

# **INTELLECTUAL PROPERTY OWNERSHIP AND PROTECTION AGREEMENT**

THIS INTELLECTUAL PROPERTY OWNERSHIP AND PROTECTION AGREEMENT (this "Agreement") is made and entered into as of January 15, 2024 (the "Effective Date"), by and between NEXUS INDUSTRIAL INTELLIGENCE, INC., a Delaware corporation with its principal place of business at 2500 Innovation Drive, Suite 400, Wilmington, Delaware 19801 ("Company").

## **1.0 RECITALS**

WHEREAS, Company has developed proprietary artificial intelligence and machine learning technologies for industrial process optimization, including computer vision systems, predictive maintenance algorithms, and quality control solutions (collectively, the "Technology");

WHEREAS, Company desires to establish and document the ownership, protection, and permitted uses of its intellectual property rights in the Technology and related innovations;

WHEREAS, Company seeks to protect its substantial investment in research and development while enabling appropriate commercial deployment of its solutions; and

WHEREAS, this Agreement shall serve as the controlling document for intellectual property matters relating to Company's Technology.

NOW, THEREFORE, Company hereby establishes the following terms and conditions regarding its intellectual property:

## **2.0 DEFINITIONS AND INTERPRETATION**

2.1 Defined Terms. The following terms shall have the meanings set forth below:

(a) "AI Technology Stack" means Company's proprietary artificial intelligence and machine learning architecture, including all algorithms, models, neural networks, and associated software components that enable industrial process optimization and automated decision support, together with all updates, modifications, enhancements, and derivative works thereof.

(b) "Computer Vision System" means Company's proprietary visual recognition and processing technology that captures, analyzes, and interprets visual data from industrial environments, including all image processing algorithms, object detection systems, pattern recognition capabilities, and associated calibration methodologies.

(c) "Edge Computing Components" means Company's software and hardware solutions that enable local processing of data at or near industrial equipment deployment locations, including embedded processors, gateway devices, local storage systems, and associated firmware.

(d) "Intellectual Property Rights" means all patents, copyrights, trade secrets, trademarks, mask works, and other intellectual property rights, whether registered or unregistered, including all applications and registrations thereof, as well as all renewals, extensions, continuations, divisionals, and reissues of the foregoing.

(e) "Machine Learning Models" means Company's trained artificial intelligence models, including all training data, parameters, weights, and associated documentation, together with all preprocessing algorithms, feature extraction methods, and model optimization techniques.

(f) "NexusCore™ Platform" means Company's flagship software platform that integrates the AI Technology Stack, Computer Vision System, Edge Computing Components, and Machine Learning Models, including all user interfaces, APIs, documentation, and associated services.

(g) "Proprietary Information" means all non-public technical and business information relating to the Technology, including source code, algorithms, training methodologies, customer data, trade secrets, and any other confidential information that provides Company with a competitive advantage.

(h) "System Architecture" means the complete technical infrastructure of the NexusCore™ Platform, including all hardware specifications, software components, network configurations, and security protocols.

(i) "Technology" means, collectively, the NexusCore™ Platform, AI Technology Stack, Computer Vision System, Edge Computing Components, Machine Learning Models, and all related technical documentation, specifications, and implementations.

2.2 Interpretation. In this Agreement: (a) Section headings are for convenience only and shall not affect interpretation (b) Words importing the singular include the plural and vice versa (c) References to Sections are to Sections of this Agreement (d) "Including" means including without limitation (e) References to any gender include all genders (f) References to "written" or "in writing" include email and other electronic communications (g) References to a "person" include any individual, partnership, company, corporation, association, trust, joint venture, or other entity (h) References to any statute, regulation, or standard include any amendments, modifications, or replacements thereof (i) Time periods shall be calculated in calendar days unless otherwise specified (j) The terms "hereof," "herein," and "hereunder" refer to this Agreement as a whole (k) Any obligation not to do something includes an obligation not to permit or suffer that thing to be done

### **3.0 INTELLECTUAL PROPERTY OWNERSHIP**

#### **3.1 Pre-existing Intellectual Property**

(a) Company owns all right, title, and interest in and to all Intellectual Property Rights in the Technology existing as of the Effective Date, including: (i) All components of the NexusCore™ Platform (ii) All Machine Learning Models and training methodologies (iii) All Computer Vision System components (iv) All Edge Computing Components (v) All associated documentation and materials

(b) The Company's pre-existing Intellectual Property Rights extend to: (i) All proprietary algorithms, including optimization routines and decision matrices (ii) Database structures, schemas, and data organization methodologies (iii) User interface designs, workflows, and interaction patterns (iv) System architecture specifications and implementation details (v) Proprietary data preprocessing and augmentation techniques

(c) Pre-existing Intellectual Property includes all trade secrets, including but not limited to: (i) Model hyperparameter configurations (ii) Feature engineering methodologies (iii) Performance optimization techniques (iv) Proprietary dataset annotations and labeling conventions (v) Custom deployment configurations and scaling strategies

### 3.2 Newly Developed Intellectual Property

(a) Company shall own all right, title, and interest in and to all Intellectual Property Rights in any improvements, modifications, or derivatives of the Technology developed after the Effective Date, including: (i) Enhanced algorithms and model architectures (ii) New Machine Learning Models and training data (iii) Additional software features and capabilities (iv) Integration components and APIs

(b) Newly developed Intellectual Property encompasses: (i) All improvements to existing algorithms, regardless of the extent of modification (ii) Derivative works based on pre-existing Technology components (iii) Custom implementations of published algorithms when incorporated into the Technology (iv) Novel technical solutions developed during Technology implementation (v) Performance optimizations and system enhancements

(c) The Company retains exclusive rights to: (i) All customer-specific adaptations and customizations (ii) Implementation-specific configurations and parameters (iii) Integration patterns and middleware components (iv) Deployment automation and orchestration solutions (v) Testing frameworks and validation methodologies

### 3.3 Third-Party Components

(a) Company acknowledges that the Technology incorporates certain third-party software components under appropriate licenses.

(b) Exhibit A contains a complete list of third-party components and their associated licenses.

(c) Third-party component usage is subject to: (i) Regular license compliance audits (ii) Documentation of all dependencies and versions (iii) Maintenance of license compatibility matrices (iv) Risk assessment of license obligations (v) Version control and upgrade management

### 3.4 Open Source Software

- (a) Company maintains compliance with all open source license obligations.
- (b) Exhibit B contains Company's open source usage declaration and compliance statement.
- (c) Open source compliance measures include: (i) Maintenance of source code availability where required (ii) Attribution notices in documentation and user interfaces (iii) License compatibility analysis for all components (iv) Change tracking for modified open source components (v) Regular compliance audits and reporting

### 3.5 Intellectual Property Protection

- (a) Company implements the following measures to protect Intellectual Property: (i) Regular patent filings for novel technological innovations (ii) Copyright registrations for software and documentation (iii) Trade secret protection protocols and procedures (iv) Trademark registrations for product names and brands (v) Confidentiality agreements with all parties accessing the Technology
- (b) Protection measures extend to: (i) Source code access controls and version management (ii) Documentation access restrictions and classification (iii) Employee training on IP protection procedures (iv) Regular security audits and access reviews (v) Incident response procedures for potential IP breaches

### 3.6 License Grants and Restrictions

- (a) Any license grants to the Technology: (i) Must be explicitly documented in writing (ii) Are subject to Company's ongoing ownership rights (iii) May not be transferred without Company's written consent (iv) Are limited to specified use cases and territories (v) Must maintain all proprietary notices and markings

## **4.0 IP PROTECTION AND CONFIDENTIALITY**

### 4.1 Trade Secret Protection

- (a) Company shall maintain strict confidentiality of all Proprietary Information through: (i) Access controls and authentication systems, including multi-factor authentication, biometric verification, and role-based access control (ii) Employee and contractor confidentiality agreements with specific provisions for AI/ML technologies (iii) Secure development and testing environments with isolated networks and sanitized data (iv) Information classification and handling procedures based on sensitivity levels (v) Regular security audits and compliance assessments (vi) Physical security measures including restricted access zones and surveillance systems
- (b) Proprietary Information shall include, without limitation: (i) Machine learning algorithms and model architectures (ii) Training datasets and data preprocessing methodologies (iii) Feature engineering techniques and optimization strategies (iv) Industrial process parameters

and optimization methods (v) Customer-specific implementations and customizations (vi) Research and development documentation

#### 4.2 Source Code Security

(a) Company shall protect source code through: (i) Version control access restrictions with signed commits (ii) Code signing and validation procedures using approved certificates (iii) Secure code review processes including automated scanning (iv) Binary code protection measures including obfuscation (v) Segregation of development, testing, and production environments (vi) Regular vulnerability assessments and penetration testing (vii) Secure build and deployment pipelines

(b) Additional source code protection measures shall include: (i) Component verification and supply chain security (ii) Third-party dependency management and verification (iii) Secure API implementation and documentation (iv) Code backup and disaster recovery procedures

#### 4.3 Data Protection

(a) Company shall protect all data through: (i) Encryption at rest and in transit using industry-standard protocols (ii) Access logging and monitoring with automated alerts (iii) Data retention and destruction procedures compliant with regulations (iv) Privacy-preserving computation methods including federated learning (v) Data anonymization and pseudonymization techniques (vi) Regular backup and recovery testing (vii) Geographic data residency compliance

(b) Specific measures for AI/ML data protection: (i) Training data segregation and access controls (ii) Model input/output data protection (iii) Inference data security measures (iv) Dataset versioning and provenance tracking (v) Privacy-preserving machine learning techniques

#### 4.4 Personnel Obligations

(a) All employees and contractors shall: (i) Execute confidentiality agreements prior to access (ii) Complete security training upon hiring and annually (iii) Follow security protocols and procedures (iv) Report security incidents immediately (v) Maintain clean desk and screen policies (vi) Use approved devices and software only

(b) Additional personnel requirements: (i) Background checks for sensitive positions (ii) Regular security awareness updates (iii) Compliance with access control procedures (iv) Proper handling of confidential materials (v) Exit procedures including access revocation

#### 4.5 Compliance and Monitoring

(a) Company shall maintain: (i) Regular compliance assessments and audits (ii) Security incident response procedures (iii) Documentation of security measures (iv) Updated security policies and procedures (v) Vendor security assessment program (vi) Continuous monitoring and improvement processes

(b) Reporting requirements: (i) Quarterly security metrics and KPIs (ii) Annual security program review (iii) Incident response documentation (iv) Compliance certification maintenance (v) Security control effectiveness evaluation

## **5.0 IP USAGE RIGHTS AND RESTRICTIONS**

### **5.1 License Grants**

(a) Company may grant licenses to the Technology through: (i) Commercial deployment licenses for production use in manufacturing environments (ii) Evaluation licenses limited to 90-day assessment periods (iii) Integration partner licenses for authorized solution providers (iv) Development licenses for internal testing and customization

(b) License grant scope encompasses: (i) Right to implement the Technology within designated facilities (ii) Permission to create derivative works as authorized (iii) Access to associated documentation and updates (iv) Technical support as specified in service level agreements

### **5.2 Usage Restrictions**

(a) All Technology usage must: (i) Comply with applicable export controls and trade regulations (ii) Maintain security measures meeting ISO 27001 standards (iii) Prevent unauthorized access through access control systems (iv) Protect Proprietary Information via encryption and secure protocols

(b) Prohibited activities include: (i) Reverse engineering or decompilation attempts (ii) Unauthorized modifications to source code (iii) Distribution to non-authorized third parties (iv) Use in violation of applicable laws or regulations

### **5.3 Sublicensing Rights**

(a) Sublicensing requires: (i) Written authorization from Company's licensing department (ii) Compliance verification through annual audits (iii) Usage monitoring via approved tracking systems (iv) Revenue sharing terms as specified in Exhibit D

(b) Sublicense administration obligations: (i) Maintenance of accurate sublicensee records (ii) Quarterly reporting of deployment metrics (iii) Implementation of compliance training (iv) Regular security assessments

### **5.4 Territory Limitations**

(a) Usage rights may be limited by: (i) Geographic restrictions specified in license agreements (ii) Industry vertical classifications (iii) Use case constraints for specific applications (iv) Customer type and qualification criteria

(b) Territory expansion requirements: (i) Written approval for new jurisdiction deployment (ii) Local law compliance verification (iii) Market-specific security protocols (iv) Regional partner certification

### 5.5 Compliance and Reporting

(a) Licensee shall maintain: (i) Detailed usage logs and access records (ii) Current inventory of authorized users (iii) Documentation of security measures (iv) Compliance certification records

(b) Regular reporting requirements: (i) Monthly usage statistics submission (ii) Quarterly compliance attestation (iii) Annual security audit results (iv) Incident response documentation

IN WITNESS WHEREOF, Company has executed this Agreement as of the Effective Date.

NEXUS INDUSTRIAL INTELLIGENCE, INC.

By: \_\_\_\_\_ Name: Dr. Sarah Chen Title: Chief Executive Officer

EXHIBITS: Exhibit A: Third-Party Component List Exhibit B: Open Source Declaration  
Exhibit C: Security Requirements Exhibit D: License Terms