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08-16-2005

DEPARTMENT OF COMMERCE  
Patent and Trademark Office

Form PTO-1594 (Rev. 06/04)  
OMB Collection 0651-0027 (exp. 6/30/2005)



RECOF  
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102981855

At the new address(es) below.

To the Director of the U. S. Patent and Trademark Office.

1. Name of conveying party(ies)/Execution Date(s):

Smart Drug Systems, Inc.  
181 South Broad Street  
Pawcatuck, CT 06379

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

Citizenship (see guidelines)

Execution Date(s) JAN 18 2005

Additional names of conveying parties attached?  Yes  No

3. Nature of conveyance:

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

4. Application number(s) or registration number(s) and identification or description of the Trademark.

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

2,856,234; 2,737,634; 2,586,579

Additional sheet(s) attached?  Yes  No

C. Identification or Description of Trademark(s) (and Filing Date if Application or Registration Number is unknown):

Smart Guard; Smarter Medicine Through Innovation; Extend - A - Cool

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

Name: Alexander N. Gordon, Esq.

Internal Address: Heller Ehrman

Street Address: 120 West 45th St.

City: New York

State: NY Zip: 10036

Phone Number: 212 847 8750

Fax Number: 212 763 7600

Email Address: agordon@hewm.com

6. Total number of applications and registrations involved:

3

7. Total fee (37 CFR 2.6(b)(6) & 3.41) \$ 90.00

- Authorized to be charged by credit card
- Authorized to be charged to deposit account
- Enclosed

8. Payment information:

a. Credit Card . Last 4 Numbers \_\_\_\_\_  
Expiration Date \_\_\_\_\_

b. Deposit Account Number \_\_\_\_\_  
Authorized User Name \_\_\_\_\_

9. Signature:

SERGE MARTINON  
Signature

January 14, 2005  
Date

SEERGE MARTINON  
Name of Person Signing

Total number of pages including cover sheet, attachments, and document: 11

Documents to be recorded (including cover sheet) should be faxed to (703) 386-5995, or mailed to:  
Mail Stop Assignment Recordation Services, Director of the USPTO, P.O. Box 1450, Alexandria, VA 22313-1450

01/26/2005 610H11- 00000076 2956234

01 FC:8521 40.00 OP  
02 FC:8522 50.00 OP

**APPENDIX 2**

**LIST OF SECURED PARTIES**

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North American Nutrition & Agribusiness Fund, L.P.  
(a California limited partnership)  
c/o Bay City Capital LLC  
750 Battery Street, Suite 600  
San Francisco, CA 94111

GBS Venture Partners Limited, as trustee for GBS BioVentures II  
(an Australian corporation)  
c/o GBS Ventures Partners  
Level 5, 71 Collins Street  
Melbourne, VIC 3000  
Australia

Gresham Rabo Management Limited, as trustee for the Food &  
Agribusiness Investment Fund  
(an Australian corporation)  
Level 6, 175 Macquarie St.  
Sydney, 2000  
N.S.W. Australia

Taraval Associates Seed Capital Fund, L.P.  
(a California limited partnership)  
845 Oak Grove Avenue  
Menlo Park, CA 94021

HEWM/VLG Investments  
c/o Mark Royer  
Heller Ehrman White & McAuliffe LLP  
275 Middlefield Road  
Menlo Park, CA 94025

Stephen M. Davis  
(an individual)  
c/o Heller Ehrman White & McAuliffe LLP  
120 West 45th Street  
New York, NY 10036

## INTELLECTUAL PROPERTY SECURITY AGREEMENT

THIS INTELLECTUAL PROPERTY SECURITY AGREEMENT is entered into as of January 18, 2005 by and among SMART DRUG SYSTEMS, INC., a Delaware corporation ("*Grantor*") and the secured parties listed on the signature page hereto (each a "*Secured Party*" and, collectively, the "*Secured Parties*").

### RECITALS

A. Each Secured Party has made and has agreed to make certain advances of money and to extend certain financial accommodation to Grantor (collectively, the "*Loans*") as evidenced by those certain Secured Convertible Promissory Notes dated of even date herewith and executed by Grantor in favor of each Secured Party (each, a "*Note*" and, collectively, the "*Notes*") and that certain Note and Warrant Purchase Agreement dated of even date hereof by and between Grantor and Secured Party (the "*Purchase Agreement*").

B. The Secured Parties are willing to make the Loans to Grantor, but only upon the condition, among others, that Grantor shall grant to the Secured Parties a security interest in certain Trademarks and Patents to secure the obligations of Grantor under the Notes and Purchase Agreement.

C. Pursuant to the terms of that certain Security Agreement, dated of even date herewith, by and between Grantor and the Secured Parties (the "*Security Agreement*"), Grantor has granted to Secured Party a security interest in all of Grantor's right, title and interest in, to or under all of the Grantor's assets. All capitalized terms used but not otherwise defined herein shall have the respective meanings assigned to them in the Security Agreement.

### 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 its obligations under the Notes, Purchase Agreement and Security Agreement (collectively, the "*Loan Documents*"), Grantor hereby represents, warrants, covenants and agrees as follows:

To secure its obligations under the Loan Documents (as the same may be amended, modified or supplemented from time to time) and under all other agreements now existing or hereafter arising between Grantor and the Secured Parties, Grantor grants and pledges to the Secured Parties a security interest in all of Grantor's right, title and interest in, to and under its Intellectual Property (including without limitation those Patents and Trademarks listed on Exhibits A and B hereto), and including without limitation all proceeds thereof (such as, by way of example but not by way of limitation, license royalties and proceeds of infringement suits), the right to sue for past, present and future infringements, all rights corresponding thereto throughout the world and all re-issues, divisions continuations, renewals, extensions and continuations-in-part thereof.

This security interest is granted in conjunction with the security interest granted to the Secured Parties under the Security Agreement. The rights and remedies of the Secured Parties with respect to the security interest granted hereby are subject to the terms of the Security Agreement

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and are in addition to those set forth in the Security Agreement and the other Loan Documents, and those which are now or hereafter available to the Secured Parties as a matter of law or equity. Each right, power and remedy of the Secured Parties provided for herein or in the Security Agreement or any of the Loan Documents, or now or hereafter existing at law or in equity shall be cumulative and concurrent and shall be in addition to every right, power or remedy provided for herein and the exercise by the Secured Parties of any one or more of the rights, powers or remedies provided for in this Intellectual Property Security Agreement, the Security Agreement or any of the other Loan Documents, or now or hereafter existing at law or in equity, shall not preclude the simultaneous or later exercise by any person, including Secured Party, of any or all other rights, powers or remedies.

Grantor represents and warrants that Exhibits A and B attached hereto set forth any and all intellectual property rights in connection to which Grantor has registered or filed an application with the United States Patent and Trademark Office or similar offices in overseas jurisdictions..

*[Signature pages follow.]*

IN WITNESS WHEREOF, the parties have caused this Intellectual Property Security Agreement to be duly executed by its officers thereunto duly authorized as of the first date written above.

ADDRESS OF GRANTOR:

181 South Broad Street, Pawcatuck, CT 06379

TAXPAYER IDENTIFICATION NUMBER OF GRANTOR

06-1535808

JURISDICTION OF ORGANIZATION OF GRANTOR:

DELAWARE

SMART DRUG SYSTEMS, INC., as Grantor

By: [Signature]

Printed Name: Serge Martined

Title: Pres + CEO

ACCEPTED AND ACKNOWLEDGED BY:

THE NORTH AMERICAN NUTRITION & AGRIBUSINESS FUND, L.P., as Secured Party

By: NANA Management L.P., its General Partner

By: Bay City Capital LLC, its Advisor

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

GBS VENTURES PARTNERS LIMITED, as trustee for GBS BioVentures II, as Secured Party

By: \_\_\_\_\_ \*

By: [Signature]

Print Name: BRIGITE SMITH

Title: Managing Director

IN WITNESS WHEREOF, the parties have caused this Intellectual Property Security Agreement to be duly executed by its officers thereunto duly authorized as of the first date written above.

ADDRESS OF GRANTOR:

181 South Broad Street, Pawcatuck, CT 06379

SMART DRUG SYSTEMS, INC., as Grantor

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

TAXPAYER IDENTIFICATION NUMBER OF GRANTOR

JURISDICTION OF ORGANIZATION OF GRANTOR:

DELAWARE

ACCEPTED AND ACKNOWLEDGED BY:

THE NORTH AMERICAN NUTRITION & AGRIBUSINESS FUND, L.P., as Secured Party

GBS VENTURES PARTNERS LIMITED, as trustee for GBS BioVentures II, as Secured Party

By: NANA Management L.P., its General Partner

By: \_\_\_\_\_ \*

By: Bay City Capital LLC, its Advisor

By: Brigitte Smith

By: x Fred Craves

Print Name: BRIGITTE SMITH

Print Name: Fred Craves

Title: \_\_\_\_\_

Title: Managing Director

IN WITNESS WHEREOF, the parties have caused this Intellectual Property Security Agreement to be duly executed by its officers thereunto duly authorized as of the first date written above.

**ADDRESS OF GRANTOR:**

181 South Broad Street, Pawcatuck, CT 06379

**TAXPAYER IDENTIFICATION NUMBER OF GRANTOR**

**JURISDICTION OF ORGANIZATION OF GRANTOR:**

DELAWARE

**ACCEPTED AND ACKNOWLEDGED BY:**

**THE NORTH AMERICAN NUTRITION & AGRIBUSINESS FUND, L.P., as Secured Party**

By: NANA Management L.P., its General Partner  
By: Bay City Capital LLC, its Advisor

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

SMART DRUG SYSTEMS, INC., as Grantor

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

**GBS VENTURES PARTNERS LIMITED, as trustee for GBS BioVentures II, as Secured Party**

By: \_\_\_\_\_ \*

By: Bright Smith

Print Name: BRIGITE SMITH

Title: Managing Director

GRESHAM RABO MANAGEMENT LIMITED, as trustee for the Food & Agribusiness Investment Fund, as Secured Party

By:

By: [Signature]

Print Name: Natalie Forstth-Stock

Title: Director

HEWM/VLG INVESTMENTS LLC, as Secured Party

By: Heller Ehrman White & McAuliffe LLP

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

TARAVAL ASSOCIATES SEED CAPITAL FUND, LP., as Secured Party

By: [Signature]

Print Name: G.F. MURPHY, II

Title: GENERAL PARTNER



HEWM/VLG INVESTMENTS LLC, as Secured  
Party

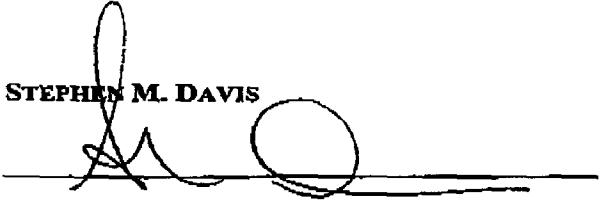
By: Heller Ehrman White & McAuliffe LLP

By: 

Print Name: MARK ROVER

Title: FUND MANAGER

STEPHEN M. DAVIS

A handwritten signature in black ink, appearing to read 'S. M. Davis', is written over a horizontal line. The signature is stylized with a large loop for the 'D'.

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HELLER EHRMAN WHITE

07/06/2005 11:10 FAX 212 832 3353

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