

06-16-2003

*6-16-03*

To the Honorable Commissioner



original documents or copy thereof.

1. Name of conveying party(ies):  
SEQUAL TECHNOLOGIES INC.

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

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

3. Nature of Conveyance:

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

Execution Date: June 7, 2003

102473921

receiving party(ies):

Name: TEIJIN LIMITED  
Address: 1-6-7 MINAMI-HOMMACHI  
City: CHUO-JU, OSAKA State: JAPAN Zip: 541-8587

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

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 [x] No

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

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

~~2,036,142~~ 1,896,893  
~~2,494,816~~

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

Name: Erin O'Brien  
Internal Address: GRAY CARY WARE & FREIDENRICH  
4365 Executive Drive, Suite 1100  
San Diego, California 92121-2133

6 Total number of applications and registrations involved: 3

7. Total fee (37 CFR 3.41) . . . . . \$90.00

- 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.

Erin O'Brien  
Name of Person Signing

*Erin O'Brien*  
Signature

June 13, 2003  
Date

Total number of pages comprising cover sheet: [ 13 ]

Mail Documents to be recorded with required cover sheet information to:  
U.S. Patent and Trademark Office, Office of Public Records  
1213 Jefferson Davis Highway, 3rd Floor  
Arlington, VA 22202

06/16/2003 6TON11 00000151 2036142

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

# INTELLECTUAL PROPERTY SECURITY AGREEMENT

This Intellectual Property Security Agreement is entered into as of the Closing Date by and between TEIJIN LIMITED ("Teijin") and SEQUAL TECHNOLOGIES INC. ("Grantor").

## RECITALS

A. Teijin has agreed to advance to Grantor an aggregate amount of \$1,650,000 (the "Advance") pursuant to the terms and conditions set forth in that certain Advance and Security Agreement by and between Teijin and Grantor, dated as of June 7, 2003 (as the same day may be amended, modified or supplemented from time to time, the "Advance Agreement"; capitalized terms used herein are used as defined in the Advance Agreement). Teijin is willing to make the Advance to Grantor, but only upon the condition, among others, that Grantor shall grant to Teijin security interest in certain Copyrights, Trademarks, Patents, and Mask Works to secure the obligations of Grantor under the Advance Agreement.

B. Pursuant to the terms of the Advance Agreement, Grantor has granted to Teijin a security interest in all of Grantor's right, title and interest, whether presently existing or hereafter acquired, in, to and under all of the Collateral.

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 Advance Agreement, grantor hereby represents, warrants, covenants and agrees as follows:

## AGREEMENT

To secure its obligations under the Advance Agreement, Grantor grants and pledges to Teijin a security interest in all of Grantor's right, title and interest in, to and under its Intellectual Property Collateral (including without limitation those Copyright, Patents, Trademarks and Mask Words listed in Schedules A, B, C and D hereto), and including without 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.

The security interest is granted in conjunction with the security interest granted to Teijin under the Advance Agreement. The rights and remedies of Teijin with respect to the security interest granted hereby are in addition to those set forth in the Advance Agreement and the other Advance Documents, and those which are now or hereafter available to Teijin as a matter of law or equity. Each right, power and remedy of Teijin provided for herein or in the Advance Agreement or any of the other Advance 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 Teijin of any one or more rights, powers or remedies provided for in this Intellectual Property Security Agreement or any of the other Advance Documents, or now or hereafter existing at law or in equity, shall not preclude the

simultaneous or later exercise by any person, including Teijin, of any or all other rights, powers or remedies.

[Signatures begin on the following page]

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

**GRANTOR:**

Address of Grantor:

SEQUAL TECHNOLOGIES INC.

11436 Sorrento Valley Road  
San Diego, CA 92121

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

Title: Vice President

Attn.: Chief Executive Officer

**TEIJIN:**

Address of Teijin:

TEIJIN LIMITED

1-6-7, Minami-hommachi  
Chuo-ku, Osaka, Japan  
541-8587

By: \_\_\_\_\_  
Kazuo Imose

Title: General Manager of Home  
Healthcare Planning Department

Attn.: General Manager of Home  
Healthcare Planning Department

Signature page for the Intellectual Property Security Agreement

**TRADEMARK**  
**REEL: 002755 FRAME: 0408**

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

**GRANTOR:**

Address of Grantor:

SEQUAL TECHNOLOGIES INC.

11436 Sorrento Valley Road  
San Diego, CA 92121

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

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

Attn.: Chief Executive Officer

**TEIJIN:**

Address of Teijin:

TEIJIN LIMITED

1-6-7, Minami-hommachi  
Chuo-ku, Osaka, Japan  
541-8587

By: Kazuo Imose  
Kazuo Imose

Title: General Manager of Home  
Healthcare Planning Department

Attn.: General Manager of Home  
Healthcare Planning Department

Signature page for the Intellectual Property Security Agreement

**EXHIBIT A**

Copyrights

THERE ARE NO COPYRIGHTS OF GRANTOR

**EXHIBIT B**

**Patents**

**Issued U.S. Patents**

Item No.	U.S. Patent No.	Title	US Application No.	Filing Date	Issue Date	Expiration Date	Status	Maintenance Fee Due Date	Subject of Opinion or Pending Litigation?
1	4,925,464	Fluid Flow Switching Valve Assembly and System	US1988000272626	11/17/88	5/15/90	11-17-2008	Issued	N/A	No
2	5,114,441	Oxygen Concentrator System and Valve Structure	US1990000609186	11/2/90	5/19/92	11-2-2010	Issued	3 <sup>rd</sup> = 11-19-03	No
3	5,112,367	Fluid Fractionator	US1991000660177	2/25/91	5/12/92	N/A	Reissued as USRE35099	N/A	No
4	Re. 35,099	Fluid Fractionator	US1993000131761	10/1/93	11/28/95	2-25-2011	Issued	3 <sup>rd</sup> = 11-12-03	No
5	5,268,021	Fluid Fractionator	US1992000835918	2/28/92	12/7/93	2-28-2012	Issued	3 <sup>rd</sup> = 6-7-05	No
6	5,366,541	Fluid Fractionator	US1993000142614	10/25/93	11/22/94	10-25-2013	Issued	3 <sup>rd</sup> = 5-22-06	No
7	5,593,478	Improved Fluid Fractionator	US1994000314213	9/28/94	1/14/97	9-28-2014	Issued	2 <sup>nd</sup> = 7-14-04 3 <sup>rd</sup> = 7-14-08	No
8	5,730,778	Improved Fluid Fractionator	US1996000734203	10/21/96	3/24/98	10-21-2016	Issued	2 <sup>nd</sup> = 9-24-05 3 <sup>rd</sup> = 9-24-09	No
9	5,979,440	Methods and Apparatus to Generate Liquid Ambulatory Oxygen from an Oxygen Concentrator	US1997000876970	6/16/97	11/9/99	6-16-2017	Issued	1 <sup>st</sup> = 5-9-03 2 <sup>nd</sup> = 5-9-07 3 <sup>rd</sup> = 5-9-11	No
10	6,311,719	Rotary Valve Assembly for Pressure Swing Adsorption System	US1999000371464	8/10/99	11/6/01	8-10-2019	Issued	1 <sup>st</sup> = 5-6-05 2 <sup>nd</sup> = 5-6-09 3 <sup>rd</sup> = 5-6-13	No
11	6,457,485	Rotary Valve Assembly for Pressure Swing Adsorption System	US2001000925146	8/8/01	10/1/02	8-10-2019	Issued	1 <sup>st</sup> = 4-1-06 2 <sup>nd</sup> = 4-1-10 3 <sup>rd</sup> = 4-1-14	No
12	6,471,744	Vacuum-Pressure Swing Adsorption Fluid Fractionator and Method of Using the Same	US2001000931966	8/16/01	10/29/02	8-16-2021	Issued	1 <sup>st</sup> = 4-29-06 2 <sup>nd</sup> = 4-29-10 3 <sup>rd</sup> = 4-29-14	No

**TRADEMARK**

**REEL: 002755 FRAME: 0411**

## Issued Foreign Patents

Item No.	Patent No.	Country or Countries	Title	Application No.	Filing Date	Issue Date	Expiration Date	Status	Maintenance Fee Due Date	Subject of Opinion or Pending Litigation?
1	3269626	Japan	Fluid Fractionator	507386/199 2	2-28-92	1-18-02		Issued		No
2	2,130,824	Canada	Improved Fluid Fractionator	2,130,824	2-28-92	7-18-00	2-28-2012	Issued	Annuity Due 2-28-04	No.
3	EP0627953	Europe	Fluid Fractionator	92 907 872.3	2-28-92	12-16-98	2-28-2012	Issued	Annuity Due 2-28-04	No.
4	EP0990107	Europe	Methods and Apparatus to Generate Liquid Ambulatory Oxygen from an Oxygen concentrator	98926158.1	6-3-98	4-4-01	6-3-18	Issued	Annuity Due 6-3-03	No.
5	EP0990107	France	Methods and Apparatus to Generate Liquid Ambulatory Oxygen from an Oxygen concentrator	98926158.1	6-3-98	4-4-01	6-3-18	Issued	Annuity Due 6-3-03	No.
6	EP0990107	Great Britain	Methods and Apparatus to Generate Liquid Ambulatory Oxygen from an Oxygen concentrator	98926158.1	6-3-98	4-4-01	6-3-18	Issued	Annuity Due 6-3-03	No.



## U.S. Pending Patent Applications

Item No.	Title	US Application No.	Filing Date	Status	Subject of Opinion or Pending Litigation?
1	Portable Oxygen Concentration System and Method of Using the Same	09/632,099	8-3-00	Second office action has been received from USPTO. Current plan is to abandon application due to very specific nature of the current claims.	No
2	Portable Oxygen Concentration System and Method of Using the Same	10/105,657	3-25-02	Continuation of 09/632,099. Second office action has been received from USPTO. Discussions are being conducted with USPTO to determine appropriate amendments to gain allowance of certain claims.	No
3	Portable Oxygen Concentration System and Method of Using the Same	10/134,868	4-29-02	Continuation in Part of 09/632,099. Application has been filed. No office action has been received.	No.
4	Rotary Valve Assembly for Pressure Swing Adsorption System	10/143,373	5-10-02	Office action has been received. Currently preparing response to USPTO.	No.
5	Methods and Apparatus to Generate Liquid Ambulatory Oxygen from an Oxygen Concentrator.	09/343,149	6-29-99	Divisional of US patent 5,979,440. Pending	No
6	Methods and Apparatus to Generate Liquid Ambulatory Oxygen from an Oxygen Concentrator.	09/342,890	6-29-99	Continuation of US patent 5,979,440. Pending	No
7	Methods and Apparatus to Generate Liquid Ambulatory Oxygen from an Oxygen Concentrator.	09/420,892	10-19-99	Continuation-in-part of US patent 5,979,440. Pending	No

## Foreign Pending Patent Applications – PCT & National Phase Filings

Item No.	Title	Foreign or PCT Application No.	International Filing Date	Status	Annuity Due	Subject of Opinion or Pending Litigation?
1	Portable Oxygen Concentration System and Method of Using the Same	PCT/US00/21400	8-4-00	This case claims priority to US Application No. 09/632,099. PCT application has been filed. Proceeding with National Filings in Europe (France, Britain, & Germany), Australia, and Japan (see item 2 of this list).		No
2	Portable Oxygen Concentration System and Method of Using the Same	EPO 00952541.1	8-4-00	Pending in EPO		No
3	Portable Oxygen Concentration System and Method of Using the Same	Canada 2,417,339	8-4-2000	Pending in Canada	8-4-2004	No.
4	Portable Oxygen Concentration System and Method of Using the Same	Australia 65216/00	8-4-00	Pending in Australia	8-4-2005	
5	Portable Oxygen Concentration System and Method of Using the Same	PCT/US00/21400 Japan: 2001-186423	6-20-01	This application was filed with the Japanese patent office. A request for examination must be filed by June 20, 2008 in order to proceed with this case. Such a request has not been made at this time.		No
6	Improved Fluid Fractionator	Japan: H10-532359	12-20-96	Application has been published in Japan (Publication No. JP 2000-516854) on 12-19-00. This application has been assigned to Teijin for prosecution in Japan.		No.
7	Improved Fluid Fractionator	Canada 2,275,685	12-20-96	Office action was received in September 25, 2002. No substantial prior-art rejections were cited. SeQual has proceeded with a response of the OA early in 2003.		No.
8	Fluid Fractionator	Canada 2,296,881	2-18-93	Maintenance fees were paid in February 2003. No other current information is available.	2-28-04	No.
9	Improved Fluid Fractionator	Europe: 96945242.4	12-20-96	Office action was received on November 18, 2002. A response to the OA will be filed in May 2003.		No.
10	Methods and Apparatus to Generate Liquid Ambulatory Oxygen from an Oxygen Concentrator	Canada 2,293,287	6-3-98	Pending	6-3-03	No

TRADEMARK

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11	Methods and Apparatus to Generate Liquid Ambulatory Oxygen from an Oxygen Concentrator	Germany 69800669	6-3-98	Pending	No
12	Methods and Apparatus to Generate Liquid Ambulatory Oxygen from an Oxygen Concentrator	Japan 504454/199 9	6-3-98	Pending	No
13	Vacuum-Pressure Swing Adsorption Fluid Fractionator and method of using the same	PCT/US02/2 3181	7-22-02	EPO patent search was completed for PCT application. This uncovered a claim in a prior-art patent that describes the technology in this application. The current plan is to abandon this application.	No

EXHIBIT C

Trademarks

**US Trademarks**

Item No.	U.S. Trade mark	Serial No.	Registration No.	Filing Date	Registration Date	Section 8 and 15 Affidavit Due Dates	Section 8 and 15 Renewal Affidavit Due Dates	Subject of Opinion or Pending Litigation?
1	SeQual	74667356	2036142	4-28-95	2-4-97	2-4-2003 to 8-4-2003 Filed June 12, 2002 Section 8 and 15 affidavits have been accepted and acknowledged	2-4-2007 to 8-4-2007	No
2	ATF	74351703	1896893	1-25-93	5-30-95	5-30-2001 to 11-30-2001 Filed 8-28-2000 Section 8 and 15 affidavits have been accepted and acknowledged	3-30-2005 to 11-30-2005	No
3	Integra	75705252	2494816	6-7-99	10-2-01	10-2-2007 to 4-2-2008	10-2-2011 to 4-2-2012	No

**Issued Foreign (EPO) Trademarks**

Item No.	Trademark	Application No.	Filing Date	Registration Date	Status	Expiration Date	Subject of Opinion or Pending Litigation?
1	SeQual	000144709	1-4-96	5-1-99	Registration Published	1-4-06	No
2	ATF	000144683	1-4-96	5-1-99	Registration Published	1-4-06	No

**EXHIBIT D**

Mask Works

THERE ARE NO MASK WORKS OF GRANTOR