

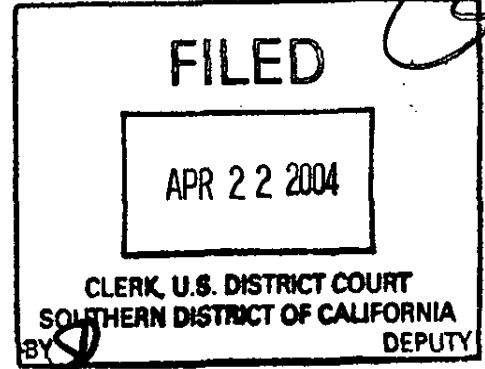


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3:04-CV-00837 DIRECTED ELECTRONICS V. JUNE
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CMP.

ORIGINAL

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10 UNITED STATES DISTRICT COURT
11 SOUTHERN DISTRICT OF CALIFORNIA

12 '04 CV 00837 WQH (WMC)

13 DIRECTED ELECTRONICS, INC., a)
14 California corporation)

15 Plaintiff,)

16 v.)

17 KRIS JUNE, an individual doing business as)
18 THE NEON SOURCE and REMOTE START)
19 DEPOT,)

20 Defendant.)
21)
22)
23)
24)
25)
26)
27)
28)

Case No.

COMPLAINT FOR:

- 1) Federal Patent Infringement (35 U.S.C. § 271);
- 2) Federal Trademark Infringement (15 U.S.C. § 1114);
- 3) Federal Unfair Competition, False Designation of Origin, and Dilution (15 U.S.C. § 1125(2));
- 4) Tortious Interference with Contract;
- 5) State Unfair Competition (Cal. Bus. & Prof. Code § 17200);
- 6) State Trademark Infringement (Cal. Bus. & Prof. Code § 14335);
- 7) Dilution and Injury to Business Reputation (Cal Bus. & Prof. Code §§ 14320, 14330); and
- 8) Common Law Unfair Competition

JURY TRIAL DEMANDED

1 Plaintiff DIRECTED ELECTRONICS, INC., ("DIRECTED") alleges as follows:

2 **THE PARTIES**

3 1. DIRECTED is a California corporation with its principal place of business at
4 One Viper Way, Vista, California 92083. DIRECTED is engaged in the business of
5 designing, manufacturing and selling, through non-exclusive authorized dealers, vehicle
6 security and remote start systems including the VIPER®, CLIFFORD®, AVITAL® and
7 PYTHON® systems.

8 2. DIRECTED is informed and believes that DEFENDANT Kris June (hereinafter
9 "DEFENDANT") is an individual doing business as The Neon Source and Remote Start Depot
10 and engaged in the business of selling goods in California and throughout the United States
11 through the website address remotestartdepot.com and at auction on the Internet, including
12 through websites located at e-bay.com. DEFENDANT'S physical address is 2423 Maplelawn
13 Dr., Burton, Michigan 48519.

14 **JURISDICTION AND VENUE**

15 3. Pursuant to 28 U.S.C. sections 1331 and 1338(a), this Court has original and
16 exclusive jurisdiction in this matter over each of the following claims:

- 17 a. Patent infringement pursuant to 35 U.S.C. section 27;
18 b. Trademark infringement pursuant to 15 U.S.C. sections 1051, *et.*
19 *seq.*; and
20 c. False designation of origin, false description or representation, and
21 dilution in violation of the Lanham Act section 43(a), 15 U.S.C.
22 section 1125(a).

23 4. Pursuant to 28 U.S.C. sections 1331 and 1338(b), this Court has original
24 jurisdiction in this matter over each of the following claims:

- 25 a. Unfair competition; and
26 b. Unfair business practices in violation of California's Business and
27 Professions Code section 17200.

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- 1 • PYTHON®, United States Trademark Registration No. 1,822,606,
2 issued on February 22, 1994, with first use in commerce claimed as
3 of April 16, 1986.
- 4 • VIPER®, United States Trademark Registration No. 1,756,693,
5 issued on March 9, 1993.
- 6 • DEI®, United States Trademark Registration No. 1,873,747, issued
7 on January 17, 1995.

8 9. DIRECTED additionally is the owner and uses the trademark MATRIX in
9 connection with its vehicle security and remote start systems. Federal registration of this mark is
10 pending.

11 10. DIRECTED is informed and believes that DIRECTED, either itself or its
12 predecessor-in-interest, has continually promoted the sale, through interstate commerce, of its
13 vehicle security products bearing some or all of the above trademarks since the claimed first use
14 of such marks. Among other things, DIRECTED's CLIFFORD®, AVITAL®, MATRIX™,
15 PYTHON®, and VIPER® trademarks are placed on its product packaging, on its product
16 brochures and pamphlets, on banners and window decals, and on miscellaneous promotional
17 merchandise including cups, coffee mugs, posters, t-shirts, etc. DIRECTED also uses its
18 trademarks in television, newspaper and magazine advertisements.

19 11. As a result of DIRECTED's advertising, marketing and other promotional efforts,
20 the CLIFFORD®, AVITAL®, PYTHON®, and VIPER®, trademarks have become widely
21 known and extremely valuable goodwill has developed in each. By virtue of this advertising,
22 marketing and promotion, and the extensive use of these marks, the CLIFFORD®, AVITAL®,
23 PYTHON®, and VIPER®, and snake image trademarks also have become distinctive of
24 DIRECTED's goods, and are closely identified with DIRECTED's goodwill and reputation.

25 **Patents**

26 12. Many of the components of DIRECTED's CLIFFORD®, AVITAL®,
27 PYTHON® and VIPER® lines of vehicle security and remote start systems are covered by
28 utility patents issued by the United States Patent and Trademark Office.

1 13. DIRECTED owns or is a licensee of the following active patents, among others,
2 relating to vehicle security and/or remote start systems:

- 3 • Electronically programmable remote control for vehicle security
4 system, United States Patent No. 5,146,215 issued September 8,
5 1992.
- 6 • Electronically programmable remote control access system, United
7 States Patent No. 5,650,774 issued July 22, 1997.
- 8 • Multi-Featured Security System With Self-Diagnostic Capability,
9 United States Patent No. 4,887,064 issued December 12, 1989.
- 10 • Electronic Vehicle Security System, United States Patent No.
11 5,157,375 issued October 20, 1992.
- 12 • Advanced Automotive Automation and Security System, United
13 States Patent No. 5,534,845 issued July 9, 1996.
- 14 • Advanced Method of Indicating Incoming Threat Level to an
15 Electronically Secured Vehicle and Apparatus Therefore, United
16 States Patent No. 5,646,591 issued July 8, 1997.
- 17 • Vehicle Alarm Case Module, United States Patent No. Des. 345,711
18 issued April 5, 1994.
- 19 • Motion Sensitive Security System, United States Patent No.
20 4,584,569 issued April 22, 1986 (Reexamination No. B1 4,584,569
21 issued June 19, 1990).
- 22 • Method of Indicating the Threat Level of an Incoming Shock to an
23 Electronically Secured Vehicle and Apparatus Therefore, United
24 States Patent No. 5,532,670 issued July 2, 1996.
- 25 • Remote Control Transmitter, United States Patent No. Des. 419,474
26 issued January 25, 2000.
- 27 • Siren, United States Patent No. 345,317 issued March 22, 1994.

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- 1 • Car Alarm Having A Soft Chirp Arming Signal, United States Patent
2 No. 5,572,185 issued November 5, 1996.
- 3 • User-Programmable Voice Notification Device for Security Alarm
4 Systems, United States Patent No. 5,245,694 issued September 14,
5 1993.
- 6 • Advanced Embedded Code Hopping System, United States Patent
7 No. 5,872,519 issued February 16, 1999.
- 8 • Alarm Sensor Multiplexing, United States Patent No. 5,783,989
9 issued July 21, 1998.

10 14. DIRECTED's CLIFFORD®, AVITAL®, PYTHON® and VIPER® products are
11 covered by one or more claims of the above listed patents.

12 15. DIRECTED is informed and believes that sellers and purchasers of
13 DIRECTED's CLIFFORD®, AVITAL®, PYTHON® and VIPER® products have actual
14 or constructive notice of the applicable patents. For example, DIRECTED gives notice to
15 the public of the patents covering its vehicle security systems by placing a card or piece of
16 paper in each product box which lists all of DIRECTED's patents by number and states that
17 "This product is covered by one or more of the following U.S. patents...."

18 **Authorized Distribution Only**

19 16. DIRECTED permits its CLIFFORD®, AVITAL®, PYTHON® and VIPER®
20 vehicle security and remote start systems to be advertised, sold and installed only by its
21 contractually authorized dealers. DIRECTED's dealers are trained, supported and monitored by
22 DIRECTED and its representatives. DIRECTED's dealers are chosen, in part, because they have
23 appropriate facilities and installation equipment and because they have skilled and trained
24 vehicle security system installers.

25 17. DIRECTED has expended, and continues to expend, substantial financial
26 and other resources in an effort to control the quality of the installation of its vehicle
27 security and remote start products. In addition to being highly selective when choosing its
28 dealers, DIRECTED spends significant time, effort and money educating its dealers with

1 respect to DIRECTED's products, and training its dealers with respect to the installation of
2 its vehicle security systems. DIRECTED, at considerable expense, further provides its
3 dealers with "real-time" telephone support and access to computerized information
4 regarding the detailed electrical systems of, and installation and wiring requirements for,
5 numerous domestic and foreign automobiles sold in the United States.

6 18. DIRECTED also visually monitors its authorized dealers from time to time
7 to make sure they are maintaining the necessary quality standards for the sale and
8 installation of DIRECTED's products.

9 19. DIRECTED often terminates authorized dealers if it finds they have violated the
10 terms of their agreement.

11 20. If a CLIFFORD®, AVITAL®, PYTHON® or VIPER® vehicle security system is
12 not installed properly, it will not adequately protect against theft of the vehicle.

13 21. If a CLIFFORD®, AVITAL®, PYTHON® or VIPER® vehicle remote start
14 system is not installed properly, it will not properly turn the vehicle on and off.

15 22. More importantly, faulty installation of security or remote start systems may
16 interfere with the proper functioning of the vehicle and, as a result, pose a safety risk to the
17 customer and others, including creating a fire hazard. It is for these reasons, among others, that
18 DIRECTED spends considerable time, effort and resources educating, training and supporting its
19 authorized dealers with respect to the sale and installation of its CLIFFORD®, AVITAL®,
20 PYTHON® and VIPER® vehicle security and remote start systems.

21 23. Maintaining control over the quality of the installation of CLIFFORD®,
22 AVITAL®, PYTHON® and VIPER® vehicle security and remote start systems is further crucial
23 to DIRECTED because the failure of the system to operate properly -- even though that failure is
24 due to faulty installation as opposed to a defect in the product itself -- will cause the consumer to
25 believe that the product itself is defective. The goodwill and reputation, that DIRECTED has
26 spent substantial time, effort and money developing, will thereby be tarnished and damaged,
27 particularly where the failure of the system to operate properly causes a theft of either the
28 consumer's vehicle or personal property located inside the vehicle. It is for this additional

1 reason, as well as those stated above, that in addition to providing extensive training for its
2 authorized dealers, DIRECTED contractually obligates its authorized dealers to install the
3 vehicle security and remote start systems on the dealer's premises, occasionally visits its
4 authorized dealers to observe the quality of installation of its products, makes available to its
5 authorized dealers, by telephone, the technical representatives capable of assisting the dealers
6 with installation problems as they arise, and provides the computer software to its authorized
7 dealers containing the electronic circuitry for numerous domestic and foreign vehicles sold in the
8 United States and abroad.

9 24. To further maintain control over the quality of its product installation,
10 DIRECTED does not permit its authorized dealers to sell DIRECTED's CLIFFORD®,
11 AVITAL®, PYTHON® or VIPER® vehicle security and remote start systems to anyone who is
12 not an ultimate consumer, and they are not permitted to sell CLIFFORD®, AVITAL®,
13 PYTHON® or VIPER® vehicle security and remote start systems to an ultimate consumer
14 unless the alarm/remote start is installed by the authorized dealer on the authorized dealer's
15 premises.

16 25. At the time of the actions complained of herein, DEFENDANT was not an
17 authorized dealer of CLIFFORD®, AVITAL®, PYTHON® or VIPER® products.

18 **Warranty**

19 26. As one of its primary marketing tools, DIRECTED includes with each
20 CLIFFORD®, AVITAL®, PYTHON® and VIPER® vehicle security/remote start system its
21 limited lifetime consumer warranty. DIRECTED has expended substantial time and money in
22 making the general public aware of the benefits of the warranty.

23 27. DIRECTED will not honor its limited lifetime warranty on products purchased
24 from unauthorized dealers.

25 28. It is specifically stated in the warranty that it is valid if "the unit was
26 professionally installed and serviced by an authorized Directed dealer." Thus, anyone
27 purchasing a CLIFFORD®, AVITAL®, PYTHON®, or VIPER® vehicle security/remote start

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1 system from an unauthorized dealer or an authorized dealer who sold the product without
2 installation does not receive any warranty or guarantee of the product from DIRECTED.

3 29. DIRECTED's ongoing business depends heavily upon the proper functioning of
4 its CLIFFORD®, AVITAL®, PYTHON® and VIPER® vehicle security/remote start systems in
5 vehicles in which it is installed, on the valuable reputation it has developed as a result of the
6 quality of its product and its installation, and on the goodwill it has developed through the sale,
7 promotion and marketing of its products and its trademarks. The warranty has further contributed
8 to the excellent reputation DIRECTED enjoys with the general public with respect to its
9 products.

10 **Defendant's Conduct**

11 30. DIRECTED is informed and believes that, subsequent to the adoption and use by
12 DIRECTED of its CLIFFORD®, AVITAL®, PYTHON® and VIPER® trademarks for vehicle
13 security and remote start systems, DEFENDANT, who is not a DIRECTED authorized dealer,
14 commenced advertising and marketing vehicle security and remote start systems by using the
15 trademarks to draw in customers. DIRECTED is informed and believes that DEFENDANT is
16 continuing to advertise using DIRECTED's registered trademarks.

17 31. DIRECTED is informed and believes that DEFENDANT has falsely represented
18 to the public through advertising with the CLIFFORD®, AVITAL®, PYTHON® and VIPER®
19 marks that DEFENDANT is authorized by DIRECTED to sell and/or advertise CLIFFORD®,
20 AVITAL®, PYTHON® and VIPER® products.

21 32. DIRECTED is informed and believes that, despite not being an authorized dealer,
22 DEFENDANT has sold and offered for sale CLIFFORD®, AVITAL®, PYTHON® and/or
23 VIPER® vehicle security and remote start systems to end user customers and/or to distributors,
24 including within California.

25 33. DEFENDANT has sold CLIFFORD®, AVITAL®, PYTHON® and/or VIPER®
26 vehicle security and remote start systems uninstalled and, thus, without any knowledge, concern
27 or control as to whether the vehicle security or remote start system is ever installed, and, if so,
28 whether the system is installed correctly.

1 34. DIRECTED is informed and believes that DEFENDANT knows or by the
2 exercise of reasonable care should know that DIRECTED sells its CLIFFORD®, AVITAL®,
3 PYTHON® and VIPER® vehicle security and remote start systems through authorized dealers
4 only and they are permitted to resell only with installation. This fact is generally known in the
5 vehicle security industry. And, DIRECTED expressly informed DEFENDANT that
6 DIRECTED's CLIFFORD®, AVITAL®, PYTHON® and VIPER® vehicle security and remote
7 start systems are sold only through authorized dealers and only to end users in an installed
8 condition. DIRECTED has demanded that DEFENDANT stop selling DIRECTED's
9 CLIFFORD®, AVITAL®, PYTHON® and VIPER® vehicle security and remote start systems
10 and using its registered trademarks to promote the sale of products. DIRECTED is informed and
11 believes that DEFENDANT has refused to stop his improper activities and continues to use
12 DIRECTED's registered trademarks and sell its products without DIRECTED's authority or
13 consent.

14 35. The unauthorized promotion and sale of DIRECTED's CLIFFORD®,
15 AVITAL®, PYTHON® and VIPER® vehicle security and remote start systems by
16 DEFENDANT, his failure to maintain control over the quality of the installation of the systems,
17 and his use of DIRECTED's registered trademarks and patented materials without DIRECTED's
18 authorization or consent, have caused damage to DIRECTED's reputation and goodwill and to
19 the value of DIRECTED's CLIFFORD®, AVITAL®, PYTHON®, VIPER®, and other
20 trademarks and its patents.

21 **First Cause of Action**

22 **Federal Patent Infringement**

23 **35 U.S.C. Section 271**

24 36. DIRECTED refers to and incorporates herein by reference paragraphs 1
25 through 35 of this Complaint as though set forth in full herein.

26 37. DIRECTED sells its CLIFFORD®, AVITAL®, PYTHON® and VIPER®
27 vehicle security and remote start systems only through authorized dealers who have entered
28 into a written agreement with DIRECTED which expressly prohibits the authorized dealer

1 from reselling CLIFFORD®, AVITAL®, PYTHON® and VIPER® products to anyone
2 other than the end user in an installed condition. DIRECTED is informed and believes that
3 the terms and conditions of DIRECTED's authorized dealer agreements, including the
4 resale restrictions, are known in the car alarm retail industry and are or should in the
5 exercise of reasonable care be known to DEFENDANT. True and correct copies of
6 DIRECTED's form authorized dealer agreement, as it currently exists is incorporated
7 herein by reference and attached hereto as Exhibit A.

8 38. DEFENDANT has infringed and is believed to be directly infringing,
9 literally or under the doctrine of equivalents, Patent Nos. 5,146,215 (electronically
10 programmable remote control for vehicle security system); 5,650,774 (electronically
11 programmable remote control access system); 4,887,064 (multi-featured security system
12 with self-diagnostic capability); 5,157,375 (electronic vehicle security system); 5,534,845
13 (advanced automotive and security system); and 5,646,591 (advanced method of indicating
14 threat), within the United States in violation of 35 U.S.C. section 271(a) by selling and/or
15 offering for sale within this judicial district, without license from DIRECTED, products
16 which incorporate and utilize the inventions and/or designs claimed in the patents listed
17 previously in this paragraph.

18 39. DIRECTED is informed and believes that DEFENDANT has contributed to
19 and is contributing to the infringement of Patent Nos. 5,146,215 (electronically
20 programmable remote control for vehicle security system); 5,650,774 (electronically
21 programmable remote control access system); 4,887,064 (multi-featured security system
22 with self-diagnostic capability); 5,157,375 (electronic vehicle security system); 5,534,845
23 (advanced automotive and security system); and 5,646,591 (advanced method of indicating
24 threat) in violation of 35 U.S.C. section 271(c). DIRECTED is informed and believes that
25 DEFENDANT has induced and is continuing to induce one or more of DIRECTED's
26 authorized dealers and/or end users to infringe the patents listed previously in this
27 paragraph in violation of 35 U.S.C. § 271(b).

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1 exercises over the quality of the installation of the CLIFFORD®, AVITAL®, and
2 PYTHON® vehicle security and remote start systems is being exercised in connection with
3 the purchase and installation of such a security/remote start system from DEFENDANT,
4 and that DIRECTED's standard warranties and guarantees apply, when in fact there is no
5 such association, there is no quality control of the product by DEFENDANT, there is no
6 such exercise of control by DIRECTED over the installation of the vehicle security/remote
7 start system, and DIRECTED's limited lifetime warranty does not apply.

8 46. To further the confusion, mistake and/or deception caused by
9 DEFENDANT's unauthorized use of DIRECTED's registered trademarks, DIRECTED is
10 informed and believes that DEFENDANT, when selling CLIFFORD®, AVITAL®, and
11 PYTHON® products, includes therewith DIRECTED's standard limited lifetime warranty.
12 In fact, the limited lifetime warranty is not applicable because the product is not being sold
13 and/or installed by a DIRECTED authorized dealer.

14 47. DEFENDANT's unauthorized use of DIRECTED's trademarks, and the
15 unauthorized advertising and sale of DIRECTED's CLIFFORD®, AVITAL®, and
16 PYTHON® vehicle security systems constitutes unlawful infringement of DIRECTED's
17 CLIFFORD®, AVITAL®, and PYTHON® trademarks under the Lanham Act, 15 U.S.C.
18 section 1114.

19 48. DEFENDANT's acts herein alleged were willful, entitling DIRECTED to
20 recover DEFENDANT's profits, damages sustained by DIRECTED, treble damages and
21 costs.

22 49. As a result of DEFENDANT's improper and unauthorized activities,
23 DIRECTED has suffered, and will continue to suffer damages in an amount to be proved at
24 trial, but believed to be in excess of \$100,000.

25 50. DIRECTED has incurred and will continue to incur attorneys' fees in the
26 prosecution of this action and is entitled to recover such fees pursuant to 15 U.S.C. section
27 1117(a).

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1 51. Unless and until this Court restrains and enjoins DEFENDANT from using
2 DIRECTED's trademarks and from selling, offering for sale and advertising DIRECTED's
3 CLIFFORD®, AVITAL®, and PYTHON® vehicle security and remote start systems,
4 DEFENDANT will continue his unauthorized and improper activities.

5 **Third Cause of Action**

6 **Federal Unfair Competition/False Designation of Origin**

7 **15 U.S.C. Section 1125(a)**

8 52. DIRECTED refers to and incorporates herein by reference paragraphs 1
9 through 51 of this Complaint as though set forth in full herein.

10 53. DEFENDANT's unauthorized use of DIRECTED's trademarks and patented
11 technology, and DEFENDANT's express or implied misrepresentations concerning his
12 affiliation with DIRECTED and/or the applicability of DIRECTED's limited lifetime
13 warranty in connection with the promotion, offering for sale and sale of vehicle security
14 and/or remote start systems, constitutes a false designation of origin and/or false and
15 misleading representations, works and symbols in violation of section 43(a) of the Lanham
16 Act, 15 U.S.C. section 1125(a).

17 54. As a result of DEFENDANT's improper and unauthorized activities,
18 DIRECTED has suffered and will suffer damages in an amount to be proved at trial, but
19 believed to be in excess of \$100,000.

20 55. DIRECTED has incurred and will continue to incur attorneys' fees and costs
21 in the prosecution of this lawsuit.

22 **Fourth Cause of Action**

23 **Tortious Interference with Contract**

24 56. DIRECTED refers to and incorporates herein by reference paragraphs 1
25 through 55 of this Complaint as though set forth in full herein.

26 57. DIRECTED is informed and believes that DEFENDANT knows, or by the
27 exercise of reasonable care should know, that DIRECTED sells CLIFFORD®, AVITAL®,
28 and PYTHON® products only to authorized dealers who are contractually obligated to

1 resell the products in an installed condition, to ultimate consumers, and over whom
2 DIRECTED can exercise control with respect to the content and installation of its products.

3 58. DIRECTED is informed and believes that by purchasing CLIFFORD®,
4 AVITAL®, PYTHON® and/or VIPER® products for resale from parties other than
5 DIRECTED, DEFENDANT intentionally, recklessly, or negligently committed acts
6 designed to cause and encourage the breach of contract by one of more of DIRECTED's
7 authorized dealers.

8 59. DEFENDANT's sale of CLIFFORD®, AVITAL®, PYTHON® and
9 VIPER® vehicle security and remote start systems, which are not installed by an authorized
10 dealer and which carry no warranty as a result of not being sold and installed by an
11 authorized dealer, in addition to interfering with DIRECTED's contracts with its authorized
12 dealers, will injure the goodwill associated with DIRECTED's CLIFFORD®, AVITAL®,
13 PYTHON®, VIPER® and related trademarks, and the valuable reputation DIRECTED has
14 developed with respect to vehicle security and remote start systems, all to DIRECTED's
15 damage in an amount to be proved at trial but believed to be in excess of \$100,000.

16 60. DIRECTED is informed and believes that each of the acts and omissions by
17 DEFENDANT complained of in this cause of action constitutes an act done willfully and
18 with malice, thereby supporting the award of exemplary damages.

19 **Fifth Cause of Action**

20 **Unfair Competition/Unfair Business Practices**

21 **Cal. Bus. & Prof. Code Section 17200**

22 61. DIRECTED refers to and incorporates herein by reference paragraphs 1
23 through 60 of this Complaint as though set forth in full herein.

24 62. DEFENDANT's unauthorized sale of DIRECTED's CLIFFORD®,
25 AVITAL®, PYTHON® and VIPER® vehicle security and remote start systems,
26 DEFENDANT's representations, express or implied, concerning any affiliation with
27 DIRECTED, and/or DEFENDANT's express or implied representations concerning the
28 applicability of DIRECTED's limited lifetime warranty in connection with the sale of

1 CLIFFORD®, AVITAL®, PYTHON® and VIPER® vehicle security systems constitute
2 unfair and fraudulent business practices within the meaning of California's Unfair Trade
3 Practices Act, California Business & Professions Code sections 17200 *et. seq.*

4 63. DEFENDANT's unfair and deceptive business practices have damaged
5 DIRECTED in an amount to be proved at trial, but believed to be in excess of \$100,000.

6 64. DEFENDANT's unfair and deceptive business practices have and will
7 continue to injure DIRECTED, its authorized dealers and the public unless and until they
8 are enjoined by this Court.

9 **Sixth Cause of Action**

10 **State Trademark Infringement**

11 **Cal. Bus. & Prof. Code Section 14335**

12 65. DIRECTED refers to and incorporates herein by reference paragraphs 1
13 through 66 of this Complaint as though set forth in full herein.

14 66. DEFENDANT, without DIRECTED's authority or consent, has used, and
15 continues to use, DIRECTED's registered and common law trademarks for the purpose of
16 enhancing the commercial value of, selling and soliciting the sale of products, merchandise
17 and goods in California, in violation of California Business and Professions Code section
18 14335.

19 67. DEFENDANT's acts and omissions will continue unless and until enjoined
20 by this Court.

21 **Seventh Cause of Action**

22 **Dilution and Injury to Business Reputation**

23 **Cal. Bus. & Prof. Code Section 14330**

24 68. DIRECTED refers to and incorporates herein by reference paragraphs 1
25 through 67 of this Complaint as though set forth in full herein.

26 69. DIRECTED's registration under Title 15 of the United States Code and
27 extensive, prominent and continued promotion and use of its CLIFFORD®, AVITAL®,
28 PYTHON®, and VIPER®, trademarks have caused these trademarks to become distinctive

1 in the mind of the public, and have further caused DIRECTED's products, including the
2 high quality of those products, to be distinguished from the products of others.

3 70. DEFENDANT's unauthorized use of DIRECTED's registered trademarks
4 and/or unauthorized sale of DIRECTED's CLIFFORD®, AVITAL®, PYTHON® and
5 VIPER® vehicle security and remote start systems, dilutes the distinctive quality, and
6 tarnishes the valuable image, of DIRECTED's CLIFFORD®, AVITAL®, PYTHON® and
7 VIPER® and other trademarks, and, further, creates a likelihood of injury to the business
8 reputation of DIRECTED all in violation of California Business and Professions Code
9 section 14330.

10 71. DEFENDANT's acts have harmed DIRECTED in an amount to be proved at
11 trial, but believed to be in excess of \$100,000.

12 72. DEFENDANT's acts and omissions will continue unless and until enjoined
13 by this Court.

14 **Eighth Cause of Action**

15 **Common Law Unfair Competition**

16 73. DIRECTED refers to and incorporates herein by reference paragraphs 1
17 through 72 of this Complaint as though set forth in full herein.

18 74. DEFENDANT has attempted to and has obtained economic benefit from,
19 and has further competed with DIRECTED's authorized dealers acting within the scope of
20 such authorization and taken business away from them, and consequently from
21 DIRECTED, by trading upon the goodwill and reputation that DIRECTED has established
22 through the expenditure of substantial sums of time, effort and money. DEFENDANT has,
23 without authorization, used DIRECTED's registered trademarks and patented material to
24 promote the sale of vehicle security systems, and/or he has made misrepresentations to
25 customers with respect to his affiliation and/or association with DIRECTED, and/or he has
26 made misrepresentations to customers concerning the applicability of DIRECTED's limited
27 lifetime warranty to DIRECTED CLIFFORD®, AVITAL®, PYTHON® and VIPER®
28 vehicle security and/or remote start systems which he has sold.

1 AVITAL®, PYTHON® and VIPER® vehicle security and remote start systems within his
2 possession;

3 81. For an order precluding DEFENDANT from using any false designation of origin
4 or false description, including DIRECTED's CLIFFORD®, AVITAL®, PYTHON® and
5 VIPER® trademarks, that can, or is likely, to lead the consuming public, or individual members
6 thereof, to believe that any product manufactured, distributed or sold by DEFENDANT is in any
7 manner associated or connected with DIRECTED, or is sold, licensed, warranted, sponsored,
8 approved or authorized by DIRECTED;

9 82. For a judgment and order that DEFENDANT be required to supply DIRECTED
10 with a complete record of all transactions, agreement, and other activities involving or connected
11 with the purchase, making, using, or selling of infringing devices or activities;

12 83. For an order directing DEFENDANT to file with the Court and serve upon
13 DIRECTED's counsel within thirty days after entry of the order of injunction, a report setting
14 forth the manner and form in which the DEFENDANT has complied with the above specified
15 terms of injunction; and

16 84. For an order awarding to DIRECTED all of DEFENDANT's profits or gains of
17 any kind resulting from DEFENDANT's unauthorized sale and/or advertising of DIRECTED's
18 products, and/or DIRECTED's lost profits and other damages as may be proven, and/or a
19 reasonable royalty for DEFENDANT's unauthorized sales and/or advertising of DIRECTED's
20 products.

21 **As to all causes of action:**

22 85. For monetary damages in an amount according to proof; and

23 86. For interest on said damages at the legal rate from and after the date such
24 damages were incurred.

25 **As to the first, second, fourth, and eighth causes of action:**

26 87. For punitive and exemplary damages.

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1 **As to all causes of action:**

2 88. For costs, including reasonable attorneys fees; and

3 89. For such other and further relief as the Court deems proper.


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5 DATED: April 21, 2004

HENDERSON & CAVERLY LLP

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By 
Kristen E. Caverly
Attorneys for Plaintiff Directed
Electronics, Inc.

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DEMAND FOR JURY TRIAL

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Plaintiff DIRECTED hereby demands trial by jury.

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DATED: April 21, 2004

HENDERSON & CAVERLY LLP

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By 
Kristen E. Caverly
Attorneys for Plaintiff Directed
Electronics, Inc.

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Acct#:	_____
Date Rec'd:	____/____/____
By:	_____
For Directed's Use Only	

Authorized Licensed Dealer Agreement

THIS AGREEMENT is entered into on this _____ day of _____

_____ 20____, by and between DIRECTED ELECTRONICS, INC., (hereinafter referred to as "Directed," a California corporation having its principal place of business located at 1 Viper Way, Vista, CA 92083, and:

(Dealer Name)

(hereinafter referred to as "Dealer," a _____
(Corporation, Partnership, Sole Proprietorship)

having its principal place of business located at located at _____

(Full Street Address)

(City) (State) (Zip)

do hereby agree to the following terms and conditions set forth herein:

BACKGROUND

Directed owns and controls certain patent, trademark, designs, and other proprietary rights in association with the manufacturing and marketing of electronic automotive security products, remote vehicle starter products, automatic vehicle location products, vehicle audio products, rear seat entertainment products and associated accessory products (hereinafter referred to as "Authorized Licensed Product" and/or "Product,"). Directed wishes to maintain widespread distribution and/or sales of the Product(s), under such terms and conditions as are stated in this Licensing Agreement.

Dealer is knowledgeable of the automotive aftermarket and desires to be appointed as an Authorized Licensed Dealer for specified Directed Products. Based upon the foregoing, Directed and Dealer have agreed to the following terms and conditions.

TERMS AND CONDITIONS

DEFINITIONS

For purposes of this License Agreement the following definitions are to be employed herein, notwithstanding that they may be modified further in the body of this License Agreement.

"Credit" means financial accommodation of any kind, and "indebtedness," which shall include all obligations of the Debtor to the Creditor, alone or with others, hereafter incurred, voluntarily or involuntarily, due or not due, absolute, inchoate, contingent, liquidated or unliquidated, and interest on each such obligation as provided in the note or other instrument representing the sum, or, if none, then interest at the maximum statutory rate of interest.

"Intellectual Property Right" means any rights in or to any patent, copyright, trade name, trademark, trade secret, trade dress, know-how, mask work, or any other intellectual property right or proprietary information or technology, whether now known or hereafter recognized, and whether registered or unregistered wherever located.

"Patent" means those patents issued, assigned or licensed to Directed and which may appear on the patent notification card placed in the Product packaging.

"Product(s)" means branded automotive security systems, remote start, automatic vehicle location, audio, rear seat entertainment and related components and accessories.

"Trademarks" shall mean any word, term, image, icon, sound or other representation, alone or in combination, used to represent the source of any product, feature of the product, service, combination of services or other valuable economic unit, whether registered or unregistered.

"Website" shall mean any server hosted information stored on a server owned by Directed and accessible through the World Wide Web.

APPOINTMENT AND ACCEPTANCE Directed hereby agrees to appoint Dealer as an Authorized Licensed Directed Dealer for specified Directed Products, and the specified locations as set forth herein in Appendix A, and Dealer hereby accepts such appointment.

1. Non-Exclusive License: This Agreement does not constitute a grant of territorial exclusivity for the sale of Directed Products. Directed reserves the absolute right to increase or decrease the number of its dealers in Dealer's locality or elsewhere at any time, without notice or obligation to Dealer.

AUTHORIZED LICENSED DEALER'S DUTIES AND FUNCTIONS

Dealer agrees to serve as a non-exclusive retail Dealer, based upon the terms and conditions set forth in this Agreement and only at the location(s) set forth in Appendix A. Location(s) not covered in this License shall require a separate License or may be licensed by subsequent, written modification of Appendix A, which must be agreed to and signed by Directed and Dealer. Directed reserves the right to withhold and limit additional locations if it deems that in so doing, such action would be in Directed's best interest.

The Authorized Licensed Dealer shall:

- (i) Utilize its best efforts to promote and sell the Authorized Licensed Products within the market area and location(s) specified in Appendix A,
- (ii) Order and sell only the Directed Product line(s) that have been authorized and licensed by this Agreement,
- (iii) Maintain an installation facility, owned, staffed and operated by the Dealer that meets all requirements as established by Directed from time to time, for the installation of vehicle security, audio and rear seat entertainment systems,
- (iv) Maintain quality facilities for on-premise demonstration and sale of Directed Products,
- (v) Comply with all requirements set forth in the Agreement for display, demonstration and purchases of Directed Products. Directed reserves the right to modify such requirements from time to time at its sole discretion by written notice.
- (vi) Maintain at each Authorized Licensed Location a distinct area adequate to display prominently Directed's Products, including posters and point-of-purchase displays.
- (vii) Make Product training, to be conducted by Directed staff, available to Dealer's installers and sales personnel.
- (viii) Must offer a professional installation of the systems they sell.

Installation Required: Dealer agrees to sell Authorized Licensed Products installed only, and only to end users unless specifically authorized in writing by Directed to sell the Product "over the counter". It is understood and agreed by the Dealer that Dealer may only sell Directed Products for which they are licensed to sell and that Products marketed with Directed's trademarks or trade names, including but not limited to, CLIFFORD®, VIPER®, PYTHON® and SIDEWINDER®, which may only be sold in connection with sales to end users, with installation by the Authorized Licensed Dealer performed as an integral part of the original sale. Dealer shall not sell the aforementioned Directed Products "over the counter." All Authorized Licensed Products, except those listed on Appendix A to this Agreement, must be installed at the Authorized Licensed Dealer location.

Confidential Information: Dealer agrees to keep confidential any and all correspondence including pricing sheets and/or other material from Directed that is marked as "Confidential".

MARKETING**1. Advertising:**

- (a.) The Dealer shall be entitled, subject to the provisions in this Agreement, to promote and market Directed Products in a commercially reasonable manner.
- (b.) In connection with the promotion and marketing of Directed Products the Dealer shall:
- (i) Make clear in all dealings with the consumer and prospective consumers that Dealer is acting as a Licensed Dealer of Directed Products and not as an agent of Directed.
 - (ii) Comply with all legal requirements in force relating to the storage and sale of Directed Products.
 - (iii) Provide to Directed copies of Dealer's current retail price list.
 - (iv) Permit Directed's representative to inspect any premises or documents used by the Dealer in connection with the sale of Directed Products.
 - (v) At the request of Directed, provide copies of such sales ads, without limiting the foregoing; catalogues, sales brochures and sales manuals as related to the Directed Products.
 - (vi) Use in relation to the Directed Products only such advertising, collateral, promotional and selling materials as are approved in writing by Directed.

2. Co-Op Rebates: Directed agrees to evaluate Qualified Dealer's account each calendar quarter and provide a rebate to the Dealer based on the then current Rebate Schedule that Directed may from time to time publish if:

- (i) A signed Authorized Dealer Licensing Agreement for the entire calendar quarter is on file with Directed.
- (ii) Fifty percent of purchases consist of product from the brand(s) Dealer is authorized to sell referenced in Appendix A.
- (iii) Dealer's account is in good standing with all due invoices paid and no "non-sufficient funds" (NSF) checks have been returned to Directed during the period of accounting and no past due invoices.
- (iv) Dealer's Net purchases exceed at least \$6000, after discount, per quarter.
- (v) Dealer must qualify and purchase Product at Volume Dealer Pricing.
- (vi) Dealer must not have violated Directed's MAP or transshipping policies.

3. Minimum Advertised Pricing (MAP): Dealer agrees to comply with Directed's published minimum advertised pricing guidelines as modified from time to time by Directed. Notwithstanding the foregoing, it is not a violation of Directed's policy to sell below the suggested prices, only to advertise below them. Please be advised it is the uniform policy of Directed to cease to do business with any Dealer who advertises Directed's products below MAP.

4. Violation of MAP and Advertising Guidelines: If Directed becomes aware of the violation of minimum advertised pricing or other advertising guidelines violation(s) by Dealer, Directed will notify the Dealer of the violation and provide the Dealer with a warning that further violation will subject the Dealer to forfeiture of the Directed's Co-Op Rebate. Dealer agrees that a second violation of minimum advertised pricing or other advertising guidelines within one (1) year from Directed sending notice will subject Dealer to a forfeiture of any Co-Op Rebate that Dealer may be entitled to under the terms of this License, for a period of thirty (30) days. Dealer agrees that a third violation of minimum advertised pricing or other advertising guidelines will subject Dealer to a forfeiture of any Co-Op Rebate that Dealer may be entitled to under the terms of this license, for a period of ninety (90) days. Additional violations will subject Dealer to termination of this License.

5. Internet Advertising: Dealer may reasonably refer to Directed Products by way of the Internet so long as Dealer complies with MAP and Directed's Intellectual Property policies as set forth in this Agreement. If Dealer fails to comply with MAP or Directed's Intellectual Property policy in connection with its electronic advertising, Dealer will be subject to forfeiture of Directed's Co-Op Rebate and termination of this License for additional violations.

6. Adequate Stock: Dealer shall not advertise or engage in promotional activities concerning any Directed Product(s) unless Dealer has sufficient supply of these Products on hand to meet the anticipated demand.

7. No Transshipping: Dealer shall not participate in any order, delivery, sale of any Directed Product for resale or other redistribution by or through any other person except to the end user only. Without limiting the foregoing, Dealer shall not participate in any transaction involving the direct or indirect sale or delivery of Directed Products beyond the territorial limits of the United States. Upon breach of this provision, and without in any way implying a limitation of either party's right to

terminate this Agreement at any time without cause, Directed may declare this Agreement immediately terminated without advance notice.

8. Trademark References: Any and all references to Directed's trademarks or trade names shall state that the marks are the property of Directed Electronics, Inc.

9. Neon Signs and Video Displays:

a. The Authorized Licensed Dealer shall properly maintain and exhibit all Directed Products branded, neon signs, video displays and their contents. Any changes or alterations, to these neon display(s) or video displays, by the Dealer shall first be approved, in writing, by Directed's Regional Sales Manager. Approval shall be obtained prior to any modification being made.

b. Directed reserves the right to recall any and all neon signs or video displays from the Authorized Licensed Dealer, at any time, for any reason whatsoever and without any notice or cause and the Dealer agrees to return the neon signs or video displays to Directed without delay.

c. If the neon signs or video displays are recalled within one (1) year of the lease of the sign or display, Directed will refund 50% of the purchase price. If the neon signs or video displays are recalled within two (2) years of the lease, Directed will refund 20% of the purchase price. If the neon signs or video displays are recalled after two years of the lease, Directed will refund 10% of the purchase price. The Authorized Licensed Dealer acknowledges and agrees that the Product Display(s) shall remain the property of Directed and that Authorized Licensed Dealer has no ownership interest in such item(s).

d. Dealer shall pay a sum of \$1,000.00 per neon sign and/or video display to Directed in the event that the Dealer is unable to return the neon sign(s) or video display(s) to Directed, for any reason whatsoever, without regard to fault or offset, provided Directed first requests that said neon sign(s) or video displays be returned.

LIMITATION ON DEALER'S SALES OF DIRECTED'S PRODUCT

1. Authorized Locations: Dealer shall not sell Authorized Licensed Products from any other location other than the approved location(s) listed in Appendix A of this agreement. Dealer shall notify and submit for approval by Directed any change in location of business(es).

Internet Sales: Dealer shall not accept or fill unsolicited mail, Internet or telephone orders for Authorized Products requiring professional installation, including but not limited to, CLIFFORD®, SIDEWINDER®, VIPER® or PYTHON®. Products, which do not require professional installation that Dealer is authorized for, nonetheless must be sold in accordance with Directed's MAP and Intellectual Property guidelines.

2. End User Sales Only: Directed and Dealer agree that Dealer shall not offer to sell, trade, transfer, hypothecate or otherwise dispose of any Directed Products to any person, business or entity other than the end consumer. Compliance with this term is a material condition of this License and upon breach of this provision, and without in any way implying a limitation of either party's right to terminate this Agreement at any time without cause, Directed may declare this Agreement immediately terminated without advance notice.

3. Security and RSE Product Installation: Dealer understands and further agrees the Directed Security and Rear Seat Entertainment (RSE) Products, except those as authorized in writing by Directed, require professional installation and that Dealer shall not sell uninstalled these Directed products directly to the consumer. Directed and Dealer acknowledge and agree that the aforementioned limitations will:

a. Enable Directed and Dealer to ensure that all retail outlets at which Directed Products are sold or offered for sale, comply with the standards established by Directed for Authorized Licensed Directed Dealers with respect to the conduct of Dealer's business and the handling of Directed Products.

b. Enable Authorized Licensed Directed Dealers to provide service to the consumer, both prior and subsequent to the sale.

c. Enable Product installation to be performed in a safe manner that maximizes Product performance, reliability and end-user satisfaction.

DIRECTED'S DUTIES AND FUNCTIONS

1. Installation Training: Directed will, from time to time, offer a schedule of training sessions to the Dealer for training of Dealer and Dealer's employees relating to the proper installation and use of Directed Product. Either Dealer or Directed may request a training seminar; the specific date will be set by mutual consent. Directed will use commercially reasonable efforts to comply with Dealer's request for training. Directed will make reasonable efforts to

accommodate special training needs of the Dealer that do not fall within normal training sessions. Dealer will pay the cost of special training.

2. Use of deidealers.com: Directed will provide a password to the Dealer that will allow the Dealer access to Directed's website. All information or material, whether text or graphic, shall at all times remain the exclusive property of Directed, and all use of said information or material by Dealer will be subject to the terms of this License. Dealer agrees that Dealer's right to website access shall end and further agrees to cease using the website upon termination of this License. Directed makes no warranty either express or implied as to the accuracy or infringement of any intellectual property right of any information or material posted on Directed's websites.

3. Use of Tech Support: Directed will maintain and make available to Dealer a staff of qualified technical support personnel to provide technical information to Dealer or Dealers' employees for the proper installation of the Product. There are no express or implied warranties as to the accuracy of any information provided by Directed's technical support staff and all information is provided on an "AS IS" basis. Dealer assumes the risk of the accuracy of the technical information.

4. Marketing Support: Directed will make available from time to time, at its sole and absolute discretion, copy text, advertising graphic or other marketing material that Directed may deem appropriate for use by Dealer. Any use of these materials by Dealer will be on an "AS IS" basis with no warranty respecting merchantability, fitness for particular purpose or intellectual property rights. Dealer will use the materials and other information exclusively to perform its marketing and service activities pursuant to this Agreement. Dealer will not copy the Products or other information without Directed's written approval.

5. Licensed Dealer Employee Purchase Program: Directed would like all of our Authorized Licensed Dealers and their employees to have the best in security and other Directed Products on their personal vehicles. To encourage this Directed will provide to the Dealer an employee purchase accommodation program. Once a year (one time per calendar year), any employee of Dealer may purchase products from any Directed Product line for which Dealer is authorized, along with accessories at 25% off the base price.

The aforementioned purchase program requires that Directed Products must be professionally installed on the employee's own personal vehicle. The attached Employee Purchase Program Order Form must be completely filled out by the employee and approved by the Dealer and the Dealer's Directed Sales Representative. The employee's order must be submitted with payment in advance, credit card, money order or certified check only. An employee owning more than one vehicle can make a special request for additional systems. Due to the discount Dealer receives from the program, Directed's Guaranteed Protection Plan (GPP) does NOT apply.

PRODUCT PURCHASES

1. ORDERS

a. Placement

i. Dealer shall place orders for the purchase of Directed Product either directly from a Sales Representative, through Directed's Customer Service Department, or on-line at orders@directed.com. In the event that Dealer uses a form of ordering that conflicts in any way with this Agreement the terms of this Agreement shall supersede and govern the transaction.

ii. Each order for Directed Products shall constitute a separate contract and any default by Directed in relation to any one order shall not entitle the Dealer to treat this Agreement as terminated.

iii. Dealer shall, in respect to each order for the Directed Products to be supplied hereunder, be responsible for (i) ensuring the accuracy of the order (ii) providing Directed with any necessary information that will enable Directed to fulfill the order.

iv. No acceptance by Directed of any purchase order forms or other forms of any kind from Dealer which vary or conflict with any terms of this Agreement, or with any terms or conditions set forth elsewhere in Directed's schedules, forms, or policies, shall be deemed an acquiescence by Directed to any such variance or conflict, it is expressly agreed that in all such instances Directed's schedules, forms, and policies, and the contents hereof, shall prevail without need for any further notification by Directed to that effect.

v. Directed shall not be under any obligation to continue the manufacture of any of the Directed Product and shall be entitled to make such alteration to the specification of the Directed Products as it may deem necessary.

vi. Orders less than \$350.00 (at invoice pricing) will be subject to a \$15.00 Handling Fee, plus any additional freight charges that may be incurred.

b. Acceptance of Order: All orders that Directed receives for its products from Dealer are subject to acceptance by Directed. When the order has been accepted by Directed in whole or part, Directed will use commercially reasonable efforts to fulfill the accepted portion of the orders as promptly as practicable. Directed shall not be liable for any damages, consequential or otherwise, for its failure to fill orders or for any error or delay in the filling of orders. Whenever in Directed's opinion, demand for the Products or other market conditions so require, Directed may allocate its available inventory and/or deliveries among its dealers in such manner as it deems appropriate or necessary, without liability of any kind to Dealer.

2. PAYMENT

a. Price: Dealer acknowledges receipt of a Confidential Dealer Price List, which the parties agree is an integral part of this Agreement. The prices to Dealer for Directed Products are those set forth in the List and in any subsequent Price List issued from time to time by Directed. Directed shall have the right to reduce or increase prices to Dealer at any time without accountability to Dealer in connection with Dealer's stock of unsold Products then on hand. The price so altered shall apply to all Directed Products delivered on and after the applicable date of the increase including outstanding orders. When a new Price List is issued by Directed, it shall become a part of this Agreement as of its effective date and shall automatically supersede all prior Price Lists. Directed shall have the right at any time to discontinue the sale of any or all Directed Products listed in the Price List, without prior notice to Dealer and without incurring any liability to Dealer.

b. Terms: Before Dealer's initial order can be shipped, the "Customer Information Form" and "Authorized Licensed Dealer Agreement" must be completed. C.O.D CASH orders are not subject to credit limit. C.O.D. Company check orders may be subject to credit limits if checks have been returned for re-deposit. Open accounts may be established, but only AFTER volume dealer level is established and credit application is reviewed and approved by Directed.

c. Late Payment: Subject to applicable laws, past due amounts are subject to late payment service charges of 1.5% per month, which is an annual rate of 18% or up to a maximum rate allowed by law. Accounts post due WILL have shipments held and may be placed on C.O.D. CASH (cashier's check, money order). Legal action may be taken at any time.

d. Bad Checks: Any check returned for "Non Sufficient Funds" automatically changes the account terms to C.O.D. CASH (cashier's check, money order). A service charge of \$25.00 will be applied to each returned check. Any order placed subsequent to the return of a check for Non Sufficient Funds may be held by Directed until the returned check has cleared.

e. Litigation: In the event of any litigation arising out of this agreement for the collection of money due to Directed by Dealer, Directed shall be entitled to its costs and expenses incurred including, without limitation, attorney's fees.

f. Failure to Pay / Insolvency: Failure by Dealer to pay any part of the purchase price when due, or in the event that proceedings in bankruptcy, receivership or insolvency are instituted by or against Dealer or his property, Directed may, at its option, cause the entire unpaid balance to become due immediately and payable. Dealer hereby expressly waives any right to any action that may accrue by reason of the entry for taking possession of or the selling of said materials and to pay all costs incurred with respect to, including service charges, attorney's fees and court costs.

Clause f applies if:

i. Dealer makes any voluntary arrangement with its creditors or (being an individual or firm) becomes bankrupt or (being a company) becomes subject to an administration order or goes into liquidation (otherwise than from the purpose of amalgamation or reconstruction), or;

ii. An encumbrance takes possession or a Receiver is appointed of any of the property or assets of the Dealer, or;

iii. The Dealer ceases or threatens to cease to carry on business, or;

iv. Directed reasonably apprehends that any of the events mentioned above is about to occur in relation to the Dealer and notifies the Dealer accordingly.

If this clause applies then without prejudice to any other right or remedy available to Directed, Directed shall be entitled to cancel this License Agreement, or suspend any further deliveries under this License without any liability to the Directed. If the Directed Products have been delivered, but not paid for, the price shall become immediately due and payable notwithstanding any previous agreement or arrangements to the contrary.

g. Security: To secure performance of Dealer's obligations hereunder, Dealer grants to Directed a purchase money security interest in all Products sold

hereby, and agrees that Directed shall with respect thereto have all rights afforded a secured party under the California Uniform Commercial Code, and that Dealer shall promptly upon request execute any documents necessary to perfect or protect such interest. Without limiting the foregoing rights, if Dealer shall fail to meet payment schedules or other requirements established by Directed, Directed shall have the right to reject or cancel any orders placed by Dealer, to withhold or delay shipments, and to repossess any Products then in Dealer's possession, and no such action by Directed shall relieve Dealer of any obligations imposed upon Dealer hereunder.

3. DELIVERY

a. Delivery: Unless Dealer clearly advises Directed to the contrary in writing, Directed may make partial shipment on account of Dealer's orders, which shipments shall be separately invoiced and paid for when due without regard to subsequent deliveries.

b. Shipment: All prices quoted by Directed are FOB Vista, CA. Transportation and insurance fees will be added to invoice items and COD amounts.

c. Acceptance: Dealer shall have the right to conduct an incoming inspection and shall immediately after delivery notify Directed in writing whether some or all of the Products are rejected. Any Product not rejected shall be deemed accepted.

4. ANNUAL MINIMUM PURCHASE

In addition, and without in any way altering the at-will nature of this Agreement or imposing or implying a requirement of cause for the termination of this Agreement by either Dealer or Directed, in order to induce Directed to enter into this Agreement Dealer warrants that it shall purchase an amount of Product at dealer cost specified on the attached Appendix A between the date of execution and December 31 of the year in which execution occurs. Thereafter, Directed may by notice to Dealer from time to time establish minimum purchase levels, which Dealer shall be expected to achieve for the periods indicated in such notices. Dealer understands and agrees that neither the establishment of such minimum purchase levels by Directed nor their achievement by Dealer shall alter the at-will nature of this Agreement. Annual minimum purchases will be reviewed annually and mutually agreed upon by Directed and Dealer.

5. CANCELLATIONS AND RETURNS

a. Order Errors & Returns: All errors in any shipment must be reported by Dealer to Directed within ten (10) business days of the receipt of the shipment. A Returned Merchandise Authorization (RMA) number must be assigned to all Returns BEFORE a Product can be returned for credit or mis-shipped Product. RMA numbers are REQUIRED for all returned Product EXCEPT for repair or replacement items under warranty of security products. All items are returned at the Authorized Licensed Dealer's expense with invoice number identified.

*For Audio and RSE Products, an RA number is required for warranty returns.

b. Restocking Fee: A restocking charge of 15%, in addition to any freight charges incurred, will be made on all goods returned to Directed, unless caused to Directed's error.

6. RISK AND TITLE

a. Title: Title to any and all goods or materials hereafter purchased shall pass to Dealer upon delivery by Directed to a common carrier or licensed trucker.

b. Risk of Loss: Risk of damage to or loss of the Directed Products shall pass to the Dealer:

(i) In the case of Directed Products to be delivered at Directed's premises, at the time when Directed notifies the Dealer that the Directed Products are available for collection, or

(ii) In the case of Directed products to be delivered other than at Directed's premises, at the time of delivery to a common carrier or, if the Dealer wrongfully fails to take delivery of the Directed Products, the time when Directed has tendered delivery of the Directed Products.

Until such time as the property in the Directed Products passes to the Dealer (and provided the Products are still in existence and have not been re-sold) Directed shall be entitled at any time to require the Dealer to deliver the Directed Products to Directed and, if the Dealer fails to do so forthwith, Directed shall be entitled to enter upon any premises of Dealer's to rightfully re-acquire Directed's Product.

b. Subject to any special terms agreed in writing between Directed and Dealer, Directed shall be entitled to invoice the Dealer for the price of the Directed Products on or any time after delivery of the Directed Products unless the Directed Products are to be collected by the Dealer or the Dealer wrongfully fails to take delivery of the Directed Products in which event Directed shall be entitled to invoice the Dealer for the price at any time after Directed had notified the Dealer that the Directed Products are ready for collection or (as the case may be) Directed has tendered the delivery of the Directed Products.

c. The Dealer shall pay the price of the Directed Products according to the terms permitted as a result of the credit approval, and Directed shall be entitled to recover the price notwithstanding that delivery may not have taken place and the property in the Directed Products has not passed to the Dealer. The time of payment of the price shall be the essence of this License.

d. If the Dealer fails to make any payment on the due date when without prejudice to any other right or remedy available to Directed, Directed shall be entitled to (i) cancel or suspend any further delivery to the Dealer under any order (ii) charge the Dealer interest on outstanding balance at the rate of 1.5% per month from the date the payment became due until actual payment is made in full (irrespective of whether date of payment is before or after any judgment or award in respect of the same).

WARRANTIES AND LIABILITIES

a. Directed warrants to the Dealer that all products supplied will be of merchantable quality. In the event of any breach of this warranty, whether by reason of defective materials, production faults, or otherwise, Directed's liability shall be limited to: (i) replacement of Products in question, or (ii) at Directed's option, repayment of the purchase price.

b. Notwithstanding anything to the contrary in this Agreement, Directed shall not, except in respect to death or personal injury caused by the negligence of Directed, be liable to the Dealer by reason of any representation or implied warranty condition or other term or any duty at common law or under the express terms of this Agreement for any consequential loss or damage (whether for loss of profits or otherwise occasioned by the negligence of Directed or its employees or agents or otherwise) arising out of or in connection with any act or omission of Directed relating to the manufacture or supply of Directed Products, their resale by the Dealer, or their use by any Dealer.

c. Authorized Licensed Dealer shall honor Directed's published warranty to all consumers to whom the Authorized Licensed Dealer sells or has sold Directed Products. Authorized Licensed Dealer shall make no warranties or guarantees with respect to Products or the use of Products except as authorized by Directed in writing. Sales shall be made under the Directed warranty, and become effective at the time of sale. Authorized Licensed Dealer shall furnish each purchaser all warranty cards and similar material provided by Directed.

d. Return Authorization Number:

Dealer agrees to obtain an RA number before returning any Product, for any reason including warranty, prior to the shipment of the Product to Directed. The RA number must be issued from Directed's Headquarters. Complete information on order/invoice numbers, quantity/part numbers, reason for return, account name and number, contact person, and telephone number is required to avoid delays. Directed will have no obligation to accept the Product without an RA number.

e. Nationwide Assistance Program

From time to time, a Directed customer may be traveling throughout the country. If a customer should happen to be a long distance (more than 75 miles) from the Directed Dealer that originally installed the product and experience a problem with a Directed Product, he/she qualifies for our Nationwide Assistance Program. To maintain a Nationwide Assistance Program for all customers, all Directed Authorized Licensed Dealers agree to provide Warranty Assistance to any customer traveling in their local area, provided: (i) The Directed Product was installed by an Authorized Licensed Dealer (ii) the customer is more than 75 miles away or outside the original sales market area from the installing Authorized Licensed Dealer (iii) the Product in question is under Directed warranty (iv) the servicing Authorized Licensed Dealer is Authorized Licensed to sell the Product line in question.

Provided the consumer meets the above listed requirements, the Authorized Licensed Dealer shall honor the Directed warranty on the Product in question and provide consumer with: (i) A free diagnosis of system problem (limited to product failure only), in cases of installation problems. Authorized Licensed Dealer may charge the consumer its normal labor rates. (ii) Replacement (provided the Authorized Licensed Dealer has the component in question in stock) or bypass of defective component(s) (iii) In case Authorized Licensed Dealer does not have the necessary parts, Dealer shall use best efforts to obtain such parts.

CREDIT AND FINANCIAL REQUIREMENTS

a. The Dealer represents to Directed that it is in good financial condition and is able to pay all invoices when due.

If the customer cannot provide proof that they are eligible for the Nationwide Assistance Program or no Product failure or defect is found, the Authorized Licensed Dealer reserves the right to charge this customer any and all of its normal charges.

Notwithstanding any of the above, Directed shall have no obligation to pay the Authorized Licensed Dealer for any of its costs, fees or expenses.

f. Dealer shall make no warranties, representations, or guarantees to any person with respect to Directed Products, except such as have been provided or approved in writing by Directed; nor shall Dealer attempt to alter Directed's approved warranties in any manner whatsoever. Dealer shall provide customers with any and all requested materials or information respecting Directed Products, or the warranties applicable thereto. Such materials, however, shall only be in such form as is provided or expressly approved in writing by Directed.

INTELLECTUAL PROPERTY

a. Directed hereby authorizes and licenses the Dealer to use the Patents, Trademarks or Trade names relating to the Directed Products for the limited purpose of exercising its rights and performing its obligations under this Agreement.

b. The Dealer shall ensure that each reference to and use of any of the Directed trade names by the Dealer is in a manner approved by Directed and accompanied by an acknowledgement in a form approved by Directed that the same is a trademark or (registered trademark) of Directed.

c. The Dealer shall not: (i) make any modification to the Directed Products or their packaging, (ii) alter, remove or tamper with any trademarks, trademark numbers, patent numbers or other means of identification used on or in relation to the Directed Products, (iii) use any of the trademarks in any way, which might not prejudice their distinctiveness or validity, (iv) use in relation to the Directed Products any trademarks without obtaining prior written consent of Directed.

d. The Dealer, shall have no rights in respect to any of Directed's Patents, Trademarks or Trade names used by Directed in relation to the Directed Products or of the goodwill associated therewith, and the Dealer hereby acknowledges that except as expressly provided in this Agreement, Dealer shall not acquire any rights in respect to the Directed Patents, Trademarks or Trade names and that all such rights and goodwill are and shall remain vested in Directed.

e. The Dealer shall promptly and fully notify Directed of any actual threatened or suspected infringement of any Intellectual Property of Directed, in which the Dealer becomes aware.

f. The Dealer shall not do business under any name or designation associated with or similar to any Trademark, Trade name, Service mark or Trade dress of Directed or any Directed Products, except upon prior written consent of the President of Directed.

g. Dealer acknowledges the validity of the Directed Intellectual Property and agrees not to challenge or dispute the validity of the Directed Intellectual Property

TERMINATION

The Agreement shall remain in effect unless terminated in accordance with the provisions of this paragraph. Either Dealer or Directed may terminate this Agreement at will, at any time, with respect to any or all Authorized Licensed Locations, and such termination may be without cause, effective immediately upon written notice being delivered to the other party.

NEITHER DIRECTED NOR DEALER SHALL BE LIABLE TO THE OTHER BECAUSE OF TERMINATION DAMAGES OF ANY KIND, INCLUDING DAMAGES BECAUSE OF LOSS OF PROSPECTIVE PROFITS OR BECAUSE OF EXPENDITURES, INVESTMENTS, LEASES, OR ANY OTHER TYPES OF COMMITMENTS MADE IN CONNECTION WITH THE BUSINESS OF EITHER OF THEM, but termination shall not relieve either party of its (i) already accrued obligations, (ii) obligations intended to survive such termination, or (iii) liability for any actionable breaches of this License.

Termination of this Agreement by either party shall automatically cancel all open orders. Notwithstanding any credit terms made available to Dealer prior to that time, any Directed Products shipped during said period shall be paid for by banker's draft prior to shipment. Termination of this Agreement shall automatically accelerate the due date of all invoices for Directed products so that they shall become immediately due and payable on the effective date of termination, even if longer terms had been provided previously.

As of the effective date of termination, unfilled Authorized Licensed Dealer orders shall be deemed canceled and for thirty (30) days from that date Directed shall have the option, but not the obligation, to purchase from the Authorized Licensed Dealer and the Authorized Licensed Dealer agrees to sell to Directed all or any part of the Directed Products then in the Authorized Licensed Dealer's stock at the prices the Authorized Licensed Dealer paid for the Product, less any discounts and unearned allowances paid to the Authorized Licensed Dealer. Upon exercise of this option, the Authorized Licensed Dealer shall ship the Directed Products to Directed at Directed's expense.

As of the effective date of termination, the Authorized Licensed Dealer shall refrain from selling any previously ordered Authorized Licensed Products, and Dealer shall refrain from any conduct that would make it appear that it is an Authorized Licensed Directed Dealer. Authorized Licensed Dealer shall promptly remove from its letterheads, advertising literature, promotional materials and signage and from all telephone and other business directories of any kind all references to the Directed, its Products or Marks. Authorized Licensed Dealer shall promptly refrain from acting as an Authorized Licensed Dealer with respect to the Products or on behalf of Directed and thereafter shall not use any corporate name, trade name or trademark tending to give the impression that any relationship still exists between Directed and the Dealer. The Dealer agrees to ship to Directed all advertising, sales and promotional materials bearing Directed's Product names or Marks.

The foregoing notwithstanding, Directed may, in its sole discretion and without creating any ongoing or vested right on Dealer's part, choose to continue to permit Dealer to purchase and sell Products, and otherwise to act hereunder, after the termination hereof. Should Directed continue to sell or deliver Products or other merchandise to Dealer, or otherwise assist Dealer after such termination, such actions shall be an accommodation only and shall not be construed as a reinstatement hereof. Such actions shall not impose any obligation upon Directed to continue so to accommodate Dealer, and Directed shall be free to terminate such sales, deliveries, or other assistance, at any time without notice or cause, and without liability of any kind.

Upon expiration or earlier termination of this Agreement in accordance with the terms hereof, Directed shall have the right, but not the obligation, at its sole option, to reject or cancel any orders for, or withhold shipment of, or stop in transit and repossess, any Products not yet delivered to Dealer and/or to repurchase from Dealer any or all Directed Products consigned to or in the possession or control of Dealer, at the net prices originally charged Dealer therefore, less any allowances given Dealer. Directed may exercise these options, or any of them, at any time after expiration or after notification of termination, by giving Dealer written notice thereof, and may enter Dealer's premises during regular business hours to inspect and inventory, and if desired, take possession of Directed Products. Should Directed exercise its option to repurchase, Dealer agrees immediately upon request to release to Directed's representative, or to deliver or cause to be delivered to Directed or its nominee at such address as Directed directs, in good and undamaged condition, all Products so repurchased.

NOTICES All notices and demands of any kind, which either Directed or Dealer may be required or desire to serve upon the other under the terms of this Agreement shall be in writing and shall be served upon the other party by regular postal service, at the address set forth in this Agreement. Service shall be deemed complete upon the expiration of the third day after the date of mailing. Either party may, from time to time, change the addresses to which notices and demands shall be delivered, by notices as hereinabove provided.

ACTIONS Both Directed and Dealer agree that any actions hereafter arising out of the relationship between Directed and Dealer, including any action for alleged breach of this Agreement shall be barred unless commenced by the aggrieved party within one (1) year after the cause of action related to such matters first accrues.

COMPLAINTS Dealer shall advise Directed promptly concerning information that comes to Dealer's attention as to charges, complaints, or claims about Directed Products by customers or other persons.

ASSIGNMENT Dealer is appointed as an Authorized Licensed Directed Dealer because of Dealer's commitments contained in this Agreement, and further because of Directed's confidence in Dealer, which confidence is personal in nature. Dealer may not assign, transfer, or sell Dealer's right(s) under this Agreement without prior written consent of Directed. Directed may assign this agreement to a parent, subsidiary or affiliated firm or to another entity in connection with the sale or transfer of all or substantially all of its business assets. Subject to these restrictions against assignment, the provisions of this Agreement shall be binding upon and shall inure to the benefit of the respective heirs, executors, administrators, successors and assigns of the parties hereto.

MISCELLANEOUS

a. No Association: Directed and Dealer agree that their relationship is that of buyer and seller only. Nothing stated in this Agreement shall be construed as creating the relationship of employer and employee, master and servant, franchiser and franchisee, principal and agent, partnership and joint venture between the parties. Dealer shall be deemed an independent contractor at all times with respect to Dealer's performance, and shall have no right or authority to assume or create any obligation, whether express or implied on behalf of Directed.

b. Waiver: The waiver by either party of any breach of this Agreement by the other party shall not waive subsequent breaches of the same or different kind. The failure of either party to enforce any rights under this Agreement in a particular instance shall not operate as a waiver of said party's right to enforce the same or different rights in subsequent instances.

c. Indemnification: Dealer agrees to and does hereby indemnify and hold Directed harmless from and against any and all claims, damages, judgments, decrees, orders and liabilities whatsoever, asserted by any other person or entity, resulting directly or indirectly from any act, omission, commission or breach by the Authorized Licensed Dealer and such indemnification shall include, but not be limited to, the payments of all expenses, costs and attorney's fees incurred and/or expended by Directed in defending or settling such claims.

d. Severability: In the event that any of the provisions of this Agreement or the applications of any such provisions to the parties hereto with respect to their obligation hereunder is held unenforceable or invalid for any reason whatsoever, such enforceability or invalidity shall not affect the enforceability of the remainder of this Agreement. Any such unenforceable or invalid provisions shall be severable from the remainder of this Agreement, which shall remain in full force and effect.

e. Entire Agreement: This Agreement, together with any other documents expressly incorporated herein by reference, constitutes the entire agreement between parties pertaining to the subject matter hereof. Any and all written or oral statements heretofore existing between the parties pertaining to Directed Products are expressly cancelled, except as otherwise provided in the Agreement. This Agreement shall apply and accrue to the benefit of, and be binding upon, the heirs, executors, administrators, successors, and assigns of respective parties.

f. No Waivers or Modifications: Agreements may not be altered, waived, modified, amended or otherwise changed, except in writing executed by all parties.

g. Legal Review: Both parties to this Agreement were given the opportunity to seek their own counsel and legal advice.

h. Non-Assignment: Authorized Licensed Dealer shall not have the right to assign, transfer, hypothecate or sell its rights under this Agreement and any such assignment, transfer or sale of rights by Authorized Licensed Dealer shall be null and void.

i. Governing Law: This agreement is deemed to have been entered into in Vista, California, and shall be governed by the laws of the State of California. All questions concerning validity, interpretation, or performance of any of the terms of this Agreement, or determination of any rights or obligations of the parties thereto, shall be resolved or litigated in the courts in San Diego County, California, regardless of where the Agreement is executed, and shall be governed by the laws of the State of California without regard to conflicts of laws. In the event of any action or proceeding, including arbitration, to enforce this agreement or any of its provisions, or to declare the rights of the parties with respect to this Agreement, the prevailing party shall be entitled to its Attorney's fees, expenses and court costs.

j. Construction: This agreement shall be deemed jointly drafted and no ambiguities, duties or obligations shall be resolved against the deficit party.

k. Joint Obligations: The owners and/or proprietors of the Authorized Licensed Dealer shall be jointly and severally liable under the terms, rights and obligations of this agreement.

l. Receipt of Copy: Dealer hereby acknowledges the receipt of a copy of this Agreement at the time of its execution.

m. Directed or any third party where Directed products are stored and re-possess the goods.

n. This Agreement shall take effect on the date this Agreement is last executed by an Authorized Directed Representative.

o. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

DEALER UNDERSTANDS AND AGREES THAT THIS AGREEMENT MAY BE TERMINATED ON WRITTEN NOTICE BY EITHER PARTY AT ANY TIME, WITHOUT CAUSE. DEALER'S APPOINTMENT HEREUNDER DOES NOT CREATE ANY VESTED RIGHT TO RETAIN SUCH APPOINTMENT OR OTHERWISE TO CONTINUE TO TRADE IN DIRECTED PRODUCTS, NOR SHALL DEALER HAVE OR ASSERT ANY CLAIM WHATSOEVER AGAINST DIRECTED OR ANYONE AFFILIATED THEREWITH BY VIRTUE OF ANY SUCH TERMINATION.

DEALER: _____
(Print)

By: _____

Title: _____

Date: _____

DIRECTED: _____
Regional Sales Manager

By: _____

Title: _____

Date: _____

Sales Manager _____
Sales Admin. _____



PERSONAL GUARANTEE

a. Without further authorization from or notice to the Guarantor, Creditor may grant credit to the Debtor from time to time, either before or after revocation hereof and in such manner, on such terms, and for such term and for such time as it deems best; and with or without notice to the Guarantor, Creditor may alter, compromise, accelerate, extend or change the time or manner for the payment of any indebtedness, increase or reduce the rate of interest thereon; release or add any one or more guarantors or endorsers, accept additional or substituted security, or release or subordinate any security. No exercise or non-exercise by Creditor or any right hereby given to it, no dealing by Creditor with Debtor or any guarantor or endorser; no change, impairment or suspension of right or remedy of Creditor shall in any way affect any of the Guarantor's obligations hereunder or any security furnish hereunder by the Guarantor or give the Guarantor any recourse against the Creditor.

b. The Guarantor, jointly and severally, unconditionally and continuously guarantees and promise to pay to Creditor or its order, each item of indebtedness hereby guaranteed and to perform each guaranteed obligation when due. The respective obligations of the Guarantor shall not be subject to prorating.

c. In addition to all liens and rights of set-off that Creditor may have against any property of the Debtor or of the Guarantor, Creditor shall have a general lien on and a right to set-off against all the property of the Guarantor now or hereafter in the possession of or on deposit with the Creditor. Each such lien or right of set-off may be exercised with or without demand upon or notice to any of the Guarantor, and shall continue to full force unless specifically waived or released by Creditor, in writing, and shall not be deemed waived by any conduct of Creditor, or by any failure to exercise such right. Creditor need not take any action against the Debtor, any other guarantor or any other person, firm or corporation or resort to any security held by it at any time before proceeding against any of the Guarantor.

d. Until all indebtedness herein guaranteed has been paid in full, the Guarantor shall not assert any right of subrogation unless expressly authorized in writing by Creditor.

e. All existing and future indebtedness owing by the Debtor to any of the Guarantor is hereby subordinated to all debts and obligations hereby guaranteed; and without prior consent of Creditor, shall not be paid to the Guarantor by the Debtor in whole or in part during the life of this guaranty. Any payment by the Debtor to any of the Guarantor in violation of the foregoing provision shall be held by the Guarantor as trustee for the Creditor and paid over to the Creditor on its order.

f. The failure of the Creditor to file or enforce a claim against the estate of the Debtor, either in assignment, under the Bankruptcy Act or any other proceeding, shall not affect the liability of the Guarantor; nor shall the Guarantor be released from liability if recovery from the Debtor, any other guarantor, or any other person, becomes barred by any statute of limitations or is otherwise prevented. The Guarantor waives and agrees not to assert or take advantage of the defense of the Statute of limitations in any action hereunder, or for the collection of any credit hereby guaranteed.

g. The Guarantor will file any claim against the Debtor in any bankruptcy or other proceeding in which filing of claims is required by law upon any indebtedness of the Debtor to the Guarantor and will assign to the Creditor all rights of the Guarantor there under. If the Guarantor does not file such claim or claims, Creditor is hereby Authorized Licensed as our attorney in fact for such purpose hereby appointed, to do so in our name of in the Creditor's discretion, to assign the claim to and cause Proof of Claim to be filed in the name of the Creditor's nominee. In all such cases, the person or persons Authorized Licensed to pay such claim shall pay to the Creditor the full amount payable on the claim in the proceeding before making any payment to the Guarantor, and to the full extent necessary for that purpose, the Guarantor hereby assigns to the Creditor their respective rights to any payments or distributions to which the Guarantor would otherwise be entitled.

h. With or without notice to the Guarantor, Creditor, in its sole discretion, may apply all payments from the Debtor, any of the Guarantor, any other guarantor, or realized from any security in such a manner and order of priority as the Creditor sees fit, to any obligation of the Debtor, whether or not such obligation is due at the time of such application.

i. In the event that action or other proceedings shall be brought to enforce this guaranty of any provision thereof, the same may be maintained alone, or joined with any action or other proceeding against the Debtor or any other

guarantor of the Debtor's obligations to the Creditor. Prior action or suit against the Debtor, whether alone or jointly with other guarantors, shall not be prerequisite to Creditor's right to proceed hereunder or otherwise against the Guarantor of by any number of successive actions until and unless all indebtedness hereby guaranteed has been paid or performed and each of the Guarantor's obligations hereunder have been fully satisfied.

j. This is a continuing guaranty. Notice of its acceptance is waived and it shall remain in full force and effect until the Guarantor, redeliver(s) to Creditor written notice revoking it as to indebtedness incurred to such delivery.

k. The Guarantor agrees to pay to the Creditor all amounts necessary to enforce this guaranty against the Guarantor through Creditor's collection agent or Creditor's attorney.

l. Should any one or more of the provisions of this Agreement be determined to be illegal or unenforceable, all other provisions nevertheless shall remain effective.

m. In the event a dispute arises between the Creditor and the Guarantor or the Creditor and the Debtor, the parties shall adjudicate their dispute in San Diego County, in the State of California pursuant to the laws of the State of California. The prevailing party shall be entitled to costs and attorney fees.

n. This agreement shall inure to the benefit of the Creditor, its successors and assigns; and shall bind the assigns and administrators of the Guarantor.

o. The obligations of all guarantors hereunder shall be joint and several. If the Guarantor comes into possession of any Products, which Creditor hereafter ships to Debtor, the Guarantor will ship such Product to Creditor, upon Creditor's election. The Guarantor may not assign or transfer to sell its rights under this Agreement (or delegate its obligations hereunder) without the prior written consent of Creditor. Creditor may assign this agreement to a parent, subsidiary of affiliated firm or to another entity in connection with the sale or transfer of all or substantially all of its business assets. Subject to these restrictions, the provisions of this Agreement shall be binding upon and shall inure to the benefit of the parties of their permitted assigns.

p. Creditor may terminate this Agreement at any time effective upon written notice to Guarantor, but the termination shall in no manner terminate the Guarantor's liability with respect to financial transactions entered into by Guarantor or Creditor with Debtor prior to the effective date of termination, including without limitation, transactions that will not be completed until after the effective date of termination. Debtor may terminate Agreement by sending a notice of revocation by registered mail address to the Creditor at Directed Electronics, Inc., 1 Viper Way, Vista, California 92083, Attention: Credit Manager. Such revocation shall not affect any of the Guarantors obligations hereunder with respect to indebtedness theretofore incurred nor shall it affect any obligation of any other guarantor of the Debtors obligation to the Creditor.

DEALER: _____

By: _____

Title: _____

Date: _____

In Witness thereof:

DIRECTED: _____

By: _____

Title: _____

Date: _____

DIRECTED'S Statement of Policies, Programs, & Warranties**A. Warranty Plus Program (Exclusively for Active Authorized Licensed Dealers)**

For 24 months from the Product's date code, Directed Electronics, Inc. promises to the active Authorized Licensed Dealer, replacement of any electronic control module that proves to be defective in workmanship or material under normal use.

Trade-In: For the period of 25 to 60 months from the Product's date code, Directed will offer the active Authorized Licensed Dealer new Product at a discount of 50 percent off the Authorized Licensed Dealer's normal cost as a replacement.

Reconditioned Replacement: If the Product's date code is within 25 - 60 months, and the Product has a Lifetime Warranty, and the Authorized Licensed Dealer prefers not to take advantage of the Trade-In program, there will be no charge for reconditioned product as replacement. After 6-months from the Product's date code, the warranty reverts to the consumer warranty. There will be no charge for comparable reconditioned Product so long as the system was installed and is serviced by an Authorized Licensed Dealer and remains in the car in which the system is originally installed. The Product must also include a copy of the purchase receipt from the consumer bearing the following information: Date of Product purchase, consumer's name and address, Authorized Licensed Dealer's name and address, the type of Product installed, the year, make and model of the automobile, automobile license number, vehicle identification number and all of the security options installed on the automobile at the time of purchase.

B. Consumer Limited Lifetime Warranty (CLLW)

For a period of one calendar year from the date of purchase of this auto security device, Directed promises to the ORIGINAL PURCHASER to repair or replace (with a comparable reconditioned model), an electronic control module, excluding without limitation the siren, the remote transmitter(s), and associated sensors and accessories, that proves to be defective in workmanship or material under normal, reasonable use, SO LONG AS THE SYSTEM WAS SOLD, INSTALLED, AND SERVICED BY AN AUTHORIZED LICENSED DIRECTED DEALER, AND THE UNIT WILL BE PROFESSIONALLY REINSTALLED IN THE VEHICLE IT WAS ORIGINALLY INSTALLED IN BY AN AUTHORIZED LICENSED DIRECTED DEALER. If warranty service is necessary, purchaser must return to Directed, shipping prepaid, the unit and a legible copy of the sales receipt or other dated proof of purchase bearing the following information: consumer's name, telephone number and address, the Authorized Licensed Dealer's name, telephone number and address, complete product description, including accessories, the year make and model of the vehicle, vehicle license number and vehicle identification number.

After the first calendar year, from the date of purchase of the auto security device, Directed promises to the ORIGINAL PURCHASER to repair or replace (with a comparable reconditioned model) any electronic control module that proves to be defective in workmanship or material under normal use FOR A CHARGE OF \$45.00, SO LONG AS THE SYSTEM WAS SOLD, INSTALLED, AND SERVICED BY A PROFESSIONAL AUTO INSTALLER, AND REMAINS IN THE CAR IN WHICH THE SYSTEM WAS ORIGINALLY INSTALLED. If warranty service is necessary, purchaser must have a legible copy of the sales receipt containing all of the required information. This warranty is void if the Product has been damaged by accident, unreasonable use, neglect, improper service or other causes not arising out of defects in materials or construction. This warranty is non-transferable and does not apply to any unit that has been modified or used in a manner contrary to its intended purpose and does not cover batteries. The unit in question must be returned to the manufacturer, postage prepaid. This warranty does not cover labor costs for the removal, diagnosis, troubleshooting or reinstallation of the unit. Purchaser should contact the Authorized Licensed Dealer to obtain an estimate of applicable service charge(s).

This warranty contains the entire agreement relating to warranty and supersedes all previous and contemporaneous representations or understandings, whether written or oral.

These systems are a deterrent against possible theft. Directed is not offering a guarantee or insurance against the theft of the automobile or its contents and disclaims any liability for the theft of the vehicle or its contents. Directed does not authorize any person to create for it any other obligation or liability in connection with this security system.

CLLW: All components other than the unit, including without limitation the siren, the remote transmitters and any associated sensors and accessories, carry a one-year warranty from the date of purchase of the same. This warranty is non-transferable and is automatically void if the original purchaser has not completed the warranty card and mailed it within ten 10 days after the date of purchase to the address listed on the card; the unit's date code or serial number is defaced, missing or altered; the unit has been modified or used in a manner contrary to its intended purpose; the unit has been damaged by accident, unreasonable use, neglect, improper service, installation or other causes not arising out of defects in materials or construction. The warranty does not cover damage to be unit caused by installation or removal of the unit. Directed, in its sole discretion, will determine what constitutes excessive damage and may refuse the return of any unit with excessive damage. TO THE MAXIMUM EXTENT ALLOWED BY LAW, ALL WARRANTIES, INCLUDING BUT NOT LIMITED TO EXPRESS WARRANTY, IMPLIED WARRANTY, WARRANTY OF MERCHANTABILITY, FITNESS FOR PARTICULAR PURPOSE AND WARRANTY OF NON-INFRINGEMENT OF INTELLECTUAL PROPERTY, ARE EXPRESSLY EXCLUDED; AND Directed NEITHER ASSUMES NOR AUTHORIZES ANY PERSON OR ENTITY TO ASSUME FOR IT ANY DUTY, OBLIGATION OR LIABILITY IN CONNECTION WITH ITS PRODUCTS. Directed HAS ABSOLUTELY NO LIABILITY FOR ANY AND ALL ACTS OF THIRD PARTIES INCLUDING ITS AUTHORIZED LICENSED DEALERS OR INSTALLERS. Directed SECURITY SYSTEMS INCLUDING THESE UNITS ARE DETERRENTS AGAINST POSSIBLE THEFT. Directed IS NOT OFFERING A GUARANTEE OR INSURING AGAINST VANDALISM, DAMAGE OR THEFT OF THE AUTOMOBILE, ITS PARTS OR CONTENTS; AND HEREBY EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER, INCLUDING WITHOUT LIMITATION, LIABILITY FOR THEFT OF THE VEHICLE OR ITS CONTENTS, DAMAGE AND/OR VANDALISM TO THE VEHICLE. DIRECTED DOES NOT AUTHORIZE ANY PERSON TO CREATE FOR IT ANY OTHER OBLIGATION OR LIABILITY IN CONNECTION WITH THIS SECURITY SYSTEM. THIS WARRANTY DOES NOT COVER LABOR COSTS FOR MAINTENANCE, REMOVAL OR REINSTALLATION OF THE UNIT OR ANY CONSEQUENTIAL DAMAGES OF ANY KIND. IN THE EVENT OF A CLAIM OR A DISPUTE INVOLVING DIRECTED OR ITS SUBSIDIARY, THE PROPER VENUE SHALL BE SAN DIEGO COUNTY IN THE STATE OF CALIFORNIA. CALIFORNIA STATE

LAW AND APPLICABLE FEDERAL LAWS SHALL APPLY AND GOVERN THE DISPUTE. THE MAXIMUM RECOVERY UNDER ANY CLAIM AGAINST DEI SHALL BE STRICTLY LIMITED TO THE AUTHORIZED LICENSED DIRECTED'S DEALERS PURCHASE PRICE OF THE UNIT. DIRECTED SHALL NOT BE RESPONSIBLE FOR ANY LOSSES WHATSOEVER, INCLUDING BUT NOT LIMITED TO, ANY CONSEQUENTIAL DAMAGES, INCIDENTAL DAMAGES, CLAIMS FOR THE LOSS OF TIME, LOSS OF EARNINGS, COMMERCIAL LOSS, LOSS OF ECONOMIC OPPORTUNITY AND THE LIKE. NOTWITHSTANDING THE ABOVE, THE MANUFACTURER DOES OFFER A LIMITED WARRANTY TO REPLACE OR REPAIR THE CONTROL MODULE AS DESCRIBED ABOVE. Some states do not allow limitations on how long an implied warranty will last or the exclusion or limitation of incidental or consequential damages. This warranty gives the purchaser specific legal rights and purchaser may also have other rights that vary from State to State.

C. Explanation of DIRECTED'S Guaranteed Protection Plan (GPP):

Directed Electronics, Inc. (Directed) will refund the amount of the comprehensive insurance deductible (not to exceed \$2500.00) to the original owner of an automobile (motorcycles are not covered) that is stolen while equipped with one of Directed's qualifying security systems, provided the following conditions are met:

- The qualifying system was sold, installed, and serviced by an Authorized Licensed Dealer for Directed, remains in the car in which the system was originally installed, and is owned by the original purchaser of the qualifying system. Window decals must have been in place on the vehicle at the time of theft.
- The theft occurred less than one year after the date of purchase of the qualifying Directed system.
- This GPP claim is made within ninety (90) days of settlement of the customer's claim with their insurance carrier.
- The warranty registration form was completely filled out and mailed within 10 days of system purchase.
- The vehicle was stolen as a result of alarm system failure and the automobile was not left in an inactive/disarmed mode for whatever reason, even if left at a service station.
- A police report must be filed and a copy submitted with the GPP claim. (Note: New York City and surrounding cities must submit the 'Verification of Crime/Lost Property Report' in place of a general police report.)
- Vehicle must be insured against theft at the time vehicle was stolen. (Comprehensive coverage)
- The insurance company must accept and pay the claim.
- A Directed starter kill device must have been installed on the vehicle and both the sales receipt and warranty card must show starter kill installation.

*All of the criteria as stated above must be met in order to file a claim for reimbursement of the comprehensive deductible.

IMPORTANT NOTE: A product's warranty is automatically void if its date code or serial number is defaced, missing, or altered. GPP does not cover vandalism, theft of vehicle parts, or its contents; damage to vehicle and/or towing charges. Furthermore, the GPP program does not cover vehicles that are consigned or displayed for sale. GPP is not available to employees, agents, friends or relatives of Directed or its Authorized Licensed Dealers. GPP does not extend to or cover motorcycles or vehicles without lockable doors, ignition systems and/or engine compartments. All claims or disputes shall be decided in accordance with the laws of California, in San Diego County. It is the responsibility of the customer, not the Authorized Licensed Dealer, to obtain and provide the necessary documentation for filing a claim.

D. Automate Authorization: (*If Automate is Applicable- See Appendix A)

1.01 Car Dealer. Throughout this addendum the term "Car Dealer" shall refer to any person or entity that resells never-before registered (brand new) motor vehicles to the general public. This facility must be licensed by both the state in which it resides and by the Department of Revenue Services as well as be registered with the Department of Motor Vehicles. A dealer selling only pre-owned vehicles does not classify as a Car Dealer in this Agreement.

2. Program Purpose

2.01 Appointment of Authorized Licensed Dealer. The above-mentioned Dealer requests consideration to become an Authorized Licensed AUTOMATE Dealer. The Dealer is presently an Authorized Licensed Directed Dealer, has received a copy of the 'Authorized Licensed Dealer Agreement,' has read it, understands it, and shall be bound by all of the terms, conditions, duties and obligations thereof.

3. Authorized Licensed Dealer's Functions

3.01 Directed hereby authorizes the Dealer to resell AUTOMATE Products to the Car Dealer. This right pertains to selling only the AUTOMATE product line and only to the Car Dealer, it does not in any way authorize the Dealer to resell, trade or transship any other Directed product to any other person or entity for the purpose of resale.

3.02 Authorized Licensed Dealer hereby agrees not to resell, trade or transship AUTOMATE Products to any retail customer or any other person or entity other than Car Dealer.

4. Advertising

4.01 Authorized Licensed Dealer agrees not to advertise or engage in any promotional activities concerning AUTOMATE Products unless:

- The advertisement or promotion is strictly designed only to benefit the Car Dealer.
- The advertisement or promotion makes no mention of who the AUTOMATE Authorized Licensed Dealer is.

5. Term and Termination

5.01 This addendum incorporates by reference all the terms, conditions, rights, duties and obligations of the 'Authorized Licensed Dealer Agreement' and will expire along with the original 'Authorized Licensed Dealer Agreement'.

5.02 This addendum is subject to approval and acceptance by Directed.

5.03 This addendum can be terminated for any of the reasons mentioned in the 'Authorized Licensed Dealer Agreement' including, without limitation, with or without cause.

Statement of Policy Regarding Automate Customers

Please be advised that it is the uniform policy of Directed to cease to do business with any Automate Dealer who solicits the customers of other, current Automate Dealers. Notwithstanding the foregoing, it is not a violation of Directed's policy to solicit any potential or former customers who are not currently being serviced by Automate Dealers.



CUSTOMER INFORMATION:

For the purpose of obtaining merchandise from Directed Electronics, Inc., the following statements in writing are made knowing that Directed is relying upon information provided as true and correct. It is further understood that the information as supplied is confidential and shall be regarded as such, continuing to include further information, if submitted, in which the status has changed. The customer listed below agrees to inform Directed of any material change in their financial status.

*Entries marked with an asterisk are optional information fields. All other fields are required for proper processing.

CUSTOMER NAME:		
*E-MAIL ADDRESS:		
BILLING ADDRESS:		
CITY:	STATE:	ZIP:
PHONE:		
FAX:		
SHIPPING ADDRESS:		
CITY:	STATE:	ZIP:
BUSINESS DESCRIPTION:		YEARS TRADING:
YEARS AT LOCATION ESTABLISHED:		
ANTICIPATED PURCHASE/MONTH:\$		
PRODUCT LINES CARRIED:		
NUMBER OF EMPLOYEES:		
BUSINESS STRUCTURE		
<input type="checkbox"/> Corporation Privately Held <input type="checkbox"/> Corporation Publicly Held <input type="checkbox"/> Partnership		
<input type="checkbox"/> Sole Proprietorship		
LICENSING INFORMATION		
FEDERAL TAX NO:		
RESALE NUMBER:		
BANK REFERENCE (BANK ACCOUNT NUMBERS MUST BE PROVIDED)		
BANK NAME:		
ACCOUNT NO:	ACCOUNT NO:	
ACCOUNT NO:		
CONTACT:		
ADDRESS:		
FAX:		
PHONE:		

3 TRADE REFERENCES		
1.) <u>NAME:</u>		
ACCOUNT NUMBER:	AVG. MO. TRADING:	
FAX:		
PHONE:		
ADDRESS:		
CITY:	STATE:	ZIP:
2.) <u>NAME:</u>		
ACCOUNT NUMBER:	AVG. MO. TRADING:	
FAX:		
PHONE:		
ADDRESS:		
CITY:	STATE:	ZIP:
3.) <u>NAME:</u>		
ACCOUNT NUMBER:	AVG. MO. TRADING:	
FAX:		
PHONE:		
ADDRESS:		
CITY:	STATE:	ZIP:
COMPANY PRINCIPALS RESPONSIBLE FOR BUSINESS TRANSACTION		
1.) <u>NAME:</u>		
POSITION:	SOCIAL SECURITY NUMBER:	
HOME ADDRESS:		
% OF OWNERSHIP IN COMPANY:		
2.) <u>NAME:</u>		
SOCIAL SECURITY NUMBER:		
POSITION:		
HOME ADDRESS:		
% OF OWNERSHIP IN COMPANY:		

Confirmation of Information Accuracy and Release of Authority to Verify

The undersigned, for the procuring and establishment of an account from time to time with Directed, and to induce Directed to permit the above named customer to be indebted to Directed for purchase of goods, materials or services, furnishes the above business and personal information. The undersigned, jointly and individually, certify that all information on this Customer Data Information sheet is complete, factual and correct, and understands that Directed will rely on the accuracy of this information for any credit that may be extended. Directed is hereby expressly authorized to contact any parties listed herein to verify any information contained on this form. The undersigned hereby waives any privacy of credit information rights or regulations. If any representations made on this form prove to be untrue, the undersigned additionally and jointly agrees to assume personal liability for all obligations of said Customer to Directed. Buyer may not transfer or assign the account relationship without written consent of Directed.

_____	_____
NAME (Printed)	SIGNATURE
_____	_____
TITLE (Must be proprietor, partner or corporate officer)	DATE

AO 120 (3/85)

TO: Commissioner of Patents and Trademarks Washington, D.C. 20231	REPORT ON THE FILING OR DETERMINATION OF AN ACTION REGARDING A PATENT
--	--

In compliance with the Act of July 19, 1952 (66 Stat. 814; 35 U.S.C. 290) you are hereby advised
 that a court action has been filed on the following patent(s) in the U.S. District Court:

DOCKET NO.	DATE FILED	U.S. DISTRICT COURT
04CV837WQH(WMC)	4/22/04	United States District Court, Southern District of California
PLAINTIFF Directed Electronics		DEFENDANT Kris June
PATENT NO.	DATE OF PATENT	PATENTEE
1 See complaint	See complaint	See complaint
2		
3		
4		
5		

In the above-entitled case, the following patent(s) have been included:

DATE INCLUDED	INCLUDED BY
	<input type="checkbox"/> Amendment <input type="checkbox"/> Answer <input type="checkbox"/> Cross Bill <input type="checkbox"/> Other Pleading
PATENT NO.	DATE OF PATENT
1	
2	
3	
4	
5	

In the above-entitled case, the following decision has been rendered or judgment issued:

DECISION/JUDGMENT		
CLERK	(BY) DEPUTY CLERK	DATE

Copy 1 - Upon initiation of action, mail this copy to Commissioner Copy 3 - Upon termination of action, mail this copy to Commissioner
 Copy 2 - Upon filing document adding patent(s), mail this copy to Commissioner Copy 4 - Case file copy

JS44

(Rev. 07/89)

CIVIL COVER SHEET

The JS-44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings on other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of indexing the civil docket sheet. (SEE INSTRUCTIONS ON THE SECOND PAGE OF THIS FORM.)

FILED
APR 22 2004
CLERK, U.S. DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

ORIGINAL

I (a) PLAINTIFFS

Directed Electronics, Inc.

DEFENDANTS

Kris June dba The Neon Source and Remote Start Depot

(b) COUNTY OF RESIDENCE OF FIRST LISTED PLAINTIFF **San Diego**
 (EXCEPT IN U.S. PLAINTIFF CASES)

COUNTY OF RESIDENCE OF FIRST LISTED DEFENDANT (IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED

(c) ATTORNEYS (FIRM NAME, ADDRESS, AND TELEPHONE NUMBER)

Kristen E. Caverly
 Henderson & Caverly LLP
 P.O. Box 9144
 Rancho Santa Fe, CA 92067

ATTORNEYS (IF KNOWN)

'04 CV 00837 WQH (WMC)

II. BASIS OF JURISDICTION (PLACE AN X IN ONE BOX ONLY)

- 1 U.S. Government Plaintiff
- 3 Federal Question (U.S. Government Not a Party)
- 2 U.S. Government Defendant
- 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (PLACE AN X IN ONE BOX FOR PLAINTIFF AND ONE BOX FOR DEFENDANT)

	PT	DEF		PT	DEF
Citizen of This State	<input type="checkbox"/> 1	<input type="checkbox"/> 1	Incorporated or Principal Place of Business in This State	<input type="checkbox"/> 4	<input type="checkbox"/> 4
Citizen of Another State	<input type="checkbox"/> 2	<input type="checkbox"/> 2	Incorporated and Principal Place of Business in Another State	<input type="checkbox"/> 5	<input type="checkbox"/> 5
Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6

IV. CAUSE OF ACTION (CITE THE US CIVIL STATUTE UNDER WHICH YOU ARE FILING AND WRITE A BRIEF STATEMENT OF CAUSE. DO NOT CITE JURISDICTIONAL STATUTES UNLESS DIVERSITY).

Patent Infringement (35 U.S.C. Section 271); Trademark Infringement (15 U.S.C. Section 1114)

V. NATURE OF SUIT (PLACE AN X IN ONE BOX ONLY)

CONTRACT	TORTS	FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES
<input type="checkbox"/> 110 Insurance	<input type="checkbox"/> 310 Airplane	<input type="checkbox"/> 610 Agriculture	<input type="checkbox"/> 422 Appeal 28 USC 158	<input type="checkbox"/> 400 State Reappointment
<input type="checkbox"/> 120 Marine	<input type="checkbox"/> 315 Airplane Product Liability	<input type="checkbox"/> 620 Other Food & Drug	<input type="checkbox"/> 423 Withdrawal 28 USC 157	<input type="checkbox"/> 410 Antitrust
<input type="checkbox"/> 130 Miller Act	<input type="checkbox"/> 320 Assault, Libel & Slander	<input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881	PROPERTY RIGHTS	<input type="checkbox"/> 430 Banks and Banking
<input type="checkbox"/> 140 Negotiable Instrument	<input type="checkbox"/> 330 Federal Employers' Liability	<input type="checkbox"/> 630 Liquor Laws	<input type="checkbox"/> 820 Copyrights	<input type="checkbox"/> 450 Commerce/ICC Rates/etc.
<input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment	<input type="checkbox"/> 340 Marine	<input type="checkbox"/> 640 RR & Truck	<input checked="" type="checkbox"/> 830 Patent	<input type="checkbox"/> 460 Deportation
<input type="checkbox"/> 151 Medicare Act	<input type="checkbox"/> 345 Marine Product Liability	<input type="checkbox"/> 650 Airline Regs	SOCIAL SECURITY	<input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations
<input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excl. Veterans)	<input type="checkbox"/> 350 Motor Vehicle	<input type="checkbox"/> 660 Occupational Safety/Health	<input type="checkbox"/> 861 HIA (13958)	<input type="checkbox"/> 810 Selective Service
<input type="checkbox"/> 153 Recovery of Overpayment of Veterans Benefits	<input type="checkbox"/> 355 Motor Vehicle Product Liability	<input type="checkbox"/> 690 Other	<input type="checkbox"/> 862 Black Lung (923)	<input type="checkbox"/> 850 Securities/Commodities Exchange
<input type="checkbox"/> 160 Stockholders Suits	<input type="checkbox"/> 360 Other Personal Injury	LABOR	<input type="checkbox"/> 863 DIWC/DIWW (405(g))	<input type="checkbox"/> 875 Customer Challenge 12 USC
<input type="checkbox"/> 190 Other Contract	<input type="checkbox"/> 365 Personal Injury - Product Liability	<input type="checkbox"/> 710 Fair Labor Standards Act	<input type="checkbox"/> 864 SSID Title XVI	<input type="checkbox"/> 891 Agricultural Acts
<input type="checkbox"/> 195 Contract Product Liability	<input type="checkbox"/> 368 Asbestos Personal Injury Product Liability	<input type="checkbox"/> 720 Labor/Mgmt. Relations	<input type="checkbox"/> 865 RSI (405(g))	<input type="checkbox"/> 892 Economic Stabilization Act
REAL PROPERTY	CIVIL RIGHTS	<input type="checkbox"/> 730 Labor/Mgmt. Reporting & Disclosure Act	FEDERAL TAX SUITS	<input type="checkbox"/> 893 Environmental Matters
<input type="checkbox"/> 210 Land Condemnation	<input type="checkbox"/> 441 Voting	<input type="checkbox"/> 740 Railway Labor Act	<input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant)	<input type="checkbox"/> 894 Energy Allocation Act
<input type="checkbox"/> 220 Foreclosure	<input type="checkbox"/> 442 Employment	<input type="checkbox"/> 790 Other Labor Litigation	<input type="checkbox"/> 871 IRS - Third Party 26 USC 7609	<input type="checkbox"/> 895 Freedom of Information Act
<input type="checkbox"/> 230 Rent Lease & Ejectment	<input type="checkbox"/> 443 Housing/Accommodations	<input type="checkbox"/> 791 Empl. Ret. Inc. Security Act		<input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice
<input type="checkbox"/> 240 Tort to Land	<input type="checkbox"/> 444 Welfare			<input type="checkbox"/> 950 Constitutionality of State
<input type="checkbox"/> 245 Tort Product Liability	<input type="checkbox"/> 440 Other Civil Rights			<input type="checkbox"/> 890 Other Statutory Actions
<input type="checkbox"/> 290 All Other Real Property	PRISONER PETITIONS			
	<input type="checkbox"/> 510 Motions to Vacate Sentence Habeas Corpus			
	<input type="checkbox"/> 530 General			
	<input type="checkbox"/> 535 Death Penalty			
	<input type="checkbox"/> 540 Mandamus & Other			
	<input type="checkbox"/> 550 Civil Rights			
	<input type="checkbox"/> 555 Prisoner Conditions			

VI. ORIGIN (PLACE AN X IN ONE BOX ONLY)

- 1 Original Proceeding
- 2 Removal from State Court
- 3 Remanded from Appellate Court
- 4 Reinstated or Reopened
- 5 Transferred from another district (specify)
- 6 Multidistrict Litigation
- 7 Appeal to District Judge from Magistrate Judgment

VII. REQUESTED IN COMPLAINT:

CHECK IF THIS IS A CLASS ACTION UNDER f.r.c.p. 23

DEMAND \$

more than \$100,000

Check YES only if demanded in complaint:

JURY DEMAND: YES NO

VIII. RELATED CASE(S) IF ANY (See Instructions):

See Notice of Related Cases

DATE April 21, 2004

SIGNATURE OF ATTORNEY OF RECORD Kristen E. Caverly

#103112 150 - MK

CR