

# 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, including computer vision systems, predictive analytics algorithms, and edge computing solutions specifically designed for industrial process optimization and automation (collectively, the "Technology");

WHEREAS, Company desires to establish and memorialize the ownership rights, protection measures, and usage terms relating to its intellectual property portfolio, including the NexusCore™ Industrial AI Platform and related technological assets;

WHEREAS, Company seeks to protect its substantial investment in research and development while enabling controlled deployment of its Technology in industrial manufacturing environments; and

WHEREAS, this Agreement shall serve as the definitive document governing all aspects of Company's intellectual property rights, ownership, and protection measures.

NOW, THEREFORE, Company hereby establishes and declares the following terms and conditions:

## 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 architecture, including all machine learning algorithms, neural network designs, training methodologies, model optimization techniques, data preprocessing pipelines, inference engines, and associated computational frameworks developed by Company.

(b) "Computer Vision System" means Company's proprietary visual recognition and processing technology that enables automated inspection, quality control, and process monitoring in industrial environments, including all image processing algorithms, feature extraction methods, object detection systems, and dimensional analysis tools.

(c) "Edge Computing Components" means all software, hardware specifications, and processing algorithms designed to execute Technology at or near the data source location, including embedded systems, local processing units, distributed computing architectures, and real-time data handling mechanisms.

(d) "Intellectual Property Rights" means all patents, patent applications, copyrights, trade secrets, trademarks, service marks, know-how, and other proprietary rights relating to the Technology, whether registered or unregistered, including all applications and registrations thereof, and all rights to apply for the same.

(e) "Machine Learning Models" means Company's trained algorithmic models, including all weights, parameters, architectures, training data relationships, hyperparameter configurations, optimization strategies, and model versioning systems.

(f) "NexusCore™ Platform" means Company's flagship software suite that integrates the AI Technology Stack, Computer Vision System, and Edge Computing Components into a unified industrial process optimization solution, including all updates, modifications, enhancements, and derivative works thereof.

(g) "Proprietary Information" means all non-public technical, business, and operational information relating to the Technology, including source code, algorithms, training data, customer implementations, deployment configurations, system architectures, and performance metrics.

(h) "System Documentation" means all technical specifications, user manuals, architectural designs, interface definitions, and operational procedures relating to the Technology.

(i) "Training Data" means all datasets, annotations, labels, and associated metadata used in the development and training of Machine Learning Models.

## 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) The term "including" means "including without limitation"

(e) References to any party include its successors and permitted assigns

(f) Time periods stated in days refer to calendar days unless specified as business days

- (g) Technical terms shall be interpreted according to their generally accepted meaning within the artificial intelligence and industrial automation industries
- (h) References to laws, regulations, or standards include all amendments, modifications, and replacements thereof
- (i) Any reference to "written" or "in writing" includes electronic communications
- (j) The terms "hereof," "herein," and "hereunder" refer to this Agreement as a whole
- (k) Ambiguities shall not be construed against the drafting party

### **3.0 INTELLECTUAL PROPERTY OWNERSHIP**

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

- (a) Company is the sole and exclusive owner of all right, title, and interest in and to the Technology, including all Intellectual Property Rights therein, developed prior to the Effective Date.
- (b) Such ownership includes, without limitation: (i) All algorithms, methodologies, and processes within the AI Technology Stack (ii) Computer Vision System components and capabilities (iii) Edge Computing Components and related specifications (iv) The NexusCore™ Platform and all constituent elements (v) All associated documentation, designs, and implementations
- (c) Pre-existing Intellectual Property encompasses: (i) All source code, object code, firmware, and software (ii) Patents, patent applications, and patent rights (iii) Trademarks, service marks, trade names, and brand identifiers (iv) Trade secrets, know-how, and confidential information (v) Copyrights, copyright registrations, and applications thereof (vi) Industrial designs and industrial property rights (vii) Database rights and data structure implementations

#### **3.2 Newly Developed Intellectual Property**

- (a) Any improvements, modifications, or enhancements to the Technology developed after the Effective Date shall be owned exclusively by Company.
- (b) All derivative works, including customer-specific implementations and customizations, shall be owned by Company while preserving customer ownership of their underlying operational data.
- (c) Newly developed intellectual property includes: (i) Algorithm improvements and optimizations (ii) Enhanced machine learning models and training methodologies (iii) System architecture modifications and improvements (iv) User interface enhancements and customizations (v) Integration protocols and middleware components (vi) Performance optimization techniques and implementations

(d) Assignment and Rights: (i) All parties hereby irrevocably assign to Company all right, title, and interest in any newly developed intellectual property (ii) Such assignment includes the right to file patent applications and obtain patent rights worldwide (iii) Parties shall execute any documents necessary to perfect Company's ownership rights

### 3.3 Third-Party Components

(a) Company acknowledges limited incorporation of third-party components subject to separate license terms as documented in Exhibit A.

(b) Such third-party components do not materially impact Company's ownership of the core Technology.

(c) Management of Third-Party Rights: (i) Company maintains appropriate licenses for all third-party components (ii) Usage restrictions and limitations are documented and monitored (iii) Regular compliance audits are conducted (iv) Replacement strategies exist for critical third-party components (v) Risk mitigation measures are implemented for dependency management

### 3.4 Open Source Declarations

(a) Company maintains strict compliance with open source license obligations as detailed in Exhibit B.

(b) No open source components materially affect the proprietary nature of the Technology.

(c) Open Source Compliance Framework: (i) Regular audits of open source usage and license compliance (ii) Documentation of all open source components and their licenses (iii) Segregation of open source and proprietary code (iv) License compatibility analysis for all components (v) Contribution policies for open source projects

### 3.5 Intellectual Property Protection

(a) Company shall maintain appropriate registrations, filings, and protections for all Intellectual Property Rights.

(b) Protection measures include: (i) Regular patent portfolio reviews and maintenance (ii) Trademark monitoring and enforcement (iii) Trade secret protection protocols (iv) Copyright registrations where appropriate (v) Cybersecurity measures for intellectual property protection

### 3.6 Intellectual Property Enforcement

(a) Company reserves all rights to enforce its Intellectual Property Rights against any infringement or misappropriation.

(b) Enforcement actions may include: (i) Cease and desist notifications (ii) Legal proceedings for infringement (iii) Alternative dispute resolution procedures (iv) Technological protection measures (v) Cooperation with law enforcement authorities

### 3.7 Intellectual Property Indemnification

(a) Company shall defend and indemnify against third-party claims alleging infringement of Intellectual Property Rights by the Technology, subject to the limitations and conditions set forth in Section 8.0.

(b) Indemnification excludes claims arising from: (i) Unauthorized modifications to the Technology (ii) Combination with non-approved components (iii) Use in violation of provided documentation (iv) Continued use after notification of alleged infringement

## **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 and role-based access control (ii) Employee confidentiality agreements, which shall be executed prior to access grant (iii) Secure development and testing environments with isolated networks (iv) Monitored data access and usage logs with automated alerting systems (v) Regular employee training on confidentiality obligations and security protocols (vi) Physical security measures for premises containing Proprietary Information

(b) Classification and Handling of Trade Secrets: (i) Company shall maintain a comprehensive trade secret registry (ii) All trade secret materials shall be clearly marked as "CONFIDENTIAL" (iii) Access shall be granted on a strict need-to-know basis (iv) Documentation of all access grants and revocations shall be maintained

### **4.2 Patent Rights**

(a) Company shall actively pursue patent protection for novel aspects of the Technology through: (i) Regular invention disclosure reviews (ii) Comprehensive prior art searches (iii) Timely filing of provisional and non-provisional applications (iv) Maintenance of continuation applications where strategically appropriate

(b) Current patent portfolio and applications are listed in Exhibit C.

(c) Patent Management Requirements: (i) Quarterly review of competitive patent landscape (ii) Documentation of invention conception and reduction to practice (iii) Maintenance of laboratory notebooks and development records (iv) Regular assessment of foreign filing requirements

### **4.3 Copyright Protection**

(a) All software code, documentation, and creative elements shall bear appropriate copyright notices including: (i) Year of first publication (ii) Company name and ownership declaration (iii) All rights reserved statement (iv) Digital watermarking where applicable

(b) Company shall register copyrights for material components of the Technology within: (i) 90 days of creation for critical components (ii) 12 months of creation for non-critical components

(c) Source Code Protection: (i) Implementation of version control systems (ii) Regular code signing and timestamping (iii) Maintenance of original author attribution (iv) Documentation of third-party components and licenses

#### 4.4 Data Security Requirements

(a) Company shall implement industry-standard security measures including: (i) Encryption of data in transit and at rest using current NIST-approved algorithms (ii) Regular security audits and penetration testing conducted quarterly (iii) Incident response procedures with defined escalation paths (iv) Backup and recovery systems with geographic redundancy (v) Network segmentation and firewall protection (vi) Regular vulnerability assessments

(b) AI/ML Algorithm Protection: (i) Segregation of training data and production models (ii) Version control for model iterations (iii) Access controls for model parameters and weights (iv) Audit trails for model training and deployment

(c) Industrial Process Data Protection: (i) Real-time monitoring of data access patterns (ii) Automated anomaly detection systems (iii) Secure transmission protocols for sensor data (iv) Regular backup and archival procedures

#### 4.5 Breach Response and Reporting

(a) Company shall maintain and regularly update: (i) Incident response plans (ii) Breach notification procedures (iii) Evidence preservation protocols (iv) Stakeholder communication templates

(b) All security incidents shall be: (i) Documented within 24 hours of discovery (ii) Investigated promptly and thoroughly (iii) Reported to relevant authorities as required by law (iv) Reviewed for process improvement opportunities

## 5.0 LICENSE GRANTS AND RESTRICTIONS

### 5.1 Software License Terms

(a) Company grants limited licenses to the NexusCore™ Platform pursuant to separate customer agreements, which shall specify: (i) Authorized user quantities and access levels (ii) Geographic territories for deployment (iii) Duration of license validity (iv) Applicable fee structures and payment terms (v) Service level commitments and support parameters

(b) All licenses are non-exclusive, non-transferable, and subject to usage limitations, including: (i) Restriction to named business entities (ii) Prohibition on concurrent use across multiple organizations (iii) Limitations on processing capacity and data volume (iv) Requirements for maintaining security protocols (v) Compliance with specified technical environments

## 5.2 API Access Rights

(a) API access is granted solely for authorized integration purposes, subject to: (i) Registration and authentication requirements (ii) Documented integration protocols (iii) Maintenance of secure connection standards (iv) Adherence to data protection requirements (v) Regular compliance audits

(b) API usage must comply with Company's technical specifications and rate limits, including: (i) Maximum requests per second, minute, and hour (ii) Data throughput limitations (iii) Concurrent connection restrictions (iv) Authentication token requirements (v) Error handling protocols

## 5.3 Usage Restrictions

(a) Licensees shall not: (i) Reverse engineer the Technology or attempt to derive source code (ii) Access source code or underlying algorithms through any means (iii) Create derivative works based on the Technology (iv) Circumvent security measures or access controls (v) Modify, adapt, or alter the Technology (vi) Remove or obscure proprietary notices (vii) Use the Technology for competitive analysis (viii) Share access credentials or authentication tokens (ix) Exceed authorized user or usage limits (x) Violate applicable export control regulations

(b) Additional Prohibited Activities: (i) Unauthorized benchmarking or performance testing (ii) Integration with unauthorized third-party systems (iii) Use in high-risk applications without explicit approval (iv) Commercial exploitation beyond licensed scope (v) Distribution to unauthorized parties

## 5.4 Sublicensing Terms

(a) Sublicensing is prohibited without Company's express written consent, which shall: (i) Be obtained minimum 30 days in advance (ii) Specify intended sublicensee details (iii) Include proposed sublicense terms (iv) Detail intended usage scope (v) Provide security compliance documentation

(b) Authorized sublicenses must incorporate all restrictions and protections herein, including: (i) All usage restrictions from Section 5.3 (ii) Security and compliance requirements (iii) Audit and monitoring provisions (iv) Termination rights (v) Intellectual property protections

## 5.5 Compliance and Monitoring

(a) Company reserves the right to monitor license compliance through: (i) Automated usage tracking (ii) Periodic audit requirements (iii) System access logs (iv) Performance metrics (v) Security scanning

(b) Licensees shall maintain accurate records of: (i) Authorized user access (ii) System configurations (iii) Integration implementations (iv) Usage statistics (v) Security incidents

## 5.6 Enforcement and Remedies

(a) Company may enforce license terms through: (i) Immediate access suspension (ii) License termination (iii) Legal proceedings (iv) Financial penalties (v) Mandatory compliance audits

(b) Remedies for violations include: (i) Injunctive relief (ii) Monetary damages (iii) Recovery of legal costs (iv) Mandatory security reviews (v) Implementation of corrective measures

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 Schedule Exhibit B: Open Source Declarations  
Exhibit C: Patent Portfolio Summary