

# Patent Licensing Policy

**Effective Date:** Jan 1, 2025

## 1. Introduction

1.1 Hishab Japan Inc. ("the Company") is committed to fostering innovation and promoting the use of its patented technologies in compliance with applicable Japanese laws including patent laws and regulations. This Patent Licensing Policy sets forth the terms and conditions under which the Company may grant licenses to its patents, ensuring fair and lawful use of its intellectual property while encouraging technological advancement and collaboration.

1.2 However, the Company does not guarantee that its patents are free from grounds for invalidation or that the implementation of the patents will not be restricted by the rights of third parties.

## 2. Scope and Applicability

2.1 This policy applies to all patents owned, developed, or acquired by the Company ("Company Patents"). The Company may grant licenses to these patents for various applications, including but not limited to AI software, hardware, algorithms, and processes. All licensing activities will be conducted in accordance with Japan's Patent Act and related regulations.

### 2.2. Definition

For the purposes of this policy, the following terms shall have the meanings ascribed to them:

- i **Exclusive License:** A license granted solely to one party, excluding all others, including the licensor. The licensee has the exclusive right to use the patented technology for the agreed-upon purpose and duration.
- ii **Non-Exclusive License:** A license that allows multiple parties to use the same patented technology simultaneously. The licensor retains the right to grant similar licenses to other parties and may also use the technology itself.
- iii **Open-Source License:** A license allowing the use, modification, and distribution of patented technology under predefined conditions. These conditions typically require that any derivative works or modifications are also made available under the same open-source license terms.

## 3. Types of Licenses Available

3.1 The Company offers the following types of patent licenses:

- i **Commercial Licenses:** These licenses are granted for commercial use of the Company IP, such as in the development and sale of products or services.

- ii **Non-commercial Licenses:** These licenses are granted for non-commercial use of the Company IP, such as for educational or research purposes.
- iii **Open-source Licenses:** These licenses grant broad rights to use, modify, and distribute the Company IP, typically under the condition that any derivative works are also made available under an open-source license.

**3.2 Open-Source Licenses:** Open-source licenses are offered with the following terms and conditions to encourage collaboration and innovation while protecting the Company's intellectual property:

**a. Redistribution Requirements**

- i Any modifications or derivative works based on the Company's patented technology must be distributed under the same open-source license terms as the original patent, ensuring continued openness and accessibility.
- ii Attribution to the Company must be included in all redistributed versions, clearly specifying the original source of the patented technology.
- iii If the patented technology is combined with other software or technologies, redistribution must comply with the compatibility terms of both the open-source license and the licenses of the combined components.
- iv Redistribution must not imply endorsement by the Company unless explicitly agreed upon in writing.

**b. Use for Commercial Purposes**

- i Open-source licenses may be used for commercial purposes, such as integrating the patented technology into products or services offered for sale, provided the redistribution requirements are met.
- ii Commercial use does not exempt users from obligations, including but not limited to:
  - a. Granting open access to derivative works.
  - b. Disclosing any modifications to the patented technology.
  - c. Maintaining compliance with attribution and compatibility clauses.
- iii Companies utilizing open-source licenses for commercial products are prohibited from imposing additional restrictions on end users that conflict with the open-source terms.

**c. Reporting Obligations**

Entities using the patented technology under an open-source license must provide an annual report to the Company that includes:

- i The scope and nature of any modifications or derivative works.
- ii The distribution methods used (e.g., online repositories, marketplaces).
- iii Evidence of compliance with the open-source license terms.

### **3.3 Exemption from Liability**

- i The Company assumes no liability for downstream usage or redistribution by third parties of open-source-licensed technology.
- ii Users are solely responsible for ensuring compliance with legal and licensing obligations in their jurisdictions.

## **4. License Application Process**

4.1 Companies or individuals interested in licensing one or more of the Company's patents should submit a written application including the following details:

- i Name of the company/individual and Contact Information: Provide the name of the Company, primary contact person, address, phone number, and email address.
- ii Intended Use of the Patent(s): Describe how the patented technology will be used, including any relevant applications, products, or services.
- iii Type of License Requested: Specify the desired license type (exclusive, non-exclusive, etc.) and any additional preferences regarding field or territorial limitations.
- iv Proposed Licensing Terms: Outline any preferred terms regarding royalty rates, payment schedules, or sub licensing rights.
- v Any additional requirement as imposed by applicable law, if any.

### **4.2 Contact Information**

Submit the application to the following address:

**Faria Ahmed**

**Hishab Japan Inc.**

**1st Floor, Shoto Grand Hills, Kamiyamacho 25-2, Shibuya-ku, Tokyo 150-0047**

**Email: [IPDocketing@hishab.co](mailto:IPDocketing@hishab.co)**

### **4.3 Receipt of Application and Acknowledgement**

Unless otherwise is stated in any applicable law, the following steps shall be taken upon receipt of any application by the Company.

- i Upon receiving a license application, the Company will issue an acknowledgment of receipt to the applicant within 15 business days
- ii The acknowledgment will confirm the receipt of the application and outline the next steps in the review and evaluation process.
- iii If additional information is required to process the application, the applicant will be notified within the same timeframe.

## **5. Evaluation and Approval**

### **5.1 Considering Factors**

The Company will review licensing applications on a case-by-case basis, considering factors such as:

- i Compliance with Japan's applicable law including but not limited to Patent Act and so far, as practicable, any applicable international regulations.
- ii The potential for the licensee's use to promote innovation and market growth.
- iii The licensee's technical and financial capability to utilize the patented technology effectively.
- iv Alignment with the Company's business strategy and technology development goals.

The Company reserves the right to request additional information from applicants to facilitate the evaluation process. All decisions regarding the approval or denial of license applications are at the sole discretion of the Company.

### **5.2 Evaluation Process and Timeframes**

The evaluation process will include the following steps:

#### **i Acknowledgment of Receipt**

The Company, within 15 business days, will issue an acknowledgment confirming receipt of the application.

#### **ii Initial Screening**

The Company will conduct an initial review of the application within 15 business days of acknowledgment to confirm its completeness and alignment with the Company's patent licensing criteria; if additional information or clarifications are required, the Company will notify the applicant and provide a specified deadline for submission of the requested details.

#### **iii Technical and Financial Assessment**

Within 15 business days of completing the initial screening, the Company will evaluate the applicant's technical capability, proposed use of the patented technology, and financial capacity, including a review by a technical team to assess the feasibility of the intended use and its alignment with the patented technology.

#### **iv Strategic Review**

The application will be assessed for alignment with the Company's business strategy and long-term goals within 15 business days of technical and financial assessment.

#### **v Final Decision**

A final decision regarding the approval or denial of the application will be made within 5 business days of the strategic review, and the Company will notify the applicant in writing. If the application is approved, the notification will include the next steps for finalizing the licensing agreement.

### **5.3 Additional Information Requests**

The Company reserves the right to request additional information from applicants at any stage of the evaluation process to ensure a thorough review, and applicants will typically be given a reasonable timeframe of 15 business days to respond to such requests.

### **5.4 Discretion and Timelines**

The Company aims to complete the evaluation process within approximately 45 business days from the date of acknowledgment; however, the timeframe may vary based on the complexity of the application or additional requirements. All decisions regarding the approval or denial of license applications rest solely at the discretion of the Company.

## **6. Licensing Terms and Conditions**

Licenses granted under this policy will be governed by a formal Patent License Agreement, which will include but not limited to the following terms:

**6.1 License Scope:** Defines the rights granted, including any limitations on field, territory, duration, or sublicensing.

#### **i Exclusive License**

- a. Granted solely to one party, excluding all others, including the licensor.
- b. Sublicensing: Allowed only with prior written consent from the Company.
- c. Territorial Scope: May be limited to specific regions or jurisdictions as agreed upon.

#### **ii Non-Exclusive License**

- a. Allows multiple parties to use the same patented technology.
- b. Sublicensing: Permitted under predefined terms outlined in the Patent License Agreement.
- c. Territorial Scope: May be global or region-specific as per mutual agreement.

#### **iii Royalties and Fees**

Specifies the royalty rates, payment schedules, and any other financial terms.

#### **iv Confidentiality Obligations**

Establishes requirements for maintaining the confidentiality of any proprietary information shared during the licensing relationship.

#### **v Compliance with Laws**

Requires the licensee to comply with all applicable laws, including Japan's Patent Act and export control regulations.

#### **vi Audit Rights**

The Company reserves the right to audit the licensee's records to ensure compliance with the terms of the Patent License Agreement. Audits may be conducted no more than once per calendar year unless a material breach is suspected, and the Company will provide at least 15 business days' prior written notice before conducting an audit. All audits will be carried out during regular business hours in a manner designed to minimize disruption to the licensee's operations.

#### **vii Termination Clauses**

Outlines the conditions under which the license may be terminated, including non-payment, breach of terms, or bankruptcy.

### **7. Obligations of Licensees**

Licensees are required to:

- i. Use the patented technology solely for the purposes specified in the Patent License Agreement and refrain from any unauthorized applications or modifications.
- ii. Pay royalties, fees, and other financial obligations in full and on time, as per the terms agreed upon in the Patent License Agreement.
- iii. Submit regular, accurate, and detailed reports to the Company regarding the use, implementation, and outcomes of the patented technology, as outlined in the agreement.
- iv. Maintain strict confidentiality of any proprietary or sensitive information received from the Company and ensure such information is not disclosed to unauthorized parties.
- v. Comply with all relevant laws, regulations, and industry standards, including but not limited to patent laws, data protection regulations, and applicable safety guidelines.
- vi. Notify the Company promptly of any issues, challenges, or potential infringements related to the patented technology.
- vii. Cooperate fully with any audits, inspections, or reviews conducted by the Company to ensure adherence to the terms of the Patent License Agreement.

### **8. Termination By Licensor**

The Company may, by providing a written notice, immediately terminate the rights granted to the licensee if the Licensee, either directly or indirectly by assisting a third party, raises an invalidity opinion against the licensed patent. This includes, but is not limited to, claims, cross-claims, counterclaims, or defenses challenging the validity of the licensed patent. Termination shall take effect immediately upon the delivery of such notice.

### **9. Non-Disclosure**

9.1 The information, documents, data and/or materials provided by the Company to the other licensee shall be utilized by the other licensee solely for the purpose of performing its responsibilities and obligations under the Patent License Agreement, and shall not be disclosed to a third party other than the written approval from the Company; provided however that such other licensee may disclose such information, documents, data and/or materials to a third party when required by law or judicial or other governmental proceedings to disclose them.

9.2 The provisions outlined in this Policy regarding the Licensed Patents shall remain in effect even after the termination of any licensing arrangement. Furthermore, the Company reserves the right to issue a formal notice to the licensee if the Licensee, directly or indirectly, or by assisting a third party, challenges the validity of any licensed patent. This includes but is not limited to raising invalidity claims, cross-claims, counterclaims, or defenses against the licensed patent.

## **10. Policy on Prohibition of Association with Unlawful Entities**

10.1 The company does not appreciate, encourage, or support any individuals, entities, or groups engaging in unlawful activities, organized criminal groups, or any other similar entities that are considered detrimental to public order or safety (collectively referred to as “Unlawful Entities”) under the applicable laws of Japan, including but not limited to the Penal Code, 1860, and other relevant laws.

10.1 Similarly, the company does not condone or endorse any actions or activities that involve, support, or are jointly associated with Unlawful Entities.

### **i Obligations of Licensees**

Licensees, including their parent companies, subsidiaries, affiliates, directors, officers, and employees, are required to:

- a. Refrain from any association with Unlawful Entities or engaging in activities that support or involve such entities.
- b. Fully comply with all applicable laws of Japan related to public safety, the prevention of organized crime, and the prohibition of unlawful activities.

### **ii Reporting Obligations**

Licensees must promptly notify the company if they become aware of any violation or suspected violation of this policy, including any involvement with or support for Unlawful Entities.

### **iii Zero Tolerance**

The company maintains a zero-tolerance policy toward any actions or behaviors that contradict this policy. Confirmed violations by licensees will lead to immediate corrective measures, including but not limited to the termination of any existing agreements and the initiation of legal actions as per the applicable laws of Japan.

## **11. Severability, Waiver**

If any provision of this Policy is determined unenforceable, that provision shall be deemed severed from the Policy and not affect the validity and enforceability of any remaining provisions. Furthermore, any waiver or failure by the Company to enforce any provision of this Policy on any occasion shall not be construed as a waiver of that provision or any other occasion.

## **12. Assignment**

Unless otherwise stated in this policy or applicable law, the rights and obligations under this Policy may not be assigned, subcontracted, delegated, or otherwise transferred by any party without the Company's prior written consent. Any attempt to assign, subcontract, delegate, or transfer in violation of this requirement shall be considered null and void. However, the Company reserves the right to assign its rights and obligations under this Policy to any third party without requiring consent or prior notification.

## **13. Dispute Resolution**

Any disputes arising out of or related to the Patent License Agreement will be resolved through arbitration as mutually agreed upon through a written instrument. In the absence of any written instrument, disputes will be resolved in accordance with the laws of Japan, including but not limited to the Arbitration Act, 2001.

## **14. Amendments to the Policy**

The Company may update or modify this Patent Licensing Policy as necessary to reflect changes in the law or to address evolving business needs. All updates will be posted on the Company's official website, and licensees are encouraged to review the policy periodically.

## **15. Governing Law**

This Policy shall be governed by and construed in accordance with the laws of Japan without giving effect to any choice or conflict of law provision or rule that would cause the application of laws of any other jurisdiction.

Hishab Japan Inc. is committed to advancing the responsible use of its patented technologies and welcomes collaboration through fair and transparent licensing practices. For any questions or additional information regarding this policy, please contact [IPDocketing@hishab.co](mailto:IPDocketing@hishab.co)

This policy ensures compliance with Japanese patent laws while offering a structured approach for licensing patented technologies, promoting innovation, and protecting the Company's intellectual property rights.