

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	SECURITY INTEREST		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
Digital Orchid, Inc.		05/11/2007	CORPORATION: DELAWARE
RECEIVING PARTY DATA			
Name:	Shepard Ventures II, L.P.		
Street Address:	12550 El Camino Real		
Internal Address:	Suite 116		
City:	San Diego		
State/Country:	CALIFORNIA		
Postal Code:	92130		
Entity Type:	LIMITED PARTNERSHIP: CALIFORNIA		
Name:	NeoCarta Ventures, L.P.		
Street Address:	343 Sansome Street		
Internal Address:	Suite 525		
City:	San Francisco		
State/Country:	CALIFORNIA		
Postal Code:	94104		
Entity Type:	LIMITED PARTNERSHIP: CALIFORNIA		
Name:	NeoCarta Scout Fund, LLC		
Street Address:	343 Sansome Street		
Internal Address:	Suite 525		
City:	San Francisco		
State/Country:	CALIFORNIA		
Postal Code:	94104		
Entity Type:	LIMITED LIABILITY COMPANY: CALIFORNIA		
Name:	Qualcomm Incorporated		
Street Address:	5775 Morehouse Drive		

CH \$65.00 78542146

City:	San Diego
State/Country:	CALIFORNIA
Postal Code:	92121
Entity Type:	CORPORATION: CALIFORNIA

PROPERTY NUMBERS Total: 2

Property Type	Number	Word Mark
Serial Number:	78542146	DIGITAL ORCHID
Serial Number:	78542137	TODOMO

CORRESPONDENCE DATA

Fax Number: (650)324-0638
Correspondence will be sent via US Mail when the fax attempt is unsuccessful.
Phone: 650 324-7000
Email: smanibusan@hewm.com
Correspondent Name: Paul Davis
Address Line 1: 275 Middlefield Road
Address Line 4: Menlo Park, CALIFORNIA 94025

ATTORNEY DOCKET NUMBER:	43416-0002
NAME OF SUBMITTER:	Paul Davis
Signature:	/paul davis/
Date:	05/14/2007

Total Attachments: 19

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SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "Agreement"), dated as of May 11, 2007, is made by and among DIGITAL ORCHID, INC., a Delaware corporation ("Debtor"), and the holders of Convertible Secured Promissory Notes, dated as of the date hereof and issued by Debtor (the "Notes"), listed on Exhibit A attached hereto (each a "Lender" and collectively the "Lenders").

RECITALS

WHEREAS, Debtor has executed and delivered the Notes payable to the order of the Lenders pursuant to that certain Secured Convertible Note and Warrant Purchase Agreement by and between Debtor and the Lenders dated as of the date hereof (the "Purchase Agreement"); and

WHEREAS, in connection with the Notes, Debtor desires to grant a senior security interest in certain collateral to the Lenders as set forth herein, junior only to existing liens and the Debtor's existing banking arrangements as of the date hereof.

AGREEMENT

NOW, THEREFORE, in consideration of the above recitals and the mutual covenants hereinafter set forth, the parties hereby agree as follows:

1. Definitions; Interpretation.

(a) All capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings assigned to them in the Purchase Agreement and the Notes.

(b) As used in this Agreement, the following terms shall have the following meanings:

"Collateral" has the meaning set forth in Section 2.

"Documents" means this Agreement, the Purchase Agreement, the Notes and all other certificates, documents, agreements and instruments delivered to the Lenders under the Notes or in connection with the Obligations.

"Event of Default" has the meaning set forth in Section 3 of the Note.

"Lien" means any mortgage, deed of trust, pledge, security interest, assignment, deposit arrangement, charge or encumbrance, lien, or other type of preferential arrangement on assets of Debtor.

"Notes" has the meaning set forth in the preamble above, as such may be amended, modified, renewed, extended or replaced from time to time.

"Obligations" means the indebtedness, liabilities and other obligations of Debtor to the Lenders under or in connection with the Notes or any of the other Documents,

including, without limitation, all unpaid principal of the Notes, all interest accrued thereon, all fees and all other amounts payable by Debtor to the Lenders thereunder or in connection therewith, whether now existing or hereafter arising, and whether due or to become due, absolute or contingent, liquidated or unliquidated, determined or undetermined.

“*Permitted Lien*” means (i) any Lien(s) existing as of the date hereof and disclosed in writing to the Lenders, including without limitation Debtor’s existing banking arrangements as of the date hereof that are disclosed in writing to Lenders and the Liens in favor of the Lenders under that certain Secured Convertible Note and Warrant Purchase Agreement, dated as of October 17, 2006 and amended as of April 17, 2007, and related loan documents; (ii) Lien(s) (A) upon or in any property (and proceeds thereof) acquired or held by Debtor or any of its subsidiaries to secure the purchase price of such property or indebtedness incurred solely for the purpose of financing the acquisition of such property, or (B) existing on such property at the time of its acquisition, provided that the Lien is confined solely to the property (and proceeds thereof) so acquired and improvements thereon; (iii) Lien(s) on assets of Persons which become subsidiaries of Debtor after the date hereof, provided that such Lien(s) existed at the time the respective Persons became subsidiaries of Debtor and were not created in anticipation thereof; and (iv) other Lien(s) which arise in the ordinary course of business and do not materially impair Debtor’s ownership or use of the Collateral or the value thereof.

“*Person*” means an individual, corporation, partnership, joint venture, trust, unincorporated organization, governmental agency or authority, or any other entity of whatever nature.

“*UCC*” means the Uniform Commercial Code as the same may, from time to time, be in effect in the State of California.

(c) Where applicable and except as otherwise defined herein or the Purchase Agreement, terms used in this Agreement shall have the meanings assigned to them in the UCC.

(d) In this Agreement, (i) the meaning of defined terms shall be equally applicable to both the singular and plural forms of the terms defined; and (ii) the captions and headings are for convenience of reference only and shall not affect the construction of this Agreement.

2. Security Interest.

(a) Subject to Permitted Liens, as security for the payment and performance of the Obligations, Debtor hereby grants to the Lenders, for itself and on behalf of and for the ratable benefit of each of the Lenders, a senior security interest in all of Debtor’s right, title and interest in, to and under all of its personal property, wherever located and whether now existing or owned or hereafter acquired or arising, including all accounts, chattel paper, commercial tort claims, deposit accounts, documents, equipment (including all fixtures), instruments, inventory, investment property, letter-of-credit rights, money, general intangibles including, without limitation, all intellectual property and all rights therein of any type or description, including, without limitation, all inventions and discoveries, patents and patent applications, trademarks, service marks and trade names, and applications for registration of such trademarks, service

marks and trade names, trade secrets, trade dress, trade styles, logos, other source of business identifiers, mask-works, mask-work registrations, mask-work applications, software, confidential and proprietary information, and all licenses relating to any of the foregoing, all reissuance, continuations and continuations-in-part of the foregoing, all other rights derived from or associated with the foregoing, including the right to sue and recover for past infringement, and all income and royalties with respect thereto, and all products, proceeds and supporting obligations of any and all of the foregoing (collectively, the "Collateral").

(b) Anything herein to the contrary notwithstanding, (i) Debtor shall remain liable under any contracts, agreements and other documents included in the Collateral, to the extent set forth therein, to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (ii) the exercise by the Lenders of any of the rights hereunder shall not release Debtor from any of its duties or obligations under such contracts, agreements and other documents included in the Collateral, and (iii) the Lenders shall have no obligation or liability under any contracts, agreements and other documents included in the Collateral by reason of this Agreement, nor shall the Lenders be obligated to perform any of the obligations or duties of Debtor thereunder or to take any action to collect or enforce any such contract, agreement or other document included in the Collateral hereunder.

(c) This Agreement shall create a continuing senior security interest (subject to Permitted Liens) in the Collateral which shall remain in effect until terminated in accordance with Section 19 hereof.

3. Financing Statements, Etc. Debtor shall execute and deliver to the Lenders concurrently with the execution of this Agreement, and Debtor hereby authorizes the Lenders to file (with or without Debtor's signature), at any time and from time to time thereafter, all financing statements, assignments, amendments, continuation financing statements, termination statements, account control agreements, and other documents and instruments, in form reasonably satisfactory to the Lenders, and take all other action, as the Lenders may reasonably request, to perfect and continue perfected, maintain the priority of or provide notice of the senior security interest of the Lenders in the Collateral, subject to Permitted Liens. Debtor will cooperate with the Lenders in obtaining control (as defined in the UCC) of Collateral (other than Collateral subject to a Permitted Lien) consisting of deposit accounts, investment property, letter of credit rights and electronic chattel paper. Debtor will join with the Lenders in notifying any third party who has possession of any Collateral (other than Collateral subject to a Permitted Lien) of the Lenders' senior security interest therein and obtaining an acknowledgment from the third party that it is holding the Collateral (other than Collateral subject to a Permitted Lien) for the benefit of the Lenders. Debtor will not create any chattel paper (other than Collateral subject to a Permitted Lien) without placing a legend on the chattel paper acceptable to the Lenders indicating that the Lenders has a senior security interest in the chattel paper.

4. Representations and Warranties. Debtor represents and warrants to the Lenders that:

(a) Debtor is duly organized, validly existing and in good standing under the law of the jurisdiction of its organization and has all requisite power and authority to execute, deliver and perform its obligations under this Agreement.

(b) The execution, delivery and performance by Debtor of this Agreement have been duly authorized by all necessary action of Debtor, and this Agreement constitutes the legal, valid and binding obligation of Debtor, enforceable against Debtor in accordance with its terms, except as enforcement may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or limiting creditors' rights generally.

(c) No authorization, consent, approval, license, exemption of, or filing or registration with, any governmental authority or agency, or approval or consent of any other Person is required for the due execution, delivery or performance by Debtor of this Agreement, except for any filings necessary to perfect any Liens on any Collateral.

(d) Debtor's chief executive office and principal place of business (as of the date of this Agreement) is located at the address set forth in Schedule 1; Debtor's jurisdiction of organization is set forth in Schedule 1; Debtor's exact legal name is as set forth in the first paragraph of this Agreement; and all other locations where Debtor conducts business or Collateral is kept (as of the date of this Agreement) are set forth in Schedule 1.

(e) Debtor has rights in or the power to transfer the Collateral, and Debtor is the sole and complete owner of the Collateral, free from any Lien other than Permitted Liens.

(f) All of Debtor's material U.S. and foreign patents and patent applications, copyrights (whether or not registered), applications for copyright, trademarks, service marks and trade names (whether registered or unregistered), and applications for registration of such trademarks, service marks and trade names, are set forth in Schedule 2.

(g) No control agreements exist with respect to any Collateral (other than Collateral subject to a Permitted Lien) other than control agreements in favor of the Lenders.

(h) As of the date hereof, Debtor does not have or hold any chattel paper, letter-of-credit rights or commercial tort claims except as disclosed to the Lenders; provided, however, that a failure to disclose such a claim will not be construed to be a waiver of such claim.

(i) The names and addresses of all financial institutions and other Persons at which Debtor maintains its deposit and securities accounts, and the account numbers and account names of such accounts, are set forth in Schedule 1.

5. Covenants. So long as any of the Obligations remain unsatisfied, Debtor agrees that:

(a) Debtor shall appear in and defend any action, suit or proceeding which may affect to a material extent its title to, or right or interest in, or the Lenders' right or interest

in, the Collateral, and shall do and perform all reasonable acts that may be necessary and appropriate to maintain, preserve and protect the Collateral.

(b) Debtor shall comply in all material respects with all laws, regulations and ordinances, and all policies of insurance, relating in a material way to the possession, operation, maintenance and control of the Collateral.

(c) Debtor shall give prompt written notice to the Lenders (and in any event not later than 30 days following any change described below in this subsection) of: (i) any change in the location of Debtor's chief executive office or principal place of business; (ii) any change in the locations set forth in Schedule 1; (iii) any change in its name; (iv) any changes in its identity or structure in any manner which might make any financing statement filed hereunder incorrect or misleading; (v) any change in its registration as an organization (or any new such registration); or (vi) any change in its jurisdiction of organization; provided that Debtor shall not locate any Collateral outside of the United States nor shall Debtor change its jurisdiction of organization to a jurisdiction outside of the United States.

(d) Debtor shall carry and maintain in full force and effect, at its own expense and with financially sound and reputable insurance companies, insurance with respect to the Collateral in such amounts, with such deductibles and covering such risks as is customarily carried by companies engaged in the same or similar businesses and owning similar properties in the localities where Debtor operates. Upon the request of the Lenders, Debtor shall furnish to the Lenders from time to time with full information as to the insurance carried by it and, if so requested, copies of all such insurance policies. Debtor shall also furnish to the Lenders from time to time upon the request of the Lenders a certificate of Debtor's insurance broker or other insurance specialist stating that all premiums then due on the policies relating to insurance on the Collateral have been paid and that such policies are in full force and effect.

(e) Debtor shall keep separate, accurate and complete books and records with respect to the Collateral, disclosing the Lenders' security interest hereunder.

(f) Debtor shall not surrender or lose possession of, sell, lease, rent, or otherwise dispose of or transfer any of the Collateral (other than Collateral subject to a Permitted Lien) or any right or interest therein, except in the ordinary course of business or unless such Collateral is replaced by comparable Collateral of similar value; provided that no such disposition or transfer of Collateral consisting of investment property or instruments shall be permitted while any Event of Default exists.

(g) Debtor shall keep the Collateral free of all Liens except Permitted Liens.

(h) Debtor shall pay and discharge all taxes, fees, assessments and governmental charges or levies imposed upon it with respect to the Collateral prior to the date on which penalties attach thereto, except to the extent such taxes, fees, assessments or governmental charges or levies are being contested in good faith by appropriate proceedings.

(i) Debtor shall maintain and preserve its legal existence, its rights to transact business and all other material rights, franchises and privileges necessary or desirable in the

normal course of its business and operations and the ownership of the Collateral, except in connection with any transactions expressly permitted by the Notes or any other Document.

(j) Upon the request of the Lenders, Debtor shall (except with respect to Collateral subject to a Permitted Lien) (i) immediately deliver to the Lenders, or an agent designated by it, appropriately endorsed or accompanied by appropriate instruments of transfer or assignment, all documents and instruments, all certificated securities with respect to any investment property, all letters of credit and all accounts and other rights to payment at any time evidenced by promissory notes, trade acceptances or other instruments, (ii) cause any securities intermediaries to show on their books that the Lenders is the entitlement holder with respect to any investment property, and/or obtain account control agreements in favor of the Lenders from such securities intermediaries, in form and substance satisfactory to the Lenders, with respect to any investment property, as requested by the Lenders, and (iii) provide such notice, obtain such acknowledgments and take all such other action, with respect to any chattel paper, documents and letter-of credit rights, as the Lenders shall reasonably specify.

6. Collection of Accounts. Until the Lenders exercise its right hereunder to collect the accounts and other rights to payment, Debtor shall endeavor in the first instance diligently to collect all amounts due or to become due on or with respect to the accounts and other rights to payment. At the request of the Lenders, upon the occurrence and during the continuance of any Event of Default, all remittances received by Debtor (other than with respect to Collateral subject to a Permitted Lien) shall be held in trust for the Lenders and, in accordance with the Lenders' instructions, remitted to the Lenders or deposited into account(s) of the Lenders in the form received (with any necessary endorsements or instruments of assignment or transfer). At the request of the Lenders, upon and after the occurrence of any Event of Default, the Lenders shall be entitled to (other than with respect to Collateral subject to a Permitted Lien) receive all distributions and payments of any nature with respect to any investment property or instruments, and all such distributions or payments received by Debtor shall be held in trust for the Lenders and, in accordance with the Lenders' instructions, remitted to the Lenders or deposited into account(s) with the Lenders in the form received (with any necessary endorsements or instruments of assignment or transfer). Following the occurrence of an Event of Default any such distributions and payments with respect to any investment property held in any securities account (other than with respect to Collateral subject to a Permitted Lien) shall be held and retained in such securities account, in each case as part of the Collateral hereunder. Additionally, the Lenders shall have the right (other than with respect to Collateral subject to a Permitted Lien), upon the occurrence of an Event of Default, following prior written notice to Debtor, to vote and to give consents, ratifications and waivers with respect to any investment property and instruments, and to exercise all rights of conversion, exchange, subscription or any other rights, privileges or options pertaining thereto, as if the Lenders were the absolute owner thereof; provided that the Lenders shall have no duty to exercise any of the foregoing rights afforded to it and shall not be responsible to Debtor or any other Person for any failure to do so or delay in doing so.

7. Authorization; Lenders Appointed Attorney-In-Fact. Any action taken by or consent needed of the "Lenders" as set forth in this Agreement shall be deemed taken if approved by the Majority Lenders (as defined below). Shepherd Ventures, NeoCarta Ventures

and QUALCOMM Incorporated (the “Designated Lenders”) shall have the right to, in the name of Debtor, or in the name of the Lenders or otherwise, upon notice to but without the requirement of assent by Debtor, and Debtor hereby constitutes and appoints the Designated Lenders (and any of the Designated Lenders’ officers, employees or agents designated by the Designated Lenders) as Debtor’s true and lawful attorney-in-fact, with full power and authority to: (i) sign and file any of the financing statements and other documents and instruments which must be executed or filed to perfect or continue perfected, maintain the priority of or provide notice of the Lenders’ security interest in the Collateral (including any notices to or agreements with any securities intermediary); (ii) assert, adjust, sue for, compromise or release any claims under any policies of insurance; (iii) give notices of control, default or exclusivity (or similar notices) under any account control agreement or similar agreement with respect to exercising control over deposit accounts or securities accounts; and (iv) execute any and all such other documents and instruments, and do any and all acts and things for and on behalf of Debtor, which the Designated Lenders may deem reasonably necessary or advisable to maintain, protect, realize upon and preserve the Collateral and the Lenders’ security interest therein and to accomplish the purposes of this Agreement. The Designated Lenders agrees that, except upon and during the continuance of an Event of Default, they shall not exercise the power of attorney, or any rights granted to the Designated Lenders, pursuant to clauses (ii), (iii) and (iv). The foregoing power of attorney is coupled with an interest and irrevocable so long as the Obligations have not been paid and performed in full. Debtor hereby ratifies, to the extent permitted by law, all that the Designated Lenders shall lawfully and in good faith do or cause to be done by virtue of and in compliance with this Section 7.

8. Remedies.

(a) Upon the occurrence and continuance of any Event of Default, the Lenders may declare any of the Obligations to be immediately due and payable and shall have, in addition to all other rights and remedies granted to it in this Agreement, the Note or any other Document, all rights and remedies of a secured party under the UCC and other applicable laws. Without limiting the generality of the foregoing, (i) the Lenders may peaceably and without notice enter any premises of Debtor, take possession of any of the Collateral, remove or dispose of all or part of the Collateral on any premises of such Debtor or elsewhere, or, in the case of equipment, render it nonfunctional, and otherwise collect, receive, appropriate and realize upon all or any part of the Collateral, and demand, give receipt for, settle, renew, extend, exchange, compromise, adjust, or sue for all or any part of the Collateral, as the Lenders may determine; (ii) the Lenders may require any Debtor to assemble all or any part of the Collateral and make it available to the Lenders at any place and time designated by the Lenders; (iii) the Lenders may secure the appointment of a receiver of the Collateral or any part thereof (to the extent and in the manner provided by applicable law); (iv) the Lenders may sell, resell, lease, use, assign, license, sublicense, transfer or otherwise dispose of any or all of the Collateral in its then condition or following any commercially reasonable preparation or processing (utilizing in connection therewith any of Debtor’s assets, without charge or liability to the Lenders therefor) at public or private sale, by one or more contracts, in one or more parcels, at the same or different times, for cash or credit, or for future delivery without assumption of any credit risk, all as the Lenders deems advisable; provided, however, that Debtor shall be credited with the net proceeds of sale only when such proceeds are finally collected by the Lenders. The Lenders shall have the right

upon any such public sale, and, to the extent permitted by law, upon any such private sale, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption, which right or equity of redemption Debtor hereby releases, to the extent permitted by law. The Lenders shall give Debtor such notice of any private or public sales as may be required by the UCC or other applicable law.

(b) For the purpose of enabling the Lenders to exercise its rights and remedies under this Section 8 or otherwise in connection with this Agreement, Debtor hereby grants to the Lenders an irrevocable, non-exclusive and assignable license (exercisable without payment or royalty or other compensation to Debtor) to use, license or sublicense any intellectual property Collateral.

(c) The Lenders shall have no obligation to clean up or otherwise prepare the Collateral for sale. The Lenders shall have no obligation to attempt to satisfy the Obligations by collecting them from any other Person liable for them, and the Lenders may release, modify or waive any Collateral provided by any other Person to secure any of the Obligations, all without affecting the Lenders' rights against Debtor. Debtor waives any right it may have to require the Lenders to pursue any third Person for any of the Obligations. The Lenders may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral. The Lenders may sell the Collateral without giving any warranties as to the Collateral. The Lenders may specifically disclaim any warranties of title or the like. This procedure will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral. If the Lenders sells any of the Collateral upon credit, Debtor will be credited only with payments actually made by the purchaser, received by the Lenders and applied to the indebtedness of the purchaser. In the event the purchaser fails to pay for the Collateral, the Lenders may resell the Collateral and Debtor shall be credited with the proceeds of the sale.

(d) To the extent Debtor uses the proceeds of any of the Obligations to purchase Collateral, Debtor's repayment of the Obligations shall apply on a "first-in, first-out" basis so that the portion of the Obligations used to purchase a particular item of Collateral shall be paid in the chronological order Debtor purchased the Collateral.

(e) The cash proceeds actually received from the sale or other disposition or collection of Collateral, and any other amounts received in respect of the Collateral the application of which is not otherwise provided for herein, shall be applied first, to the payment of the reasonable costs and expenses of the Lenders in exercising or enforcing its rights hereunder and in collecting or attempting to collect any of the Collateral, and to the payment of all other amounts payable to the Lenders pursuant to Section 13 hereof; and second, to the payment of the Obligations. Any surplus thereof which exists after payment and performance in full of the Obligations shall be promptly paid over to Debtor or otherwise disposed of in accordance with the UCC or other applicable law. Debtor shall remain liable to the Lenders for any deficiency which exists after any sale or other disposition or collection of Collateral.

9. Certain Waivers by Debtor. Debtor waives, to the fullest extent permitted by law, (i) any right of redemption with respect to the Collateral, whether before or after sale hereunder,

and all rights, if any, of marshalling of the Collateral or other collateral or security for the Obligations; (ii) any right to require the Lenders (A) to proceed against any Person, (B) to exhaust any other collateral or security for any of the Obligations, or (C) to make or give any presentments, demands for performance, notices of nonperformance, protests, notices of protests or notices of dishonor in connection with any of the Collateral; and (iii) all claims, damages, and demands against the Lenders arising out of the repossession, retention, sale or application of the proceeds of any sale of the Collateral, other than claims for violations of law and willful misconduct.

10. Certain Limited Waiver by Holders of Prior Notes. Each Lender who is a holder of Prior Notes and a party to that certain Security Agreement, dated as of October 17, 2006 and amended as of April 17, 2007 (the "Prior Security Agreement"), by and among the Debtor and the holders of the Prior Notes, hereby consents to the Liens created hereby for purposes of the Prior Security Agreement, and with respect to only the Liens created hereby waives the provision of Section 5(g) of the Prior Security Agreement.

11. Notices. All notices or other communications hereunder shall be in writing (including by facsimile transmission or by email) and mailed, sent or delivered to the respective parties hereto at or to their respective addresses, facsimile numbers or email addresses set forth below their names on the signature pages hereof, or at or to such other address, facsimile number or email address as shall be designated by any party in a written notice to the other parties hereto. All such notices and other communications shall be deemed to be delivered when a record (within the meaning of the UCC) has been (i) delivered by hand; (ii) sent by mail upon the earlier of the date of receipt or five business days after deposit in the mail, first class (or air mail as to communications sent to or from the United States); (iii) sent by facsimile transmission; or (iv) received by email.

12. No Waiver; Cumulative Remedies. No failure on the part of the Lenders to exercise, and no delay in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, remedy, power or privilege preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights and remedies under this Agreement are cumulative and not exclusive of any rights, remedies, powers and privileges that may otherwise be available to the Lenders.

13. Costs and Expenses.

(a) Debtor agrees to pay on demand:

(i) all reasonable title, appraisal, survey, audit, consulting, search, recording, filing and similar costs, fees and expenses reasonably incurred or sustained by the Lenders in connection with this Agreement or the Collateral; and

(ii) all reasonable costs and expenses of the Lenders, and the reasonable fees and disbursements of one counsel to the Lenders, in connection with the enforcement or attempted enforcement of, and preservation of any rights or interests under, this Agreement and the Notes, including in any out-of-court workout or other refinancing or

restructuring or in any bankruptcy case, and the protection, sale or collection of, or other realization upon, any of the Collateral, including all expenses of taking, collecting, holding, sorting, handling, preparing for sale, selling, or the like, and other such expenses of sales and collections of Collateral, in addition to, and not limited by, this subsection (a).

(b) Any amounts payable to the Lenders under this Section 13 or otherwise under this Agreement if not paid upon demand shall bear interest from the date of such demand until paid in full, at the rate of interest set forth in the Note.

14. Binding Effect. This Agreement shall be binding upon, inure to the benefit of and be enforceable by Debtor, the Lenders and its respective successors and assigns and shall bind any Person who becomes bound as a debtor to this Agreement. Debtor may not assign, transfer, hypothecate or otherwise convey its rights, benefits, obligations or duties hereunder without the prior express written consent of the Lenders. Any such purported assignment, transfer, hypothecation or other conveyance by Debtor without the prior express written consent of the Lenders shall be void. Debtor acknowledges and agrees that in connection with an assignment of, or grant of a participation in, the Obligations the Lenders may assign, or grant participations in, all or a portion of its rights and obligations hereunder. Upon any assignment of any of the Lender's rights hereunder, such assignee shall have, to the extent of such assignment, all rights of the Lenders hereunder. Debtor agrees that, upon any such assignment, such assignee may enforce directly, without joinder of the Lenders, the rights of the Lenders set forth in this Agreement. Any such assignee shall be entitled to enforce the Lenders' rights and remedies under this Agreement to the same extent as if it were the original Lenders named herein.

15. Governing Law. This Agreement shall be governed by, and construed in accordance with, the law of the State of California, except as required by mandatory provisions of law and to the extent the validity or perfection of the security interests hereunder, or the remedies hereunder, in respect of any Collateral are governed by the law of a jurisdiction other than California.

16. Entire Agreement; Amendment. This Agreement contains the entire agreement of the parties with respect to the subject matter hereof and shall not be amended except by the written agreement of the Debtor and the Lenders holding at least fifty percent (50%) of the aggregate principal amount of the Notes and Prior Notes (as defined in the Purchase Agreement), on a combined basis (the "Majority Lenders"). Notwithstanding the foregoing, this Agreement may be amended with only the written consent of the Company for the sole purpose of including additional purchasers of Notes in the Second Closing (as defined in the Purchase Agreement) as "Lenders."

17. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under all applicable laws and regulations. If, however, any provision of this Agreement shall be prohibited by or invalid under any such law or regulation in any jurisdiction, it shall, as to such jurisdiction, be deemed modified to conform to the minimum requirements of such law or regulation, or, if for any reason it is not deemed so modified, it shall be ineffective and invalid only to the extent of such prohibition or

invalidity without affecting the remaining provisions of this Agreement, or the validity or effectiveness of such provision in any other jurisdiction.

18. Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

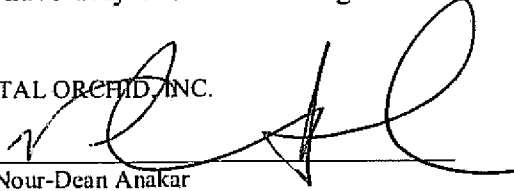
19. Termination. Upon payment and performance in full of all Obligations, or upon conversion of the Notes, the security interest created under this Agreement shall terminate and the Lenders shall promptly execute and deliver to Debtor such documents and instruments reasonably requested by Debtor as shall be necessary to evidence termination of all security interests given by Debtor to the Lenders hereunder.

20. Conflicts. In the event of any conflict or inconsistency between this Agreement, the Notes or the Purchase Agreement, the terms of this Agreement shall control.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement, as of the date first above written.

DIGITAL ORCHID, INC.

By: 
Nour-Dean Anakar
Chief Executive Officer

SHEPHERD VENTURES II, L.P.

By: Shepherd Management, LLC,
its general partner

By: _____
Name: Tom W. Siegel, Managing
Member and Managing Director

NEOCARTA VENTURES, L.P.

By: NeoCarta Associates, LLC
its General Partner

By: _____
Name: _____
Title: _____

NEOCARTA SCOUT FUND, L.L.C.

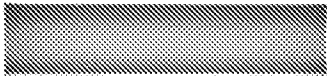
By: NeoCarta Associates, LLC
its Manager

By: _____
Name: _____
Title: _____

QUALCOMM INCORPORATED

By: _____
Title: _____
Name: _____

Security Agreement



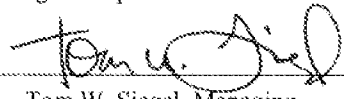
IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement, as of the date first above written.

DIGITAL ORCHID, INC.

By: _____
Nour-Dean Anakar
Chief Executive Officer

SHEPHERD VENTURES II, L.P.

By: Shepherd Management, LLC,
its general partner

By:  _____
Name: Tom W. Siegel, Managing
Member and Managing Director

NEOCARTA VENTURES, L.P.

By: NeoCarta Associates, LLC
its General Partner

By: _____
Name: _____
Title: _____

NEOCARTA SCOUT FUND, L.L.C.

By: NeoCarta Associates, LLC
its Manager

By: _____
Name: _____
Title: _____

QUALCOMM INCORPORATED

By: _____
Title: _____
Name: _____

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement, as of the date first above written.

DIGITAL ORCHID, INC.

By: _____
Nour-Dean Anakar
Chief Executive Officer

SHEPHERD VENTURES II, L.P.

By: Shepherd Management, LLC,
its general partner

By: _____
Name: Tom W. Siegel, Managing
Member and Managing Director

NEOCARTA VENTURES, L.P.

By: NeoCarta Associates, LLC
its General Partner

By: Margaret Jackson
Name: Margaret Jackson
Title: Managing Director

NEOCARTA SCOUT FUND, L.L.C.

By: NeoCarta Associates, LLC
its Manager

By: Margaret Jackson
Name: Margaret Jackson
Title: Managing Director

QUALCOMM INCORPORATED

By: _____
Title: _____
Name: _____

Security Agreement

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement, as of the date first above written.

DIGITAL ORCHID, INC.

By: _____
Nour-Dean Anakar
Chief Executive Officer

SHEPHERD VENTURES II, L.P.

By: Shepherd Management, LLC,
its general partner

By: _____
Name: Tom W. Siegel, Managing
Member and Managing Director

NEOCARTA VENTURES, L.P.

By: NeoCarta Associates, LLC
its General Partner

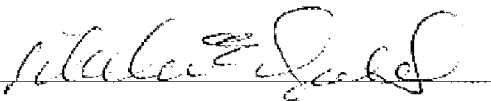
By: _____
Name: _____
Title: _____

NEOCARTA SCOUT FUND, L.L.C.

By: NeoCarta Associates, LLC
its Manager

By: _____
Name: _____
Title: _____

QUALCOMM INCORPORATED

By: 
Title: EVP & CFO
Name: William E. Keitel

Security Agreement

EXHIBIT A

LENDERS

SHEPHERD VENTURES II, L.P.
NEOCARTA VENTURES, L.P.
NEOCARTA SCOUT FUND, L.L.C.
QUALCOMM INCORPORATED

Security Agreement

SCHEDULE 1
to the Security Agreement

1. Jurisdiction of Organization

Delaware

2. Chief Executive Office and Principal Place of Business

Digital Orchid, Inc.
12626 High Bluff Drive, Suite #200
San Diego, California 92130

3. Other locations where Debtor conducts business or Collateral is kept

Blue Tech
Av Burgos 17
28036 Madrid, Spain

Digital Orchid Argentina
Maipu 267, Piso 60
Buenos Aires, Argentina
C1106AB6

D.O. Applications de Mexico
Melchor Ocampo 469 Desp. 401 Anzures
Mexico City, Mexico 11590

4. Deposit Accounts and Security Accounts

Digital Orchid, Inc.
Wells Fargo #380-1299565 checking

Blue Tech
Caixa Catalunya

D.O. Applications de Mexico
HSBC #4030868962 - checking

Digital Orchid Argentina
HSBC #3172238766 - checking

SCHEDULE 2
to the Security Agreement

1. Patents and Patent Applications

Reference is made to the following patents and patent applications
acquired from DiscoverCast:

Number	Title	Date Filed	Issue Date
09/766,382 (7080120)	System and Method for Collaborative Processing of Distributed Applications	Jan. 19, 2001	Jul 18, 2006
09/766,439	System and Method for Maintaining Two-Way Asynchronous Notification between a Client and a Web Server	Jan. 19, 2001	Pending

2. Copyrights (Registered and Unregistered) and Copyright Applications

[NONE]

(Continued on next page)

SCHEDULE 2
to the Security Agreement (cont'd)

3. Trademarks, Service Marks and Trade Names and Trademark, Service Mark and Trade Name Applications

	Mark	Country	Reg No./ Ser. No.	Status
1.	DIGITAL ORCHID™	Australia	860,025	Pending
2.	DIGITAL ORCHID®	Argentina	2,104,254	Registration Complete
3.	DIGITAL ORCHID®	Argentina	2,106,633	Registration Complete
4.	DIGITAL ORCHID®	Argentina	2,565,708	Pending
5.	DIGITAL ORCHID™	Benelux	860,025	Pending
6.	DIGITAL ORCHID®	Brazil	827,235,240	Registration Complete
7.	DIGITAL ORCHID®	Brazil	827,235,259	Registration Complete
8.	DIGITAL ORCHID®	Brazil	827,235,232	Registration Complete
9.	DIGITAL ORCHID™	Canada	1,248,238	Pending
10.	DIGITAL ORCHID®	Chile	741,994	Registration Complete
11.	DIGITAL ORCHID®	Chile	733,839	Registration Complete
12.	DIGITAL ORCHID™	China	860,025	Pending
13.	DIGITAL ORCHID®	EU	A0000994	Registration Complete
14.	DIGITAL ORCHID™	France	860,025	Pending
15.	DIGITAL ORCHID™	Greece	860,025	Pending
16.	DIGITAL ORCHID®	Ireland	860,025	Registration Complete
17.	DIGITAL ORCHID™	Italy	860,025	Pending
18.	DIGITAL ORCHID™	Japan	860,025	Pending
19.	DIGITAL ORCHID®	Mexico	701,924	Registration Complete
20.	DIGITAL ORCHID®	Mexico	701,923	Registration Complete
21.	DIGITAL ORCHID®	Mexico	766,164	Registration Complete
22.	DIGITAL ORCHID®	Norway	860,025	Registration Complete
23.	DIGITAL ORCHID™	Spain	860,025	Pending
24.	DIGITAL ORCHID™	Switzerland	860,025	Pending
25.	DIGITAL ORCHID™	UK	860,025	Pending
26.	DIGITAL ORCHID™	US	78/542,146	Pending
27.	TODOMO™	Argentina	2,580,146	Pending
28.	TODOMO™	Argentina	2,565,709	Pending
29.	TODOMO®	Brazil	827,182,503	Registration Complete
30.	TODOMO®	Brazil	827,235,224	Registration Complete
31.	TODOMO™	Canada	1,248,236	Pending
32.	TODOMO®	Mexico	701,922	Registration Complete
33.	TODOMO®	Mexico	766,165	Registration Complete
34.	TODOMO™	Portugal	388,611	Pending
35.	TODOMO™	Spain	M2640244-0	Registration Complete
36.	TODOMO™	US	78/542137	Pending