

**FILED**

SEP 20 2004

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RECEIVED FOR DOCKETING  
IN THE UNITED STATES DISTRICT COURT FOR THE  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

CLERK  
U.S. DISTRICT COURT

MICHAEL T. MASON  
UNITED STATES MAGISTRATE JUDGE  
UNITED STATES DISTRICT COURT

CIVIL ACTION NO. 04 C 3031

Micro Enhanced Technologies, an Illinois Corporation,

Plaintiff,

v.

Advanced Security Products, Inc.,  
an Arizona Corporation,

Defendant.

Magistrate Judge Michael T. Mason

**DOCKETED**

SEP 21 2004

DEMAND FOR JURY TRIAL

**FIRST AMENDED COMPLAINT FOR BREACH OF CONTRACT AND TRADE  
SECRET MISAPPROPRIATION**

**JURISDICTION**

1. This Court has subject matter jurisdiction over Plaintiff's claims for breach of contract and violation of the Illinois Trade Secrets Act at least under 28 U.S.C. §1332, because Defendant and Plaintiff are citizens of different states, and the amount in controversy exceeds \$75,000, excluding costs and interest.
2. The Court has personal jurisdiction over Defendant under 735 ILCS 5/2-209(a)(7), inasmuch as Defendant has made and/or performed under a contract that is substantially connected with this state, and from which the present cause of action arises.

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**VENUE**

3. Venue is proper in this Court under 28 U.S.C. §1391(c), inasmuch as Defendant is a foreign corporation that is subject to personal jurisdiction here.

**PARTIES**

4. Plaintiff Micro Enhanced Technology, Inc. (hereinafter "MET") is an Illinois Corporation, having principal place of business at 923 Dillon Drive, Wood Dale, IL.
5. MET is an entrepreneurial electronics firm which develops, implements, and manufactures innovative electrical engineering technologies.
6. MET has developed certain works of authorship, semiconductor chip designs, inventions, trade secrets, and know how (hereinafter "MET Technology") applicable to electronic locking mechanisms.
7. Defendant Advanced Security Products, LLC (hereinafter "ASP") has its principal place of business and headquarters at 23910 North 19<sup>th</sup> Avenue, Phoenix, Arizona, and on information and belief is incorporated in the State of Arizona.
8. ASP manufactures, among other things, secure storage devices such as for guns and other valuables. These devices include sophisticated electronic locking mechanisms.
9. Because the storage devices house items that may need to be immediately and suddenly accessed, there is a premium on the continued and reliable operation of the electronic locking mechanisms. Thus, ASP had a need for the MET Technology to improve and optimize the operation of their storage devices.

**THE TECHNOLOGY LICENSE BETWEEN MET AND ASP**

10. In March of 2001, MET entered into an agreement with ASP entitled IC Supply and Technology License Agreement (hereinafter "the License Agreement").
11. According to the License Agreement, MET agreed to accept periodic written orders from ASP for the production of two different types of microcomputer IC chips, including standard IC chips (hereinafter the "Standard ICs") and deluxe IC chips (hereinafter the "Deluxe ICs"), each of which incorporate and utilize MET Technology.
12. Once the orders were received, MET would then deliver the ordered microcomputer chips to ASP for the manufacturing, installation and distribution of the chips in specifically identified ASP products. Payment was due on all orders within 30 days of shipment to ASP.
13. To facilitate the use of the MET Technology by ASP, MET also agreed to provide training and technical support for ASP and the manufacturing facility. The training and support provided also incorporated the MET Technology.
14. In signing the License Agreement, ASP acknowledged the confidentiality and proprietary nature of the MET Technology in all forms, and agreed to prevent unauthorized use and exposure of MET's trade secrets and confidential information. Further, ASP agreed not to reverse engineer, tamper, modify, decompile, disassemble, remove, or change any portion of the MET Technology without written consent of MET. To that end, ASP was also required to return all MET Technology, in any form, upon termination or expiration of the License Agreement.
15. In return for the right to use the MET Technology and to order proprietary microcomputer chips covered by the MET Technology, ASP agreed to place orders for a fixed minimum quantity of the microcomputer chips for each twelve-month period the

agreement was in place, including ordering a fixed minimum quantity of Standard ICs and Deluxe ICs each year.

16. If ASP materially breached the License Agreement, MET had the right to terminate that agreement upon thirty (30) days written notice.
17. Pursuant to the terms of the License Agreement, ASP placed blanket orders for microcomputer chips, and MET shipped the chips to ASP.
18. In one specific period of time from August 24, 2003 through February 4, 2004, ASP placed several blanket orders for the IC chips, totaling over \$39,000.00.
19. To date, no payment has been received on the orders placed during that period.
20. After numerous unsuccessful attempts to obtain payment on these and other orders, MET sent a letter to ASP on March 2, 2004, terminating the license agreement as of April 1, 2004.
21. As of March 18, 2004, three years from the date that the License Agreement was in effect, orders from ASP were well short of the quantity of at least the Deluxe ICs that ASP had agreed to buy during that period. During that time, ASP promised but failed to order products totaling over \$79,000.00.
22. Upon termination, ASP was to immediately return all MET Technology in all forms whatsoever. To date, ASP has not returned any MET Technology.
23. On information and belief, and despite the termination of the License Agreement, and despite specific demands by MET for the return of its proprietary technology, ASP is continuing, or intends to continue: (a) incorporating the Standard ICs and Deluxe ICs into ASP products and using MET's Technology without authorization; (b) importing and exporting MET's Technology into and out of the United States; and, (c) selling devices

incorporating the MET Technology, all in violation of at least: (i) the License Agreement; (ii) MET's patent rights; (iii) MET's copyrights; and (iv) MET's trade secret rights.

24. Additionally, due in part to ASP's failure to return the MET Technology, MET is now concerned that ASP or its agents may be attempting to reverse engineer the MET Technology in an attempt to acquire an alternate source for the MET Technology, and in doing so would be unlawfully disclosing the MET Technology, and using the MET Technology without permission in violation of MET's rights.

25. These violations are ongoing, and will continue, without this Court's intervention.

**COUNT I: Breach of the License Agreement by Non-Payment of Invoices**

26. MET repeats and incorporates the allegations of Paragraph Nos. 1-25.

27. ASP's failure to pay for the Standard ICs and Deluxe ICs ordered, shipped and received by ASP is a material breach of the License Agreement.

28. MET is therefore entitled to damages for the breach in the amount of 39,478.43.

**COUNT II: Breach of the License Agreement by Failure to Meet Minimum Orders**

28. MET repeats and incorporates the allegations of Paragraph Nos. 1-27.

29. ASP's failure to meet the minimum order requirements for the Deluxe ICs during the three-year period that the License Agreement was in effect also constitutes a breach of the License Agreement.

30. MET is therefore entitled to damages for the breach in the amount of at least \$79,000.00

31. The combined amount of damages for the above conduct totals over \$118,000.00.

**COUNT III: Violation of the Illinois Trade Secrets Act**

32. MET repeats and incorporates the allegations of Paragraph Nos 1-31.

33. The MET Technology transferred to ASP as a part of the License Agreement constitutes trade secret information inasmuch as it derives its value from its confidentiality and/or secrecy, and at all times has been subject to reasonable efforts by MET to maintain the secrecy of the MET Technology.
34. ASP specifically admitted and acknowledged the scope and content of the trade secrets it was receiving from MET under the Agreement, and acknowledged MET's intellectual property and proprietary rights in those trade secrets.
35. As a part of the License Agreement, ASP was required to undertake efforts to protect the unauthorized disclosure and use of the MET Technology, and to return all of the MET Technology and cease continued use of same upon termination of the License Agreement.
36. Additionally, ASP agreed to maintain that information in confidence, and refrain from reverse engineering, tampering, modifying, decompiling, disassembling, removing or changing any portion of the MET Technology.
37. ASP's failure to cease using the MET Technology trade secrets and know-how, its failure to return the MET Technology, and the unauthorized disclosure and use of MET Technology which includes MET's trade secret information constitutes trade secret misappropriation under the Illinois Trade Secrets Act, 765 ILCS 1065 *et seq.*
38. Upon information and belief, ASP is continuing and will continue to misappropriate MET's trade secret information by continuing to use the MET Technology without authorization or right, by attempting to reverse engineer same, and by unlawfully disclosing the MET Technology to others without authorization. As such, MET is entitled to a temporary, preliminary and permanent injunction barring ASP from further use and misappropriation of the MET Technology.

39. Furthermore, ASP's misappropriation of the MET Technology has caused and continues to cause damage to MET, and has resulted in the unjust enrichment of ASP. MET is entitled to recover damages for the same.
40. Upon information and belief, ASP's misappropriation of the MET Technology is willful and malicious, which entitles MET to doubling of the above damages and reasonable attorneys' fees in this matter.

**Relief Requested**

WHEREFORE, Plaintiff requests that the Court enter a judgment in its favor and against ASP providing the following relief:

- A. Issue a temporary, preliminary and permanent injunction prohibiting ASP and all of their representatives, agents, servants, employees, related companies, successors and assigns, and all others in privity or acting in concert with them, from continuing to misappropriate MET's trade secret information and to return that information to MET;
- B. Issue a temporary, preliminary and permanent injunction affirmatively ordering ASP and all of their representatives, agents, servants, employees, related companies, successors and assigns, and all others in privity or acting in concert with them, to take all steps to continue to protect the secrecy and confidentiality of MET's trade secret information.
- C. For an award of damages for ASP's misappropriation under 765 ILCS 1065/4(a), and for a doubling of those damages under 765 ILCS 1065/4(b);
- D. For attorneys' fees pursuant to 765 ILCS 1065/5;
- E. For an award of damages for breach of contract;
- F. For an award of compensatory and punitive damages;
- G. For restitution and disgorgement of all wrongfully acquired revenues and assets;

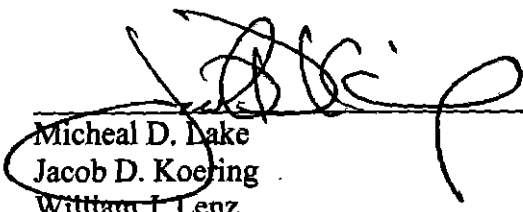
H. For costs for suit; and,

I. For such other or further relief as this Court may deem equitable and proper.

**JURY DEMAND**

Plaintiffs demand trial by jury of all issues triable to a jury.

Dated: September 17, 2004



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The undersigned hereby certifies that a copy of the foregoing ~~FIRST~~ **FIRST AMENDED COMPLAINT FOR BREACH OF CONTRACT AND TRADE SECRET MISAPPROPRIATION, PLAINTIFF'S MOTION PURSUANT TO FED. R. CIV. P. 15 (a) FOR LEAVE TO FILE INSTANTER AN AMENDED COMPLAINT AND MEMORANDUM IN SUPPORT OF PLAINTIFF'S MOTION PURSUANT TO FED. R. CIV. P 15(a) FOR LEAVE TO FILE INSTANTER AN AMENDED COMPLAINT** were served on the attorneys for Defendant via Facsimile and First Class Mail, this 17<sup>th</sup> day of September, 2004 to:

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Nick S. Lee