

August 15, 2019

**VIA FEDERAL EXPRESS (Tracking No. 7759 9794 5027)
VIA EMAIL (Lonnie.M@AirProDiag.com)**

Lonnie E. Margol
Chief Executive Officer
AIRPRO DIAGNOSTICS, LLC
11737 Central Parkway
Jacksonville, FL 32224

**Re: Infringement of Ford Intellectual Property Rights
Ford Ref. No. 84179938**

Dear Mr. Margol:

This firm represents Ford Motor Company (“Ford”) in intellectual property enforcement matters and litigation. It has recently come to Ford’s attention that AirPro Diagnostics LLC (“AirPro”) is violating Ford’s intellectual property rights relating to Ford’s diagnostic software. The purpose of this letter is to determine whether AirPro is willing to resolve its violations of Ford’s rights on the terms set forth below or whether litigation is necessary to resolve these issues.

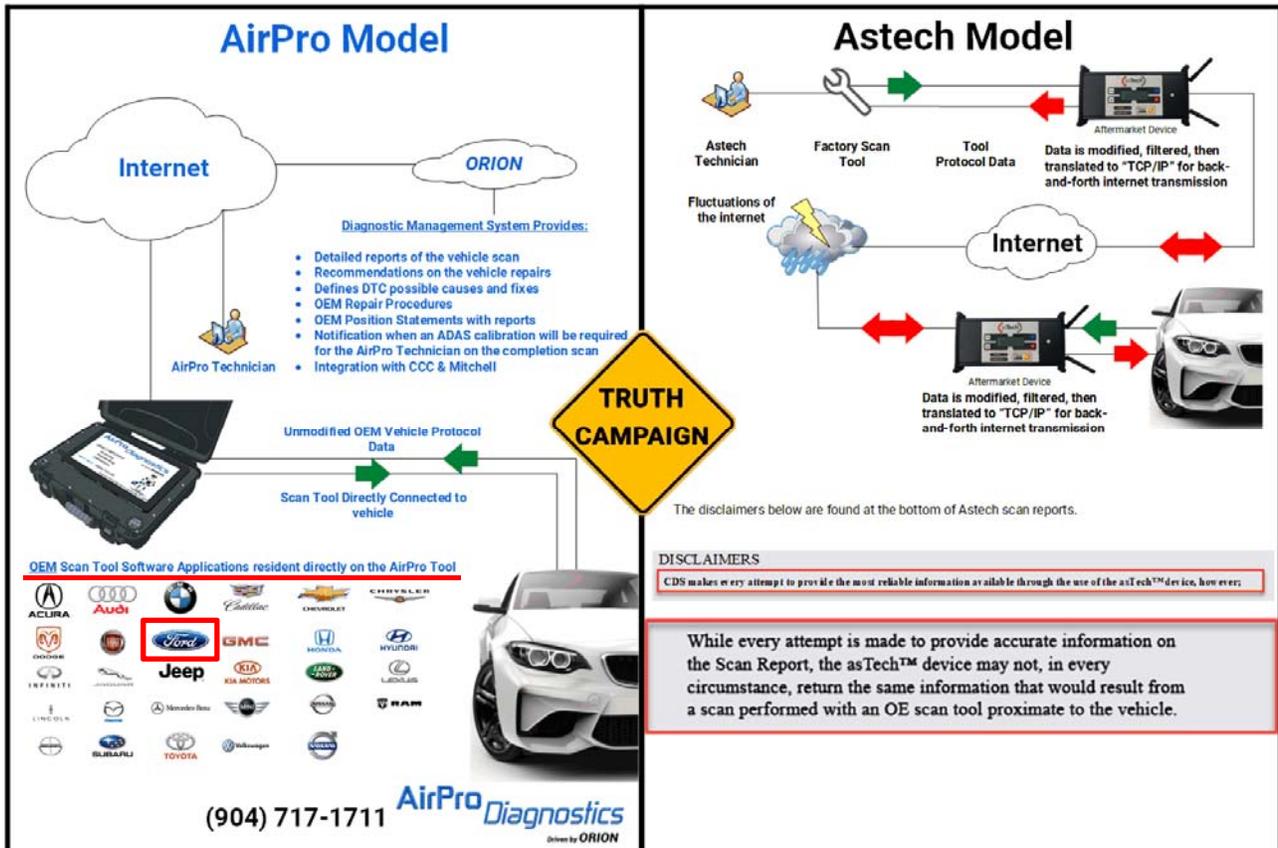
Ford produces software to diagnose and facilitate the repair of Ford vehicles. Such software includes Ford’s Integrated Diagnostic System (“IDS”) software and more recently, Ford’s J2534 Diagnostic Software (“FJDS”) (collectively, the “Ford Software”). The Ford Software is licensed by Ford according to the terms set forth in end user license agreements (“EULA”) that must be accepted as a condition for installation and/or use of the Ford Software. A complete copy of the EULA for Ford’s IDS Software is enclosed for your review. Among other terms, the EULAs applicable to the Ford Software prohibit the reproduction and resale of the Ford Software. Ford also holds copyrights in the Ford Software, and Ford’s copyrights may not be reproduced without Ford’s authorization.

The Ford Software is promoted using Ford’s trademarks, which may not be used by third parties to unfairly compete with Ford. The FORD® and the FORD OVAL® trademarks are assets of inestimable worth to Ford and are routinely recognized among the most famous and most valuable trademarks in the world.

I. AirPro is Violating Ford’s Copyrights and EULAs by Replicating Ford’s Copyrighted Materials on the AirPro Tool.

AirPro has made specific and repeated claims that the Ford Software is “resident” on each AirPro tool. For example, AirPro’s website includes a graphic that is reproduced below and asserts

that “OEM Scan Tool Software Applications [are] resident directly on the AirPro Tool.”¹ This statement is accompanied by an unauthorized reproduction of Ford’s world-famous FORD OVAL® trademark.



AirPro’s replication of the Ford Software on the AirPro tool constitutes a violation of the applicable EULA. AirPro is violating the EULA in at least two specific ways. First, the EULA specifically excludes any “right to assign, sell, lease, loan or otherwise transfer [the] Product in whole or in part to a third party.” Despite this prohibition, AirPro’s above-depicted advertising materials explicitly claim that each AirPro tool includes an unauthorized copy of Ford’s IDS Software and that the copied software is “resident directly on the AirPro tool.”

Second, the EULA limits use of IDS to “internal use on Your premises for the direct repair of a vehicle and for no other purpose.” The “AirPro Model” graphic shown above illustrates an AirPro technician connected through the Internet, and AirPro’s website states:

The AirPro is remotely accessed by Wi-Fi, Ethernet cable or cellular internet access. This method allows our ASE certified diagnostic specialists to remotely log into the tool and take control to select the appropriate software and functionality needed for the vehicle connected.

¹ <https://airprodiagnostics.com/difference-airpro-astech/> (including graphic depicting “AirPro Model”) (emphasis in original).

The remote technician performs the procedures needed for pre- or post-repair scan analysis, diagnostic functions, system calibrations or module programming in conjunction with available OEM and aftermarket service information sources.²

In violation of the EULA, AirPro is using the AirPro tool to perform scans through the Internet and deriving revenue based on the unauthorized reproduction of Ford's software.

With regard to module programming, AirPro's website claims that its product uses "live OEM software loaded onto the AirPro,"³ and displays an invoice for Ford's FJDS Software.⁴ Notably, the "Activation Code Instructions" included on the invoice and reproduced on AirPro's website states:

Licensing activation codes are unique between software platforms and a[n] activation code can only be activated on one PC at any given time. Once the diagnostic software is loaded onto the PC, the user must enter the activation to begin using the software to connect to a vehicle. To activate a license connect[] the PC to the PC to the internet and enter the activation code.

AirPro is willfully violating the terms of the EULA by replicating the Ford Software on the AirPro tool, and by this letter Ford demands that AirPro cease and desist from such violations.

II. AirPro's Scan Reports Include Text Copied Verbatim from Ford's U.S. Copyright Reg. No. TX-8-103-126.

In addition to the above-described violations of the EULA, the detailed procedures for repairs included in Ford's IDS are protected by copyrights belonging to Ford. Ford holds U.S. Copyright Reg. No. TX-8-103-126 (the "Mnemonics Registration"), which includes the text displayed on the user interface for IDS. A copy of the deposit for the Mnemonics Registration is enclosed for your review. The inclusion of content from IDS into reports generated and transmitted by AirPro to its customers violates Ford's copyrights. The "Completion Scan" provided on the "Example Scan Reports" page of AirPro's website, which also displays an unauthorized reproduction of the FORD OVAL® trademark, shows conclusively that AirPro is violating Ford's copyrights. For example, the "AirPro Diagnostics Scan Report" for a 2015 F-150 vehicle posted to AirPro's website⁵ includes text copied verbatim from Ford's Mnemonics Registration, as shown below. We have no doubt that inspection of other "scan reports" would also be copied verbatim from Ford's Mnemonics Registration.

² See <https://airprodiagnostics.com/why-choose-airpro/>.

³ See <https://airprodiagnostics.com/difference-airpro-astech/>.

⁴ See image available at <https://i1.wp.com/airprodiagnostics.com/wp-content/uploads/2019/01/Sampling-of-OEM-Subscriptions.png?ssl=1> (illustrating Ford's Order No. 194944).

⁵ See <http://airprodiagnostics.com/wp-content/uploads/2016/08/AirProScan-L8E8.pdf>

| Copied Text | Ford's Mnemonic | Page in Deposit |
|---|-----------------|-----------------|
| Door Handle Switch Circuit Short to Battery | MRDB_B1444 | 952 |
| Wiper Park Sense Circuit Short to Battery | MRDB_B1449 | 952 |
| Video Encoder Bus Signal Erratic Message Failures | MRDB_B115E\$I | 949 |
| Lost Communication With Door Control Module B | MRDB_U0200\$I | 994 |
| Auxillary 1 Input Circuit Short to Ground | MRDB_B108A\$I | 947 |

AirPro's scan report precisely copies idiosyncrasies present in Ford's Mnemonics registration. Such idiosyncrasies include the spelling of the word "Auxillary" in Mnemonic MRDB_B108A\$I, and capitalization of the first letter of the word "With" in Mnemonic MRDB_U0200\$I. It is well established that copying of such idiosyncrasies constitutes powerful, if not conclusive evidence of copying. *Hayden v. Chalafant Press*, 281 F.2d 543, 548 (9th Cir. 1960) (Duplication of "common errors" is among "the most persuasive proofs of copying, second only to direct evidence of copying"); *Eckes v. Card Prices Update*, 736 F.2d 859, 863 (2d Cir. 1984) ("existence of common errors in two similar works" constitutes "strongest evidence of piracy"); *Kramer Mfg. Co. v. Andrews*, 783 F.2d 421, 446 (4th Cir. 1986) (finding direct evidence of copying where defendants' program, like plaintiff's, included "a hidden legend that would appear only when the [program's] buttons were pressed in an abnormal sequence").

A plaintiff in a copyright action involving a registered copyright may elect to recover actual damages or statutory damages of up to \$150,000.00 per work infringed and to recover attorney fees and costs incurred in litigation. 17 U.S.C. § 504. Ford has pursued claims against other diagnostic tool manufacturers for infringement of Ford's Mnemonics Registration, among other claims, and has obtained substantial recoveries.

III. AirPro's Use of Counterfeits of the World-Famous FORD OVAL® Trademark Infringes and Dilutes Ford's Trademark Rights.

Ford holds numerous registrations that are infringed and diluted by AirPro's use of the FORD® trademark to promote its goods and services, including U.S. Trademark Reg. No. 3,657,596, which specifically pertains to "automobile repair and maintenance services" provided using the FORD OVAL® trademark. In cases of counterfeiting, the Lanham Act provides for statutory damages of up to \$2,000,000 or treble damages, at the election of a trademark owner. See 17 U.S.C. §§ 1117(b)-(c).

AirPro is using Ford's world-famous FORD OVAL® trademark to promote its goods and services and to cause confusion in the market about the source, origin, and sponsorship of the AirPro tool. It is well established that such conduct constitutes trademark infringement and trademark dilution. As the Sixth Circuit has recognized, there "is no logical reason for the precise copying save an attempt to realize upon a secondary meaning that is in existence." *Esercizio v. Roberts*, 944 F.2d 1235, 1239 (6th Cir. 1991). Accordingly, confusion is presumed where the defendant misappropriates the plaintiff's precise trademarks on competing goods.⁶ With regard to trademark dilution, the Supreme Court has

⁶ See, e.g., *Ford Motor Co. v. Lloyd Design*, 22 F. App'x 464, 467 (6th Cir. 2001) ("[L]ikelihood of confusion is presumed when a defendant intentionally copies a trademark design 'with the intent to

stated that use of an identical mark on similar goods establishes dilution as a matter of law. As stated in *Moseley v. V. Secret Catalogue*, this is an “obvious case” of dilution.⁷

IV. AirPro’s Website Establishes an Intent to Profit from AirPro’s Violations of Ford’s Intellectual Property Rights and to Compete Unfairly with Ford and Ford’s Network of Dealers by its Acts of Infringement.

AirPro’s website asserts that its products and services are a substitute for purchasing Ford’s genuine software and hardware, and boasts that AirPro “can save minimally 50% over typical dealer sublet invoice costs.”⁸ In other words, the AirPro tool and AirPro’s related services are specifically intended to allow independent repair facilities to offer the same diagnostic capabilities as Ford’s dealers, but without the costs associated with the legitimate acquisition of the genuine and authorized tools that enable Ford’s dealers to offer these capabilities.⁹ AirPro’s exploitation of Ford’s intellectual property rights makes this case exceptional and subjects AirPro to enhanced damages.

V. Terms for Voluntary Resolution.

Ford is willing to resolve its claims up through the date of this letter on the terms set forth below:

1. AirPro shall provide the following information and represent and warrant that the information is a full, complete, and accurate disclosure:
 - (a) The total number of scans performed on Ford vehicles in the past six (6) years;
 - (b) The total number of unique customers for which scans of Ford vehicles were performed in the past six (6) years;
 - (c) The total revenue derived from the sale of AirPro tools to the customers identified in section 1(b), above; and

derive a benefit from the reputation of another”); *General Motors v. Autovation Techs.*, 317 F. Supp.2d 756, 761 (E.D. Mich. 2004) (presuming confusion based on use of precise replicas of GM marks).

⁷ 123 S.Ct. 1115, 1125 (2003) (“[D]irect evidence of dilution ... will not be necessary if actual dilution can reliably be proved through circumstantial evidence—the obvious case is one where the junior and senior marks are identical.”). See also *Ford Motor Co. v. Heritage Mgmt.*, 911 F. Supp.2d 616, 629-30 (E.D. Tenn. 2012) (same; granting summary judgment).

⁸ <https://airprodiagnostics.com/difference-airpro-astech/>.

⁹ <https://astech.com/news/astech2-remote-vehicle-scanning-and-diagnostics> (“[The asTech remote scanner] is priced currently in the \$2,500 US range making it affordable to any progressive repair shop and allows that independent shop to remotely connect with OEM scan equipment, which is definitely not affordable for that independent shop.”)

- (d) The total revenue derived from scans performed of Ford vehicles in the past six (6) years.
2. AirPro shall immediately and permanently cease and desist from all violations of the EULA associated with IDS and all unauthorized uses of all information obtained by such violations.
 3. AirPro shall immediately and permanently cease and desist from all unauthorized uses of all copyrights owned by Ford, including dissemination of any information copied from Ford's Software into reports provided by AirPro to its customers.
 4. AirPro shall pay to Ford damages in the amount of twenty five percent (25%) of the sum of the amounts set forth in response to items 1(c) and 1(d), above;
 5. AirPro shall agree to liquidated damages of \$5,000,000, entry of a permanent injunction, and payment of any costs or fees incurred by Ford in the event of any violation of the terms set forth herein; and
 6. AirPro shall agree that the foregoing terms are binding and that it shall execute a more formal and complete agreement memorializing the foregoing terms.

In the event that AirPro fails or refuses to comply with the foregoing terms by **July 31, 2019**, we will recommend that Ford file litigation against AirPro and seek all available damages and remedies. If litigation is necessary to resolve this matter, Ford will seek to compel production of all of the information requested above in discovery.

This letter is without prejudice to all rights of Ford, including past or future damages, attorneys' fees, and to bring enforcement actions for all past or future infringement. Should you have any questions concerning Ford's position in this matter, please do not hesitate to contact me.

Sincerely,



Jared L. Cherry

cc: Jonathan Brigman (jonathan.b@AirProDiag.com)
Chuck Olsen (Chuck.O@AirProDiag.com)

Enclosures:

End-User License Agreement for IDS version 114.01.
Mnemonics Copyright Deposit

End-User License Agreement for Ford Integrated Diagnostic Software

IMPORTANT-READ CAREFULLY:

This End-User License Agreement (hereinafter called "EULA") is a legal agreement between YOU (either an individual or an entity) and Ford Motor Company and its subsidiaries (hereinafter called "FORD") for the Ford Motor Company Integrated Diagnostic Software product, which includes computer software and may include associated media, printed materials, and "online" or electronic documentation (collectively hereinafter called "Product"). An amendment or addendum to this EULA may accompany the Product.

YOU AGREE TO BE BOUND BY THE TERMS OF THIS EULA BY INSTALLING, COPYING, OR OTHERWISE USING THE PRODUCT. IF YOU DO NOT AGREE, DO NOT INSTALL OR USE THE PRODUCT.

1. GRANT OF LICENSE.

FORD grants YOU, the following rights provided that YOU comply with all terms and conditions of this EULA:

a. Installation and Use.

YOU may install and use this Product only for Your internal use on Your premises for the direct repair of a vehicle and for no other purpose. The Product and related documentation may be copied by YOU in written or machine readable form in whole or in part solely for Your internal business use and for legitimate backup or archive purposes. All copies of the Product made by YOU will include any trademarks and copyright, confidential and proprietary notices that were on the downloaded copies of Product and associated documentation. To ensure access to current functionality YOU may be required to upgrade to new software versions as they are released. YOU may not install or use the Product on a virtual machine or any software system for emulating a hardware system.

b. Storage/Network Use.

YOU may also store or install a copy of the Product on a storage device, such as a network server, used only to install or run the Product on Your other computers over an internal network.

c. Performance or Benchmark Testing.

YOU may not disclose the results of any benchmark test using the Product to any third party without FORD's prior written approval.

d. Reservation of Rights.

FORD reserves all rights not expressly granted to YOU in this EULA.

2. ADDITIONAL SOFTWARE.

This EULA applies to updates or supplements to the original Product provided by FORD, unless we provide other terms along with the update or supplement.

3. LIMITATION ON REVERSE ENGINEERING, DECOMPILATION, AND DISASSEMBLY.

YOU may not reverse engineer, decompile, attempt to derive the source code of, modify, disassemble, or create derivative works using the Product or any update or part thereof, except and only to the extent that it is expressly permitted by applicable law notwithstanding this limitation. Disassembly includes, but is not limited to data mining and use of robots or other automated data gathering and extraction techniques and methods.

4. TERMINATION AND TERM.

This agreement shall remain valid for the term identified at the time of purchase "Term".

YOU shall Reconfirm this License on a periodic basis as directed by FORD. Failure to Reconfirm shall result in immediate termination of this License without notice from FORD. Reconfirmation after such termination shall revive the License for the

remaining period of the Term. However, in no event shall Reconfirmation extend the term of this License beyond that identified at the time of purchase.

The Ford Integrated Diagnostic Software is intended for use with only genuine Ford Vehicle Communication Module hardware. Use of the Ford Integrated Diagnostic Software with counterfeit Vehicle Communication Module hardware constitutes a breach of this EULA and may result in termination of this License.

YOU may terminate the License granted above at any time by providing written notice to FORD, at the address given above or as later directed by FORD, and complying with all other requirements of this Agreement.

FORD may terminate the License for Your breach of the terms and conditions of this Agreement upon giving notice to YOU at Your last noticed address, at least thirty (30) days prior to an effective date of termination and in a writing that specifies the nature of such breach. If YOU cure such breach prior to the effective date of termination, the License shall not terminate and will continue in full force and effect.

Immediately upon termination or expiration of the License, YOU shall remove all copies of the Product from Your computer equipment and, within thirty (30) days of such termination or expiration, return to FORD all copies of Confidential Information, including such software program(s) and associated documentation and data. The Licensee agrees to pay the Licensor a License Fee, as determined by the Licensor from time to time. For a period of two years after termination or expiration of the License, FORD or its designee may perform an audit of Your computer equipment to verify that YOU have removed the Product as required.

5. CONSENT TO USE OF DATA.

YOU agree that FORD may collect and use technical information provided as a part of support services related to the Product. FORD may combine this information with repair data collected elsewhere.

6. WARRANTY DISCLAIMER AND OTHER DISCLAIMERS.

(a) FORD provides the Product AS IS AND WITH ALL FAULTS. FORD MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED. BY WAY OF EXAMPLE BUT NOT OF LIMITATION, FORD MAKES NO REPRESENTATIONS OR WARRANTIES OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE. FORD SHALL IN NO EVENT BE LIABLE TO YOU, YOUR SUCCESSORS, OR A THIRD PARTY FOR ANY DAMAGES, WHETHER DIRECT OR INDIRECT, SPECIAL OR GENERAL, CONSEQUENTIAL OR INCIDENTAL, ARISING FROM ANY LOSS CLAIMED AS A RESULT OF THE USE OF THE PRODUCT AND RELATED DOCUMENTATION.

(b) FORD MAKES NO WARRANTY OR REPRESENTATION THAT THE PRODUCT CAN BE USED FOR ANY PARTICULAR FUNCTION OR THAT YOU HAVE THE ABILITY TO USE IT, AND FORD ASSUMES NO RESPONSIBILITY FOR THE SAFETY, QUALITY, DESIGN, SPECIFICATIONS, COMPLETENESS OR OTHER CHARACTERISTICS OF THE PERFORMANCE, OUTPUT OR END PRODUCT RESULTING FROM THE USE OF THE PRODUCT. YOUR USE OF THE PRODUCT WILL NOT DIMINISH YOUR OBLIGATIONS OR MITIGATE ANY FAILURES TO PERFORM SPECIFIC SERVICES UNDER ANY PURCHASE ORDER CONTRACTS ISSUED TO YOU BY FORD.

(c) NOTHING CONTAINED HEREIN SHALL BE CONSTRUED AS CONFERRING BY IMPLICATION, ESTOPPEL OR OTHERWISE THE INDEMNIFICATION OF YOU BY FORD AGAINST ANY CLAIM OF PATENT INFRINGEMENT, OR INFRINGEMENT OF ANY INTELLECTUAL PROPERTY RIGHTS, WHETHER OR NOT THE EXERCISE OF ANY RIGHT GRANTED HEREIN NECESSARILY EMPLOYS OR REQUIRES THE PRACTICE OF ANY EXISTING OR SUBSEQUENTLY ISSUED PATENT OR OTHER INTELLECTUAL PROPERTY RIGHT. THERE IS NO WARRANTY OR CONDITION OF TITLE, QUIET ENJOYMENT, QUIET POSSESSION, CORRESPONDENCE TO DESCRIPTION OR NON-INFRINGEMENT WITH REGARD TO THE PRODUCT.

7. LIMITATION OF LIABILITY AND REMEDIES.

Notwithstanding any damages that YOU might incur for any reason whatsoever (including, without limitation, all damages referenced above and all direct or general damages), the entire liability of FORD and any of its agents under any provision of this EULA and Your exclusive remedy for all of the foregoing shall be limited to the greater of the amount actually paid by YOU for the Product or U.S.\$5.00. The foregoing limitations, exclusions and disclaimers

(including Section 6 above) shall apply to the maximum extent permitted by applicable law, even if any remedy fails its essential purpose.

8. COPYRIGHT.

The Product is protected by copyright and other intellectual property laws and treaties. FORD or its suppliers own the title, copyright, and other intellectual property rights in the Product. The Product is licensed, not sold.

9. ASSIGNMENT.

Neither this Agreement nor any rights granted hereunder, in whole or in part shall be assignable or otherwise transferable by YOU. Nothing in this Agreement grants to YOU the right to assign, sell, lease, loan or otherwise transfer Product in whole or in part to a third party.

10. EXPORT.

YOU shall act, during the term of this Agreement and thereafter, in full compliance with all Export Control Laws in regard to any Technical or Direct Product related to this Agreement, and that it shall comply with any and all restrictions or conditions imposed by the terms of any US general or validated export license, authorization to re-export, or any other similar grant of authority then in effect, upon Your use or disposition of a Technical or Direct Product, and further warrants and represent to FORD that any and all representations, undertakings, statements, or certifications made to FORD in this regard are and will remain true and correct, and that YOU will immediately provide written notice to FORD upon its discovery to the contrary.

11. ENTIRE AGREEMENT.

This EULA, including any addendum or amendment to this EULA which is included with the Product, are the entire agreement between YOU and FORD relating to the Product and the support services (if any), and they supersede all prior or contemporaneous oral or written communications, proposals and representations with respect to the Product or any other subject matter covered by this EULA. To the extent the terms of any FORD policies or programs for support services conflict with the terms of this EULA, the terms of this EULA shall control. This EULA supersedes any prior EULA between YOU and FORD. New terms in this EULA may be made retroactive at the discretion of FORD.

12. THIRD PARTY SOFTWARE

FORD makes no grant of license rights to any software, source code, applications owned or licensed by a third party or any open source software (hereinafter Third Party Software) . When additional licenses or license terms exist or are required for any Third Party Software incorporated in or delivered with Software, the terms of that third party license will supersede any conflicting or different terms in this Agreement as it relates to the Third Party Software.

13. GOVERNING LAW

This EULA is governed by the laws of the state of Michigan, without regard to choice of law rules. This EULA will not be governed by the United Nations Convention on Contracts for the International Sale of Goods, the application of which is expressly excluded.