

# PATENT ASSIGNMENT

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<b>SUBMISSION TYPE:</b>	NEW ASSIGNMENT												
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<b>CONVEYING PARTY DATA</b>													
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<b>CORRESPONDENCE DATA</b>													
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**PATENT**  
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ATTORNEY DOCKET NUMBER:	CTL
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STATE OF NORTH CAROLINA  
ALAMANCE COUNTY

IN THE GENERAL COURT OF JUSTICE  
SUPERIOR COURT DIVISION  
09-CVS-001513

CARTRIDGE LIMITED and )  
CARTRIDGE TECHNOLOGIES, LLC )  
 )  
Plaintiffs, )  
 )  
v. )  
 )  
JRI DEVELOPMENT GROUP, LLC, )  
JEFFERY S. RYAN, JODY J. )  
FURILLO, and MATTHEW BURNS )  
 )  
Defendants. )  
 )

**FIRST AMENDED COMPLAINT**

Plaintiffs Cartridge Limited (“Cartridge”) and Cartridge Technologies, LLC (“CTL”) (together, “Plaintiffs”), complaining of the defendants JRi Development Group, LLC (“JRi”), Jeffery S. Ryan (“Ryan”), Jody J. Furillo (“Furillo”) and Matthew Burns (“Burns”) (collectively, “Defendants”), allege and state:

**INTRODUCTION**

Cartridge formed CTL and hired Ryan as its Managing Director,<sup>\*</sup> Senior Officer and Manager based on Ryan’s representations that he would build CTL into a leading developer and provider of Suspension Technology and Bio-Mechanical And Other Technology.<sup>†</sup> Cartridge and its affiliates spent roughly two million dollars (\$2 million) to finance Ryan’s work and position CTL to obtain substantial income from the sale of its products. But instead of building CTL, Ryan, in conspiracy with Furillo and Burns, violated his duties as its Managing Director, Senior Officer and Manager to, among other things, fraudulently and secretly plan and form JRi as a competing business and steal CTL’s inventions, patents, patent applications and proprietary

<sup>\*</sup> This term is defined in paragraph 11 below.

<sup>†</sup> These terms are defined in paragraph 2 below.

Technology<sup>‡</sup> for use and sale by JRi. Defendants' actions unethically and unfairly accelerated the business and operations of JRi by virtue of Cartridge's time, funding and technology, and also destroyed CTL and its opportunity to profit from the Technology.

### **PARTIES AND JURISDICTION**

1. Plaintiff Cartridge is a corporation organized and existing under the laws of the State of Delaware and registered to do business in North Carolina. Cartridge provides vehicle related advanced technology, research, design, engineering, development and manufacturing. Cartridge conducts business throughout the United States and Europe.

2. Plaintiff CTL is a limited liability company organized and existing under the laws of the State of Delaware with its principal place of business in Burlington, Alamance County, North Carolina. CTL was formed in 2006 to provide vehicle related technology services. Specifically, CTL was formed to invent, design, develop, test, manufacture or have manufactured, and sell the most advanced suspensions, including, but not limited to, suspension test equipment, and hydraulic systems for professional racing, including, but not limited to, Formula 1, Indy Car, other open wheel vehicles, NASCAR, sports car, motorcycle and off-road racing, and high level series production cars, motorcycles and military applications ("Suspension Technology"). In addition, CTL was formed to further develop, test, manufacture or have manufactured and sell a bio-mechanical orthotic knee brace and to invent, design, develop, test, manufacture or have manufactured, and sell the next generation of medical/biological civilian and military related electro/hydraulic/mechanical products. Further, CTL was to invent, design, develop, test, manufacture or have manufactured, and sell civilian and military unmanned vehicles including, but not limited to, a military unmanned ground support vehicle (the

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<sup>‡</sup> This term is defined in paragraph 2 below.

“Hound”), other devices such as the shock isolation cradle (the “Cradle”) for use in military, off-road and other vehicles and many other applications (with the foregoing referred to collectively as “Bio-Mechanical And Other Technology”). (The Suspension Technology and the Bio-Mechanical And Other Technology are sometimes referred to in the Complaint together as the “Technology”).

3. Defendant JRi is a limited liability company organized and existing under the laws of the State of North Carolina with a principal place of business in Mooresville, Iredell County, North Carolina. Upon information and belief, JRi was formed in early 2007 so that, as part of his secret, fraudulent plan, Ryan could transfer to it the Technology that had been and would be developed at CTL and paid for by Cartridge. It was Ryan’s intent that JRi utilize and reap the benefit from the Technology.

4. Defendant Ryan resides at 2125 Conroy Way, Willow Spring, Wake County, North Carolina 27592. Ryan was the Managing Director, the Senior Officer, the Manager and a full time employee of CTL from January 2006 until May 25, 2007. Upon information and belief, Ryan has been a partner or member in JRi since early 2007.

5. Defendant Furillo resides at 232 Lakecroft Place, Fuquay Varina, Wake County, North Carolina 27526. Furillo was an employee of CTL from February 2006 until March 30, 2007. Upon information and belief, Furillo has been a partner or member in JRi since early 2007.

6. Defendant Burns, upon information and belief, resides at 2966 South Church Street, Burlington, North Carolina 27215. Burns was an employee of CTL from July 2006 until May 25, 2007. Upon information and belief, Burns has been a partner or member in JRi since early 2007.

7. This Court has jurisdiction over the parties pursuant to N.C. Gen. Stat. § 1-75.4 and other applicable statutes.

8. Venue is proper pursuant to N.C. Gen. Stat. § 1-82 and other applicable statutes.

### **MATERIAL FACTS**

9. In or around mid-2005, Ryan contacted Robert D. Linton, the Chief Executive Officer of Cartridge (“Linton”). Prior to that time, Ryan had been the General Manager and Technical Director of Penske Racing Shocks. Ryan proposed a business relationship with Cartridge whereby Ryan would operate in North Carolina – where Ryan and Furillo wanted to move their families – an affiliate of Cartridge, formed and financed by Cartridge. In addition, Ryan would promote Cartridge’s brand and image worldwide.

10. Cartridge agreed to this proposal based on certain promises and under certain conditions. Ryan agreed to assign and transfer to CTL all rights associated with provisional patent application numbers 60/697,426, 60/697,513, 60/698,157 and all embodiments that would flow therefrom (the “Knee Brace Patent”). Also, any patents, technology, inventions, designs, drawings, and know-how, including, but not limited to, those for the Cradle and the Hound would belong to CTL. Most importantly, Ryan agreed to invent, design, develop, test, manufacture or have manufactured, market and sell Suspension Technology and Bio-Mechanical And Other Technology on behalf of and for the benefit of CTL. Further, Ryan agreed to execute an employment agreement containing confidentiality, non-competition, non-solicitation and other provisions. Finally, Ryan expressly represented that, on behalf of CTL, he would raise an additional three million dollars (\$3 million) in funding for the device covered by the Knee Brace Patent. Ryan represented that his efforts would result in CTL making millions of dollars of sales and profits.

11. In exchange for Ryan's promises, Cartridge agreed to and did provide the following consideration:

a. Cartridge organized CTL on January 4, 2006 as a North Carolina based affiliate. Cartridge is the sole member of CTL. Ryan was hired as the Managing Director and Director of Suspension/Hydraulic/Mechanical Technologies ("Managing Director"), the Senior Officer and the Manager of CTL. In these positions, Ryan was effectively the CEO of CTL, with the requisite discretion and autonomy to run CTL. In addition to his duties with respect to CTL, Ryan also had the responsibility to build diligently the Cartridge brand and image while acquiring sales and customers on behalf of CTL.

b. Cartridge hired two other employees, Furillo and Burns, based on Ryan's representations that Furillo was the best salesman of shock absorbers in the country and that Burns was an excellent operations foreman, shop manager and technician.

c. As the Managing Director, the Senior Officer and the Manager of CTL, Ryan received an initial annual salary of \$175,000 plus benefits. As the Strategic Business Segment Director of CTL, Furillo received an initial annual salary of \$125,000 plus benefits. As Operations Foreman and Shop Manager, Burns received an initial annual salary of \$65,000 plus benefits. Ryan's, Furillo's and Burns' compensations each represented a significant increase over their previous salaries. Ryan and Furillo also received corporate American Express cards to pay Cartridge and CTL related expenses.

d. Ryan represented that he was in the midst of a divorce, and required immediate funds in connection therewith before he could join CTL. Therefore, at Ryan's specific request, Cartridge loaned Ryan seventy thousand dollars (\$70,000). Ryan agreed to repay Cartridge in full by June 1, 2007.



e. Cartridge purchased a Lexus LS 470 at a cost of approximately sixty-seven thousand dollars (\$67,000) for Ryan's use in connection with his duties as the Managing Director, the Senior Officer and the Manager of CTL.

f. Cartridge paid the moving expenses for Ryan and Furillo to relocate from Pennsylvania to North Carolina.

12. In addition to Ryan's separate contract to assign and transfer all rights associated with the Knee Brace Patent and future patent applications, and as a condition precedent to their employment with CTL, Ryan, Furillo and Burns each agreed prior to becoming a CTL employee to execute employment agreements containing confidentiality, non-competition, non-solicitation, and other provisions. In fact, Ryan, Furillo and Burns each executed employment agreements with CTL, copies of which are attached to this Complaint as Exhibits A, B, and C respectively. Among other things, these employment agreements contained the following provisions:

a. That CTL shall be the sole owner of all confidential information, work product and related proprietary rights related to the employee's employment with CTL.

b. That the employee shall not disclose any confidential information owned by CTL.

c. That the employee shall not solicit any client, customer or potential customer of CTL for a certain period after the employee's relationship with CTL terminates.

d. That the employee shall not solicit any other employee, consultant, or independent contractor of CTL for a certain period after the employee's relationship with CTL terminates.

e. That the employee shall not compete with CTL for a certain period after the employee's relationship with CTL terminates and the employee returns to CTL all materials belonging to CTL or its affiliates.

13. By virtue of the nature of their employment, Ryan, Furillo and Burns had access to, and indeed developed, the inventions, designs and specifications of CTL's Technology. The Suspension Technology invented, designed and developed for CTL by Ryan was and is extremely valuable in that it provides a competitive advantage in NASCAR and other professional racing and provides numerous advantages for civilian and military vehicle applications. For instance, the Suspension Technology invented, designed and developed for CTL included test and instrumented shocks for various applications (including racing applications such as NASCAR) designed to significantly improve a vehicle's performance and handling. Further, the Suspension Technology invented, designed and developed by CTL for military applications incorporated technological advances including weight optimized construction and superior componentry and operational characteristics, including nitrogen pressurization to maximize performance in excessive heat conditions and an increased primary piston valve area to maximize performance consistency. The Bio-Mechanical And Other Technology was and is even more valuable as it has large existing and burgeoning markets in healthcare and for civilian and military vehicles. The Technology invented, designed and developed for CTL by Ryan were extremely valuable because they are not generally known or readily ascertainable.

14. By virtue of their employment agreements and otherwise, Ryan, Furillo and Burns understood that the trade secret and other confidential information, including the Suspension Technology and Bio-Mechanical And Other Technology, to which they were exposed was highly

sensitive, for which CTL took steps to maintain its confidentiality. Moreover, Ryan, Furillo and Burns knew that CTL would achieve certain competitive advantages based on its trade secrets and, in particular, the Suspension Technology and Bio-Mechanical And Other Technology invented, designed and developed by Ryan.

15. As the Managing Director, the Senior Officer and the Manager of CTL, Ryan's specific duties included, but were not limited to the following:

a. Direct the invention, design, development, testing, manufacturing and sales of Technology for the benefit of CTL.

b. As an experienced senior manager, create and adhere to realistic budgets.

c. Invent, design and develop test pieces of, arrange for the manufacture of production pieces of, and market and sell all of CTL's products, including Suspension Technology and Bio-Mechanical And Other Technology.

d. Obtain approval for the use of CTL shock absorbers, invented, designed or developed by Ryan, in NASCAR races ("NASCAR Approval"). Obtaining NASCAR Approval was critical to CTL's success because without NASCAR Approval, CTL's shock absorbers could not be used in NASCAR races. As a result, NASCAR racing teams would not purchase the shock absorbers for race use.

e. Provide central leadership to CTL's and Cartridge's overall dedication to providing superior Technology, including, but not limited to, incorporating the lightest practical components to achieve improved performance and enhanced fuel efficiency.

f. Supervise Furillo and Burns, including daily supervision to ensure that Furillo and Burns were performing work appropriate for and commensurate with their salaries.

g. Act in the best interests of CTL at all times and ensure that Furillo and Burns acted in the best interests of CTL at all times.

16. As the Managing Director, the Senior Officer and the Manager of CTL, Ryan did in fact invent, design, develop and test NASCAR racing and military-related shock absorbers in 2006. CTL financed extensive research and development activities during this time, including purchasing test equipment, tools and shock absorbers developed by other manufacturers for comparison. Additionally, Ryan and Furillo traveled extensively to meet with race teams. Ryan traveled at least four times to the U.S. Army Tank Automotive Research, Development and Engineering Center in Warren, Michigan ("TARDEC") to discuss and test CTL Suspension Technology. Ryan also traveled twice to the U.S. Army's 3<sup>rd</sup> Infantry Division ("3ID"), Ft. Stewart, Georgia; once, in conjunction with Cartridge's contact with the then Commanding General, to be given the opportunity to review the military's High Mobility Multipurpose Wheeled Vehicle ("HMMWV") in depth and to discuss HMMWV issues with soldiers who had been in combat with HMMWV; and once to test CTL's shock absorbers. Ryan and Burns also traveled to the Nevada Automotive Test Center ("NATC") in Spring Hill, Nevada, to conduct testing on CTL's military shock absorbers, including shock absorbers to be used on the HMMWV and potentially for use in the proposed Joint Light Tactical Vehicle, which is scheduled to replace the HMMWV, as well as in other vehicles. By virtue of Cartridge's contacts with military officials, Ryan also attended multiple military briefings for industry to develop sales contacts in the military and to learn of further military applications for Suspension Technology and Bio-Mechanical And Other Technology. Further, through Cartridge's contacts, Ryan was given significant other information as to military opportunities, including, but not

limited to, a confidential report regarding HMMWV improvement considerations and recommendations.

17. In addition, by summer 2006 Ryan had built a scale model of the Hound and represented to Cartridge that he intended to invent, design and develop the Cradle for sale to the military and otherwise.

18. By September 2006, Ryan had had several NASCAR shock absorbers built for CTL (the "Prototypes"). Ryan sent the Prototypes to at least 14 NASCAR racing teams for testing, to be conducted in November 2006. Ordinarily, such testing would be accomplished by the teams receiving the Prototypes, testing them in their race cars, and returning them to the designer for analysis. This analysis is a critical step in the invention, design and development of shock absorbers.

19. Several NASCAR teams conducted shock dynamometer, seven post and track tests of the Prototypes during November. By way of example, the Prototypes were tested by Toyota Racing Development. The Prototypes performed very favorably. Ryan made further improvements to the Prototypes based on feedback from the NASCAR teams.

20. Based on the results of the testing, Ryan reported to Cartridge and CTL that many of the NASCAR teams were routing their purchase orders internally for approval to order the Prototypes for the 2007 season.

21. Throughout 2006, Ryan continued to represent that CTL would enjoy substantial profits based on the imminent closing of a substantial number of sales.

22. In addition, in the summer and through late fall of 2006 Ryan represented to Cartridge and CTL that NASCAR Approval was on track to be obtained.

23. Unbeknownst to, contrary to his contract and employment agreement with, and concealed from Cartridge and CTL, on July 10, 2006, Ryan filed patent application number 11/456,448 to patent the knee brace technology covered by the Knee Brace Patent. This application resulted ultimately in the issuance of patent number 7,507,215 on March 24, 2009. Further, on August 23, 2006, unbeknownst to, contrary to his contract and employment agreement with, and concealed from Cartridge and CTL, Ryan filed patent application number 11/466,554 to patent the Cradle for use in supporting a payload within a vehicle, such as the Hound, and potentially many other applications. This application resulted in the issuance of patent number 7,513,516 on April 7, 2009. Ryan was obligated by his representations, contract and employment agreement with CTL to assign and transfer irrevocably to CTL all rights to the Cradle, the technology covered by the Knee Brace Patent, and all related inventions, patent applications and patents, including patent numbers 7,507,215 and 7,513,516.

24. Upon information and belief, Ryan used software, hardware and other resources owned by CTL to invent the inventions claimed in the Cradle and the Knee Brace patent applications and to create the drawings and designs in the Cradle and the Knee Brace patent applications.

25. Also unbeknownst to and concealed from Cartridge and CTL, Ryan drafted a resume in September 2006 and, upon information and belief, began marketing himself and the Suspension and Bio-Mechanical And Other Technology to third parties on his own behalf.

26. In October 2006, Ryan provided Cartridge with revised budget materials that included projections for revenues and profits from 2006 to 2008 that were different from his earlier projections. These materials showed that, contrary to Ryan's earlier projections, CTL would have a total revenue of only \$43,500 in 2006. However, Ryan affirmatively represented

and assured Cartridge that CTL's revenues would increase to over four million dollars (\$4 million) in 2007 and to over six million dollars (\$6 million) in 2008. As a result of these and earlier representations, Cartridge invested approximately two million dollars (\$2 million) to finance CTL's operations in 2006 and 2007.

27. A short time later, in late October or early November 2006, Ryan informed Cartridge for the first time that he could not obtain NASCAR Approval for CTL shock absorbers. For the first time, Ryan stated that a NASCAR official had told Ryan months earlier that NASCAR Approval would not be forthcoming. This information contradicted what Ryan told Cartridge throughout the summer and fall of 2006 and had been concealed from Cartridge and CTL during this time.

28. Because NASCAR Approval was critical to the success of CTL, Linton, on behalf of Cartridge and CTL, spoke with senior NASCAR executives in January 2007. As a result of these discussions, Linton understood that NASCAR Approval had been obtained for the NASCAR Truck, Busch and Cup Series.

29. In response, Ryan stated that he subsequently learned that the NASCAR Approval had been obtained only for the Truck and Busch series and that NASCAR had indicated that, as of January 2007, Sprint Cup Series Approval would be granted in six months.

30. In February 2007, JRi was formed. Upon information and belief, in or around February 2007, Ryan, Furillo and Burns became employees and partners or members of JRi.

31. In late March 2007, Furillo stated that he was resigning from his position at CTL to pursue a job selling air filters.

32. On April 10, 2007, Ryan stated that he was resigning from his position at CTL and terminating his relationship with Cartridge. In response to requests from Linton, Ryan agreed to stay so that CTL could capitalize on the NASCAR Approval and on the Technology.

33. Upon information and belief, Ryan, already implementing his plan to transfer the Technology to JRi, had no intention of remaining at CTL or allowing it to utilize the Technology. In or around May 2007, however, Ryan suddenly resigned from CTL, representing that he was leaving to work for another business that was unrelated to and would not compete in any way with CTL or Cartridge. Burns also resigned from CTL.

34. Thus, Ryan, Furillo and Burns all resigned from CTL within weeks of each other.

35. Upon information and belief, Ryan's application for patents with respect to Cartridge and CTL technology in July and August 2006 and creation of an updated resume in September 2006, were the first steps in implementing the plan to destroy CTL and form a competing venture, the success and profitability of which would be accelerated and increased by using technology substantially similar or identical to the Technology Ryan, Furillo and Burns invented, designed and developed for CTL. That plan included the deliberate and concealed solicitation of all of CTL's employees with technical knowledge, the solicitation of Cartridge's and CTL's military contacts and other customers and potential customers, the theft of CTL's Prototypes and patent assignments, and the misappropriation and use of the inventions, designs, developments, plans and specifications for CTL's Technology.

36. With assistance from Furillo and Burns, Ryan began further to implement his plan in February 2007.



37. Upon information and belief, soon after learning of the NASCAR Approval for the NASCAR Truck and Busch Series and impending approval for the Cup series, Ryan formed JRi, in February 2007.

38. Thereafter, upon information and belief, Ryan waited until May 2007 – during which time he continued to draw salary and funding from CTL – to resign from CTL and used that time to further advance JRi so that it could immediately utilize the knowledge and information pertaining to the Technology. During those six months, Ryan continued to implement and execute his plan after he had repeatedly reaffirmed his intention to stay with CTL and Cartridge.

39. Moreover, upon information and belief, Ryan and JRi secretly solicited Furillo and Burns to join JRi while both were still employed by CTL. Ryan and JRi did this with the knowledge that, aside from Ryan himself, Furillo and Burns were the only other employees of CTL with knowledge concerning CTL's Suspension Technology and Bio-Mechanical And Other Technology.

40. Upon information and belief, immediately after its formation, JRi began and continues to utilize and market technology substantially similar or identical to the Technology. JRi is profiting from the NASCAR Approval obtained for and by CTL and selling, pursuant to that Approval, the same, or substantially similar, shock absorbers invented, designed and developed for and belonging to CTL. In furtherance of Ryan's secret plan, JRi has also actively marketed products based on the Technology at trade shows and otherwise. In addition, JRi was formed to, and is in the process of developing and building bio-mechanical orthotic devices including, but not limited to, the same bio-mechanical orthotic knee brace covered by the Knee Brace Patent, all rights to which Ryan was obligated to transfer to CTL by his employment

agreement and separate representations and contract. JRi is marketing that bio-mechanical orthotic knee brace as having a wide range of applications, including but not limited to those related to rehabilitation, disability, prophylactic use for athletes, therapy and military use. Further, JRi is participating in clinical trials of that bio-mechanical orthotic knee brace during the spring of 2009.

41. Ryan did not return to CTL or leave behind the Prototypes, CTL's military shock absorbers, the competitor's shock absorbers CTL had purchased for comparison purposes, or the Hound scale model. Upon information and belief, Ryan has used those items to assist and accelerate the development of Suspension Technology on behalf of JRi.

42. By surreptitiously soliciting CTL's employees with knowledge of CTL's Technology, marketing shock absorbers the same as or substantially similar to shock absorbers invented, designed and developed for and belonging to CTL, retaining CTL's Prototypes, selling CTL's shock absorbers to NASCAR racing teams pursuant to the NASCAR Approval obtained by CTL and marketing CTL's shock absorbers and other components to the military by virtue of Cartridge's and CTL's military contacts, JRi and Ryan have gained a significant, improper, and unlawful competitive advantage at the expense of Cartridge and CTL.

43. Indicative of and as a result of that competitive advantage, JRi has expanded rapidly, hiring three experienced Technical Advisors, two additional engineers and at least one employee who provides marketing services.

44. JRi maintains and operates websites at the following addresses: <http://www.jridevelopment.com> and <http://jrishocks.com> on which professional biographies for Ryan, Furillo and Burns are cited and presented on behalf of JRi. The professional biographies

for Ryan, Furillo and Burns contain detailed chronologies for each of their respective careers but do not mention Cartridge or CTL.

45. From January 2006 until May 2007, Cartridge spent approximately two million (\$2 million) dollars to finance Ryan's invention, design and development of Technology for CTL. Throughout that time, Ryan repeatedly represented verbally, in monthly management and operations reports, and otherwise, to Cartridge that CTL was progressing towards profiting from that development. Upon information and belief, however, Ryan's representations were false and were designed to maintain his salary and CTL's funding until he was ready to transfer the Technology to JRi. As a result, Cartridge has been harmed and CTL destroyed; JRi, on the other hand, is thriving.

46. The actions described above constitute, among other things, unfair trade practices and competition by the Defendants, fraud, breaches of Ryan, Furillo and Burns' respective employment agreements, and breaches of Ryan's fiduciary duties to Cartridge and CTL. Defendants' illegal and immoral actions have severely harmed Cartridge, and destroyed CTL so as to eliminate it as a competitive threat to JRi.

**FIRST CLAIM FOR RELIEF**

(North Carolina Unfair & Deceptive Trade Practices Against All Defendants)

47. Plaintiffs reallege and incorporate herein by reference the allegations of all prior and subsequent paragraphs of this Complaint.

48. The actions of Defendants described herein were unlawful, immoral, unethical, and in violation of the ethos of the marketplace.

49. The actions of Defendants described herein were in or affecting commerce.

50. The actions of Defendants as described herein constitute unfair competition and deceptive acts or practices in violation of N.C. Gen. Stat. § 75-1.1.

51. Plaintiffs have sustained harm directly and proximately caused by the unfair and deceptive trade practices as described herein. In addition, CTL's business has been utterly destroyed, and its prospects eliminated, as a direct result of the foregoing actions.

52. Therefore, Plaintiffs are entitled to recover all damages, including lost profits, caused by Defendants' actions in violation of N.C. Gen. Stat. § 75-1.1.

**SECOND CLAIM FOR RELIEF**

(Breach of Fiduciary Duty/Constructive Fraud Against Ryan)

53. Plaintiffs reallege and incorporate herein by reference the allegations of all prior and subsequent paragraphs of this Complaint.

54. By virtue of the obligations Ryan assumed as the Managing Director, the Senior Officer and the Manager of CTL and an agent of Cartridge, Ryan entered into a relationship of trust and confidence with Cartridge and CTL giving rise to a fiduciary obligation under North Carolina law.

55. As the Managing Director, the Senior Officer and the Manager of CTL and an agent of Cartridge, Ryan owed to Cartridge and CTL various fiduciary duties including, but not limited to, duties of loyalty and good faith, the duty to disclose truthfully and fully all matters pertaining to his employment, the duty to protect and preserved Cartridge and CTL's trade secrets, confidential and proprietary information and customer and employee relationships, and the duty not to prefer his own interests or the interests of JRi over Cartridge's or CTL's.

56. Ryan breached his fiduciary duty to Cartridge and CTL, and sought to benefit himself by, without limitation, doing the following:

- a. Misrepresenting and concealing his intention to form a competing company;
- b. Concealing NASCAR's initial disapproval of CTL shock absorbers;
- c. Misappropriating CTL's Technology to further develop and market at JRi;

- d. Failing to return the Prototypes;
- e. Failing to return CTL's military shock absorbers;
- f. Failing to return the competitor's shock absorbers purchased by CTL;
- g. Upon information and belief, misappropriating CTL's NASCAR Approval for use by JRi;
- h. Surreptitiously soliciting and inducing all of CTL's employees to join JRi;
- i. Soliciting customers and potential customers of CTL on behalf JRi;
- j. Failing to transfer and assign to CTL all rights associated with the Knee Brace Patent, the Cradle patent application and all associated patent applications and patents, including patent numbers 7,507,215 and 7,513,516;
- k. Surreptitiously applying to patent the Cradle and the technology covered by the Knee Brace Patent;
- l. Upon information and belief, using CTL software, hardware and other resources to invent the inventions claimed in the Cradle and Knee Brace patent applications and to create drawings and designs to be used in the Cradle and Knee Brace patent applications;
- m. Failing to return to CTL the Hound scale model;
- n. Failing to develop the Hound and similar vehicles for sale by CTL;
- o. Failing to place three million dollars (\$3 million) in outside financing for the device covered by the Knee Brace Patent while concealing from Cartridge and CTL the receipt or existence of outside financing for the device covered by the Knee Brace Patent;
- p. Failing to meet projections and perform the tasks for which he was hired as the Managing Director, the Senior Officer and the Manager of CTL;
- q. Failing to repay the \$70,000 loan to Cartridge; and

r. Using his position of trust and confidence to bring about Cartridge's initial and continuing financing of CTL's business operations to the detriment of Cartridge and to the benefit of Ryan. Specifically, and upon information and belief, Ryan sought to benefit himself, and in fact benefited himself, by developing Technology and soliciting customers and potential customers and other contacts that he then used to benefit JRi, of which he is a partner and employee.

57. Ryan's breaches of his fiduciary obligations also constitute constructive fraud.

58. The aforementioned breaches have directly and proximately caused Cartridge harm and destroyed CTL.

59. Therefore, Cartridge and CTL are entitled to recover all damages, including lost profits, proximately caused by Ryan's breach of his fiduciary duties.

### **THIRD CLAIM FOR RELIEF**

(Aiding and Abetting Breach of Fiduciary Duty Against JRi)

60. Plaintiffs reallege and incorporate herein by reference the allegations of all prior and subsequent paragraphs of this Complaint.

61. JRi successfully solicited Ryan to terminate his employment with CTL and commence employment with JRi.

62. As set forth above, Ryan breached the fiduciary duties he owed to Cartridge and CTL, including by soliciting Furillo and Burns to terminate their employments with CTL.

63. Upon information and belief, JRi knew that its conduct, in conjunction with Ryan's conduct, constituted breaches of the fiduciary duties owed by Ryan to Cartridge and CTL. Notwithstanding such knowledge, JRi persisted and provided substantial encouragement to Ryan in carrying out such breaches of fiduciary duty.

64. The encouragement and assistance of JRi was a necessary and substantial factor in causing the breaches of fiduciary duties by Ryan and, therefore, JRi is responsible for the consequences of Ryan's actions.

65. Therefore, Cartridge and CTL are entitled to recover all damages, including lost profits, proximately caused by Ryan's breach of his fiduciary duties.

**FOURTH CLAIM FOR RELIEF**

(Misappropriation of Trade Secrets Against All Defendants)

66. Plaintiffs reallege and incorporate herein by reference the allegations of all prior and subsequent paragraphs of this Complaint.

67. The Technology invented, designed and developed by Ryan, Furillo and Burns on behalf of CTL was and is a valuable trade secret.

68. CTL expended approximately two million dollars (\$2 million) over the course of more than a year to invent, design and develop CTL's Technology.

69. CTL's Technology derives actual and potential commercial value in that it is neither generally known nor readily ascertainable through independent development or reverse engineering by persons who can obtain economic value from its disclosure or use. For instance, the Suspension Technology invented, designed and developed for CTL included test and instrumented shocks for various applications (including racing applications such as NASCAR) designed to significantly improve a vehicle's performance and handling. Further, the Suspension Technology invented, designed and developed by CTL for military applications incorporated technological advances including weight optimized construction and superior componentry and operational characteristics, including nitrogen pressurization to maximize performance in excessive heat conditions and an increased primary piston valve area to maximize performance consistency.

70. CTL took reasonable precautions to maintain the secrecy of its Technology. CTL required that Ryan and the other employees of CTL agree as a condition of their employment to sign employment agreements containing confidentiality, non-competition, and non-solicitation provisions. Ryan, Furillo and Burns did in fact sign such agreements.

71. Ryan, Furillo and Burns had access to CTL's Technology and other trade secrets by virtue of their employment.

72. Upon information and belief, JRi, Ryan, Furillo and Burns have willfully misappropriated CTL's Technology and are now developing and marketing products identical or substantially similar to products invented, designed and developed for and belonging to CTL.

73. CTL has been harmed and destroyed as a direct and proximate result of JRi's, Ryan's, Furillo's and Burns' misappropriation of trade secrets.

74. Therefore, CTL is entitled to recover all damages, including lost profits, proximately caused by the Defendants' misappropriation of trade secrets pursuant to the North Carolina Trade Secrets Act, N.C. Gen. Stat. § 166-152 through 157, and the common law.

75. Defendants' conduct is wrongful, willful and malicious. Accordingly, CTL is entitled to recover from Defendants punitive damages, in addition to its actual damages and attorneys' fees.

76. In addition to its recovery of monetary damages and because their actions have and will continue to cause irreparable injury, CTL is entitled to have Defendants' misappropriation of CTL's trade secrets enjoined by this Court; all such trade secrets, in tangible form, returned to CTL; and all documents and things created from CTL's trade secrets destroyed.

**FIFTH CLAIM FOR RELIEF**  
(Breach of Contract Against Ryan)



77. Plaintiffs reallege and incorporate herein by reference the allegations of all prior and subsequent paragraphs of this Complaint.

78. Cartridge agreed to loan and in fact loaned Ryan seventy thousand dollars (\$70,000) in consideration for Ryan's transition to work for CTL, his agreement to transfer all rights associated with the Knee Brace Patent and future patent applications, including the Cradle, his agreement to execute an employment agreement containing confidentiality, non-competition, non-solicitation and other provisions and his agreement to raise an additional three million dollars (\$3 million) in funding for the device covered by the Knee Brace Patent. This transaction constituted a valid contract.

79. Ryan agreed to repay Cartridge in full by June 1, 2007.

80. Ryan did in fact become employed by CTL and executed an employment agreement containing confidentiality, non-competition, non-solicitation and other provisions.

81. Ryan has repeatedly confirmed to Cartridge verbally and in writing that he will repay the loan in full.

82. Ryan has failed to repay the loan or any portion thereof, despite repeated requests by Cartridge and repeated acknowledgements of the validity of the loan by Ryan.

83. Ryan has breached his contract with Cartridge.

84. Therefore, Cartridge is entitled to a judgment in the amount of \$70,000, plus interest accruing from June 1, 2007.

**SIXTH CLAIM FOR RELIEF**  
(Breach of Contract Against Ryan)

85. Plaintiffs reallege and incorporate herein by reference the allegations of all prior and subsequent paragraphs of this Complaint.

86. Ryan agreed to assign and transfer to CTL all rights associated with the Knee Brace Patent and any future patent applications, including the Cradle, in consideration for his employment with CTL at a salary substantially higher than that which he received from his prior employer, the seventy thousand dollar (\$70,000) loan and use of a company vehicle, the use of a corporate American Express Card and the payment of moving expenses for Ryan and his family. This transaction constituted a valid contract.

87. Pursuant to that contract, CTL hired Ryan as its Managing Director, Senior Officer and Manager, loaned Ryan seventy thousand dollars (\$70,000), provided Ryan with the use of a company vehicle and a corporate American Express Card, and paid the moving expenses for Ryan and his family.

88. Ryan has not assigned and transferred any or all rights associated with the Knee Brace Patent or the Cradle patent application.

89. Ryan's failure to assign and transfer such rights constitutes a breach of contract.

90. Therefore, CTL is entitled to the immediate assignment and transfer of all rights associated with the Knee Brace Patent, the Cradle patent application, any associated patent application or patents, including patent numbers 7,507,215 and 7,513,516, as well as any royalties or monies flowing therefrom that have accrued since the initial date of Ryan's employment.

**SEVENTH CLAIM FOR RELIEF**  
(Fraud Against Ryan)

91. Plaintiffs reallege and incorporate herein by reference the allegations of all prior and subsequent paragraphs of this Complaint.

92. Ryan represented to Cartridge that he would invent, design and develop Suspension Technology and Bio-Mechanical And Other Technology for and belonging to CTL,

funded by Cartridge. Ryan committed to develop products for the benefit of CTL in return for Cartridge's commitment to fund the development. Ryan represented further that as he invented, designed and developed products, sales and profits therefrom would increase substantially over time. For example, he represented that as he invented, designed and developed Suspension Technology, CTL would have, from that technology alone, one million dollars (\$1 million) in sales for 2006, from three to five million dollars (\$3-5 million) in sales for 2007, and from six to eight million dollars (\$6-8 million) in sales for 2008. Moreover, Ryan represented that Bio-Mechanical And Other Technology, including but not limited to the device covered by the Knee Brace Patent, had a substantially larger potential for profits for CTL than did the Suspension Technology.

93. In addition, Ryan drafted a number of monthly business, operations, and management plans that contained numerous representations as to specific tasks he would accomplish for Cartridge and CTL. These plans included those dated January 24, 2006, March 22, 2006, July 31, 2006, September 2006, October 2006, and November 2006, all of which Ryan drafted and submitted to Cartridge and CTL.

94. Ryan never intended to carry out his representations. Instead, unbeknownst to and concealed from Cartridge and CTL, Ryan filed patent applications in July and August 2006, seeking to assert exclusive ownership rights over technology he invented, designed and developed for, or agreed to transfer ownership rights to, Cartridge and CTL. Moreover, unbeknownst to and concealed from Cartridge and CTL, Ryan drafted a resume in September 2006 pursuant to which he was pursuing another business to which he would transfer the Technology that Ryan invented, designed and developed, or agreed to and was obligated to

invent, design and develop, in his capacity as CTL's Managing Director, Senior Officer and Manager.

95. As a result of Ryan's ongoing representations, Cartridge continued to finance CTL's operations.

96. Fundamental to these representations was the understanding that, because Cartridge was funding Ryan's invention, design and development of Suspension Technology and Bio-Mechanical And Other Technology, Ryan would remain the Managing Director, the Senior Officer and the Manager of CTL such that CTL could profit from the fruits of this development, including providing maintenance and service of CTL products.

97. Upon information and belief, despite these representations, Ryan was instrumental in the establishment of JRi and joined JRi as a partner or member in February 2007, months prior to his resignation from, and while he was still the Managing Director, the Senior Officer and the Manager of, CTL.

98. Despite his representations, Ryan resigned from CTL in or around May 2007 to work for JRi.

99. Upon information and belief, Ryan knew at the time he made them that his representations concerning his intentions to invent, design and develop Technology for the benefit of CTL were false, and Ryan had no intention of staying with CTL such that CTL would profit from that development. Ryan, at the time they were made, had no intention of carrying out his promises, including his promise to build diligently the Cartridge brand and image while acquiring sales and customers on behalf of CTL. Ryan, at the time they were made, had no intention of carrying out the tasks he represented he would perform in the business, operations, and management plans.

100. Upon information and belief, Ryan's false representations and promises were calculated to deceive.

101. Upon information and belief, Ryan's false representations and promises were made with the intent to deceive.

102. Cartridge was in fact deceived by Ryan's false representations and promises.

103. Cartridge relied on Ryan's representations and promises by financing CTL's business operations in the expectation that Ryan would continue to invent, design and develop Technology for the benefit of CTL. Such reliance was reasonable.

104. Cartridge has been harmed and CTL destroyed as a direct and proximate result of its reliance on Ryan's false representations and promises. Cartridge spent approximately two million dollars (\$2 million) in reliance on Ryan's false representations and promises.

105. Ryan's false representations and promises were fraudulent.

106. Therefore, Cartridge and CTL are entitled to recover all damages including lost profits and all of the monies and value it expended in reliance on, and as a direct and proximate result of, Ryan's false representations and promises.

**EIGHTH CLAIM FOR RELIEF**  
(Negligent Misrepresentation Against Ryan)

107. Plaintiffs reallege and incorporate herein by reference the allegations of all prior and subsequent paragraphs of this Complaint.

108. In the course of his profession and employment, Ryan supplied information to Cartridge.

109. Specifically, Ryan initially represented to Cartridge that he would invent, design and develop the Technology for the benefit of CTL. Ryan offered to and did commit to invent, design, develop, test, arrange for the manufacture or manufacture, market and sell products for

CTL in return for Cartridge's commitment to fund the development. Ryan further represented that he would transfer and assign all rights to the Knee Brace Patent and any future patent applications, including for the Cradle.

110. Ryan represented that he would invent, design and develop products so that sales and profits would increase over time.

111. Ryan intended that Cartridge would rely on his representations in determining whether to finance Ryan's business operations with CTL.

112. Upon information and belief, Ryan's representations regarding his intention to invent, design and develop Technology and transfer and assign the Knee Brace Patent, the Cradle patent application and other patents for the benefit of CTL were false, and Ryan had no intention of staying with CTL such that CTL would profit from that technology.

113. Ryan's representations regarding his promises to build the image of Cartridge were false.

114. Ryan failed to exercise reasonable care or competence in obtaining and communicating his false representations and promises. Specifically, Ryan knew or should have known his representations concerning his intention to continue to invent, design and develop the Technology for the benefit of CTL were false. Further, Ryan knew or should have known his representations regarding his intention to assign the Knee Brace Patent and other patents for the benefit of CTL were false. Moreover, Ryan, at the time they were made, knew or should have known he would not carry out his promises, including his promise to build diligently the Cartridge brand and image while acquiring sales and customers on behalf of CTL.

115. Cartridge relied on Ryan's representations and promises by financing CTL's business operations. Such reliance was reasonable.

116. Cartridge has been harmed as a direct and proximate result of its reliance on Ryan's false representations and promises. Cartridge spent approximately two million dollars (\$2 million) in reliance on Ryan's false representations and promises.

117. Ryan's false representations and promises were negligent misrepresentations.

118. Therefore, Cartridge and CTL are entitled to recover all damages, including lost profits and all of the monies and value it expended in reliance on, and as a direct and proximate result of, Ryan's false representations and promises.

#### **NINTH CLAIM FOR RELIEF**

(Breach of Employment Agreements Against Ryan, Furillo and Burns)

119. Plaintiffs reallege and incorporate herein by reference the allegations of all prior and subsequent paragraphs of this Complaint.

120. Ryan, Furillo and Burns each agreed as a condition of their employment to confidentiality, non-competition, and non-solicitation agreements.

121. Ryan, Furillo and Burns each executed written employment agreements with CTL. Ryan's employment agreement is attached hereto as Exhibit A. Furillo's employment agreement is attached hereto as Exhibit B. Burns' employment agreement is attached hereto as Exhibit C.

122. The employment agreements each included written covenants not to compete, which were made part of the employment agreement. See Paragraph 22 of Exhibits A, B, and C.

123. The covenants not to compete were based on the following valuable consideration: (a) employment with CTL; (b) significant increases in compensation relative to previous salaries; (c) access to CTL's confidential information, business relationships and good will; (d) eligibility for increases in compensation and benefits; and, with respect to Ryan and

Furillo, (e) Cartridge's payment of expenses to move to North Carolina; and, with respect to Ryan, (f) loan of \$70,000 to Ryan; and (g) purchase of Lexis LS 470 for use by Ryan.

124. The covenants not to compete were reasonable as to time and territory.

125. The covenants not to compete were designed to protect a valid interest of CTL. In particular, the covenants not to compete were designed to protect the trade secrets and other valuable business information of CTL from disclosure by Ryan, Furillo and Burns. In addition, the covenants not to compete were designed to protect against the solicitation of CTL's customers and potential customers by Ryan, Furillo and Burns.

126. In light of the valid business interests that the covenants not to compete were designed to protect, the covenants not to compete do not violate North Carolina public policy.

127. Ryan, Furillo and Burns each breached his respective covenant not to compete by, among other things, joining and becoming employed by JRi.

128. The employment agreements executed by Ryan, Furillo and Burns each also included two written non-solicitation provisions, which were made part of the employment agreement. See Paragraphs 24 – 25 of Exhibits A, B, and C.

129. The first non-solicitation provision prohibited certain contact with customers and potential customers of CTL or its affiliates. See Paragraph 24 of Exhibits A, B, and C.

130. The second non-solicitation provision prohibited certain contact with employees of CTL or its affiliates. See Paragraph 25 of Exhibits A, B, and C.

131. Upon information and belief, Ryan, Furillo and Burns have each breached his respective non-solicitation provisions by soliciting customers and potential customers of CTL and/or Cartridge to diminish their relationship with CTL and/or Cartridge.



132. Upon information and belief, Ryan, Furillo and Burns each breached his respective non-solicitation provision by soliciting employees of CTL to discontinue their relationship with CTL.

133. The employment agreements between CTL and Ryan, Furillo and Burns each also provided that CTL would be the sole owner of all confidential information, work product and related proprietary rights related to each employee's employment with CTL.

134. Upon information and belief, Ryan, Furillo and Burns have misappropriated the Prototypes, CTL's military shock absorbers, the scale model of the Hound, and other items belonging to CTL, for the benefit of JRi.

135. Such misappropriation constitutes a breach of Ryan's, Furillo's and Burns' respective employment agreements.

136. Ryan secretly filed applications to patent the technology covered by the Knee Brace Patent as well as the Cradle. These applications resulted in the issuance of patent numbers 7,507,215 and 7,513,516. Ryan has not assigned to CTL the rights to such applications or to related inventions, patent applications or patents, including patent numbers 7,507,215 and 7,513,516.

137. Ryan's failure to transfer such rights to the technology covered by the Knee Brace Patent and the Cradle constitutes a breach of Ryan's employment agreement.

138. The employment agreements between CTL and Ryan, Furillo and Burns each also provided that each employee was prohibited from disclosing any confidential information owned by CTL.

139. Upon information and belief, Ryan, Furillo and Burns have disclosed to JRi confidential information belonging to CTL.

140. Such disclosure constitutes a breach of the respective employment agreements of Ryan, Furillo and Burns.

141. CTL has been harmed and destroyed as a direct and proximate result of the breaches of Ryan's, Furillo's and Burns' covenants not to compete, non-solicitation agreements, and other employment agreement terms.

142. Therefore, CTL is entitled to recover all damages, including lost profits, proximately caused by the breaches of Ryan's, Furillo's and Burns' covenants not to compete, non-solicitation agreements, and other employment agreement terms as well as any and all profits and revenues obtained by JRi as a proximate result of such breaches. In addition, because CTL has and continues to be irreparably harmed and destroyed as a result of such breaches, the terms of the employment agreement of Ryan, Furillo and Burns should be specifically enforced.

**TENTH CLAIM FOR RELIEF**

(Misappropriation of Corporate Opportunity Against Ryan)

143. Plaintiffs reallege and incorporate herein by reference the allegations of all prior and subsequent paragraphs of this Complaint.

144. By virtue of and in his capacity as the Managing Director, the Senior Officer and the Manager of CTL, Ryan learned of the following opportunities (the "Opportunities"):

a. Inventing, designing, developing, testing, manufacturing, and selling Suspension Technology and Bio-Mechanical And Other Technology that Ryan invented, designed and developed, or agreed to and was obligated to invent, design and develop, on behalf of and for the benefit of CTL.

b. NASCAR Approval of CTL's shock absorbers for use in NASCAR race cars.

c. Inventing, designing, developing, testing, manufacturing and selling military shocks for use in the military's HMMWV and potentially for use in the proposed Joint Light Tactical Vehicle, which is scheduled replace the HMMWV, as well as in the Hound and other vehicles.

d. Inventing, designing, developing, testing, manufacturing, and selling the Prototypes.

e. Designing, developing, testing, manufacturing, and selling the device covered by the Knee Brace Patent.

f. Designing, developing, testing, manufacturing, and selling the Hound.

g. Inventing, designing, developing, testing, manufacturing, and selling the Cradle.

145. The Opportunities were obtained using CTL's facilities, proprietary technology, and labor.

146. CTL was poised to, had the ability to, and would have, benefited from and taken advantage of the Opportunities.

147. Rather than capitalizing on these Opportunities with CTL, Ryan in bad faith misappropriated and disclosed the Opportunities to JRi and possibly others. Ryan misrepresented his intentions to CTL by stating that he was leaving to join a business that would not compete with CTL.

148. JRi and Ryan have taken advantage of the Opportunities to their benefit.

149. CTL has been harmed and destroyed as a direct and proximate result of Ryan's misappropriation of Opportunities belonging to it.

150. Therefore, CTL is entitled to recover all damages directly and proximately caused by Ryan's misappropriation, including lost profits and revenues associated with the Opportunities.

**ELEVENTH CLAIM FOR RELIEF**  
(Tortious Interference with Contract Against JRi)

151. Plaintiffs reallege and incorporate herein by reference the allegations of all prior and subsequent paragraphs of this Complaint.

152. Ryan, Furillo and Burns each executed written employment agreements with CTL. The employment agreements each included written covenants not to compete or solicit customers, which were made part of the employment agreement. In addition, Ryan's separate representations and contract, as well as his employment agreement, obligated Ryan to transfer and assign to CTL all rights associated with the Knee Brace Patent, the Cradle patent application and any associated patent application or patents.

153. Upon information and belief, JRi had knowledge of such employment agreements and separate representations and contract and the facts giving rise to them.

154. Upon information and belief, JRi intentionally induced Ryan, Furillo and Burns to terminate their respective agreements with CTL and to breach the provisions of the covenants not to compete and non-solicitation provisions therein. In addition, JRi intentionally induced Ryan to transfer and assign to JRi, rather than CTL, all rights associated with the Knee Brace Patent, the Cradle patent application and any associated patent application or patents, including patent numbers 7,507,215 and 7,513,516. Such inducement caused Ryan to breach his separate representations, contract and employment agreement and with CTL.

155. JRi acted without justification.

156. CTL has been harmed and destroyed as a direct and proximate result of the aforementioned actions of JRi. CTL's damages include, but are not limited to, lost profits of CTL and any and all profits and revenues obtained by JRi as a proximate result of its tortious actions.

157. Therefore, CTL is entitled to recover all damages directly and proximately caused by JRi's aforementioned conduct, including profits lost by CTL and obtained by JRi.

**TWELFTH CLAIM FOR RELIEF**  
(Tortious Interference with Contract Against Ryan)

158. Plaintiffs reallege and incorporate herein by reference the allegations of all prior and subsequent paragraphs of this Complaint.

159. Furillo and Burns each executed written employment agreements with CTL. The employment agreements each included written covenants not to compete, which were made part of the employment agreement.

160. Ryan had knowledge of such employment agreements and the facts giving rise to them.

161. Upon information and belief, Ryan intentionally induced Furillo and Burns to terminate their respective agreements with CTL and to breach the provisions of the covenants not to compete and non-solicitation provisions therein.

162. Ryan acted without justification.

163. CTL has been harmed and destroyed as a direct and proximate result of the aforementioned actions of Ryan. CTL's damages include, but are not limited to, lost profits of CTL and any and all salary, bonus, ownership interest in JRi and profits and revenues obtained by Ryan as a proximate result of his tortious actions.

164. Therefore, CTL is entitled to recover all damages directly and proximately caused by Ryan's aforementioned conduct, including profits lost by CTL and salary, bonus, ownership interest in JRi and profits and revenues obtained by Ryan.

**THIRTEENTH CLAIM FOR RELIEF**

(Tortious Interference with Prospective Relations Against All Defendants)

165. Plaintiffs reallege and incorporate herein by reference the allegations of all prior and subsequent paragraphs of this Complaint.

166. After NASCAR approved CTL's shock absorbers, CTL had prospective economic relations, i.e., the opportunity to contract with NASCAR racing teams to sell them shock absorbers. These prospective economic relations had a reasonably high probability of maturing to fruition such that CTL had a probable prospect of economic gain.

167. By virtue of Ryan's travels to TARDEC, to 3ID and to NATC to test CTL's military shock absorbers and his attendance at military briefings for industry, CTL had prospective economic relations, i.e. the opportunity to contract with the United States military and industry suppliers to the military to sell it Suspension Technology, including shock absorbers for use on its HMMWV and other vehicles. These prospective economic relations had a reasonably high probability of maturing to fruition such that CTL had a probable prospect of economic gain.

168. By misappropriating CTL's Suspension Technology and NASCAR approval, Defendants have intentionally induced NASCAR racing teams to refrain from entering into such contracts with CTL. Defendants' actions have destroyed CTL so that entering into such contracts is now impossible.

169. By misappropriating CTL's Suspension Technology, including its military shock absorbers and the shock absorbers tested at TARDEC, 3ID and NATC, Defendants have

intentionally induced the United States military and military suppliers to refrain from entering into contracts with CTL. Defendants' actions have destroyed CTL so that entering into such contracts is now impossible.

170. But for Defendants' actions, NASCAR racing teams were prepared to and would have contracted with CTL to purchase CTL shock absorbers.

171. Upon information and belief, but for Defendants' actions, the United States military and military suppliers were prepared to continue testing, provide research and development funding and, ultimately, to contract with CTL to purchase CTL shock absorbers.

172. Defendants' have acted unlawfully and without justification.

173. Defendants' inducement has directly and proximately caused CTL to suffer harm and be destroyed. CTL's damages include, but are not limited to, the lack of profits flowing from the sale of CTL shock absorbers to NASCAR racing teams, the United States military and military suppliers.

174. Therefore, CTL is entitled to recover all damages directly and proximately caused by Defendants' aforementioned conduct, including profits lost by CTL and obtained by JRi.

#### **FOURTEENTH CLAIM FOR RELIEF**

(Wrongful Acts Committed Pursuant to a Conspiracy Against All Defendants)

175. Plaintiffs reallege and incorporate herein by reference the allegations of all prior and subsequent paragraphs of this Complaint.

176. Defendants have conspired to interfere with Cartridge's and CTL's business expectancies, relationships and prospective relationships with its employees, customers and potential customers.

177. Upon information and belief, JRi conspired with Furillo and Burns, and in particular with Ryan to, among other things, violate the fiduciary duties owed by Ryan to

Cartridge and CTL, misappropriate the Technology owned by CTL and the patents to be transferred to CTL, breach Ryan's representations and contract as well as the employment agreements of Ryan, Furillo and Burns, and use Cartridge to unethically and unfairly accelerate the business operations of JRi while destroying CTL and its opportunity to profit from its Technology.

178. Defendants' wrongful and unlawful actions have harmed Cartridge and harmed and destroyed CTL. Therefore, Cartridge and CTL are entitled to recover all damages directly and proximately caused by Defendants' aforementioned conduct, including profits lost by CTL or Cartridge and obtained by JRi.

WHEREFORE, Plaintiffs respectfully request that:

1. The Court enter an order:
  - (a) prohibiting use by Defendants of the Suspension Technology and Bio-Mechanical And Other Technology and all other confidential information and trade secrets; and
  - (b) requiring that the Defendants return to CTL all of its confidential information and trade secrets that are in tangible form and destroy any other documents created by any of them from the trade secrets of CTL.
2. The Court enter an Order requiring the immediate assignment and transfer to CTL of all rights associated with the Knee Brace Patent and the Cradle patent application, including patent numbers 7,507,215 and 7,513,516.
3. The Court enter judgment against the Defendants pursuant to the First, Fourth, Thirteenth and Fourteenth Claims for Relief in the amount of damages as may be proven at trial, including punitive damages in excess of \$10,000;



4. The Court enter judgment against Ryan individually pursuant to the Second, Fifth, Sixth, Seventh, Eighth, Ninth, Tenth and Twelfth Claims for Relief in the amount of damages as may be proven at trial, including punitive damages in excess of \$10,000;

5. The Court enter judgment against JRi pursuant to the Third and Eleventh Claims for Relief in the amount of damages as may be proven at trial, including punitive damages in excess of \$10,000;

6. The Court enter judgment against Furillo and Burns individually pursuant to the Ninth Claim for Relief in the amount of damages as may be proven at trial;

7. The Court treble the compensatory damages awarded with respect to all portions of the First Claim for Relief, pursuant to N.C. Gen. Stat. §75-16;

8. The Court enter an Order pursuant to N.C. Gen. Stat. § 66-154 et seq. enjoining Defendants from continuing to use CTL's trade secrets and continuing to compete with CTL unfairly;

9. The Court enter an Order requiring that Ryan, Furillo and Burns specifically perform all obligations of their employment agreements with CTL and that Ryan specifically perform all obligations of his separate representations and contract with CTL;

10. The Court award the plaintiff its attorneys' fees pursuant to N.C. Gen. Stat. § 16.1 and applicable law;

11. The Court tax the cost of this action against the Defendants;

12. Order that all matters herein be tried by a jury; and

13. The Court grant plaintiff such other and further relief as it deems just and proper.

This the 9th day of June, 2009.



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*Attorneys for Plaintiffs Cartridge Limited and  
Cartridge Technologies, LLC*

**CERTIFICATE OF SERVICE**

This is to certify that on this date I served a copy of the foregoing **FIRST AMENDED COMPLAINT** by United States mail addressed as follows:

JRi Development Group, LLC  
c/o Daniel J. Kungl as Managing Agent for  
JRi Development Group, LLC  
125 Overhill Drive  
Suite 103  
Mooresville, North Carolina 28117


Bradley A. Walker  
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Attorney for JRi Development Group, LLC,  
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Matthew Burns  
2966 South Church Street, Box 133  
Burlington, NC 27215

This the 9th day of June, 2009.



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# **EXHIBIT A**

**CONFIDENTIALITY AND INTELLECTUAL PROPERTY AGREEMENT  
WITH CERTAIN OTHER RESTRICTIVE COVENANTS**

Effective Date:	November 29, 2006
Employee Name:	JEFFERY S. RYAN
Employee Address:	2125 CONROY WAY, WILLOW SPRING, NC 27592
Employee Tax ID:	
Company Name:	Cartridge Technologies, LLC
Company Address:	2732 Anne Elizabeth Drive, Burlington, North Carolina 27215

This Agreement (see Section 28 for selected definitions) is entered into as of the date first set forth above by and between the Employee and the Company.

WHEREAS, the Company wishes to employ the Employee and the Employee wishes to be employed by the Company; and

WHEREAS, in the normal course of employment with the Company, the Employee will have access to Confidential Information (as defined below) and to the Company's business relationships and good will, all of which are valuable assets of the Company which it has created or acquired at its expense;

NOW, THEREFORE, in consideration of (i) the Company's granting the Employee access to Confidential Information and/or to its business relationships and good will in connection with the Employee's employment by the Company or any of its Affiliates and (ii) the eligibility of the Employee to be considered for increases in compensation and/or other benefits of employment from time to time hereafter in the discretion of the Company, the Employee and the Company hereby agree as follows:

**1. CONFIDENTIAL INFORMATION.**

**1.1. Non-Disclosure.** The Employee acknowledges that all Confidential Information constitutes a valuable, proprietary and confidential asset of the Company, its Affiliates and their respective licensors. The Employee shall hold all Confidential Information in strict trust and confidence at all times for the Company, its Affiliates and their respective licensors. The Employee shall not at any time (including times after the termination of the Employee's employment) directly or indirectly use or disclose any Confidential Information in any manner whatsoever, except for the benefit of the Company and its Affiliates in the normal course of performing the Employee's regular duties as an employee of the Company or otherwise in compliance with Section 1.4 of this Agreement.

**1.2. Information And Materials Provided To The Company.** The Employee expressly waives any claim that the Company has any obligation to limit the Company's use or disclosure of any information or materials that the Employee submitted, submits, otherwise provided or otherwise provides, to the Company or any of its Affiliates at any time. The Employee grants to the Company and its Affiliates an unrestricted, irrevocable license to make, use, sell, import, reproduce, display, perform, modify, transmit and distribute any and all such information and materials, and the Employee also agrees that the Company and its Affiliates are free to use any ideas, concepts, know-how, inventions or techniques contained or disclosed therein for any purpose. Without limiting the generality of the foregoing, any information or materials that the Employee may disclose to the Company or its Affiliates or that the Company or its Affiliates may discover in connection with the Employee's employment by the Company (including information concerning products, concerning methods, concerning manufacturing processes, contained in drawings, contained in designs or contained in specifications) shall be deemed to have been disclosed to the Company and its Affiliates as part of the consideration provided by the Employee, and the Company shall have the right to use it and to disclose it without limitation.

**1.3. Cooperation.** The Employee shall immediately notify the Company of any known, suspected or threatened (i) breach of this Agreement or (ii) loss, unauthorized use or unauthorized disclosure of any Confidential Information by the Employee or any other Person. In the event of any such known, suspected



or threatened breach, loss, unauthorized use or unauthorized disclosure, the Employee shall Cooperate as requested by the Company to cure, prevent or curtail such known, suspected or threatened breach, loss, unauthorized use or unauthorized disclosure.

**1.4. Legally Required Disclosure.** If disclosure of any Confidential Information by the Employee is requested or required by or pursuant to any applicable Legal Requirements or otherwise, then the Employee shall (i) immediately, and, in any event before any such disclosure is made or permitted, notify the Company of such request or requirement in order that the Company May object to such disclosure, obtain a protective order or other appropriate relief with respect to such Confidential Information or permit such disclosure, (ii) Cooperate as the Company May request, at the Company's expense, in any effort by the Company to obtain such relief, (iii) furnish only that portion of the Confidential Information as the Employee is advised by counsel reasonably acceptable to the Company is legally required, (iv) exercise the Employee's best efforts to obtain reliable assurance that confidential treatment will be accorded whatever Confidential Information is disclosed and (v) take all additional steps as the Company May request to limit the amount of Confidential Information disclosed and to protect its confidentiality.

**2. Work Product and Proprietary Rights.** The Employee shall maintain accurate and complete contemporaneous records of, and shall immediately and fully disclose and deliver to the Company, all Work Product. To the extent legally permitted, the Company shall be the sole and original owner of, and shall have sole and exclusive right, title and interest in and to, any and all Confidential Information, Work Product and Related Proprietary Rights. In addition, the Employee hereby assigns, and shall assign, to the Company or its nominee at any time and from time to time and without additional compensation, irrevocably and in perpetuity, any and all right, title and interest, whether now existing or hereafter arising, that the Employee may have in or to any and all Confidential Information, Work Product and Related Proprietary Rights. The Employee also agrees that, to the extent legally permitted, all works included in the Work Product shall constitute works made for hire (as that term is used in the Copyright Act) and any registration of this Agreement as a copyright assignment shall not estop any Person from asserting that such works are works made for hire and shall not be evidence that such works are not works made for hire. Furthermore, the Employee shall, without any additional compensation, execute any and all instruments which the Company May deem necessary or convenient, and take such other actions at the Company's expense as the Company May request, to vest, perfect, extend, maintain, protect, exploit or evidence the Company's right, title and interest in and to any and all Confidential Information, Work Product and Related Proprietary Rights. The Employee hereby grants to the Company the irrevocable right and power, in the Employee's name and on the Employee's behalf, as the Employee's attorney-in-fact, to execute any and all such instruments which the Employee is obligated to execute. The Employee agrees that such power of attorney is coupled with an interest and shall survive the Employee's death or disability. The Employee hereby waives and shall not enforce any right that the Employee may now have or may hereafter acquire to limit in any way the ability of any Company Related Person to, or to authorize others to, exploit the Confidential Information, Work Product or Related Proprietary Rights.

**3. Limitations; Ownership.** Except as may be (i) required to perform the Employee's obligations as an employee of the Company or (ii) expressly authorized elsewhere in a document signed by the Company, the Employee shall not, the Employee has no right or power to, and the Employee has no right or power to authorize others to: copy, use, operate, access, disclose, deliver, discuss, license, sublicense, reproduce, amend, modify, change, supplement (including by combining with any other item or otherwise), prepare derivative works based upon, distribute, display publicly, sell, offer to sell, destroy, index, link, frame or otherwise use any Company Items or any portion thereof. As between the Company, its Affiliates and their respective licensors on the one hand and the Employee on the other, title to all of the following shall at all times remain with the Company, its Affiliates and their respective licensors: the Confidential Information, the Work Product, the Related Proprietary Rights, the Company Items and all Proprietary Rights In Connection With the Company Items.

**4. Prohibited Uses.** The Employee shall not use the Company Items for any purpose other than performing services for the Company and its Affiliates, in each case subject to the provisions of this Agreement. Without limiting the generality of the foregoing, the Employee shall not, directly or indirectly, use any of the Company Items to, or to assist or to cause any Person other than the Company to, create, offer, manufacture, distribute, sell, perform or otherwise provide any items (including the Company Items and items similar to components or services disclosed in the Company Items). In addition, and without limiting the generality of the foregoing, if the Employee learns the identity of any of the Company's or its Affiliates' potential or actual customers, distributors, suppliers, Employees, contractors or subcontractors for any item (including items similar to the Company Items and items similar to components or services disclosed in the Company Items), then the Employee shall not, directly or indirectly, (i) provide such item or any similar item (other than through the Company) to such Person, (ii) acquire such item or any similar item (other than through the Company) from such Person, or (iii) assist anyone other than the Company to provide or acquire such item or any similar item to or

from such Person. Except as expressly requested by the Company, the Employee shall not export, or re-export from any country, any of the Company Items or any products thereof. Except as may be required for the purpose of performing services for the Company and its Affiliates, the Employee shall not remove from the premises of any Company Related Person, or make copies of, any Company Items, unless authorized to do so in advance and in writing by the Company.

5. **Legends.** The Employee shall not remove, and shall not permit the removal of, any notice, legend, identification, evidence or other marking concerning ownership or Proprietary Rights (collectively, a "Legend") that is contained on or included in any Company Items. The Employee shall reproduce any such Legend on or in any reproduction (full or partial), modification or translation of the Company Items made by the Employee. Upon request by the Company, the Employee shall add to any Company Items such additional Legends as the Company May request. The absence of any such Legend on any Company Items shall in no event limit any of the Employee's obligations Arising Out Of this Agreement or otherwise with respect to the Company Items (Including the Confidential Information). The presence of any copyright notice on or in any copy of any of the Company Items shall not be deemed to imply that such Company Items have been published or that they do not contain trade secrets or other confidential or proprietary information. In addition, the Employee shall legend as follows all tangible Work Product Developed by the Employee:

Copyright © 20\_\_ [COMPANY]  
All Rights Reserved. Unpublished.

The information and material contained herein is confidential and proprietary to [COMPANY]. No part may be copied, reproduced, stored in a computer or other retrieval device or system or transmitted, in any form or by any means, including, but not limited to, electronic, mechanical, photocopying, recording or otherwise or disclosed to third parties or used for any purpose, in each case without the express prior written consent of [COMPANY].

6. **Use of Facilities.** In the course of the Employee's employment by the Company, the Employee may be granted access to certain facilities provided by the Company or its Affiliates, including information processing and telecommunications systems and storage media, which may include an electronic mail system. The Employee acknowledges and agrees that such facilities are provided for the conduct of the business of the Company and its Affiliates and shall not be used for other purposes. Accordingly, the Employee shall not store, process, transmit or otherwise access the Employee's own Information or materials on facilities provided by the Company or its Affiliates. The Employee further acknowledges and agrees that any information or materials, including files, software or data, that the Employee may store, process, transmit or otherwise access using facilities of the Company or its Affiliates shall be treated by the Company and its Affiliates as their respective business records and deleted, copied, accessed, disclosed or otherwise utilized in accordance with their respective needs and policies. In addition, the Employee shall not, and shall not permit any other Person to, (i) access any facilities provided by the Company or its Affiliates, unless such access is explicitly authorized in advance and in writing by the Company and such authorization has not been withdrawn, (ii) alter, delete or add to any software, data or equipment in any way related to any of such facilities (collectively, to "modify" such facilities) in any way, unless prior to making such modification the Employee provides to the Company a detailed explanation of any proposed modification and the Company in advance and in writing specifically authorizes such modification or (iii) disrupt or otherwise adversely affect or modify such facility in any way that might disrupt or otherwise adversely affect (a) the operation of any such facility, (b) the integrity of any software, data or equipment in any way related to any such facility or (c) the security of any such facility. Without limiting the generality of the foregoing, the Employee shall not, and shall not permit any other Person to, install or use on any such facility any "computer virus", "worm", "trojan horse", "trap door" (as such terms are used in the computer security field) or similar software.

7. **Return, Delivery of Company Items.** If the Company so requests (as the Company May request) or if the Employee's employment by the Company terminates for any reason whatsoever, the Employee shall (i) immediately deliver to the Company all Company Items (Including the Work Product) in tangible form that are in the possession, custody or control of the Employee and (ii) immediately certify in writing to the Company that all such Company Items have been so delivered. Even if the Employee has complied with all obligations Arising Out Of this Section 7 to deliver such information and materials, the Employee shall remain obligated to protect, and to limit the use and disclosure of, the Confidential Information pursuant to this Agreement. Without limiting the foregoing, if Company Items are on digital media (e.g., a hard drive), the Employee shall provide to the Company a copy on media acceptable to the Company in its Discretion and delete and overwrite all other copies of such Company Items. The Employee shall also regularly and promptly disclose all passwords and codes necessary to enable the Company to obtain access to the Company Items.

8. **Avoidance of Infringement.** The Employee shall not (i) use In Connection With performing any services for the Company or any of its Affiliates or performing any of the Employee's obligations as an employee of the Company, (ii) disclose to any Company Related Person, or (iii) incorporate into the Work Product, any information or materials that (a) contain confidential information of any Person other than the Confidential Information or (b) are otherwise subject to any limitations on disclosure or use. The Employee represents and warrants that the Employee has not, and has not permitted any other Person to do, any of the foregoing.

9. **No Conflicting Obligations.** The Employee represents and warrants that (i) the Employee is not subject to any limitations on employment, limitations on the disclosure or use of information or other restrictions that are incompatible with the full and complete performance of the Employee's expected obligations as an employee of the Company, including the Employee's expected job responsibilities, (ii) the Employee's employment by the Company and/or any of its Affiliates, and the execution and performance of this Agreement, will not breach or be in conflict with any agreement to which the employee is a party or by which the Employee is bound and (iii) the Employee is not now subject to any covenants against competition or similar covenants that might affect the performance of the Employee's obligations to the Company and its Affiliates. In addition, the Employee shall ensure that no Proprietary Rights of any Person will or would be infringed or misappropriated by (i) the Work Product, (ii) any disclosure, use, reproduction, modification, preparation of derivative works based upon, distribution, performance, display or other utilization of the Work Product by, or that directly or indirectly is purportedly authorized by, the Company or any of its Affiliates or (iii) any making, using or selling of any inventions disclosed, described or contained in the Work Product (unless identified therein as the invention of another) by, or that directly or indirectly is purportedly authorized by, the Company or any of its Affiliates.

10. **Limitation Period.** The Employee shall not, and shall have no right or power to, assert any claim against any Company Related Person unless within one (1) year after the first occurrence of any event giving rise to such claim the Employee provides a notice to the Company that describes in reasonable detail such claim and the event(s) giving rise to such claim. Nothing contained herein, however, shall be interpreted to extend any statute of limitations that is shorter than one year.

11. **Governing Law; Consent to Jurisdiction.** THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NORTH CAROLINA WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS OTHERWISE POSSIBLY APPLICABLE. THE EMPLOYEE HEREBY IRREVOCABLY AND UNCONDITIONALLY CONSENTS TO SUBMIT TO THE JURISDICTION OF THE FEDERAL COURT FOR THE EASTERN DISTRICT OF NORTH CAROLINA AND THE SUPERIOR COURT IN AND FOR ALAMANCE COUNTY, NORTH CAROLINA, FOR ANY ACTION, PROCEEDING OR LITIGATION (COLLECTIVELY, "LITIGATION") ARISING OUT OF, IN CONNECTION WITH, OR IN ANY WAY RELATED TO, THE EMPLOYEE'S EMPLOYMENT BY THE COMPANY, THIS AGREEMENT, OR ANY ACTIONS CONTEMPLATED BY THIS AGREEMENT. THE EMPLOYEE AGREES NOT TO COMMENCE ANY SUCH LITIGATION EXCEPT IN THE AFOREMENTIONED FEDERAL COURT OR, IF JURISDICTION IS DETERMINED BY SUCH FEDERAL COURT NOT TO LIE THERE, THEN IN SUCH NORTH CAROLINA COURT. THE EMPLOYEE FURTHER IRREVOCABLY AND UNCONDITIONALLY CONSENTS TO SUBMIT TO THE JURISDICTION OF ANY COURT CHOSEN BY THE COMPANY, IN ITS SOLE AND ABSOLUTE DISCRETION, FOR ANY SUCH LITIGATION. THE EMPLOYEE FURTHER AGREES THAT SERVICE OF ANY PROCESS, SUMMONS, NOTICE OR DOCUMENT BY U.S. REGISTERED MAIL TO THE EMPLOYEE SHALL BE EFFECTIVE SERVICE OF PROCESS FOR ANY SUCH LITIGATION BROUGHT AGAINST THE EMPLOYEE IN ANY COURT. THE EMPLOYEE HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY OBJECTION TO THE LAYING OF VENUE OF ANY SUCH LITIGATION IN THE COURT WHERE SUCH LITIGATION IS COMMENCED PURSUANT TO THIS SECTION 11. THE EMPLOYEE HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES AND AGREES NOT TO PLEAD OR CLAIM IN ANY COURT WHERE ANY SUCH LITIGATION IS BROUGHT, THAT SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM OR RAISE ANY SIMILAR DEFENSE. EACH OF THE COMPANY AND THE EMPLOYEE HEREBY (i) ACKNOWLEDGES AND AGREES THAT ANY PROVISIONS OF ANY STATE LAW ADOPTING EXACTLY OR IN MODIFIED FORM THE UNIFORM COMPUTER INFORMATION TRANSACTIONS ACT SHALL NOT BE APPLICABLE TO, AND SHALL NOT BE A PART OF, THIS AGREEMENT AND (ii) WAIVES ANY AND ALL RIGHTS ARISING OUT OF ANY SUCH LAW. IN ADDITION, THE EMPLOYEE SHALL NOT, AND SHALL HAVE NO POWER OR RIGHT TO, COMMENCE ANY LITIGATION ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY RELATED TO THIS AGREEMENT UNTIL THIRTY (30) BUSINESS DAYS AFTER PROVIDING TO THE COMPANY A WRITTEN NOTICE THAT SPECIFIES THE NATURE OF, AND BASIS FOR, THE EMPLOYEE'S PROPOSED ACTION IN ORDER THAT THE EMPLOYEE AND THE COMPANY MAY ATTEMPT TO RESOLVE IT.



**12. Equitable Remedies.** In executing this Agreement, the Employee gives the Company assurance that the Employee has carefully read and considered and understands all of the provisions of this Agreement, including the restraints imposed upon the Employee. The Employee agrees without reservation that each of the restraints contained in this Agreement is necessary for the reasonable and proper protection of the goodwill, Confidential Information and other legitimate interests of the Company and its Affiliates and that each and every one of those restraints is reasonable in respect to subject matter, length of time and geographic area. The Employee agrees that the Employee will never assert, or permit to be asserted on the Employee's behalf, in any forum, any position contrary to any of the foregoing. The Employee acknowledges and agrees that in the event of any threatened or actual breach of this Agreement by the Employee, the Company, its Affiliates and/or their respective licensors will suffer immediate and irreparable injury not compensable by money damages and for which they will not have an adequate remedy available at law. Accordingly, if the Company, any of its Affiliates or any of their respective licensors institute an action or proceeding to enforce the provisions of this Agreement, they shall be entitled to obtain, without the posting of any bond or security, such injunctive relief, restraining orders, specific performance or other equitable relief as may be necessary or appropriate to prevent or curtail any such breach, threatened or actual.

**13. Severability.** The provisions of this Agreement are severable and the unenforceability of any provision of this Agreement shall not affect the enforceability of any other provision of this Agreement. In addition, in the event that any provision of this Agreement (or portion thereof) is determined by a court of competent jurisdiction to be unenforceable as drafted by virtue of the scope, duration, extent or character thereof or otherwise, then such provision (or portion thereof) shall be construed in a manner designed to effectuate the purposes of such provision (or portion thereof) to the maximum extent enforceable under applicable law.

**14. Notices.** Except as may be provided to the contrary elsewhere in this Agreement, each notice, request, approval, consent, authorization, designation, proposal, report and other communication that may be given or made Arising Out Of this Agreement must be in writing and shall be effective when delivered in person or deposited in the United States mail, postage prepaid, registered or certified, to the address and to the attention of the person specified in this Agreement or to such other address as the intended recipient shall have specified by fifteen (15) calendar days' prior notice to the sender. Until the later of (i) the date on which all Company Items have been delivered in accordance with Section 7 or (ii) the date on which the Employee's employment by the Company terminates, and for an additional sixty (60) months thereafter, the Employee shall give the Company at least thirty (30) business days' prior notice of any change in the Employee's address.

**15. Entire Agreement; Counterparts; Amendment and Waiver.** This Agreement constitutes the entire understanding and agreement between the Employee and the Company with respect to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, oral and written, between the Employee and the Company with respect to the subject matter of this Agreement; provided, however, that this Agreement shall not supersede any effective assignment of any invention or other intellectual property to the Company in effect at the time the Employee signs this Agreement and shall not constitute a waiver by the Company of any right it now has or might now have under any agreement imposing obligations on the Employee with respect to confidentiality, non-competition, non-solicitation of employees, customers or suppliers or like obligations. Nothing in this Agreement shall limit or restrict any obligation or liability of the Employee Arising Out Of (i) any other agreements, (ii) any Legal Requirements, or (iii) the Company's policies or procedures with respect to confidentiality, ownership of work product, restrictions on the activities of the Employee or the like. Nothing in this Agreement shall expand any rights or benefits of the Employee Arising Out Of any other agreements. The obligations of the Employee under this Agreement are cumulative with the obligations of the Employee under any other agreements. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. This Agreement may be amended only in writing. The provisions of this Agreement and any breaches of this Agreement can be waived or released only in writing. The waiver or release of any breach of this Agreement shall not be deemed to be a waiver or release of any other breach (including similar or related subsequent breaches) or a waiver or release of any provision of this Agreement. This Agreement may be amended at any time and from time to time by written agreement of the Employee and the Company.

**16. Rules of Interpretation.** All headings in this Agreement are provided for convenience of reference and are not to be considered in the construction or interpretation of any provision of this Agreement. No provision of this Agreement will be interpreted against or in favor of either of the parties hereto by reason of the extent to which either such party or its counsel participated in the drafting thereof or by reason of the extent to which any such provision is inconsistent with any prior draft or any other agreement. Unless expressly provided to the contrary elsewhere in this Agreement (i) the Company's rights Arising Out Of this Agreement are continuing rights and may be exercised at any time and from time to time, (ii) each obligation of the Employee

Arising Out Of this Agreement is cumulative with all other obligations of the Employee Arising Out Of this Agreement and (iii) compliance or non-compliance by the Employee with any obligation of the Employee Arising Out Of this Agreement shall not limit, restrict, waive or release in any way the other obligations of the Employee Arising Out Of this Agreement or the liabilities of the Employee Arising Out Of this Agreement. All remedies provided for in this Agreement are cumulative with, in addition to and not in lieu of any other remedies available to any Person at law or in equity. The Company shall not incur any liability to the Employee for any exercise by the Company of any of the Company's rights Arising Out Of this Agreement.

**17. Intended Beneficiaries.** The Employee acknowledges and agrees (i) that each Affiliate of the Company, each licensor to the Company and/or to any of its Affiliates and the respective heirs, executors, administrators, representatives, successors and assigns of each of the foregoing is an intended third party beneficiary of this Agreement, (ii) that any Person that invests in, enters into an agreement with or acquires all or a substantial portion of the securities issued by or assets of any of the foregoing shall be entitled to rely upon this Agreement and the Employee's representations, warranties and agreements set forth in this Agreement and (iii) that no other Person is or shall be deemed to be an intended third party beneficiary of this Agreement. The Employee further acknowledges and agrees that, to the extent legally permitted, any such reliance shall estop the Employee from contesting the validity or enforceability of this Agreement or such representations, warranties or agreements.

**18. Termination of Employment.** Upon termination for whatever reason of the Employee's employment and prior to being entitled to receive any termination or post-termination benefits, including any pay in lieu of notice, to which the Employee would otherwise be entitled (i) the Employee shall Cooperate with the Company to the extent requested by the Company in all matters Arising Out Of the winding-up or transfer to others of the Employee's pending and prior work for the Company and the Company's Affiliates and (ii) the Employee shall immediately comply with the Employee's obligations Arising Out Of Section 7.

**19. Survival.** Notwithstanding anything to the contrary elsewhere in this Agreement, all of the Employee's obligations and the Company's rights Arising Out Of this Agreement shall survive the termination for whatever reason of this Agreement or any other agreement with the Company and the termination for whatever reason of the Employee's employment.

**20. No Assignment.** This Agreement shall inure to the benefit of and be binding upon the parties and their respective heirs, executors, administrators, representatives, successors and assigns. Notwithstanding the foregoing, the Employee shall not, and shall have no right or power to, assign or delegate any of the Employee's rights or obligations Arising Out Of this Agreement except with the prior written consent of the Company in its Discretion. Any attempted assignment or delegation by the Employee that is not consented to in advance and in writing by the Company in its Discretion shall be null, void and without effect.

**21. Export Restrictions.** The Employee shall not, and shall not permit any Person to, export from the United States, or re-export from any country, any of the Company Items (Including the Confidential Information and the Work Product).

**22. Non-Competition.** Until the later of (i) the date on which all Company Items have been delivered in accordance with Section 7 or (ii) the date on which the Employee's employment by the Company terminates for any reason, and for an additional one (1) year and six (6) months thereafter, the Employee shall not, and shall not assist any Person to, compete with the Company or with any of the Company's Affiliates for whom the Employee provided services during the Employee's employment (each, a "Served Affiliate"), within the United States or within any other country in which the Company or a Served Affiliate is doing business, without the prior written consent of an expressly authorized representative of the Company. The foregoing sentence shall not prevent the Employee from the passive ownership of one percent (1%) or less of the equity securities of any publicly traded company. Notwithstanding the foregoing, however, the Company will release the Employee from the Employee's obligation Arising Out Of this Section 22 not to provide services to any Person who competes with the Company or a Served Affiliate (a "Competitor") upon (i) delivery of all Company Items in accordance with Section 7 and (ii) receipt by the Company, prior to the Employee commencing work for a Competitor, of (a) written assurance, satisfactory to the Company in its Discretion, from such Competitor to the effect that such Competitor will not permit the Employee to violate any of the Employee's obligations Arising Out Of this Agreement, in connection with the Employee's employment with such Competitor and (b) evidence satisfactory to the Company in its Discretion that such Competitor has a net worth that is materially greater than the maximum damages that the Company might suffer if the Competitor should benefit from a breach of this Agreement by the Employee; provided, however, that: (1) any violation by the Employee of any of the Employee's obligations Arising Out Of this Agreement, shall cause the Employee's obligations Arising Out Of this Section 22 to be extended automatically for a period ending twelve (12) months following the date such violation

ceases, to which the Employee hereby consents; and (2) any release provided under this Section 22 shall be limited to the Employee's employment with the Competitor who provided satisfactory written assurance to the Company as required in this Section 22.

**23. Intentionally Omitted.**

**24. Non-Solicitation of Customers and Certain Other Persons.** Until the later of (i) the date on which all Company Items have been delivered in accordance with Section 7 or (ii) the date on which the Employee's employment by the Company terminates for any reason, and for an additional one (1) year and six (6) months thereafter, the Employee shall not, and shall not assist any Person to, solicit or encourage any customer, client, agent, broker, producer, insured or any other Person to discontinue or diminish his/her/its relationship with the Company or any of its Affiliates or seek to persuade any such Person to conduct with anyone else any business or activity that such Person conducts or could conduct with the Company or any of its Affiliates.

**25. Non-Solicitation of Employees and Certain Other Individuals.** Until the later of (i) the date on which all Company Items have been delivered in accordance with Section 7 or (ii) the date on which the Employee's employment by the Company terminates for any reason, and for an additional one (1) year and six (6) months thereafter, the Employee shall not, and shall not assist any Person to, (a) solicit for employment, employ (as an employee, consultant, independent contractor or otherwise) or assist any other Person to solicit or employ (as an employee, consultant, independent contractor or otherwise) any individual who provided services to the Company or any of its Affiliates (as an employee, consultant, independent contractor or otherwise) during the then immediately preceding one (1) year and six (6) months or (b) seek to persuade any such individual to discontinue or diminish providing such services.

**26. Foreign Sovereign Immunities Act; Foreign Corrupt Practices Act.** The Employee represents, warrants and agrees that the Employee is not, and is not affiliated with or related to, any Person that is: a "foreign state", a "political subdivision of a foreign state", or an "agency or instrumentality of a foreign state" (in each case as defined in 28 USC 1603). The Employee represents, warrants and agrees that, In Connection With the Employee's employment by the Company, the Employee shall not, directly or indirectly, pay, give, offer to pay or give, promise to pay or give, or authorize the payment of or giving of, anything of value to: any official; any officer or employee of a government or any department, agency, or instrumentality thereof (collectively, a "Governmental Unit"); any person acting in an official capacity for or on behalf of any Governmental Unit; any individual having discretionary authority for or on behalf of any Governmental Unit; any employee of any Governmental Unit; any officer of a public international organization; any political party; any political candidate; or any Person acting on behalf of any of the foregoing.

**27. No Contract of Employment.** The Employee acknowledges and agrees that this Agreement does not constitute a contract of employment for a specific term and that either the Company or the Employee may terminate the Employee's employment at any time, with or without notice or cause.

**28. Definitions.** For purposes of this Agreement:

"Affiliate" means, with respect to any Person, any other Person directly or indirectly Controlling, Controlled by or under common Control with such first Person.

"Agreement" (or "this Agreement") means this document titled "Confidentiality And Intellectual Property Agreement", any and all exhibits, appendices, amendments, endorsements, addenda and other attachments to the foregoing and any and all materials incorporated into the foregoing by reference, in each case as the same may be amended, changed, supplemented, modified or replaced in writing from time to time.

"Arising Out Of" means arising out of, in connection with or in any way related to.

"Company" means the Person identified as such at the top of this document.

"Company Items" means (i) the Work Product, (ii) the Confidential Information, (iii) any and all items (including information, materials, resources, facilities, equipment, services and functions) provided by any Company Related Person to the Employee, (iv) any and all items produced, directly or indirectly, by the Employee in the course of performing services for the Company and/or its Affiliates, (v) any and all reproductions (full or partial), modifications or translations of any of the foregoing, (vi) any and all items that are based upon or derived from any of the foregoing, and (vii) any and all items that one or more Company Related Persons is obligated to provide but fails to provide. The term Company Items includes, but is not limited to, information and materials disclosed by a Company Related Person to one Person that are then disclosed by such Person to the Employee. The term "Company Items" also includes any and all portions and subsets of such items. The Company Items may include, but are not required to include and are not limited to: confidential information; computer programs; forms; documentation; instructions; web sites (including internet, extranet, and intranet sites); information and materials produced by computer programs, web sites or other items provided by Company Related Persons; information and materials (including computer programs) downloaded or otherwise obtained from web sites or other resources or facilities; equipment and systems provided to the Employee by Company Related Persons; equipment and systems used by or on behalf of Company Related Persons; networking equipment; security devices; and access codes.

"Company May" means the Company has the right in the Company's Discretion, but is not obligated to.

"Company Related Person" means the Company, the Company's Representatives, the Company's Affiliates, the Company's Affiliates' Representatives and any controlling persons of the Company or any of its Affiliates within the meaning of Section 20 of the Securities Exchange Act of 1934, as amended.

"Confidential Information" means all information and materials Arising Out Of the prior, current, contemplated or future business of the Company or any of its Affiliates, including (i) secret, proprietary or confidential information and materials of the Company or any of its Affiliates, (ii) information and materials Arising Out Of the prior, current, contemplated or future activities, operations, plans, finances, customers, suppliers, services, methods, technology, products, product designs, software, software designs, assets or liabilities of the Company or any of its Affiliates, (iii) information and materials of any Person, including a customer, supplier or licensor, with respect to which the Company or any of its Affiliates has any confidentiality obligation, (iv) information and materials Arising Out Of any prior, current, contemplated or future discussions, negotiations or transactions Arising Out Of the Company or any of its Affiliates, including the existence, status or any actual or proposed provisions thereof, (v) the fact that any specific information or materials exist or have been, are or in the future may be made available to any Person, (vi) the Work Product and (vii) information or materials in whole or in part Arising Out Of any of the foregoing, including notes, analyses, compilations, projections, studies or other information or materials prepared by, for or on behalf of the Employee. Confidential Information may be in tangible form (including written materials or audio, video or word processing or computer tapes, disks, ROMS or software) or may be intangible (including information that is learned by listening or observing or that is remembered after reviewing tangible materials). Confidential Information includes, but is not limited to, information and materials received or developed at any time and from time to time before, on or after the date of this Agreement. The term Confidential Information does not include information and materials that are or become public knowledge other than as a result of unauthorized use or disclosure by the Employee or any other Person.

"Control" of a Person means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of securities, by contract or otherwise. "Controlling" and "Controlled by" shall have correlative meanings.

"Cooperate" means cooperate fully and assist fully.

"Copyright Act" means Title 17 of the United States Code, as amended.

"Discretion" means sole and absolute discretion.

"Employee" means the Person identified as such at the top of this document.

"In Connection With" means arising out of, in connection with, or in any way related to.

"Including" means including, but not limited to.

"Legal Requirements" means all laws, statutes, codes, ordinances, regulations, rules, judgments, determinations, orders, writs, decrees and other requirements of any court or governmental, regulatory or other authority.

"Person" shall be broadly interpreted to include, but not be limited to, any individual, firm, company, limited liability company, corporation, limited liability corporation, partnership, limited liability partnership, joint venture, association, joint-stock company, trust, estate, unincorporated organization, governmental body or other entity.

"Proprietary Rights" means any and all trade secret, copyright, mask work, patent, trademark, service mark, certification mark, trade dress or other proprietary rights.

"Related Proprietary Rights" means any and all Proprietary Rights in all countries Arising Out Of the Confidential Information or Work Product, any extensions or renewals of any such Proprietary Rights, any registrations, patents or applications with respect to any such Proprietary Rights and any causes of action Arising Out Of any infringement or misappropriation of any such Proprietary Rights.

"Representatives" of a Person means its directors, officers, employees, Affiliates, agents, consultants, contractors, representatives (including financial advisors, attorneys, accountants and actuaries) and present or potential shareholders, partners, members, or sources of equity, debt or other financing.

"Work Product" means all information, inventions, discoveries, developments, compositions, concepts, ideas, materials (including trade secrets and confidential information), works (as such term is used in the Copyright Act), mask works, processes, writings, arts, methods, software, machines, devices, manufactures, articles, compositions of matter, designs, algorithms or methods or new uses for or improvements of or to any of the foregoing, trademarks, service marks, certification marks or trade dress (in each case, whether or not copyrighted, copyrightable, patented, patentable, registered or registrable, as applicable) produced, prepared, written, made, created, fixed, invented, discovered, conceived, reduced to practice or otherwise developed (collectively, "Developed") at any time before, on or after the date of this Agreement by the Employee, alone or together with other Persons, on or off the premises of any Company Related Persons, in whole or in part Arising Out Of (i) the Employee's employment by the Company, (ii) the Employee's performing any services for the Company or any of its Affiliates, (iii) the Employee's obligations as an employee of the Company, (iv) any prior, current, contemplated or future business of the Company or any of its Affiliates, (v) any information or materials Arising Out Of any prior, current, contemplated or future business of the Company or any of its Affiliates, including information or materials Developed by the Employee, (vi) any information or materials owned directly or indirectly by the Company or any of its Affiliates, (vii) any information or materials provided at any time and from time to time directly or indirectly by any Company Related Person to the Employee, (viii) any equipment, facilities, employees or other resources of any Company Related Person or any use thereof or (ix) any other Work Product; provided, however, that, as used in this Agreement, the term "Work Product" shall not apply to any invention that the Employee develops on the Employee's own time, without using the equipment, supplies, facilities or trade secret information of the Company, unless such invention relates at the time of conception or reduction to practice of the invention (a) to the business of the Company, (b) to the actual or demonstrably anticipated research or development of the Company or (c) results from any work performed by the Employee for the Company.

IN WITNESS WHEREOF, each of the Employee and the Company has duly executed under seal and delivered this Agreement as of the date first written above.

  
Employee Signature

JEFFERY S. RYAN  
Employee Name (print or type)

Cartridge Technologies, LLC  
Company Name (print or type)

By:   
Name:  
Title:

# **EXHIBIT B**

CONFIDENTIALITY AND INTELLECTUAL PROPERTY AGREEMENT  
WITH CERTAIN OTHER RESTRICTIVE COVENANTS

Effective Date:	November 29, 2006
Employee Name:	Jody J. Furillo
Employee Address:	232 Lakecroft Pl., Fuquay Varina, NC 27526
Employee Tax ID:	
Company Name:	Cartridge Technologies, LLC
Company Address:	2732 Anne Elizabeth Drive, Burlington, North Carolina 27215

This Agreement (see Section 28 for selected definitions) is entered into as of the date first set forth above by and between the Employee and the Company.

WHEREAS, the Company wishes to employ the Employee and the Employee wishes to be employed by the Company; and

WHEREAS, in the normal course of employment with the Company, the Employee will have access to Confidential Information (as defined below) and to the Company's business relationships and good will, all of which are valuable assets of the Company which it has created or acquired at its expense;

NOW, THEREFORE, in consideration of (i) the Company's granting the Employee access to Confidential Information and/or to its business relationships and good will in connection with the Employee's employment by the Company or any of its Affiliates and (ii) the eligibility of the Employee to be considered for increases in compensation and/or other benefits of employment from time to time hereafter in the discretion of the Company, the Employee and the Company hereby agree as follows:

**1. CONFIDENTIAL INFORMATION.**

**1.1. Non-Disclosure.** The Employee acknowledges that all Confidential Information constitutes a valuable, proprietary and confidential asset of the Company, its Affiliates and their respective licensors. The Employee shall hold all Confidential Information in strict trust and confidence at all times for the Company, its Affiliates and their respective licensors. The Employee shall not at any time (including times after the termination of the Employee's employment) directly or indirectly use or disclose any Confidential Information in any manner whatsoever, except for the benefit of the Company and its Affiliates in the normal course of performing the Employee's regular duties as an employee of the Company or otherwise in compliance with Section 1.4 of this Agreement.

**1.2. Information And Materials Provided To The Company.** The Employee expressly waives any claim that the Company has any obligation to limit the Company's use or disclosure of any information or materials that the Employee submitted, submits, otherwise provided or otherwise provides, to the Company or any of its Affiliates at any time. The Employee grants to the Company and its Affiliates an unrestricted, irrevocable license to make, use, sell, import, reproduce, display, perform, modify, transmit and distribute any and all such information and materials, and the Employee also agrees that the Company and its Affiliates are free to use any ideas, concepts, know-how, inventions or techniques contained or disclosed therein for any purpose. Without limiting the generality of the foregoing, any information or materials that the Employee may disclose to the Company or its Affiliates or that the Company or its Affiliates may discover in connection with the Employee's employment by the Company (including information concerning products, concerning methods, concerning manufacturing processes, contained in drawings, contained in designs or contained in specifications) shall be deemed to have been disclosed to the Company and its Affiliates as part of the consideration provided by the Employee, and the Company shall have the right to use it and to disclose it without limitation.

**1.3. Cooperation.** The Employee shall immediately notify the Company of any known, suspected or threatened (i) breach of this Agreement or (ii) loss, unauthorized use or unauthorized disclosure of any Confidential Information by the Employee or any other Person. In the event of any such known, suspected





or threatened breach, loss, unauthorized use or unauthorized disclosure, the Employee shall Cooperate as requested by the Company to cure, prevent or curtail such known, suspected or threatened breach, loss, unauthorized use or unauthorized disclosure.

**1.4. Legally Required Disclosure.** If disclosure of any Confidential Information by the Employee is requested or required by or pursuant to any applicable Legal Requirements or otherwise, then the Employee shall (i) immediately, and, in any event before any such disclosure is made or permitted, notify the Company of such request or requirement in order that the Company May object to such disclosure, obtain a protective order or other appropriate relief with respect to such Confidential Information or permit such disclosure, (ii) Cooperate as the Company May request, at the Company's expense, in any effort by the Company to obtain such relief, (iii) furnish only that portion of the Confidential Information as the Employee is advised by counsel reasonably acceptable to the Company is legally required, (iv) exercise the Employee's best efforts to obtain reliable assurance that confidential treatment will be accorded whatever Confidential Information is disclosed and (v) take all additional steps as the Company May request to limit the amount of Confidential Information disclosed and to protect its confidentiality.

**2. Work Product and Proprietary Rights.** The Employee shall maintain accurate and complete contemporaneous records of, and shall immediately and fully disclose and deliver to the Company, all Work Product. To the extent legally permitted, the Company shall be the sole and original owner of, and shall have sole and exclusive right, title and interest in and to, any and all Confidential Information, Work Product and Related Proprietary Rights. In addition, the Employee hereby assigns, and shall assign, to the Company or its nominee at any time and from time to time and without additional compensation, irrevocably and in perpetuity, any and all right, title and interest, whether now existing or hereafter arising, that the Employee may have in or to any and all Confidential Information, Work Product and Related Proprietary Rights. The Employee also agrees that, to the extent legally permitted, all works included in the Work Product shall constitute works made for hire (as that term is used in the Copyright Act) and any registration of this Agreement as a copyright assignment shall not estop any Person from asserting that such works are works made for hire and shall not be evidence that such works are not works made for hire. Furthermore, the Employee shall, without any additional compensation, execute any and all instruments which the Company May deem necessary or convenient, and take such other actions at the Company's expense as the Company May request, to vest, perfect, extend, maintain, protect, exploit or evidence the Company's right, title and interest in and to any and all Confidential Information, Work Product and Related Proprietary Rights. The Employee hereby grants to the Company the irrevocable right and power, in the Employee's name and on the Employee's behalf, as the Employee's attorney-in-fact, to execute any and all such instruments which the Employee is obligated to execute. The Employee agrees that such power of attorney is coupled with an interest and shall survive the Employee's death or disability. The Employee hereby waives and shall not enforce any right that the Employee may now have or may hereafter acquire to limit in any way the ability of any Company Related Person to, or to authorize others to, exploit the Confidential Information, Work Product or Related Proprietary Rights.

**3. Limitations; Ownership.** Except as may be (i) required to perform the Employee's obligations as an employee of the Company or (ii) expressly authorized elsewhere in a document signed by the Company, the Employee shall not, the Employee has no right or power to, and the Employee has no right or power to authorize others to: copy, use, operate, access, disclose, deliver, discuss, license, sublicense, reproduce, amend, modify, change, supplement (including by combining with any other item or otherwise), prepare derivative works based upon, distribute, display publicly, sell, offer to sell, destroy, index, link, frame or otherwise use any Company Items or any portion thereof. As between the Company, its Affiliates and their respective licensors on the one hand and the Employee on the other, title to all of the following shall at all times remain with the Company, its Affiliates and their respective licensors: the Confidential Information, the Work Product, the Related Proprietary Rights, the Company Items and all Proprietary Rights In Connection With the Company Items.

**4. Prohibited Uses.** The Employee shall not use the Company Items for any purpose other than performing services for the Company and its Affiliates, in each case subject to the provisions of this Agreement. Without limiting the generality of the foregoing, the Employee shall not, directly or indirectly, use any of the Company Items to, or to assist or to cause any Person other than the Company to, create, offer, manufacture, distribute, sell, perform or otherwise provide any items (including the Company Items and items similar to components or services disclosed in the Company Items). In addition, and without limiting the generality of the foregoing, if the Employee learns the identity of any of the Company's or its Affiliates' potential or actual customers, distributors, suppliers, employees, contractors or subcontractors for any item (including items similar to the Company Items and items similar to components or services disclosed in the Company Items), then the Employee shall not, directly or indirectly, (i) provide such item or any similar item (other than through the Company) to such Person, (ii) acquire such item or any similar item (other than through the Company) from such Person, or (iii) assist anyone other than the Company to provide or acquire such item or any similar item to or

from such Person. Except as expressly requested by the Company, the Employee shall not export, or re-export from any country, any of the Company Items or any products thereof. Except as may be required for the purpose of performing services for the Company and its Affiliates, the Employee shall not remove from the premises of any Company Related Person, or make copies of, any Company Items, unless authorized to do so in advance and in writing by the Company.

5. **Legends.** The Employee shall not remove, and shall not permit the removal of, any notice, legend, identification, evidence or other marking concerning ownership or Proprietary Rights (collectively, a "Legend") that is contained on or included in any Company Items. The Employee shall reproduce any such Legend on or in any reproduction (full or partial), modification or translation of the Company Items made by the Employee. Upon request by the Company, the Employee shall add to any Company Items such additional Legends as the Company May request. The absence of any such Legend on any Company Items shall in no event limit any of the Employee's obligations Arising Out Of this Agreement or otherwise with respect to the Company Items (Including the Confidential Information). The presence of any copyright notice on or in any copy of any of the Company Items shall not be deemed to imply that such Company Items have been published or that they do not contain trade secrets or other confidential or proprietary information. In addition, the Employee shall legend as follows all tangible Work Product Developed by the Employee:

Copyright © 20\_\_ [COMPANY]  
All Rights Reserved. Unpublished.

The information and material contained herein is confidential and proprietary to [COMPANY]. No part may be copied, reproduced, stored in a computer or other retrieval device or system or transmitted, in any form or by any means, including, but not limited to, electronic, mechanical, photocopying, recording or otherwise or disclosed to third parties or used for any purpose, in each case without the express prior written consent of [COMPANY].

6. **Use of Facilities.** In the course of the Employee's employment by the Company, the Employee may be granted access to certain facilities provided by the Company or its Affiliates, including information processing and telecommunications systems and storage media, which may include an electronic mail system. The Employee acknowledges and agrees that such facilities are provided for the conduct of the business of the Company and its Affiliates and shall not be used for other purposes. Accordingly, the Employee shall not store, process, transmit or otherwise access the Employee's own information or materials on facilities provided by the Company or its Affiliates. The Employee further acknowledges and agrees that any information or materials, including files, software or data, that the Employee may store, process, transmit or otherwise access using facilities of the Company or its Affiliates shall be treated by the Company and its Affiliates as their respective business records and deleted, copied, accessed, disclosed or otherwise utilized in accordance with their respective needs and policies. In addition, the Employee shall not, and shall not permit any other Person to, (i) access any facilities provided by the Company or its Affiliates, unless such access is explicitly authorized in advance and in writing by the Company and such authorization has not been withdrawn, (ii) alter, delete or add to any software, data or equipment in any way related to any of such facilities (collectively, to "modify" such facilities) in any way, unless prior to making such modification the Employee provides to the Company a detailed explanation of any proposed modification and the Company in advance and in writing specifically authorizes such modification or (iii) disrupt or otherwise adversely affect or modify such facility in any way that might disrupt or otherwise adversely affect (a) the operation of any such facility, (b) the integrity of any software, data or equipment in any way related to any such facility or (c) the security of any such facility. Without limiting the generality of the foregoing, the Employee shall not, and shall not permit any other Person to, install or use on any such facility any "computer virus", "worm", "trojan horse", "trap door" (as such terms are used in the computer security field) or similar software.

7. **Return, Delivery of Company Items.** If the Company so requests (as the Company May request) or if the Employee's employment by the Company terminates for any reason whatsoever, the Employee shall (i) immediately deliver to the Company all Company Items (Including the Work Product) in tangible form that are in the possession, custody or control of the Employee and (ii) immediately certify in writing to the Company that all such Company Items have been so delivered. Even if the Employee has complied with all obligations Arising Out Of this Section 7 to deliver such information and materials, the Employee shall remain obligated to protect, and to limit the use and disclosure of, the Confidential Information pursuant to this Agreement. Without limiting the foregoing, if Company Items are on digital media (e.g., a hard drive), the Employee shall provide to the Company a copy on media acceptable to the Company in its Discretion and delete and overwrite all other copies of such Company Items. The Employee shall also regularly and promptly disclose all passwords and codes necessary to enable the Company to obtain access to the Company Items.

8. **Avoidance of Infringement.** The Employee shall not (i) use In Connection With performing any services for the Company or any of its Affiliates or performing any of the Employee's obligations as an employee of the Company, (ii) disclose to any Company Related Person, or (iii) incorporate into the Work Product, any information or materials that (a) contain confidential information of any Person other than the Confidential Information or (b) are otherwise subject to any limitations on disclosure or use. The Employee represents and warrants that the Employee has not, and has not permitted any other Person to do, any of the foregoing.

9. **No Conflicting Obligations.** The Employee represents and warrants that (i) the Employee is not subject to any limitations on employment, limitations on the disclosure or use of information or other restrictions that are incompatible with the full and complete performance of the Employee's expected obligations as an employee of the Company, including the Employee's expected job responsibilities, (ii) the Employee's employment by the Company and/or any of its Affiliates, and the execution and performance of this Agreement, will not breach or be in conflict with any agreement to which the employee is a party or by which the Employee is bound and (iii) the Employee is not now subject to any covenants against competition or similar covenants that might affect the performance of the Employee's obligations to the Company and its Affiliates. In addition, the Employee shall ensure that no Proprietary Rights of any Person will or would be infringed or misappropriated by (i) the Work Product, (ii) any disclosure, use, reproduction, modification, preparation of derivative works based upon, distribution, performance, display or other utilization of the Work Product by, or that directly or indirectly is purportedly authorized by, the Company or any of its Affiliates or (iii) any making, using or selling of any inventions disclosed, described or contained in the Work Product (unless identified therein as the invention of another) by, or that directly or indirectly is purportedly authorized by, the Company or any of its Affiliates.

10. **Limitation Period.** The Employee shall not, and shall have no right or power to, assert any claim against any Company Related Person unless within one (1) year after the first occurrence of any event giving rise to such claim the Employee provides a notice to the Company that describes in reasonable detail such claim and the event(s) giving rise to such claim. Nothing contained herein, however, shall be interpreted to extend any statute of limitations that is shorter than one year.

11. **Governing Law; Consent to Jurisdiction.** THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NORTH CAROLINA WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS OTHERWISE POSSIBLY APPLICABLE. THE EMPLOYEE HEREBY IRREVOCABLY AND UNCONDITIONALLY CONSENTS TO SUBMIT TO THE JURISDICTION OF THE FEDERAL COURT FOR THE EASTERN DISTRICT OF NORTH CAROLINA AND THE SUPERIOR COURT IN AND FOR ALAMANCE COUNTY, NORTH CAROLINA, FOR ANY ACTION, PROCEEDING OR LITIGATION (COLLECTIVELY, "LITIGATION") ARISING OUT OF, IN CONNECTION WITH, OR IN ANY WAY RELATED TO, THE EMPLOYEE'S EMPLOYMENT BY THE COMPANY, THIS AGREEMENT, OR ANY ACTIONS CONTEMPLATED BY THIS AGREEMENT. THE EMPLOYEE AGREES NOT TO COMMENCE ANY SUCH LITIGATION EXCEPT IN THE AFOREMENTIONED FEDERAL COURT OR, IF JURISDICTION IS DETERMINED BY SUCH FEDERAL COURT NOT TO LIE THERE, THEN IN SUCH NORTH CAROLINA COURT. THE EMPLOYEE FURTHER IRREVOCABLY AND UNCONDITIONALLY CONSENTS TO SUBMIT TO THE JURISDICTION OF ANY COURT CHOSEN BY THE COMPANY, IN ITS SOLE AND ABSOLUTE DISCRETION, FOR ANY SUCH LITIGATION. THE EMPLOYEE FURTHER AGREES THAT SERVICE OF ANY PROCESS, SUMMONS, NOTICE OR DOCUMENT BY U.S. REGISTERED MAIL TO THE EMPLOYEE SHALL BE EFFECTIVE SERVICE OF PROCESS FOR ANY SUCH LITIGATION BROUGHT AGAINST THE EMPLOYEE IN ANY COURT. THE EMPLOYEE HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY OBJECTION TO THE LAYING OF VENUE OF ANY SUCH LITIGATION IN THE COURT WHERE SUCH LITIGATION IS COMMENCED PURSUANT TO THIS SECTION 11. THE EMPLOYEE HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES AND AGREES NOT TO PLEAD OR CLAIM IN ANY COURT WHERE ANY SUCH LITIGATION IS BROUGHT, THAT SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM OR RAISE ANY SIMILAR DEFENSE. EACH OF THE COMPANY AND THE EMPLOYEE HEREBY (i) ACKNOWLEDGES AND AGREES THAT ANY PROVISIONS OF ANY STATE LAW ADOPTING EXACTLY OR IN MODIFIED FORM THE UNIFORM COMPUTER INFORMATION TRANSACTIONS ACT SHALL NOT BE APPLICABLE TO, AND SHALL NOT BE A PART OF, THIS AGREEMENT AND (ii) WAIVES ANY AND ALL RIGHTS ARISING OUT OF ANY SUCH LAW. IN ADDITION, THE EMPLOYEE SHALL NOT, AND SHALL HAVE NO POWER OR RIGHT TO, COMMENCE ANY LITIGATION ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY RELATED TO THIS AGREEMENT UNTIL THIRTY (30) BUSINESS DAYS AFTER PROVIDING TO THE COMPANY A WRITTEN NOTICE THAT SPECIFIES THE NATURE OF, AND BASIS FOR, THE EMPLOYEE'S PROPOSED ACTION IN ORDER THAT THE EMPLOYEE AND THE COMPANY MAY ATTEMPT TO RESOLVE IT.

**12. Equitable Remedies.** In executing this Agreement, the Employee gives the Company assurance that the Employee has carefully read and considered and understands all of the provisions of this Agreement, including the restraints imposed upon the Employee. The Employee agrees without reservation that each of the restraints contained in this Agreement is necessary for the reasonable and proper protection of the goodwill, Confidential Information and other legitimate interests of the Company and its Affiliates and that each and every one of those restraints is reasonable in respect to subject matter, length of time and geographic area. The Employee agrees that the Employee will never assert, or permit to be asserted on the Employee's behalf, in any forum, any position contrary to any of the foregoing. The Employee acknowledges and agrees that in the event of any threatened or actual breach of this Agreement by the Employee, the Company, its Affiliates and/or their respective licensors will suffer immediate and irreparable injury not compensable by money damages and for which they will not have an adequate remedy available at law. Accordingly, if the Company, any of its Affiliates or any of their respective licensors institute an action or proceeding to enforce the provisions of this Agreement, they shall be entitled to obtain, without the posting of any bond or security, such injunctive relief, restraining orders, specific performance or other equitable relief as may be necessary or appropriate to prevent or curtail any such breach, threatened or actual.

**13. Severability.** The provisions of this Agreement are severable and the unenforceability of any provision of this Agreement shall not affect the enforceability of any other provision of this Agreement. In addition, in the event that any provision of this Agreement (or portion thereof) is determined by a court of competent jurisdiction to be unenforceable as drafted by virtue of the scope, duration, extent or character thereof or otherwise, then such provision (or portion thereof) shall be construed in a manner designed to effectuate the purposes of such provision (or portion thereof) to the maximum extent enforceable under applicable law.

**14. Notices.** Except as may be provided to the contrary elsewhere in this Agreement, each notice, request, approval, consent, authorization, designation, proposal, report and other communication that may be given or made Arising Out Of this Agreement must be in writing and shall be effective when delivered in person or deposited in the United States mail, postage prepaid, registered or certified, to the address and to the attention of the person specified in this Agreement or to such other address as the intended recipient shall have specified by fifteen (15) calendar days' prior notice to the sender. Until the later of (i) the date on which all Company Items have been delivered in accordance with Section 7 or (ii) the date on which the Employee's employment by the Company terminates, and for an additional sixty (60) months thereafter, the Employee shall give the Company at least thirty (30) business days' prior notice of any change in the Employee's address.

**15. Entire Agreement; Counterparts; Amendment and Waiver.** This Agreement constitutes the entire understanding and agreement between the Employee and the Company with respect to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, oral and written, between the Employee and the Company with respect to the subject matter of this Agreement; provided, however, that this Agreement shall not supersede any effective assignment of any invention or other intellectual property to the Company in effect at the time the Employee signs this Agreement and shall not constitute a waiver by the Company of any right it now has or might now have under any agreement imposing obligations on the Employee with respect to confidentiality, non-competition, non-solicitation of employees, customers or suppliers or like obligations. Nothing in this Agreement shall limit or restrict any obligation or liability of the Employee Arising Out Of (i) any other agreements, (ii) any Legal Requirements, or (iii) the Company's policies or procedures with respect to confidentiality, ownership of work product, restrictions on the activities of the Employee or the like. Nothing in this Agreement shall expand any rights or benefits of the Employee Arising Out Of any other agreements. The obligations of the Employee under this Agreement are cumulative with the obligations of the Employee under any other agreements. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. This Agreement may be amended only in writing. The provisions of this Agreement and any breaches of this Agreement can be waived or released only in writing. The waiver or release of any breach of this Agreement shall not be deemed to be a waiver or release of any other breach (including similar or related subsequent breaches) or a waiver or release of any provision of this Agreement. This Agreement may be amended at any time and from time to time by written agreement of the Employee and the Company.

**16. Rules of Interpretation.** All headings in this Agreement are provided for convenience of reference and are not to be considered in the construction or interpretation of any provision of this Agreement. No provision of this Agreement will be interpreted against or in favor of either of the parties hereto by reason of the extent to which either such party or its counsel participated in the drafting thereof or by reason of the extent to which any such provision is inconsistent with any prior draft or any other agreement. Unless expressly provided to the contrary elsewhere in this Agreement (i) the Company's rights Arising Out Of this Agreement are continuing rights and may be exercised at any time and from time to time, (ii) each obligation of the Employee

Arising Out Of this Agreement is cumulative with all other obligations of the Employee Arising Out Of this Agreement and (iii) compliance or non-compliance by the Employee with any obligation of the Employee Arising Out Of this Agreement shall not limit, restrict, waive or release in any way the other obligations of the Employee Arising Out Of this Agreement or the liabilities of the Employee Arising Out Of this Agreement. All remedies provided for in this Agreement are cumulative with, in addition to and not in lieu of any other remedies available to any Person at law or in equity. The Company shall not incur any liability to the Employee for any exercise by the Company of any of the Company's rights Arising Out Of this Agreement.

**17. Intended Beneficiaries.** The Employee acknowledges and agrees (i) that each Affiliate of the Company, each licensor to the Company and/or to any of its Affiliates and the respective heirs, executors, administrators, representatives, successors and assigns of each of the foregoing is an intended third party beneficiary of this Agreement, (ii) that any Person that invests in, enters into an agreement with or acquires all or a substantial portion of the securities issued by or assets of any of the foregoing shall be entitled to rely upon this Agreement and the Employee's representations, warranties and agreements set forth in this Agreement and (iii) that no other Person is or shall be deemed to be an intended third party beneficiary of this Agreement. The Employee further acknowledges and agrees that, to the extent legally permitted, any such reliance shall estop the Employee from contesting the validity or enforceability of this Agreement or such representations, warranties or agreements.

**18. Termination of Employment.** Upon termination for whatever reason of the Employee's employment and prior to being entitled to receive any termination or post-termination benefits, including any pay in lieu of notice, to which the Employee would otherwise be entitled (i) the Employee shall Cooperate with the Company to the extent requested by the Company in all matters Arising Out Of the winding-up or transfer to others of the Employee's pending and prior work for the Company and the Company's Affiliates and (ii) the Employee shall immediately comply with the Employee's obligations Arising Out Of Section 7.

**19. Survival.** Notwithstanding anything to the contrary elsewhere in this Agreement, all of the Employee's obligations and the Company's rights Arising Out Of this Agreement shall survive the termination for whatever reason of this Agreement or any other agreement with the Company and the termination for whatever reason of the Employee's employment.

**20. No Assignment.** This Agreement shall inure to the benefit of and be binding upon the parties and their respective heirs, executors, administrators, representatives, successors and assigns. Notwithstanding the foregoing, the Employee shall not, and shall have no right or power to, assign or delegate any of the Employee's rights or obligations Arising Out Of this Agreement except with the prior written consent of the Company in its Discretion. Any attempted assignment or delegation by the Employee that is not consented to in advance and in writing by the Company in its Discretion shall be null, void and without effect.

**21. Export Restrictions.** The Employee shall not, and shall not permit any Person to, export from the United States, or re-export from any country, any of the Company Items (including the Confidential Information and the Work Product).

**22. Non-Competition.** Until the later of (i) the date on which all Company Items have been delivered in accordance with Section 7 or (ii) the date on which the Employee's employment by the Company terminates for any reason, and for an additional one (1) year and six (6) months thereafter, the Employee shall not, and shall not assist any Person to, compete with the Company or with any of the Company's Affiliates for whom the Employee provided services during the Employee's employment (each, a "Served Affiliate"), within the United States or within any other country in which the Company or a Served Affiliate is doing business, without the prior written consent of an expressly authorized representative of the Company. The foregoing sentence shall not prevent the Employee from the passive ownership of one percent (1%) or less of the equity securities of any publicly traded company. Notwithstanding the foregoing, however, the Company will release the Employee from the Employee's obligation Arising Out Of this Section 22 not to provide services to any Person who competes with the Company or a Served Affiliate (a "Competitor") upon (i) delivery of all Company Items in accordance with Section 7 and (ii) receipt by the Company, prior to the Employee commencing work for a Competitor, of (a) written assurance, satisfactory to the Company in its Discretion, from such Competitor to the effect that such Competitor will not permit the Employee to violate any of the Employee's obligations Arising Out Of this Agreement, in connection with the Employee's employment with such Competitor and (b) evidence satisfactory to the Company in its Discretion that such Competitor has a net worth that is materially greater than the maximum damages that the Company might suffer if the Competitor should benefit from a breach of this Agreement by the Employee; provided, however, that: (1) any violation by the Employee of any of the Employee's obligations Arising Out Of this Agreement, shall cause the Employee's obligations Arising Out Of this Section 22 to be extended automatically for a period ending twelve (12) months following the date such violation

ceases, to which the Employee hereby consents; and (2) any release provided under this Section 22 shall be limited to the Employee's employment with the Competitor who provided satisfactory written assurance to the Company as required in this Section 22.

**23. Intentionally Omitted.**

**24. Non-Solicitation of Customers and Certain Other Persons.** Until the later of (i) the date on which all Company Items have been delivered in accordance with Section 7 or (ii) the date on which the Employee's employment by the Company terminates for any reason, and for an additional one (1) year and six (6) months thereafter, the Employee shall not, and shall not assist any Person to, solicit or encourage any customer, client, agent, broker, producer, insured or any other Person to discontinue or diminish his/her/its relationship with the Company or any of its Affiliates or seek to persuade any such Person to conduct with anyone else any business or activity that such Person conducts or could conduct with the Company or any of its Affiliates.

**25. Non-Solicitation of Employees and Certain Other Individuals.** Until the later of (i) the date on which all Company Items have been delivered in accordance with Section 7 or (ii) the date on which the Employee's employment by the Company terminates for any reason, and for an additional one (1) year and six (6) months thereafter, the Employee shall not, and shall not assist any Person to, (a) solicit for employment, employ (as an employee, consultant, independent contractor or otherwise) or assist any other Person to solicit or employ (as an employee, consultant, independent contractor or otherwise) any individual who provided services to the Company or any of its Affiliates (as an employee, consultant, independent contractor or otherwise) during the then immediately preceding one (1) year and six (6) months or (b) seek to persuade any such individual to discontinue or diminish providing such services.

**26. Foreign Sovereign Immunities Act; Foreign Corrupt Practices Act.** The Employee represents, warrants and agrees that the Employee is not, and is not affiliated with or related to, any Person that is: a "foreign state", a "political subdivision of a foreign state", or an "agency or instrumentality of a foreign state" (in each case as defined in 28 USC 1603). The Employee represents, warrants and agrees that, In Connection With the Employee's employment by the Company, the Employee shall not, directly or indirectly, pay, give, offer to pay or give, promise to pay or give, or authorize the payment of or giving of, anything of value to: any official; any officer or employee of a government or any department, agency, or instrumentality thereof (collectively, a "Governmental Unit"); any person acting in an official capacity for or on behalf of any Governmental Unit; any individual having discretionary authority for or on behalf of any Governmental Unit; any employee of any Governmental Unit; any officer of a public international organization; any political party; any political candidate; or any Person acting on behalf of any of the foregoing.

**27. No Contract of Employment.** The Employee acknowledges and agrees that this Agreement does not constitute a contract of employment for a specific term and that either the Company or the Employee may terminate the Employee's employment at any time, with or without notice or cause.

**28. Definitions.** For purposes of this Agreement:

"Affiliate" means, with respect to any Person, any other Person directly or indirectly Controlling, Controlled by or under common Control with such first Person.

"Agreement" (or "this Agreement") means this document titled "Confidentiality And Intellectual Property Agreement", any and all exhibits, appendices, amendments, endorsements, addenda and other attachments to the foregoing and any and all materials incorporated into the foregoing by reference, in each case as the same may be amended, changed, supplemented, modified or replaced in writing from time to time.

"Arising Out Of" means arising out of, in connection with or in any way related to.

"Company" means the Person identified as such at the top of this document.

"Company Items" means (i) the Work Product, (ii) the Confidential Information, (iii) any and all items (including information, materials, resources, facilities, equipment, services and functions) provided by any Company Related Person to the Employee, (iv) any and all items produced, directly or indirectly, by the Employee in the course of performing services for the Company and/or its Affiliates, (v) any and all reproductions (full or partial), modifications or translations of any of the foregoing, (vi) any and all items that are based upon or derived from any of the foregoing, and (vii) any and all items that one or more Company Related Persons is obligated to provide but fails to provide. The term Company Items includes, but is not limited to, information and materials disclosed by a Company Related Person to one Person that are then disclosed by such Person to the Employee. The term "Company Items" also includes any and all portions and subsets of such items. The Company Items may include, but are not required to include and are not limited to: confidential information; computer programs; forms; documentation; instructions; web sites (including internet, extranet, and intranet sites); information and materials produced by computer programs, web sites or other items provided by Company Related Persons; information and materials (including computer programs) downloaded or otherwise obtained from web sites or other resources or facilities; equipment and systems provided to the Employee by Company Related Persons; equipment and systems used by or on behalf of Company Related Persons; networking equipment; security devices; and access codes.

"Company May" means the Company has the right in the Company's Discretion, but is not obligated to.

"Company Related Person" means the Company, the Company's Representatives, the Company's Affiliates, the Company's Affiliates' Representatives and any controlling persons of the Company or any of its Affiliates within the meaning of Section 20 of the Securities Exchange Act of 1934, as amended.

"Confidential Information" means all information and materials Arising Out Of the prior, current, contemplated or future business of the Company or any of its Affiliates, including (i) secret, proprietary or confidential information and materials of the Company or any of its Affiliates, (ii) information and materials Arising Out Of the prior, current, contemplated or future activities, operations, plans, finances, customers, suppliers, services, methods, technology, products, product designs, software, software designs, assets or liabilities of the Company or any of its Affiliates, (iii) information and materials of any Person, including a customer, supplier or licensor, with respect to which the Company or any of its Affiliates has any confidentiality obligation, (iv) information and materials Arising Out Of any prior, current, contemplated or future discussions, negotiations or transactions Arising Out Of the Company or any of its Affiliates, including the existence, status or any actual or proposed provisions thereof, (v) the fact that any specific information or materials exist or have been, are or in the future may be made available to any Person, (vi) the Work Product and (vii) information or materials in whole or in part Arising Out Of any of the foregoing, including notes, analyses, compilations, projections, studies or other information or materials prepared by, for or on behalf of the Employee. Confidential Information may be in tangible form (including written materials or audio, video or word processing or computer tapes, disks, ROMS or software) or may be intangible (including information that is learned by listening or observing or that is remembered after reviewing tangible materials). Confidential Information includes, but is not limited to, information and materials received or developed at any time and from time to time before, on or after the date of this Agreement. The term Confidential Information does not include information and materials that are or become public knowledge other than as a result of unauthorized use or disclosure by the Employee or any other Person.

"Control" of a Person means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of securities, by contract or otherwise. "Controlling" and "Controlled by" shall have correlative meanings.

"Cooperate" means cooperate fully and assist fully.

"Copyright Act" means Title 17 of the United States Code, as amended.

"Discretion" means sole and absolute discretion.

"Employee" means the Person identified as such at the top of this document.

"In Connection With" means arising out of, in connection with, or in any way related to.

"Including" means including, but not limited to.

"Legal Requirements" means all laws, statutes, codes, ordinances, regulations, rules, judgments, determinations, orders, writs, decrees and other requirements of any court or governmental, regulatory or other authority.

"Person" shall be broadly interpreted to include, but not be limited to, any individual, firm, company, limited liability company, corporation, limited liability corporation, partnership, limited liability partnership, joint venture, association, joint-stock company, trust, estate, unincorporated organization, governmental body or other entity.

"Proprietary Rights" means any and all trade secret, copyright, mask work, patent, trademark, service mark, certification mark, trade dress or other proprietary rights.

"Related Proprietary Rights" means any and all Proprietary Rights in all countries Arising Out Of the Confidential Information or Work Product, any extensions or renewals of any such Proprietary Rights, any registrations, patents or applications with respect to any such Proprietary Rights and any causes of action Arising Out Of any infringement or misappropriation of any such Proprietary Rights.

"Representatives" of a Person means its directors, officers, employees, Affiliates, agents, consultants, contractors, representatives (Including financial advisors, attorneys, accountants and actuaries) and present or potential shareholders, partners, members, or sources of equity, debt or other financing.

"Work Product" means all information, inventions, discoveries, developments, compositions, concepts, ideas, materials (Including trade secrets and confidential information), works (as such term is used in the Copyright Act), mask works, processes, writings, arts, methods, software, machines, devices, manufactures, articles, compositions of matter, designs, algorithms or methods or new uses for or improvements of or to any of the foregoing, trademarks, service marks, certification marks or trade dress (in each case, whether or not copyrighted, copyrightable, patented, patentable, registered or registrable, as applicable) produced, prepared, written, made, created, fixed, invented, discovered, conceived, reduced to practice or otherwise developed (collectively, "Developed") at any time before, on or after the date of this Agreement by the Employee, alone or together with other Persons, on or off the premises of any Company Related Persons, in whole or in part Arising Out Of (i) the Employee's employment by the Company, (ii) the Employee's performing any services for the Company or any of its Affiliates, (iii) the Employee's obligations as an employee of the Company, (iv) any prior, current, contemplated or future business of the Company or any of its Affiliates, (v) any information or materials Arising Out Of any prior, current, contemplated or future business of the Company or any of its Affiliates, Including information or materials Developed by the Employee, (vi) any information or materials owned directly or indirectly by the Company or any of its Affiliates, (vii) any information or materials provided at any time and from time to time directly or indirectly by any Company Related Person to the Employee, (viii) any equipment, facilities, employees or other resources of any Company Related Person or any use thereof or (ix) any other Work Product; provided, however, that, as used in this Agreement, the term "Work Product" shall not apply to any invention that the Employee develops on the Employee's own time, without using the equipment, supplies, facilities or trade secret information of the Company, unless such invention relates at the time of conception or reduction to practice of the invention (a) to the business of the Company, (b) to the actual or demonstrably anticipated research or development of the Company or (c) results from any work performed by the Employee for the Company.



IN WITNESS WHEREOF, each of the Employee and the Company has duly executed under seal and delivered this Agreement as of the date first written above.

Jody J. Furillo  
Employee Signature

Jody J. Furillo  
Employee Name (print or type)

Cartridge Technologies, LLC  
Company Name (print or type)

By: [Signature]  
Name:  
Title:

# **EXHIBIT C**

CONFIDENTIALITY AND INTELLECTUAL PROPERTY AGREEMENT  
WITH CERTAIN OTHER RESTRICTIVE COVENANTS

Effective Date:	November 29, 2006
Employee Name:	MATTHEW BURNS
Employee Address:	2966 SOUTH CHURCH ST. Box 133 BURLINGTON NC, 27215
Employee Tax ID:	
Company Name:	Cartridge Technologies, LLC
Company Address:	2732 Anne Elizabeth Drive, Burlington, North Carolina 27215

This Agreement (see Section 28 for selected definitions) is entered into as of the date first set forth above by and between the Employee and the Company.

WHEREAS, the Company wishes to employ the Employee and the Employee wishes to be employed by the Company; and

WHEREAS, in the normal course of employment with the Company, the Employee will have access to Confidential Information (as defined below) and to the Company's business relationships and good will, all of which are valuable assets of the Company which it has created or acquired at its expense;

NOW, THEREFORE, in consideration of (i) the Company's granting the Employee access to Confidential Information and/or to its business relationships and good will in connection with the Employee's employment by the Company or any of its Affiliates and (ii) the eligibility of the Employee to be considered for increases in compensation and/or other benefits of employment from time to time hereafter in the discretion of the Company, the Employee and the Company hereby agree as follows:

**1. CONFIDENTIAL INFORMATION.**

**1.1. Non-Disclosure.** The Employee acknowledges that all Confidential Information constitutes a valuable, proprietary and confidential asset of the Company, its Affiliates and their respective licensors. The Employee shall hold all Confidential Information in strict trust and confidence at all times for the Company, its Affiliates and their respective licensors. The Employee shall not at any time (including times after the termination of the Employee's employment) directly or indirectly use or disclose any Confidential Information in any manner whatsoever, except for the benefit of the Company and its Affiliates in the normal course of performing the Employee's regular duties as an employee of the Company or otherwise in compliance with Section 1.4 of this Agreement.

**1.2. Information And Materials Provided To The Company.** The Employee expressly waives any claim that the Company has any obligation to limit the Company's use or disclosure of any information or materials that the Employee submitted, submits, otherwise provided or otherwise provides, to the Company or any of its Affiliates at any time. The Employee grants to the Company and its Affiliates an unrestricted, irrevocable license to make, use, sell, import, reproduce, display, perform, modify, transmit and distribute any and all such information and materials, and the Employee also agrees that the Company and its Affiliates are free to use any ideas, concepts, know-how, inventions or techniques contained or disclosed therein for any purpose. Without limiting the generality of the foregoing, any information or materials that the Employee may disclose to the Company or its Affiliates or that the Company or its Affiliates may discover in connection with the Employee's employment by the Company (including information concerning products, concerning methods, concerning manufacturing processes, contained in drawings, contained in designs or contained in specifications) shall be deemed to have been disclosed to the Company and its Affiliates as part of the consideration provided by the Employee, and the Company shall have the right to use it and to disclose it without limitation.

**1.3. Cooperation.** The Employee shall immediately notify the Company of any known, suspected or threatened (i) breach of this Agreement or (ii) loss, unauthorized use or unauthorized disclosure of any Confidential Information by the Employee or any other Person. In the event of any such known, suspected



or threatened breach, loss, unauthorized use or unauthorized disclosure, the Employee shall Cooperate as requested by the Company to cure, prevent or curtail such known, suspected or threatened breach, loss, unauthorized use or unauthorized disclosure.

**1.4. Legally Required Disclosure.** If disclosure of any Confidential Information by the Employee is requested or required by or pursuant to any applicable Legal Requirements or otherwise, then the Employee shall (i) immediately, and, in any event before any such disclosure is made or permitted, notify the Company of such request or requirement in order that the Company May object to such disclosure, obtain a protective order or other appropriate relief with respect to such Confidential Information or permit such disclosure, (ii) Cooperate as the Company May request, at the Company's expense, in any effort by the Company to obtain such relief, (iii) furnish only that portion of the Confidential Information as the Employee is advised by counsel reasonably acceptable to the Company is legally required, (iv) exercise the Employee's best efforts to obtain reliable assurance that confidential treatment will be accorded whatever Confidential Information is disclosed and (v) take all additional steps as the Company May request to limit the amount of Confidential Information disclosed and to protect its confidentiality.

**2. Work Product and Proprietary Rights.** The Employee shall maintain accurate and complete contemporaneous records of, and shall immediately and fully disclose and deliver to the Company, all Work Product. To the extent legally permitted, the Company shall be the sole and original owner of, and shall have sole and exclusive right, title and interest in and to, any and all Confidential Information, Work Product and Related Proprietary Rights. In addition, the Employee hereby assigns, and shall assign, to the Company or its nominee at any time and from time to time and without additional compensation, irrevocably and in perpetuity, any and all right, title and interest, whether now existing or hereafter arising, that the Employee may have in or to any and all Confidential Information, Work Product and Related Proprietary Rights. The Employee also agrees that, to the extent legally permitted, all works included in the Work Product shall constitute works made for hire (as that term is used in the Copyright Act) and any registration of this Agreement as a copyright assignment shall not estop any Person from asserting that such works are works made for hire and shall not be evidence that such works are not works made for hire. Furthermore, the Employee shall, without any additional compensation, execute any and all instruments which the Company May deem necessary or convenient, and take such other actions at the Company's expense as the Company May request, to vest, perfect, extend, maintain, protect, exploit or evidence the Company's right, title and interest in and to any and all Confidential Information, Work Product and Related Proprietary Rights. The Employee hereby grants to the Company the irrevocable right and power, in the Employee's name and on the Employee's behalf, as the Employee's attorney-in-fact, to execute any and all such instruments which the Employee is obligated to execute. The Employee agrees that such power of attorney is coupled with an interest and shall survive the Employee's death or disability. The Employee hereby waives and shall not enforce any right that the Employee may now have or may hereafter acquire to limit in any way the ability of any Company Related Person to, or to authorize others to, exploit the Confidential Information, Work Product or Related Proprietary Rights.

**3. Limitations; Ownership.** Except as may be (i) required to perform the Employee's obligations as an employee of the Company or (ii) expressly authorized elsewhere in a document signed by the Company, the Employee shall not, the Employee has no right or power to, and the Employee has no right or power to authorize others to: copy, use, operate, access, disclose, deliver, discuss, license, sublicense, reproduce, amend, modify, change, supplement (Including by combining with any other item or otherwise), prepare derivative works based upon, distribute, display publicly, sell, offer to sell, destroy, index, link, frame or otherwise use any Company Items or any portion thereof. As between the Company, its Affiliates and their respective licensors on the one hand and the Employee on the other, title to all of the following shall at all times remain with the Company, its Affiliates and their respective licensors: the Confidential Information, the Work Product, the Related Proprietary Rights, the Company Items and all Proprietary Rights In Connection With the Company Items.

**4. Prohibited Uses.** The Employee shall not use the Company Items for any purpose other than performing services for the Company and its Affiliates, in each case subject to the provisions of this Agreement. Without limiting the generality of the foregoing, the Employee shall not, directly or indirectly, use any of the Company Items to, or to assist or to cause any Person other than the Company to, create, offer, manufacture, distribute, sell, perform or otherwise provide any items (Including the Company Items and items similar to components or services disclosed in the Company Items). In addition, and without limiting the generality of the foregoing, if the Employee learns the identity of any of the Company's or its Affiliates' potential or actual customers; distributors, suppliers, Employees, contractors or subcontractors for any item (Including items similar to the Company Items and items similar to components or services disclosed in the Company Items), then the Employee shall not, directly or indirectly, (i) provide such item or any similar item (other than through the Company) to such Person, (ii) acquire such item or any similar item (other than through the Company) from such Person, or (iii) assist anyone other than the Company to provide or acquire such item or any similar item to or

from such Person. Except as expressly requested by the Company, the Employee shall not export, or re-export from any country, any of the Company Items or any products thereof. Except as may be required for the purpose of performing services for the Company and its Affiliates, the Employee shall not remove from the premises of any Company Related Person, or make copies of, any Company Items, unless authorized to do so in advance and in writing by the Company.

**5. Legends.** The Employee shall not remove, and shall not permit the removal of, any notice, legend, identification, evidence or other marking concerning ownership or Proprietary Rights (collectively, a "Legend") that is contained on or included in any Company Items. The Employee shall reproduce any such Legend on or in any reproduction (full or partial), modification or translation of the Company Items made by the Employee. Upon request by the Company, the Employee shall add to any Company Items such additional Legends as the Company May request. The absence of any such Legend on any Company Items shall in no event limit any of the Employee's obligations Arising Out Of this Agreement or otherwise with respect to the Company Items (Including the Confidential Information). The presence of any copyright notice on or in any copy of any of the Company Items shall not be deemed to imply that such Company Items have been published or that they do not contain trade secrets or other confidential or proprietary information. In addition, the Employee shall legend as follows all tangible Work Product Developed by the Employee:

Copyright © 20\_\_ [COMPANY]  
All Rights Reserved. Unpublished.

The information and material contained herein is confidential and proprietary to [COMPANY]. No part may be copied, reproduced, stored in a computer or other retrieval device or system or transmitted, in any form or by any means, including, but not limited to, electronic, mechanical, photocopying, recording or otherwise or disclosed to third parties or used for any purpose, in each case without the express prior written consent of [COMPANY].

**6. Use of Facilities.** In the course of the Employee's employment by the Company, the Employee may be granted access to certain facilities provided by the Company or its Affiliates, including information processing and telecommunications systems and storage media, which may include an electronic mail system. The Employee acknowledges and agrees that such facilities are provided for the conduct of the business of the Company and its Affiliates and shall not be used for other purposes. Accordingly, the Employee shall not store, process, transmit or otherwise access the Employee's own information or materials on facilities provided by the Company or its Affiliates. The Employee further acknowledges and agrees that any information or materials, including files, software or data, that the Employee may store, process, transmit or otherwise access using facilities of the Company or its Affiliates shall be treated by the Company and its Affiliates as their respective business records and deleted, copied, accessed, disclosed or otherwise utilized in accordance with their respective needs and policies. In addition, the Employee shall not, and shall not permit any other Person to, (i) access any facilities provided by the Company or its Affiliates, unless such access is explicitly authorized in advance and in writing by the Company and such authorization has not been withdrawn, (ii) alter, delete or add to any software, data or equipment in any way related to any of such facilities (collectively, to "modify" such facilities) in any way, unless prior to making such modification the Employee provides to the Company a detailed explanation of any proposed modification and the Company in advance and in writing specifically authorizes such modification or (iii) disrupt or otherwise adversely affect or modify such facility in any way that might disrupt or otherwise adversely affect (a) the operation of any such facility, (b) the integrity of any software, data or equipment in any way related to any such facility or (c) the security of any such facility. Without limiting the generality of the foregoing, the Employee shall not, and shall not permit any other Person to, install or use on any such facility any "computer virus", "worm", "trojan horse", "trap door" (as such terms are used in the computer security field) or similar software.

**7. Return, Delivery of Company Items.** If the Company so requests (as the Company May request) or if the Employee's employment by the Company terminates for any reason whatsoever, the Employee shall (i) immediately deliver to the Company all Company Items (Including the Work Product) in tangible form that are in the possession, custody or control of the Employee and (ii) immediately certify in writing to the Company that all such Company Items have been so delivered. Even if the Employee has complied with all obligations Arising Out Of this Section 7 to deliver such information and materials, the Employee shall remain obligated to protect, and to limit the use and disclosure of, the Confidential Information pursuant to this Agreement. Without limiting the foregoing, if Company Items are on digital media (e.g., a hard drive), the Employee shall provide to the Company a copy on media acceptable to the Company in its Discretion and delete and overwrite all other copies of such Company Items. The Employee shall also regularly and promptly disclose all passwords and codes necessary to enable the Company to obtain access to the Company Items.

8. **Avoidance of Infringement.** The Employee shall not (i) use In Connection With performing any services for the Company or any of its Affiliates or performing any of the Employee's obligations as an employee of the Company, (ii) disclose to any Company Related Person, or (iii) incorporate into the Work Product, any information or materials that (a) contain confidential information of any Person other than the Confidential Information or (b) are otherwise subject to any limitations on disclosure or use. The Employee represents and warrants that the Employee has not, and has not permitted any other Person to do, any of the foregoing.

9. **No Conflicting Obligations.** The Employee represents and warrants that (i) the Employee is not subject to any limitations on employment, limitations on the disclosure or use of information or other restrictions that are incompatible with the full and complete performance of the Employee's expected obligations as an employee of the Company, including the Employee's expected job responsibilities, (ii) the Employee's employment by the Company and/or any of its Affiliates, and the execution and performance of this Agreement, will not breach or be in conflict with any agreement to which the employee is a party or by which the Employee is bound and (iii) the Employee is not now subject to any covenants against competition or similar covenants that might affect the performance of the Employee's obligations to the Company and its Affiliates. In addition, the Employee shall ensure that no Proprietary Rights of any Person will or would be infringed or misappropriated by (i) the Work Product, (ii) any disclosure, use, reproduction, modification, preparation of derivative works based upon, distribution, performance, display or other utilization of the Work Product by, or that directly or indirectly is purportedly authorized by, the Company or any of its Affiliates or (iii) any making, using or selling of any inventions disclosed, described or contained in the Work Product (unless identified therein as the invention of another) by, or that directly or indirectly is purportedly authorized by, the Company or any of its Affiliates.

10. **Limitation Period.** The Employee shall not, and shall have no right or power to, assert any claim against any Company Related Person unless within one (1) year after the first occurrence of any event giving rise to such claim the Employee provides a notice to the Company that describes in reasonable detail such claim and the event(s) giving rise to such claim. Nothing contained herein, however, shall be interpreted to extend any statute of limitations that is shorter than one year.

11. **Governing Law; Consent to Jurisdiction.** THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NORTH CAROLINA WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS OTHERWISE POSSIBLY APPLICABLE. THE EMPLOYEE HEREBY IRREVOCABLY AND UNCONDITIONALLY CONSENTS TO SUBMIT TO THE JURISDICTION OF THE FEDERAL COURT FOR THE EASTERN DISTRICT OF NORTH CAROLINA AND THE SUPERIOR COURT IN AND FOR ALAMANCE COUNTY, NORTH CAROLINA, FOR ANY ACTION, PROCEEDING OR LITIGATION (COLLECTIVELY, "LITIGATION") ARISING OUT OF, IN CONNECTION WITH, OR IN ANY WAY RELATED TO, THE EMPLOYEE'S EMPLOYMENT BY THE COMPANY, THIS AGREEMENT, OR ANY ACTIONS CONTEMPLATED BY THIS AGREEMENT. THE EMPLOYEE AGREES NOT TO COMMENCE ANY SUCH LITIGATION EXCEPT IN THE AFOREMENTIONED FEDERAL COURT OR, IF JURISDICTION IS DETERMINED BY SUCH FEDERAL COURT NOT TO LIE THERE, THEN IN SUCH NORTH CAROLINA COURT. THE EMPLOYEE FURTHER IRREVOCABLY AND UNCONDITIONALLY CONSENTS TO SUBMIT TO THE JURISDICTION OF ANY COURT CHOSEN BY THE COMPANY, IN ITS SOLE AND ABSOLUTE DISCRETION, FOR ANY SUCH LITIGATION. THE EMPLOYEE FURTHER AGREES THAT SERVICE OF ANY PROCESS, SUMMONS, NOTICE OR DOCUMENT BY U.S. REGISTERED MAIL TO THE EMPLOYEE SHALL BE EFFECTIVE SERVICE OF PROCESS FOR ANY SUCH LITIGATION BROUGHT AGAINST THE EMPLOYEE IN ANY COURT. THE EMPLOYEE HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY OBJECTION TO THE LAYING OF VENUE OF ANY SUCH LITIGATION IN THE COURT WHERE SUCH LITIGATION IS COMMENCED PURSUANT TO THIS SECTION 11. THE EMPLOYEE HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES AND AGREES NOT TO PLEAD OR CLAIM IN ANY COURT WHERE ANY SUCH LITIGATION IS BROUGHT, THAT SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM OR RAISE ANY SIMILAR DEFENSE. EACH OF THE COMPANY AND THE EMPLOYEE HEREBY (i) ACKNOWLEDGES AND AGREES THAT ANY PROVISIONS OF ANY STATE LAW ADOPTING EXACTLY OR IN MODIFIED FORM THE UNIFORM COMPUTER INFORMATION TRANSACTIONS ACT SHALL NOT BE APPLICABLE TO, AND SHALL NOT BE A PART OF, THIS AGREEMENT AND (ii) WAIVES ANY AND ALL RIGHTS ARISING OUT OF ANY SUCH LAW. IN ADDITION, THE EMPLOYEE SHALL NOT, AND SHALL HAVE NO POWER OR RIGHT TO, COMMENCE ANY LITIGATION ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY RELATED TO THIS AGREEMENT UNTIL THIRTY (30) BUSINESS DAYS AFTER PROVIDING TO THE COMPANY A WRITTEN NOTICE THAT SPECIFIES THE NATURE OF, AND BASIS FOR, THE EMPLOYEE'S PROPOSED ACTION IN ORDER THAT THE EMPLOYEE AND THE COMPANY MAY ATTEMPT TO RESOLVE IT.

**12. Equitable Remedies.** In executing this Agreement, the Employee gives the Company assurance that the Employee has carefully read and considered and understands all of the provisions of this Agreement, including the restraints imposed upon the Employee. The Employee agrees without reservation that each of the restraints contained in this Agreement is necessary for the reasonable and proper protection of the goodwill, Confidential Information and other legitimate interests of the Company and its Affiliates and that each and every one of those restraints is reasonable in respect to subject matter, length of time and geographic area. The Employee agrees that the Employee will never assert, or permit to be asserted on the Employee's behalf, in any forum, any position contrary to any of the foregoing. The Employee acknowledges and agrees that in the event of any threatened or actual breach of this Agreement by the Employee, the Company, its Affiliates and/or their respective licensors will suffer immediate and irreparable injury not compensable by money damages and for which they will not have an adequate remedy available at law. Accordingly, if the Company, any of its Affiliates or any of their respective licensors institute an action or proceeding to enforce the provisions of this Agreement, they shall be entitled to obtain, without the posting of any bond or security, such injunctive relief, restraining orders, specific performance or other equitable relief as may be necessary or appropriate to prevent or curtail any such breach, threatened or actual.

**13. Severability.** The provisions of this Agreement are severable and the unenforceability of any provision of this Agreement shall not affect the enforceability of any other provision of this Agreement. In addition, in the event that any provision of this Agreement (or portion thereof) is determined by a court of competent jurisdiction to be unenforceable as drafted by virtue of the scope, duration, extent or character thereof or otherwise, then such provision (or portion thereof) shall be construed in a manner designed to effectuate the purposes of such provision (or portion thereof) to the maximum extent enforceable under applicable law.

**14. Notices.** Except as may be provided to the contrary elsewhere in this Agreement, each notice, request, approval, consent, authorization, designation, proposal, report and other communication that may be given or made Arising Out Of this Agreement must be in writing and shall be effective when delivered in person or deposited in the United States mail, postage prepaid, registered or certified, to the address and to the attention of the person specified in this Agreement or to such other address as the intended recipient shall have specified by fifteen (15) calendar days' prior notice to the sender. Until the later of (i) the date on which all Company Items have been delivered in accordance with Section 7 or (ii) the date on which the Employee's employment by the Company terminates, and for an additional sixty (60) months thereafter, the Employee shall give the Company at least thirty (30) business days' prior notice of any change in the Employee's address.

**15. Entire Agreement; Counterparts; Amendment and Waiver.** This Agreement constitutes the entire understanding and agreement between the Employee and the Company with respect to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, oral and written, between the Employee and the Company with respect to the subject matter of this Agreement; provided, however, that this Agreement shall not supersede any effective assignment of any invention or other intellectual property to the Company in effect at the time the Employee signs this Agreement and shall not constitute a waiver by the Company of any right it now has or might now have under any agreement imposing obligations on the Employee with respect to confidentiality, non-competition, non-solicitation of employees, customers or suppliers or like obligations. Nothing in this Agreement shall limit or restrict any obligation or liability of the Employee Arising Out Of (i) any other agreements, (ii) any Legal Requirements, or (iii) the Company's policies or procedures with respect to confidentiality, ownership of work product, restrictions on the activities of the Employee or the like. Nothing in this Agreement shall expand any rights or benefits of the Employee Arising Out Of any other agreements. The obligations of the Employee under this Agreement are cumulative with the obligations of the Employee under any other agreements. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. This Agreement may be amended only in writing. The provisions of this Agreement and any breaches of this Agreement can be waived or released only in writing. The waiver or release of any breach of this Agreement shall not be deemed to be a waiver or release of any other breach (including similar or related subsequent breaches) or a waiver or release of any provision of this Agreement. This Agreement may be amended at any time and from time to time by written agreement of the Employee and the Company.

**16. Rules of Interpretation.** All headings in this Agreement are provided for convenience of reference and are not to be considered in the construction or interpretation of any provision of this Agreement. No provision of this Agreement will be interpreted against or in favor of either of the parties hereto by reason of the extent to which either such party or its counsel participated in the drafting thereof or by reason of the extent to which any such provision is inconsistent with any prior draft or any other agreement. Unless expressly provided to the contrary elsewhere in this Agreement (i) the Company's rights Arising Out Of this Agreement are continuing rights and may be exercised at any time and from time to time, (ii) each obligation of the Employee

Arising Out Of this Agreement is cumulative with all other obligations of the Employee Arising Out Of this Agreement and (iii) compliance or non-compliance by the Employee with any obligation of the Employee Arising Out Of this Agreement shall not limit, restrict, waive or release in any way the other obligations of the Employee Arising Out Of this Agreement or the liabilities of the Employee Arising Out Of this Agreement. All remedies provided for in this Agreement are cumulative with, in addition to and not in lieu of any other remedies available to any Person at law or in equity. The Company shall not incur any liability to the Employee for any exercise by the Company of any of the Company's rights Arising Out Of this Agreement.

**17. Intended Beneficiaries.** The Employee acknowledges and agrees (i) that each Affiliate of the Company, each licensor to the Company and/or to any of its Affiliates and the respective heirs, executors, administrators, representatives, successors and assigns of each of the foregoing is an intended third party beneficiary of this Agreement, (ii) that any Person that invests in, enters into an agreement with or acquires all or a substantial portion of the securities issued by or assets of any of the foregoing shall be entitled to rely upon this Agreement and the Employee's representations, warranties and agreements set forth in this Agreement and (iii) that no other Person is or shall be deemed to be an intended third party beneficiary of this Agreement. The Employee further acknowledges and agrees that, to the extent legally permitted, any such reliance shall estop the Employee from contesting the validity or enforceability of this Agreement or such representations, warranties or agreements.

**18. Termination of Employment.** Upon termination for whatever reason of the Employee's employment and prior to being entitled to receive any termination or post-termination benefits, including any pay in lieu of notice, to which the Employee would otherwise be entitled (i) the Employee shall Cooperate with the Company to the extent requested by the Company in all matters Arising Out Of the winding-up or transfer to others of the Employee's pending and prior work for the Company and the Company's Affiliates and (ii) the Employee shall immediately comply with the Employee's obligations Arising Out Of Section 7.

**19. Survival.** Notwithstanding anything to the contrary elsewhere in this Agreement, all of the Employee's obligations and the Company's rights Arising Out Of this Agreement shall survive the termination for whatever reason of this Agreement or any other agreement with the Company and the termination for whatever reason of the Employee's employment.

**20. No Assignment.** This Agreement shall inure to the benefit of and be binding upon the parties and their respective heirs, executors, administrators, representatives, successors and assigns. Notwithstanding the foregoing, the Employee shall not, and shall have no right or power to, assign or delegate any of the Employee's rights or obligations Arising Out Of this Agreement except with the prior written consent of the Company in its Discretion. Any attempted assignment or delegation by the Employee that is not consented to in advance and in writing by the Company in its Discretion shall be null, void and without effect.

**21. Export Restrictions.** The Employee shall not, and shall not permit any Person to, export from the United States, or re-export from any country, any of the Company Items (including the Confidential Information and the Work Product).

**22. Non-Competition.** Until the later of (i) the date on which all Company Items have been delivered in accordance with Section 7 or (ii) the date on which the Employee's employment by the Company terminates for any reason, and for an additional one (1) year and six (6) months thereafter, the Employee shall not, and shall not assist any Person to, compete with the Company or with any of the Company's Affiliates for whom the Employee provided services during the Employee's employment (each, a "Served Affiliate"), within the United States or within any other country in which the Company or a Served Affiliate is doing business, without the prior written consent of an expressly authorized representative of the Company. The foregoing sentence shall not prevent the Employee from the passive ownership of one percent (1%) or less of the equity securities of any publicly traded company. Notwithstanding the foregoing, however, the Company will release the Employee from the Employee's obligation Arising Out Of this Section 22 not to provide services to any Person who competes with the Company or a Served Affiliate (a "Competitor") upon (i) delivery of all Company Items in accordance with Section 7 and (ii) receipt by the Company, prior to the Employee commencing work for a Competitor, of (a) written assurance, satisfactory to the Company in its Discretion, from such Competitor to the effect that such Competitor will not permit the Employee to violate any of the Employee's obligations Arising Out Of this Agreement, in connection with the Employee's employment with such Competitor and (b) evidence satisfactory to the Company in its Discretion that such Competitor has a net worth that is materially greater than the maximum damages that the Company might suffer if the Competitor should benefit from a breach of this Agreement by the Employee; provided, however, that: (1) any violation by the Employee of any of the Employee's obligations Arising Out Of this Agreement, shall cause the Employee's obligations Arising Out Of this Section 22 to be extended automatically for a period ending twelve (12) months following the date such violation



ceases, to which the Employee hereby consents; and (2) any release provided under this Section 22 shall be limited to the Employee's employment with the Competitor who provided satisfactory written assurance to the Company as required in this Section 22.

**23. Intentionally Omitted.**

**24. Non-Solicitation of Customers and Certain Other Persons.** Until the later of (i) the date on which all Company Items have been delivered in accordance with Section 7 or (ii) the date on which the Employee's employment by the Company terminates for any reason, and for an additional one (1) year and six (6) months thereafter, the Employee shall not, and shall not assist any Person to, solicit or encourage any customer, client, agent, broker, producer, insured or any other Person to discontinue or diminish his/her/its relationship with the Company or any of its Affiliates or seek to persuade any such Person to conduct with anyone else any business or activity that such Person conducts or could conduct with the Company or any of its Affiliates.

**25. Non-Solicitation of Employees and Certain Other Individuals.** Until the later of (i) the date on which all Company Items have been delivered in accordance with Section 7 or (ii) the date on which the Employee's employment by the Company terminates for any reason, and for an additional one (1) year and six (6) months thereafter, the Employee shall not, and shall not assist any Person to, (a) solicit for employment, employ (as an employee, consultant, independent contractor or otherwise) or assist any other Person to solicit or employ (as an employee, consultant, independent contractor or otherwise) any individual who provided services to the Company or any of its Affiliates (as an employee, consultant, independent contractor or otherwise) during the then immediately preceding one (1) year and six (6) months or (b) seek to persuade any such individual to discontinue or diminish providing such services.

**26. Foreign Sovereign Immunities Act; Foreign Corrupt Practices Act.** The Employee represents, warrants and agrees that the Employee is not, and is not affiliated with or related to, any Person that is: a "foreign state", a "political subdivision of a foreign state", or an "agency or instrumentality of a foreign state" (in each case as defined in 28 USC 1603). The Employee represents, warrants and agrees that, in Connection With the Employee's employment by the Company, the Employee shall not, directly or indirectly, pay, give, offer to pay or give, promise to pay or give, or authorize the payment of or giving of, anything of value to: any official; any officer or employee of a government or any department, agency, or instrumentality thereof (collectively, a "Governmental Unit"); any person acting in an official capacity for or on behalf of any Governmental Unit; any individual having discretionary authority for or on behalf of any Governmental Unit; any employee of any Governmental Unit; any officer of a public international organization; any political party; any political candidate; or any Person acting on behalf of any of the foregoing.

**27. No Contract of Employment.** The Employee acknowledges and agrees that this Agreement does not constitute a contract of employment for a specific term and that either the Company or the Employee may terminate the Employee's employment at any time, with or without notice or cause.

**28. Definitions.** For purposes of this Agreement:

"Affiliate" means, with respect to any Person, any other Person directly or indirectly Controlling, Controlled by or under common Control with such first Person.

"Agreement" (or "this Agreement") means this document titled "Confidentiality And Intellectual Property Agreement", any and all exhibits, appendices, amendments, endorsements, addenda and other attachments to the foregoing and any and all materials incorporated into the foregoing by reference, in each case as the same may be amended, changed, supplemented, modified or replaced in writing from time to time.

"Arising Out Of" means arising out of, in connection with or in any way related to.

"Company" means the Person identified as such at the top of this document.

"Company Items" means (i) the Work Product, (ii) the Confidential Information, (iii) any and all items (including information, materials, resources, facilities, equipment, services and functions) provided by any Company Related Person to the Employee, (iv) any and all items produced, directly or indirectly, by the Employee in the course of performing services for the Company and/or its Affiliates, (v) any and all reproductions (full or partial), modifications or translations of any of the foregoing, (vi) any and all items that are based upon or derived from any of the foregoing, and (vii) any and all items that one or more Company Related Persons is obligated to provide but fails to provide. The term Company Items includes, but is not limited to, information and materials disclosed by a Company Related Person to one Person that are then disclosed by such Person to the Employee. The term "Company Items" also includes any and all portions and subsets of such items. The Company Items may include, but are not required to include and are not limited to: confidential information; computer programs; forms; documentation; instructions; web sites (including internet, extranet, and intranet sites); information and materials produced by computer programs, web sites or other items provided by Company Related Persons; information and materials (including computer programs) downloaded or otherwise obtained from web sites or other resources or facilities; equipment and systems provided to the Employee by Company Related Persons; equipment and systems used by or on behalf of Company Related Persons; networking equipment; security devices; and access codes.

"Company May" means the Company has the right in the Company's Discretion, but is not obligated to.

"Company Related Person" means the Company, the Company's Representatives, the Company's Affiliates, the Company's Affiliates' Representatives and any controlling persons of the Company or any of its Affiliates within the meaning of Section 20 of the Securities Exchange Act of 1934, as amended.

"Confidential Information" means all information and materials Arising Out Of the prior, current, contemplated or future business of the Company or any of its Affiliates, including (i) secret, proprietary or confidential information and materials of the Company or any of its Affiliates, (ii) information and materials Arising Out Of the prior, current, contemplated or future activities, operations, plans, finances, customers, suppliers, services, methods, technology, products, product designs, software, software designs, assets or liabilities of the Company or any of its Affiliates, (iii) information and materials of any Person, including a customer, supplier or licensor, with respect to which the Company or any of its Affiliates has any confidentiality obligation, (iv) information and materials Arising Out Of any prior, current, contemplated or future discussions, negotiations or transactions Arising Out Of the Company or any of its Affiliates, including the existence, status or any actual or proposed provisions thereof, (v) the fact that any specific information or materials exist or have been, are or in the future may be made available to any Person, (vi) the Work Product and (vii) information or materials in whole or in part Arising Out Of any of the foregoing, including notes, analyses, compilations, projections, studies or other information or materials prepared by, for or on behalf of the Employee. Confidential Information may be in tangible form (including written materials or audio, video or word processing or computer tapes, disks, ROMS or software) or may be intangible (including information that is learned by listening or observing or that is remembered after reviewing tangible materials). Confidential Information includes, but is not limited to, information and materials received or developed at any time and from time to time before, on or after the date of this Agreement. The term Confidential Information does not include information and materials that are or become public knowledge other than as a result of unauthorized use or disclosure by the Employee or any other Person.

"Control" of a Person means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of securities, by contract or otherwise. "Controlling" and "Controlled by" shall have correlative meanings.

"Cooperate" means cooperate fully and assist fully.

"Copyright Act" means Title 17 of the United States Code, as amended.

"Discretion" means sole and absolute discretion.

"Employee" means the Person identified as such at the top of this document.

"In Connection With" means arising out of, in connection with, or in any way related to.

"Including" means including, but not limited to.

"Legal Requirements" means all laws, statutes, codes, ordinances, regulations, rules, judgments, determinations, orders, writs, decrees and other requirements of any court or governmental, regulatory or other authority.

"Person" shall be broadly interpreted to include, but not be limited to, any individual, firm, company, limited liability company, corporation, limited liability corporation, partnership, limited liability partnership, joint venture, association, joint-stock company, trust, estate, unincorporated organization, governmental body or other entity.

"Proprietary Rights" means any and all trade secret, copyright, mask work, patent, trademark, service mark, certification mark, trade dress or other proprietary rights.

"Related Proprietary Rights" means any and all Proprietary Rights in all countries Arising Out Of the Confidential Information or Work Product, any extensions or renewals of any such Proprietary Rights, any registrations, patents or applications with respect to any such Proprietary Rights and any causes of action Arising Out Of any infringement or misappropriation of any such Proprietary Rights.

"Representatives" of a Person means its directors, officers, employees, Affiliates, agents, consultants, contractors, representatives (including financial advisors, attorneys, accountants and actuaries) and present or potential shareholders, partners, members, or sources of equity, debt or other financing.

"Work Product" means all information, inventions, discoveries, developments, compositions, concepts, ideas, materials (including trade secrets and confidential information), works (as such term is used in the Copyright Act), mask works, processes, writings, arts, methods, software, machines, devices, manufactures, articles, compositions of matter, designs, algorithms or methods or new uses for or improvements of or to any of the foregoing, trademarks, service marks, certification marks or trade dress (in each case, whether or not copyrighted, copyrightable, patented, patentable, registered or registrable, as applicable) produced, prepared, written, made, created, fixed, invented, discovered, conceived, reduced to practice or otherwise developed (collectively, "Developed") at any time before, on or after the date of this Agreement by the Employee, alone or together with other Persons, on or off the premises of any Company Related Persons, in whole or in part Arising Out Of (i) the Employee's employment by the Company, (ii) the Employee's performing any services for the Company or any of its Affiliates, (iii) the Employee's obligations as an employee of the Company, (iv) any prior, current, contemplated or future business of the Company or any of its Affiliates, (v) any information or materials Arising Out Of any prior, current, contemplated or future business of the Company or any of its Affiliates, including information or materials Developed by the Employee, (vi) any information or materials owned directly or indirectly by the Company or any of its Affiliates, (vii) any information or materials provided at any time and from time to time directly or indirectly by any Company Related Person to the Employee, (viii) any equipment, facilities, employees or other resources of any Company Related Person or any use thereof or (ix) any other Work Product; provided, however, that, as used in this Agreement, the term "Work Product" shall not apply to any invention that the Employee develops on the Employee's own time, without using the equipment, supplies, facilities or trade secret information of the Company, unless such invention relates at the time of conception or reduction to practice of the invention (a) to the business of the Company, (b) to the actual or demonstrably anticipated research or development of the Company or (c) results from any work performed by the Employee for the Company.

IN WITNESS WHEREOF, each of the Employee and the Company has duly executed under seal and delivered this Agreement as of the date first written above.

Matthew Burns  
Employee Signature

MATTHEW BURNS  
Employee Name (print or type)

CARTRIDGE TECHNOLOGIES, LLC  
Company Name (print or type)

By: \_\_\_\_\_  
Name:  
Title: