

03-06-2006



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Form PTO-1594 (Rev. 03/01) OMB No. 0651-0027 (exp. 5/31/2002) Tab settings

U.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): Scandius Biomedical, Inc. Individual(s) Association General Partnership Limited Partnership Corporation-State Other Additional name(s) of conveying party(ies) attached? Yes No

2. Name and address of receiving party(ies) Name: Venture Lending & Leasing IV, Inc. Internal Address: Street Address: 2010 North First Street City: San Jose State: CA Zip: 95131 Individual(s) citizenship Association General Partnership Limited Partnership Corporation-State Maryland 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

3. Nature of conveyance: Assignment Merger Security Agreement Change of Name Other Execution Date: 1/24/06

4. Application number(s) or registration number(s): A. Trademark Application No.(s) 78/689,268 78/487,852 B. Trademark Registration No.(s) 2,978,295; 2,978,296 Additional number(s) attached Yes No

5. Name and address of party to whom correspondence concerning document should be mailed: Name: Russell D. Pollock, Esq. Internal Address: Street Address: Greene Radovsky Maloney & Share LLP Four Embarcadero Center, Suite 4000 City: San Francisco State: CA Zip: 94111

6. Total number of applications and registrations involved: 4 7. Total fee (37 CFR 3.41): \$ 115.00 Enclosed Authorized to be charged to deposit account 8. Deposit account number:

DO NOT USE THIS SPACE

9. Signature. Jeffrey T. Klugman Name of Person Signing Signature Date 2/16/06 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

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01 FC:8521 40.00 OP 02 FC:8522 75.00 OP

TRADEMARK REEL: 003310 FRAME: 0350

INTELLECTUAL PROPERTY SECURITY AGREEMENT

This Intellectual Property Security Agreement (this "Agreement") is made as of January 24, 2006, by and between SCANDIUS BIOMEDICAL, INC., a Delaware corporation ("Grantor"), and VENTURE LENDING & LEASING IV, INC., a Maryland corporation ("Secured Party").

RECITALS

A. Pursuant to a Loan and Security Agreement of even date herewith (the "Loan Agreement") between Grantor, as borrower, and Secured Party, as lender, Secured Party has agreed to make certain advances of money and to extend certain financial accommodations to Grantor (the "Loans") in the amounts and manner set forth in the Loan Agreement. All capitalized terms used herein without definition shall have the meanings ascribed to them in the Loan Agreement.

B. Secured Party is willing to make the Loans to Grantor, but only upon the condition, among others, that Grantor shall grant to Secured Party a security interest in substantially all of Grantor's personal property whether presently existing or hereafter acquired. To that end, Grantor has executed in favor of Secured Party the Loan Agreement granting a security interest in all Collateral, and is executing this Agreement with respect to certain items of Intellectual Property, in particular.

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

1. Grant of Security Interest. As collateral security for the prompt and complete payment and performance of all of Grantor's present or future Obligations, Grantor hereby grants a security interest and mortgage to Secured Party, as security, in and to Grantor's entire right, title and interest in, to and under the following Intellectual Property, now owned or hereafter acquired by Grantor or in which Grantor now holds or hereafter acquires any interest (all of which shall collectively be called the "Collateral" for purposes of this Agreement):

(a) Any and all copyrights, whether registered or unregistered, held pursuant to the laws of the United States, any State thereof or of any other country; all registrations, applications and recordings in the United States Copyright Office or in any similar office or agency of the United States, and State thereof or any other country; all continuations, renewals, or extensions thereof; and any registrations to be issued under any pending applications, including without limitation those set forth on Exhibit A attached hereto (collectively, the "Copyrights");

(b) All letters patent of, or rights corresponding thereto in, the United States or any other country, all registrations and recordings thereof, and all applications for letters patent of, or rights corresponding thereto in, the United States or any other country, including, without limitation, registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country; all reissues, continuations, continuations-in-part or extensions thereof; all petty patents, divisionals, and patents of addition; and all patents to be issued under any such applications, including without limitation the patents and patent applications set forth on Exhibit B attached hereto (collectively, the "Patents");

(c) All trademarks, trade names, corporate names, business names, trade styles, service marks, logos, other source or business identifiers, prints and labels on which any of the foregoing have appeared or appear, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and any applications in connection therewith, including, without limitation, registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof, and reissues, extensions or renewals thereof, and the entire goodwill of the business of Grantor connected with and symbolized by

such trademarks, including without limitation those set forth on Exhibit C attached hereto (collectively, the "Trademarks");

(d) Any and all claims for damages by way of past, present and future infringement 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;

(e) All licenses or other rights to use any of the Copyrights, Patents or Trademarks, and all license fees and royalties arising from such use to the extent permitted by such license or rights;

(f) All amendments, renewals and extensions of any of the Copyrights, Trademarks or Patents; and

(g) 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. Covenants and Warranties. Grantor represents, warrants, covenants and agrees as follows:

(a) Grantor is now the sole owner of the Collateral, except for Permitted Liens;

(b) During the term of this Agreement, Grantor will not transfer or otherwise encumber any interest in the Collateral, except for Permitted Liens and except for licenses of the Collateral in the ordinary course of its business consistent with industry practice;

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

(d) **Grantor shall deliver to Secured Party within forty-five (45) days of the last day of each fiscal quarter in which there is a change or update to the reported contents from the previous fiscal quarter, a report signed by Grantor, in form reasonably acceptable to Secured Party, listing any applications or registrations that Grantor has made or filed in respect of any material patents, copyrights or trademarks and updating any material change in the status of any outstanding applications or registrations previously disclosed. Grantor shall promptly advise Secured Party of any material change in the composition of the Collateral, including but not limited to any subsequent ownership right of the Grantor in or to any Trademark, Patent or Copyright not specified in this Agreement;**

(e) Grantor shall use reasonable commercial efforts, in such manner as is customary for a company of similar size in its industry to (i) protect, defend and maintain the validity and enforceability of the material Trademarks, Patents and Copyrights (ii) detect infringements of all material Trademarks, Patents and Copyrights and promptly advise Secured Party in writing of material infringements detected and (iii) not allow any material Trademarks, Patents or Copyrights to be abandoned, forfeited or dedicated to the public without the written consent of Secured Party, which consent shall not be unreasonably withheld;

(f) Grantor shall apply for registration (to the extent not already registered) with the United States Patent and Trademark Office or the United States Copyright Office, as applicable: (i) those intellectual property rights listed on Exhibits A, B and C hereto within thirty (30) days of the date of this Agreement; and (ii) those additional intellectual property rights developed or acquired by Grantor from time to time in connection with any product or service, prior to the sale or licensing of such product or the rendering of such service to any third party (including without limitation revisions or additions to the intellectual property rights listed on such Exhibits A, B and C), except with respect to such rights that Grantor determines in its sole but reasonable commercial judgment need not be registered to protect its own business interests. Grantor shall, from time to time, execute and file such

other instruments, and take such further actions as Secured Party may reasonably request from time to time to perfect or continue the perfection of Secured Party's interest in the Collateral. Grantor shall give Secured Party notice of all such applications or registrations; and

(g) Grantor shall not enter into any agreement that would materially impair or conflict with Grantor's obligations hereunder without Secured Party's prior written consent, which consent shall not be unreasonably withheld. Grantor shall not permit the inclusion in any material contract to which it becomes a party of any provisions that could or might in any way prevent the creation of a security interest in Grantor's rights and interests in any property included within the definition of the Collateral acquired under such contracts.

3. Further Assurances; Attorney in Fact.

(a) On a continuing basis, Grantor will make, execute, acknowledge and deliver, and file and record in the proper filing and recording places in the United States, all such instruments, including appropriate financing and continuation statements and collateral agreements and filings with the United States Patent and Trademark Office and the Register of Copyrights, and take all such action as may reasonably be deemed necessary or advisable, or as reasonably requested by Secured Party, to perfect Secured Party's security interest in all material Copyrights, Patents and Trademarks and otherwise to carry out the intent and purposes of this Agreement, or for assuring and confirming to Secured Party the grant or perfection of a security interest in all Collateral.

(b) Grantor hereby irrevocably appoints Secured Party as Grantor's attorney-in-fact, with full authority in the place and stead of Grantor and in the name of Grantor, from time to time in Secured Party's discretion, to take any action and to execute any instrument which Secured Party may deem necessary or advisable to accomplish the purposes of this Agreement, including (i) to modify, in its sole discretion, this Agreement without first obtaining Grantor's approval of or signature to such modification by amending Exhibits A, B and C, hereof, as appropriate, to include reference to any right, title or interest in any Copyrights, Patents or Trademarks acquired by Grantor after the execution hereof or to delete any reference to any right, title or interest in any Copyrights, Patents or Trademarks in which Grantor no longer has or claims any right, title or interest, (ii) to file, in its sole discretion, one or more financing or continuation statements and amendments thereto, relative to any of the Collateral without the signature of Grantor where permitted by law, and (iii) after the occurrence of an Event of Default, to transfer the Collateral into the name of Secured Party or a third party to the extent permitted under the California Uniform Commercial Code.

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

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

(b) Grantor's breach of any warranty or agreement made by Grantor in this Agreement and, as to any breach that is capable of cure, Grantor's failure to cure such breach within thirty (30) days of the sooner to occur of Grantor's receipt of notice of such breach from Secured Party or the date on which such breach first becomes known to Grantor.

5. Amendments. This Agreement may be amended only by a written instrument signed by both parties hereto, except for amendments permitted under Section 3 hereof to be made by Secured Party alone.

6. Counterparts. This 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.

Remainder of this page intentionally left blank; signature page follows

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

GRANTOR:

Address of Grantor:

SCANDIUS BIOMEDICAL, INC.

11A Beaver Brook Road
Littleton, MA 01460
Attn: _____

By: Mark A. Johanson
Name: Mark A. Johanson
Its: President & Chief Executive Officer

SECURED PARTY:

Address of Secured Party:

VENTURE LENDING & LEASING IV, INC.

2010 North First Street, Suite 310
San Jose, CA 95131
Attn: Chief Financial Officer

By: _____
Name: _____
Its: _____

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

GRANTOR:

Address of Grantor:

SCANDIUS BIOMEDICAL, INC.

11A Beaver Brook Road
Littleton, MA 01460
Attn: _____

By: _____
Name: _____
Its: _____

SECURED PARTY:

Address of Secured Party:

VENTURE LENDING & LEASING IV, INC.

2010 North First Street, Suite 310
San Jose, CA 95131
Attn: Chief Financial Officer

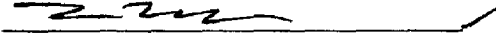
By: 
Name: Maurice C. Werdegar
Its: Vice President

EXHIBIT A

Copyrights

Description

Registration Number

Registration Date

None

EXHIBIT B

Patents

7. lient	CDocket No.	Title	Status	Filing Date Serial No.	Patent Date Patent No.	Remarks
Scandius, Inc.	SCAN-1 PROV	APPARATUS AND METHOD FOR THE REPAIR OF ARTICULAR CARTILAGE DEFECTS	Provisional patent application abandoned in favor of non-provisional patent application (see below)	10/01/01 60/326,293		Assigned to Scandius BioMedical, Inc. (MJP)
Scandius, Inc.	SCAN-1	APPARATUS AND METHOD FOR THE REPAIR OF ARTICULAR CARTILAGE DEFECTS	Patent issued	10/01/02 10/261,899	03/30/04 6,712,822	Assigned to Scandius BioMedical, Inc. first maintenance due 03/30/07 (MJP)
Scandius, Inc.	SCAN-1 CON	APPARATUS AND METHOD FOR THE REPAIR OF ARTICULAR CARTILAGE DEFECTS	Non-provisional patent application pending	03/30/04 10/812,609		Assigned to Scandius BioMedical, Inc. (MJP)
Scandius, Inc.	SCAN-1 PCT	APPARATUS AND METHOD FOR THE REPAIR OF ARTICULAR CARTILAGE DEFECTS	International (PCT) patent application moved national (see below)	10/01/02 PCT/US02/ 31142		Filed in the name of Scandius BioMedical, Inc. (MJP)

Scandius, Inc.	SCAN-1 PCT AUSTRALIA	APPARATUS AND METHOD FOR THE REPAIR OF ARTICULAR CARTILAGE DEFECTS	Australian patent application pending	10/01/02 2002330168		Filed in the name of Scandius BioMedical, Inc. (MJP)
Scandius, Inc.	SCAN-1 PCT CANADA	APPARATUS AND METHOD FOR THE REPAIR OF ARTICULAR CARTILAGE DEFECTS	Canadian patent application pending	10/01/02 2,462,256		Filed in the name of Scandius BioMedical, Inc. (MJP)
Scandius, Inc.	SCAN-1 PCT EUROPEAN	APPARATUS AND METHOD FOR THE REPAIR OF ARTICULAR CARTILAGE DEFECTS	European patent application pending	10/01/02 02766431.7		Filed in the name of Scandius BioMedical, Inc. (MJP)
Scandius, Inc.	SCAN-1 PCT JAPAN	APPARATUS AND METHOD FOR THE REPAIR OF ARTICULAR CARTILAGE DEFECTS	Japanese patent application pending	10/01/02 2003-531880		Filed in the name of Scandius BioMedical, Inc. (MJP)
Scandius, Inc.	SCAN-2 PROV	APPARATUS AND METHOD FOR RECONSTRUC TING A LIGAMENT	Provisional patent application abandoned in favor of non-provisional patent application (see below)	10/01/01 60/326,351		Assigned to Scandius BioMedical, Inc. (MJP)
Scandius, Inc.	SCAN-2	APPARATUS AND METHOD FOR RECONSTRUC TING A LIGAMENT	Patent issued	04/16/02 10/123,434	03/30/04 6,712,849	Assigned to Scandius BioMedical, Inc. first maintenance due 03/30/07 (MJP)

Scandius, Inc.	SCAN-17	APPARATUS AND METHOD FOR RECONSTRUCTING A LIGAMENT	Non-provisional patent application pending	04/22/04 10/829,846		Assigned to Scandius BioMedical, Inc. (MJP)
Scandius, Inc.	SCAN-17 PCT	APPARATUS AND METHOD FOR RECONSTRUCTING A LIGAMENT	International (PCT) patent application pending	04/22/05 PCT/US05/1372 1		Filed in the name of Scandius BioMedical, Inc. (MJP)
Scandius, Inc.	RE-2 PROV	METHOD AND APPARATUS FOR RECONSTRUCTING A LIGAMENT	Provisional patent application abandoned in favor of non-provisional patent application (see SCAN-18)	08/18/04 60/602,589		
Scandius, Inc.	SCAN-18 PROV	METHOD AND APPARATUS FOR RECONSTRUCTING A LIGAMENT	Provisional patent application abandoned in favor of non-provisional patent application (see SCAN-18 below)	06/08/05 60/688,588		(MJP)
Scandius, Inc.	SCAN-18	APPARATUS AND METHOD FOR RECONSTRUCTING A LIGAMENT	Non-provisional patent application pending	08/18/05		claims priori from RE-2 PROV and SCAN-18 PROV
Scandius, Inc.	SCAN-18 PCT	APPARATUS AND METHOD FOR RECONSTRUCTING A LIGAMENT	International (PCT) patent application pending	08/18/05 PCT/US05/2942 3		filed in the n of Scandius Biomedical,

Scandius, Inc.	SCAN-2 CON	APPARATUS AND METHOD FOR RECONSTRUCTING A LIGAMENT	Non-provisional patent application pending	03/04/04 10/793,532		Assigned to Scandius BioMedical, Inc. (MJP)
Scandius, Inc.	SCAN-2 PCT	APPARATUS AND METHOD FOR RECONSTRUCTING A LIGAMENT	International (PCT) patent application moved national (see below)	09/30/02 PCT/US02/ 31036		Filed in the name of Scandius BioMedical, Inc. (MJP)
Scandius, Inc.	SCAN-2 PCT AUSTRALIA	APPARATUS AND METHOD FOR RECONSTRUCTING A LIGAMENT	Australian patent application pending	09/30/02 2002330152		Filed in the name of Scandius BioMedical, Inc. (MJP)
Scandius, Inc.	SCAN-2 PCT CANADA	APPARATUS AND METHOD FOR RECONSTRUCTING A LIGAMENT	Canadian patent application pending	09/30/02 2,462,519		Filed in the name of Scandius BioMedical, Inc. (MJP)
Scandius, Inc.	SCAN-2 PCT EUROPEAN	APPARATUS AND METHOD FOR RECONSTRUCTING A LIGAMENT	European patent application pending	09/30/02 02766415.0		Filed in the name of Scandius BioMedical, Inc. (MJP)
Scandius, Inc.	SCAN-2 PCT JAPAN	APPARATUS AND METHOD FOR RECONSTRUCTING A LIGAMENT	Japanese patent application pending	09/30/02 2003-531878		Filed in the name of Scandius BioMedical, Inc. (MJP)

Scandius, Inc.	RE-3 PROV	METHOD AND APPARATUS FOR THE REPAIR OF A ROTATOR CUFF TENDON OR LIGAMENT	Provisional patent application pending	11/15/04 60/628,082		
Scandius Biomedical, Inc.	RE-3	METHOD AND APPARATUS FOR THE REPAIR OF A ROTATOR CUFF (RTC) TENDON OR LIGAMENT	Non-provisional patent application pending	11/15/05 11/280,600		
Scandius Biomedical, Inc.	RE-3 PCT	METHOD AND APPARATUS FOR THE REPAIR OF A ROTATOR CUFF (RTC) TENDON OR LIGAMENT	International (PCT) patent application pending	11/15/05 PCT/US0/41259		

EXHIBIT C

Trademarks

<u>Description</u>	<u>Registration/Application Number</u>	<u>Registration/Application Date</u>
SCANDIUS	Reg. No. 2978295	July 26, 2005
Triangle Logo	Reg. No. 2978296	July 26, 2005
TRITIS	App. No. 78689268	Filed August 10, 2005
STRATIS	App. No. 78487852	Filed September 22, 2004