(h) This IP Agreement creates, and in the case of after acquired Intellectual Property Collateral, this IP Agreement will create at the time Borrower first has rights in such after acquired Intellectual Property Collateral, in favor of Bank a valid and perfected first priority security interest in the Intellectual Property Collateral in the United States securing the payment and performance of the obligations evidenced by the Loan Agreement upon making the filings referred to in clause (2) above;

(i) To its knowledge no authorization, approval or other action by, and no notice to or filing with, any U.S. governmental authority or U.S. regulatory body is required either (i) for the grant by Borrower of the security interest granted hereby or for the execution, delivery or performance of this IP Agreement by Borrower in the U.S. or (ii) for the perfection in the United States or the exercise by Bank of its rights and remedies thereunder;

(j) All information heretofore, herein or hereafter supplied to Bank by or on behalf of Borrower with respect to the Intellectual Property Collateral is accurate and complete in all material respects.

(k) Borrower shall not enter into any agreement that would materially impair or conflict with Borrower's obligations hereunder without Bank's prior written consent, which consent shall not be unreasonably withheld.

(l) Upon any executive officer of Borrower obtaining actual knowledge thereof, Borrower will promptly notify Bank in writing of any event that materially adversely affects the value of any material Intellectual Property Collateral, the ability of Borrower to dispose of any material Intellectual Property Collateral or the rights and remedies of Bank in relation thereto, including the levy of any legal process against any of the Intellectual Property Collateral.

4. Events of Default. The occurrence of any of the following shall constitute an Event of Default under this IP Agreement:

(a) An Event of Default occurs under the Loan Agreement; or

(b) Borrower breaches any warranty or agreement made by Borrower in this IP Agreement.

5. Remedies. Upon the occurrence and continuance of an Event of Default, Bank shall have the right to exercise all the remedies of a secured party under the California Uniform Commercial Code, including without limitation the right to require Borrower to assemble the Intellectual Property Collateral and any tangible property in which Bank has a security interest and to make it available to Bank at a place designated by Bank. Bank shall have a non-exclusive, royalty free license to use the Copyrights, Patents, Trademarks, and Mask Works to the extent reasonably necessary to permit Bank to exercise its rights and remedies upon the occurrence of an Event of Default. Borrower will pay any expenses (including reasonable attorney's fees) incurred by Bank in connection with the exercise of any of Bank's rights hereunder, including without limitation any expense incurred in disposing of the Intellectual Property Collateral. All of Bank's rights and remedies with respect to the Intellectual Property Collateral shall be cumulative. In addition to the foregoing, Bank shall have all rights and remedies under this IP agreement that it has under the Loan Agreement, including, without limitation, rights as attorney in fact to establish or continue Bank's security interest in the IP Collateral or the Collateral.

6. Attorneys' Fees. If any action relating to this IP Agreement is brought by either party hereto against the other party, the prevailing party shall be entitled to recover reasonable attorneys' fees, costs and disbursements.

7. Amendments. This IP Agreement may be amended only by a written instrument signed by both parties hereto.

8. Counterparts. This IP Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute the same instrument.

9. Law and Jurisdiction. This IP Agreement shall be governed by and construed in accordance with the laws of the State of California, without regard for choice of law provisions. Borrower and Bank consent to the nonexclusive jurisdiction of any state or federal court located in Orange County, California.

IN WITNESS WHEREOF, the parties hereto have executed this IP Agreement as of the Effective Date.

Address of Borrower:

14 Orchard Road, Suite 100
Lake Forest, CA 92630

BORROWER:

ORQIS MEDICAL CORPORATION

By: *[Signature]*

Name: KEN CHANAYOT

Title: PRESIDENT

EXHIBIT "A"

COPYRIGHTS

SCHEDULE A - ISSUED COPYRIGHTS

<u>COPYRIGHT DESCRIPTION</u>	<u>REGISTRATION NUMBER</u>	<u>DATE OF ISSUANCE</u>
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SCHEDULE B - PENDING COPYRIGHT APPLICATIONS

<u>COPYRIGHT DESCRIPTION</u>	<u>APPLICATION NUMBER</u>	<u>DATE OF FILING</u>	<u>CREATION</u>	<u>FIRST DATE OF PUBLIC DISTRIBUTION</u>
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SCHEDULE C - UNREGISTERED COPYRIGHTS (Where No Copyright Application is Pending)

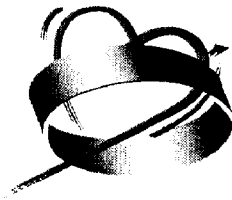
<u>COPYRIGHT DESCRIPTION</u>	<u>DATE OF CREATION</u>	<u>FIRST DATE OF DISTRIBUTION</u>	<u>ORIGINAL AUTHOR OR OWNER OF COPYRIGHT (IF DIFFERENT FROM BORROWER</u>	<u>DATE AND RECORDATION NUMBER OF IP AGREEMENT TO OWNER OF BORROWER (IF ORIGINAL AUTHOR OR OWNER OF COPYRIGHT IS DIFFERENT FROM BORROWER</u>
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EXHIBIT "B"

PATENTS

PATENT
DESCRIPTION DOCKET NO. COUNTRY SERIAL NO. FILING DATE STATUS

See attached List (1 page)



ORQIS MEDICAL CORPORATION

DOMESTIC AND FOREIGN PATENTS

Updated November 13, 2002

DOMESTIC PATENTS

Patent Number	Title	Inventors	Date Issued
6,200,260 B1	Implantable Heart Assist System	Steven F. Bolling	13 March 2001
6,299,575 B1	Implantable Heart Assist System	Steven F. Bolling	9 October 2001
6,387,037 B1	Implantable Heart Assist System and Method of Applying Same	Steven F. Bolling Morteza Gharib Gabriel Aldea Mary Lynn Gaddis Anthony J. Viole	14 May 2002
6,390,969 B1	Implantable Heart Assist System and Method of Applying Same	Steven F. Bolling Morteza Gharib Gabriel Aldea Mary Lynn Gaddis Anthony J. Viole	21 May 2002
6,428,464	Implantable Heart Assist System	Steven F. Bolling	6 August 2002

FOREIGN PATENTS

Country	Patent Number	Title	Inventors	Date Issued
Australia	No. 728804	Implantable Heart Assist System	Steven F. Bolling	22 April 1999

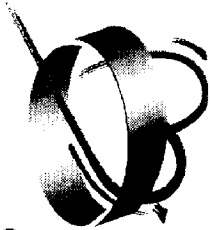
Exhibit "C" attached to that certain Intellectual Property Security Agreement dated as of November 18, 2002.

EXHIBIT "C"

TRADEMARKS

<u>TRADEMARK</u> <u>DESCRIPTION</u>	<u>COUNTRY</u>	<u>SERIAL NO.</u>	<u>REG. NO</u>	<u>STATUS</u>
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See attached list (3 pages)



ORQIS MEDICAL CORPORATION


DOMESTIC AND FOREIGN TRADEMARK STATUS REPORT

Updated November 13, 2002

DOMESTIC TRADEMARKS

Mark	Class(es)/ Goods/Services	Application Number/Date	Registration Number/Date	Renewal Date	Status
ORQIS MEDICAL	10-Cardiovascular apparatus for medical use, namely, pumps, cannulae, prosthetic vascular grafts and graft material, medial kits comprised of pumps, cannulae, controllers and power sources, namely, batteries, transcutaneous energy transmitter and flow sensors	76/128,217 9/14/00			<p><u>AWAITING REGISTRATION</u></p> <ul style="list-style-type: none"> Statement of Use filed 10/16/02
ORQISTRON	10-Cardiovascular apparatus for medical use, namely, pumps, cannulae, prosthetic vascular grafts and graft material, medial kits comprised of pumps, cannulae, controllers and power sources, namely, batteries, transcutaneous energy transmitter and flow sensors	76/128,212 9/14/00			<p><u>ABANDONED</u></p> <ul style="list-style-type: none"> Per client's instructions
ORQISTRIX	10-Cardiovascular apparatus for medical use, namely, pumps, cannulae, prosthetic vascular grafts and graft material, medial kits comprised of pumps, cannulae, controllers and power sources, namely, batteries, transcutaneous energy transmitter and flow sensors	76/128,216 9/14/00			<p><u>ABANDONED</u></p> <ul style="list-style-type: none"> Per client's instructions

Mark	Class(es)/ Goods/Services	Application Number/Date	Registration Number/Date	Renewal Date	Status
ORQIS	10-Cardiovascular apparatus for medical use, namely, pumps, cannulae, prosthetic vascular grafts and graft material, medial kits comprised of pumps, cannulae, controllers and power sources, namely, batteries, transcutaneous energy transmitter and flow sensors	76/128,214 9/14/00			AWAITING REGISTRATION ▪ Statement of Use filed 10/16/02
ORQIS MEDICAL	35-Online retail services featuring medical products	76/138,314 9/29/00			ALLOWED ▪ Statement of Use due 1/15/03
VIBRANTE	10-Cardiovascular apparatus for medical use, namely, pumps, cannulae, prosthetic vascular grafts and graft material, medial kits comprised of pumps, cannulae, controllers and power sources, namely, batteries, transcutaneous energy transmitter and flow sensors	76/159,988 11/6/00			ABANDONED ▪ Express Abandonment filed 3/25/02
CANCION	10-Cardiovascular apparatus for medical use, namely, pumps, cannulae, prosthetic vascular grafts and graft material, medial kits comprised of pumps, cannulae, controllers and power sources, namely, batteries, transcutaneous energy transmitter and flow sensors	76/159,990 11/6/00			ALLOWED ▪ Statement of Use due 1/29/03
EXELERAS	10-Cardiovascular apparatus for medical use, namely, pumps, cannulae, prosthetic vascular grafts and graft material, medial kits comprised of pumps, cannulae, controllers and power sources, namely, batteries, transcutaneous energy transmitter and flow sensors	76/159,993 11/6/00			ALLOWED ▪ Statement of Use due 2/27/03

Mark	Class(es)/ Goods/Services	Application Number/Date	Registration Number/Date	Renewal Date	Status
TEMPRIAS	10-Cardiovascular apparatus for medical use, namely, pumps, cannulae, prosthetic vascular grafts and graft material, medial kits comprised of pumps, cannulae, controllers and power sources, namely, batteries, transcutaneous energy transmitter and flow sensors	76/159,886 11/6/00			<p style="text-align: center;"><u>ALLOWED</u></p> <ul style="list-style-type: none"> ▪ Statement of Use due 1/29/03
MYESTRON	10-Cardiovascular apparatus for medical use, namely, pumps, cannulae, prosthetic vascular grafts and graft material, medial kits comprised of pumps, cannulae, controllers and power sources, namely, batteries, transcutaneous energy transmitter and flow sensors	76/159,992 11/6/00			<p style="text-align: center;"><u>ABANDONED</u></p> <ul style="list-style-type: none"> ▪ Per client's instructions
CAMPPELLA	10-Cardiovascular apparatus for medical use, namely, pumps, cannulae, prosthetic vascular grafts and graft material, medial kits comprised of pumps, cannulae, controllers and power sources, namely, batteries, transcutaneous energy transmitter and flow sensors	76/159,991 11/6/00			<p style="text-align: center;"><u>ALLOWED</u></p> <ul style="list-style-type: none"> ▪ Statement of Use due 1/29/03
	10-Cardiovascular apparatus for medical use, namely, pumps, cannulae, prosthetic vascular grafts and graft material, medial kits comprised of pumps, cannulae, controllers and power sources, namely, batteries, transcutaneous energy transmitter and flow sensors; 35-Online retail services featuring medical products	76/164,815 11/14/00			<p style="text-align: center;"><u>ALLOWED</u></p> <ul style="list-style-type: none"> ▪ Statement of Use due 3/24/03

<u>STATUS</u>	<u>REG. NO.</u>	<u>SERIAL NO.</u>	<u>COUNTRY</u>	<u>DESCRIPTION</u>
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MASK WORKS
EXHIBIT "D"

Exhibit "D" attached to that certain Intellectual Property Security Agreement dated as of November 18, 2002.