

**EXHIBIT F**

1 Renee L. Coppock  
2 Crowley Haughey Hanson Toole & Dietrich PLLP  
3 500 Transwestern Plaza II  
4 490 North 31<sup>st</sup> Street  
5 Billings, MT 59103-2529  
6 Telephone (406) 252-3441

7 Scott T. Wilsdon (*pro hac vice*)  
8 Jessica A. Eaves (*pro hac vice*)  
9 Yarmuth Wilsdon Calfo PLLC  
10 3080 Washington Mutual Tower  
11 1201 Third Avenue  
12 Seattle, WA 98101-3000  
13 Telephone (206) 516-3800

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14 UNITED STATES DISTRICT COURT  
15 FOR THE DISTRICT OF MONTANA  
16 BUTTE DIVISION

17 DIRECTV, INC., a California corporation;  
18 NEWS DATACOM LIMITED, a company  
19 incorporated in England; NDS AMERICAS,  
20 INC., a Delaware corporation; and NDS  
LIMITED, a company incorporated in England,

Plaintiffs,

v.

HERB HUDDLESTON, d/b/a WEST INDIAN  
TECHNOLOGIES, LTD. and CYPHER SCENE  
ELECTRONICS; JAN SAGGIORI; PLAMEN  
TODOROV DONEV; VESSELIN IVANOV  
NEDELICHEV; DAVID MURRAY  
TRUTHWAITE, a/k/a "DEE"; RON EREISER,  
a/k/a "RON SILVER"; and JOHN DOES 1-15,

Defendants.

No. CV-00-10-BU-RFC

COMPLAINT FOR COMPENSATORY,  
STATUTORY AND OTHER DAMAGES,  
AND FOR INJUNCTIVE RELIEF

Plaintiffs DIRECTV, Inc., News Datacom Limited, NDS Americas, Inc. and NDS Limited,  
through their attorneys, allege as follows:

INTRODUCTION

1. Plaintiffs bring this action against defendants Herb Huddleston, Jan Saggiori, Plamen  
Todorov Donev, Vesselin Ivanov Nedelchev, David Truthwaite, Ron Ereiser and John Does 1-15

COMPLAINT FOR COMPENSATORY, STATUTORY  
AND OTHER DAMAGES, AND FOR INJUNCTIVE  
RELIEF - Page 1

1 for engaging in an international conspiracy for the unlawful purpose of reverse engineering the  
2 Access Card (Second Generation or "Period Two") that controls security and authorization  
3 functions for DIRECTV's satellite television system. Defendants conspired to and did engage in the  
4 acts and practices alleged herein for the purpose and intention of designing, developing,  
5 manufacturing, assembling, exporting (to the United States), distributing and selling Pirate Access  
6 Cards intended to facilitate the illegal and unauthorized reception and decryption of DIRECTV's  
7 subscription and pay-per-view television programming.

8 2. Plaintiff DIRECTV, Inc. is the nation's leading direct broadcast satellite system,  
9 delivering approximately 210 channels of digital entertainment and informational programming to  
10 approximately 7.8 million homes and businesses equipped with specialized digital satellite system  
11 equipment. DIRECTV encrypts — electronically scrambles — its satellite transmissions to provide  
12 security for and prevent unauthorized viewing of its television programming.

13 3. Plaintiffs News Datacom Limited, NDS Americas, Inc. and NDS Limited ("NDS")  
14 developed the technology and equipment used by DIRECTV to encrypt its transmissions, including  
15 Access Cards, which, upon activation by DIRECTV, permit subscribers to view DIRECTV's  
16 television programming in a decrypted — descrambled — format. The Access Card is serialized  
17 with a unique electronic identifying number and is provided to subscribers as a component of the  
18 digital satellite equipment. It is identical in size and shape to a credit card; however, each Access  
19 Card has an embedded microprocessor that controls the decryption process and other functions.

20 4. Defendants Herb Huddleston, Jan Saggiori, Plamen Todorov Donev, Vesselin Ivanov  
21 Nedelchev, David Truthwaite, Ron Ereiser and John Does 1-15 have engaged in an international  
22 conspiracy for the unlawful purposes of reverse engineering plaintiffs' Second Generation Access  
23 Card, and designing, developing, manufacturing, assembling, exporting (to the United States),  
24 distributing and selling Pirate Access Cards, which are intended by defendants to permit viewing of  
25 DIRECTV's satellite television programming without authorization by or payment to DIRECTV.

26 5. Defendants' actions violate the Federal Communications Act of 1934, as amended,

1 47 U.S.C. § 605; the Digital Millennium Copyright Act, 17 U.S.C. §§ 1201-1205; the Electronic  
2 Communications Privacy Act ("Federal Wiretap Laws"), 18 U.S.C. §§ 2510-2521; the Montana  
3 Uniform Trade Secrets Act, MCA 30-14-401 - 409; and state law. Plaintiffs DIRECTV and NDS  
4 bring this action to restrain these illegal activities against them.

5 **PARTIES**

6 6. Plaintiff DIRECTV, Inc. is a corporation duly incorporated under the laws of the  
7 state of California.

8 7. Plaintiff News Datacom Limited is a company incorporated under the laws of  
9 England.

10 8. Plaintiff NDS Americas, Inc. is a corporation duly incorporated under the laws of the  
11 state of Delaware.

12 9. Plaintiff NDS Limited is a company incorporated under the laws of England.

13 10. Defendant Herb Huddleston is a United States citizen currently residing on Grand  
14 Cayman Island. Huddleston, doing business as "West Indian Technologies, Ltd." and "Cypher  
15 Scene Electronics," was a major figure in the conspiracy to hack the First Generation ("Period  
16 One") Access Card for the DIRECTV satellite system. Multiple witnesses testified under oath in  
17 *DIRECTV, Inc., et al. v. Norman Dick, et al.*, C96-993D (United States District Court, Western  
18 District of Washington), that Huddleston and his Cayman companies (West Indian Technologies and  
19 Cypher Scene Electronics) were actively involved in (1) sending Pirate Access Cards to the United  
20 States, (2) procuring microprocessors, crystal timers, lithium batteries, anti-static bags and other  
21 components used to manufacture Pirate Access Cards, (3) recruiting individuals with technical  
22 expertise to assist in the design and development of Pirate Access Cards, and (4) creating phony  
23 DIRECTV subscription accounts in the United States for purposes of cloning the legitimate Access  
24 Cards registered to those accounts.

25 11. Defendant Jan Saggiori, upon information and belief, is a citizen of Switzerland  
26 currently residing in Geneva, Switzerland.

12. Defendant Plamen Todorov Donev is a citizen of Bulgaria. Upon information and belief, Donev was a former member of the Bulgarian military, with expertise in code decryption.

13. Defendant Vesselin Ivanov Nedelchev is a citizen of Bulgaria. Upon information and belief, Nedelchev was a former member of the Bulgarian military, with expertise in code decryption.

14. Defendant David Murray Truthwaite (also known as "Dee") is a citizen of Canada currently residing in Winnipeg, Manitoba.

15. Defendant Ron Ereiser (also known as "Ron Silver") is a citizen of Canada currently residing in Kerrobert, Saskatchewan. On June 17, 1997, Ereiser was indicted by a Federal Grand Jury in Great Falls, Montana on four counts of (1) conspiracy to commit satellite signal piracy, (2) manufacture of unauthorized satellite signal decryption devices, (3) interstate transportation of satellite signal decryption devices, and (4) assisting another to unlawfully intercept a satellite signal. See *United States v. Paul Edward Rippeon, et al.*, CR 97-64-BLG-JDS (United States District Court, District of Montana). On July 31, 1998, plaintiffs obtained a civil judgment against Ereiser and others in the amount of \$14,760,000 for hacking the First Generation ("Period One") Access Card for the DIRECTV satellite system. See *DIRECTV, Inc., et al. v. Norman Dick, et al.*, C96-993D (United States District Court, Western District of Washington).

16. Defendants John Does 1-15 are individuals and entities whose names are currently unknown to plaintiffs and who have acted in concert with defendants and participated in the acts and practices alleged herein.

## **JURISDICTION AND VENUE**

17. This action arises under the Communications Act of 1934, as amended, 47 U.S.C. § 605; the Digital Millennium Copyright Act, 17 U.S.C. §§ 1201-1205; the Electronic Communications Privacy Act ("Federal Wiretap Laws"), 18 U.S.C. §§ 2510-2521; the Montana Uniform Trade Secrets Act, MCA 30-14-401 - 409; and state law.

18. This Court has original jurisdiction pursuant to 28 U.S.C. §§ 1331 and 1338(a),

1 47 U.S.C. § 605(e)(3)(A), 17 U.S.C. § 1203(b) and 18 U.S.C. § 2520(a), and has supplemental  
2 jurisdiction pursuant to 28 U.S.C. § 1367(a) over the state law claims asserted herein.

3 Additionally, this Court has original jurisdiction pursuant to 28 U.S.C. § 1332 because there is  
4 diversity of citizenship between the parties and the matter in controversy exceeds the sum of  
5 \$75,000, exclusive of interest and costs.

6 19. Personal jurisdiction and venue are proper in this District pursuant to 28 U.S.C.  
7 § 1391(b) and (d), and Federal Rule of Civil Procedure 4(k)(1) and (2).

### 8 FACTUAL BACKGROUND

9 20. Plaintiff DIRECTV has invested more than \$750 million to develop the United States'  
10 first high-power, direct broadcast satellite system. DIRECTV delivers approximately 210 channels  
11 of superior quality digital entertainment and informational programming to homes and businesses in  
12 the United States equipped with digital satellite system hardware — an 18 inch satellite dish, an  
13 integrated receiver/decoder ("IRD") and an Access Card which is necessary to operate the IRD.  
14 DIRECTV's satellite television programming currently includes major cable networks, major studio  
15 movies and special event programming offered on a pay-per-view basis, and a variety of other  
16 sports and special interest programs and packages.

17 21. Plaintiff NDS is a developer and supplier of proprietary encryption and "smart card"  
18 technology. NDS researches, develops, manufactures and sells electronic identification, signature,  
19 encryption and security products, devices and services. In particular, NDS provides subscriber  
20 management systems, technology and products — including Access Cards — that allow the  
21 scrambling and unscrambling of satellite transmissions.

22 22. By agreement between DIRECTV and NDS, NDS supplies Access Cards that have  
23 been programmed and serialized (*i.e.*, assigned unique electronic identifying numbers) by NDS.  
24 The cards are sold to consumers as an integrated component of the IRD. IRDs are manufactured by  
25 Thomson Consumer Electronics (under the RCA, GE and other brand names), Sony Corporation  
26 and other manufacturers authorized by DIRECTV.

1           23.     Persons who have purchased digital satellite system equipment can subscribe to  
2 various packages of DIRECTV programming, for which the subscriber pays a periodic fee, usually  
3 monthly. Additionally, a subscriber can order pay-per-view events and movies either by "impulse,"  
4 using an on-screen menu and a hand-held remote control device, or by calling DIRECTV and  
5 ordering the program over the telephone.

6           24.     DIRECTV does not manufacture or distribute digital satellite system hardware.  
7 DIRECTV sells only programming, which it purchases from program providers such as cable  
8 networks, motion picture distributors, sports leagues, event promoters, and other programming  
9 rights holders. DIRECTV contracts and pays for the right to distribute the programming to its  
10 subscribers, and holds proprietary rights in the programming.

11           25.     All programming distributed by DIRECTV is delivered to DIRECTV's broadcast  
12 centers in Castle Rock, Colorado and Los Angeles, California. At the broadcast centers, DIRECTV  
13 digitizes and compresses the programming. The resulting signal is encrypted — electronically  
14 scrambled — by DIRECTV to prevent unauthorized reception. DIRECTV then transmits the signal  
15 to four satellites located in stationary orbits approximately 22,300 miles above the Earth.

16           26.     The satellites relay the encrypted signal back to Earth, where it can be received by  
17 DIRECTV's subscribers equipped with digital satellite system dishes and IRDs. The 18-inch  
18 satellite receiving dishes can be mounted on a rooftop, windowsill or deck railing at the subscriber's  
19 home or business. The signal is received by the dish and transmitted by wire to the IRD. The IRD  
20 (a box approximately the size of a VCR player) acts like a computer which processes the incoming  
21 signal using the credit card sized Access Card. The Access Card is loaded into the IRD through a  
22 slot in the front or back of the unit.

23           27.     The Access Card is provided to DIRECTV subscribers as an integrated component of  
24 the IRD. After a subscriber installs the dish and IRD at his or her home or business, and purchases  
25 one or more programming packages from DIRECTV, DIRECTV electronically activates the  
26 subscriber's Access Card.

1           28.     The first generation of Access Cards developed for the DIRECTV satellite system  
2     were commonly referred to as the "Period One" Access Cards. In summer 1997, DIRECTV  
3     completed the lengthy and expensive process of converting its subscribers to a second generation of  
4     Access Cards that employed a new microprocessor developed by NDS. These second generation  
5     Access Cards are known as the "Period Two" Access Cards. Following this conversion, it was no  
6     longer possible to receive and decrypt DIRECTV's television programming using the Period One  
7     Access Cards.

8           29.     The conversion of DIRECTV's subscribers to Period Two Access Cards was  
9     intended to render nonfunctional Pirate Access Cards that had been developed to circumvent the  
10    earlier Period One Access Cards.

11          30.     The Access Card acts as a reprogrammable microprocessor and uses "smart card"  
12    technology to (1) control which DIRECTV programming the subscriber receives unscrambled based  
13    on the programming package or other programming specifically purchased by the subscriber, and  
14    (2) capture and transmit to DIRECTV the subscriber's impulse pay-per-view information.

15          31.     The Access Card is a key component in DIRECTV's security and accounting  
16    systems, as more specifically described below:

17           (a)     Security System: To prevent unauthorized signal reception and program  
18    viewing, DIRECTV's transmissions of television programming are encrypted at DIRECTV's  
19    broadcast centers. The Access Card enables the subscriber's IRD to decrypt the signals and permit  
20    program viewing in accordance with the subscriber's authorized subscription package and pay-per-  
21    view purchases.

22           (b)     Accounting System: The Access Card also handles the tracking of DIRECTV  
23    pay-per-view programming. Impulse pay-per-view purchases are recorded on the subscriber's  
24    Access Card and, at periodic intervals, the Access Card transmits this viewing history by initiating a  
25    telephone call (by means of a modem within the IRD) to DIRECTV's Conditional Access  
26    Management Center ("CAMC") in Castle Rock. From the CAMC, the information is forwarded to



1 DIRECTV's billing system.

2 32. Plaintiffs DIRECTV and NDS have significant interests, commercial and otherwise,  
3 in maintaining and securing the integrity of their programming, technology and products, including  
4 the Access Cards, and in prohibiting unauthorized reception and use of their protected  
5 communications.

6 **DEFENDANTS' WRONGFUL CONDUCT**

7 33. Beginning at a time unknown and continuing to the present, defendants Huddleston,  
8 Saggiori, Donev, Nedelchev, Truthwaite, Ereiser and Does 1-15, individually and as members of  
9 the conspiracy described more fully below, have engaged in repeated illegal and improper acts,  
practices and schemes:

11 (a) to assist, aid and abet the illegal and unauthorized reception and decryption of  
12 DIRECTV's satellite transmissions of television programming by persons not authorized to receive  
13 such programming;

14 (b) to defraud plaintiffs of subscription and pay-per-view revenues and other  
15 valuable consideration by designing, developing, manufacturing, assembling, exporting (to the  
16 United States), distributing and selling Pirate Access Cards and other illegal devices intended to  
17 facilitate the reception and decryption of DIRECTV's satellite television programming without  
18 authorization by or payment to DIRECTV;

19 (c) to defraud plaintiffs of revenues and other valuable consideration by  
20 designing, developing, manufacturing, assembling, exporting (to the United States), distributing and  
21 selling Pirate Access Cards and other illegal devices intended to operate in place of legitimate  
22 Access Cards designed, manufactured and sold by NDS;

23 (d) to misappropriate and convert to defendants' use trade secrets and confidential  
24 research, development and commercial information belonging to NDS, and to infringe NDS's  
25 proprietary interests therein, by copying, reproducing, cloning and modifying computer programs  
26 and other information developed by NDS, without authorization by or payment to NDS;

1 (e) to interfere with plaintiffs' contractual and prospective business relations by  
2 distributing and selling Pirate Access Cards and other illegal devices to existing and prospective  
3 DIRECTV subscribers; and

4 (f) to conceal defendants' fraudulent schemes and activities from and to hinder  
5 detection by plaintiffs and law enforcement officials.

6 34. Defendants Huddleston, Saggiori, Donev, Nedelchev, Truthwaite, Ereiser and Does  
7 1-15 have knowingly and willfully combined and conspired with others to defraud plaintiffs  
8 DIRECTV and NDS of rights, properties and revenues belonging to them.

9 35. Defendants Huddleston, Saggiori, Donev, Nedelchev, Truthwaite, Ereiser and Does  
10 1-15, individually and as members of a conspiracy, have committed and engaged in various acts in  
11 furtherance of their fraudulent schemes against plaintiffs DIRECTV and NDS. Upon information  
12 and belief, those acts include, but are not limited, to the following:

13 (a) In or about spring 1997, defendant Herb Huddleston contacted an Associate  
14 Resident Professor in the Physics Department at Montana State University ("MSU") in Bozeman,  
15 Montana, to inquire about the use of the University's Image and Chemical Analysis Laboratory  
16 ("ICAL"). Huddleston specifically inquired about using the facility's Scanning Electron  
17 Microscope ("SEM") to conduct research on an unidentified "video chip." Huddleston explained  
18 that the research was part of a "joint venture" by individuals or businesses in Bulgaria and Canada.

19 (b) The Associate Resident Professor asked Huddleston to provide technical  
20 information about the "video chip," including its physical dimensions. Huddleston complied by  
21 shipping a sample chip to the ICAL facility. Upon information and belief, the "video chip" was a  
22 proprietary microprocessor that had been removed from a Second Generation ("Period Two")  
23 Access Card for the DIRECTV satellite system.

24 (c) On or about July 14, 1997, Huddleston and two Bulgarian citizens, defendants  
25 Plamen Todorov Donev and Vesselin Ivanov Nedelchev, traveled from the Cayman Islands to  
26 Canada, via a third country. Upon information and belief, Donev and Nedelchev were traveling

1 under false immigration papers, and ultimately entered the United States by illegal means.

2 (d) Nedelchev had been recruited previously by defendant Jan Saggiori to conduct  
3 reverse engineering research on plaintiffs' Second Generation Access Card. Defendants knew and  
4 intended that the research would be used to design and develop Pirate Access Cards for the  
5 DIRECTV satellite system. Saggiori was compensated for his role in recruiting Nedelchev, and for  
6 other acts in furtherance of defendants' scheme to defraud plaintiffs.

7 (e) In or about late July 1997, defendants Huddleston, Donev and Nedelchev  
8 arrived at MSU to begin reverse engineering the proprietary microprocessor in plaintiffs' Second  
9 Generation Access Card.

10 (f) Between late July and August 1997, defendants Huddleston, Donev and  
11 Nedelchev made repeated and extensive use of the sophisticated research equipment at the ICAL  
12 facility and the MSU faculty. More specifically, defendants conducted reverse engineering research  
13 on plaintiffs' proprietary microprocessor using a Time-of-Flight Secondary Ion Mass Spectroscopy  
14 ("ToF SIMS"), Scanning Electron Microscope ("SEM") and other research equipment located at  
15 the ICAL facility. Defendants also sought and received substantial technical assistance from the  
16 research staff at the ICAL facility and other members of the MSU faculty.

17 (g) In furtherance of defendants' scheme to reverse engineer plaintiffs' Second  
18 Generation Access Card, on or about August 25, 1997, defendant Huddleston ordered equipment  
19 from a business in Charlotte, North Carolina. The equipment was shipped to Huddleston, using the  
20 address for the ICAL facility.

21 (h) Upon information and belief, defendants Donev and Nedelchev conducted  
22 additional reverse engineering research, and began initial design work leading to the eventual  
23 development of defendants' Pirate Access Cards, at research laboratories and other facilities in  
24 Canada, the Caribbean and Eastern Europe.

25 36. The initial phase of reverse engineering conducted by Huddleston, Donev and  
26 Nedelchev was financed and directed by defendants David Murray Truthwaite and Ron Ereiser.

1 Defendants' research lead to the eventual development of Pirate Access Cards, which were  
2 manufactured, distributed and sold in the United States and elsewhere by defendants Truthwaite,  
3 Ereiser and others.

4 37. By reverse engineering plaintiffs' Second Generation Access Card, and by designing,  
5 developing, manufacturing, assembling, modifying, exporting (to the United States), distributing  
6 and selling Pirate Access Cards, defendants have directly and intentionally facilitated and assisted in  
7 facilitating the unauthorized reception and decryption of DIRECTV's satellite television  
8 programming by persons not authorized to receive it.

9 38. Defendants' wrongful conduct, as herein alleged, has caused and continues to cause  
10 significant and irreparable harm to plaintiffs by depriving plaintiffs of subscription and pay-per-view  
11 revenues and other valuable consideration, compromising plaintiffs' security and accounting  
12 systems, infringing plaintiffs' trade secrets and proprietary information, and interfering with  
13 plaintiffs' contractual and prospective business relations.

#### 14 FIRST CLAIM

#### 15 (FACILITATING THE UNAUTHORIZED RECEPTION OF SATELLITE SIGNALS 16 IN VIOLATION OF THE COMMUNICATIONS ACT, 47 U.S.C. § 605(a))

17 39. Plaintiffs repeat and reallege the allegations in Paragraphs 1 through 38 as if set forth  
18 fully herein.

19 40. By reverse engineering the microprocessor in plaintiffs' Second Generation Access  
20 Card, and by designing, developing, manufacturing, assembling, modifying, exporting (to the  
21 United States), distributing and selling Pirate Access Cards, defendants have assisted the  
22 unauthorized reception and use of DIRECTV's satellite transmissions of television programming by  
23 persons not authorized to receive such transmissions, in violation of 47 U.S.C. § 605(a).

24 41. Defendants' violations have injured and will continue to injure plaintiffs by depriving  
25 plaintiffs of subscription and pay-per-view revenues and other valuable consideration, compromising  
26 plaintiffs' security and accounting systems, infringing plaintiffs' trade secrets and proprietary

1 information, and interfering with plaintiffs' contractual and prospective business relations.

2 42. Defendants have violated Section 605(a) of the Communications Act willfully and for  
3 purposes of direct or indirect commercial advantage or private financial gain.

4 43. Defendants knew or should have known that assisting third persons in the reception  
5 and use of DIRECTV's satellite transmissions of television programming without authorization by  
6 or payment to DIRECTV was and is illegal and prohibited. Such violations have caused and will  
7 continue to cause plaintiffs irreparable harm, and plaintiffs have no adequate remedy at law to  
8 redress any such continued violations. Unless restrained by this Court, defendants will continue to  
9 violate 47 U.S.C. § 605(a).

### SECOND CLAIM

#### (MANUFACTURE AND SALE OF PIRATE ACCESS CARDS

#### IN VIOLATION OF THE COMMUNICATIONS ACT, 47 U.S.C. § 605(e)(4))

11 44. Plaintiffs repeat and reallege the allegations in Paragraphs 1 through 43 as if set forth  
12 fully herein.

13 45. Defendants have engaged in the business of manufacturing, assembling, modifying,  
14 exporting (to the United States), distributing and selling Pirate Access Cards, without authorization,  
15 knowing or having reason to know that such devices are primarily of assistance in the unauthorized  
16 decryption of DIRECTV's satellite transmissions of television programming, or are intended by  
17 defendants to assist other persons in the unauthorized reception and use of DIRECTV's satellite  
18 transmissions of television programming, in violation of 47 U.S.C. § 605(e)(4).  
19

20 46. Defendants' violations have injured and will continue to injure plaintiffs by depriving  
21 plaintiffs of subscription and pay-per-view revenues and other valuable consideration, compromising  
22 plaintiffs' security and accounting systems, infringing plaintiffs' trade secrets and proprietary  
23 information, and interfering with plaintiffs' contractual and prospective business relations.

24 47. Defendants have violated Section 605(e)(4) of the Communications Act willfully and  
25 for purposes of direct or indirect commercial advantage or private financial gain.  
26

1           48. Defendants knew or should have known that manufacturing, assembling, modifying,  
2 exporting (to the United States), distributing and selling Pirate Access Cards and other illegal  
3 devices, which are primarily of assistance in unauthorized reception and decryption of DIRECTV's  
4 satellite television programming, was and is illegal and prohibited. Such violations have caused and  
5 will continue to cause plaintiffs irreparable harm, and plaintiffs have no adequate remedy at law to  
6 redress any such continued violations. Unless restrained by this Court, defendants will continue to  
7 violate 47 U.S.C. § 605(e)(4).

8                                   **THIRD CLAIM**

9                           **(MANUFACTURE OF AND TRAFFIC IN PIRATE ACCESS CARDS**

10                                   **IN VIOLATION OF**

11                                   **THE DIGITAL MILLENNIUM COPYRIGHT ACT, 17 U.S.C. § 1201(a)(2))**

12           49. Plaintiffs repeat and reallege the allegations in Paragraphs 1 through 48 as if set forth  
13 fully herein.

14           50. Defendants were and are actively engaged in the business of manufacturing,  
15 exporting (to the United States), offering to the public, providing and trafficking in Pirate Access  
16 Cards and other signal theft devices, knowing or having reason to know that such devices (a) are  
17 primarily designed or produced for the purpose of circumventing plaintiffs' encryption and  
18 conditional access technological measures, (b) have only limited commercially significant purpose  
19 or use other than to circumvent plaintiffs' encryption and conditional access technological measures,  
20 or (c) are marketed by defendants and persons acting in concert with defendants for use in  
21 circumventing plaintiffs' encryption and conditional access technological measures, in violation of  
22 17 U.S.C. § 1201(a)(2).

23           51. Defendants' violations have injured and will continue to injure plaintiffs  
24 by depriving plaintiffs of subscription and pay-per-view revenues and other valuable consideration,  
25 compromising plaintiffs' security and accounting systems, infringing plaintiffs' trade secrets and  
26 proprietary information, and interfering with plaintiffs' contractual and prospective business

1 relations.

2 52. Defendants have violated Section 1201(a)(2) of the Digital Millennium Copyright Act  
3 willfully and for purposes of commercial advantage or private financial gain.

4 53. Defendants knew or should have known that manufacturing, exporting (to the United  
5 States), offering to the public, providing and trafficking in Pirate Access Cards and other signal  
6 theft devices, was and is illegal and prohibited. Such violations have caused and will continue to  
7 cause plaintiffs irreparable harm, and plaintiffs have no adequate remedy at law to redress any such  
8 continued violations. Unless restrained by this Court, defendants will continue to violate 17 U.S.C.  
9 § 1201(a)(2).

**FOURTH CLAIM**

11 (MANUFACTURE OF AND TRAFFIC IN PIRATE ACCESS CARDS

12 IN VIOLATION OF

13 THE DIGITAL MILLENNIUM COPYRIGHT ACT, 17 U.S.C. § 1201(b)(1))

14 54. Plaintiffs repeat and reallege the allegations in Paragraphs 1 through 53 as if set forth  
15 fully herein.

16 55. Defendants were and are actively engaged in the business of manufacturing,  
17 exporting (to the United States), offering to the public, providing and trafficking in Pirate Access  
18 Cards and other signal theft devices, knowing or having reason to know that such devices (a) are  
19 primarily designed or produced for the purpose of circumventing the protection afforded by  
20 plaintiffs' encryption and conditional access technological measures, (b) have only limited  
21 commercially significant purpose or use other than to circumvent the protection afforded by  
22 plaintiffs' encryption and conditional access technological measures, or (c) are marketed by  
23 defendants and persons acting in concert with defendants for use in circumventing the protection  
24 afforded by plaintiffs' encryption and conditional access technological measures, in violation of 17  
25 U.S.C. § 1201(b)(1).

26 56. Defendants' violations have injured and will continue to injure plaintiffs by depriving

1 plaintiffs of subscription and pay-per-view revenues and other valuable consideration, compromising  
2 plaintiffs' security and accounting systems, infringing plaintiffs' trade secrets and proprietary  
3 information, and interfering with plaintiffs' contractual and prospective business relations.

4 57. Defendants have violated Section 1201(b)(1) of the Digital Millennium Copyright Act  
5 willfully and for purposes of commercial advantage or private financial gain.

6 58. Defendants knew or should have known that manufacturing, exporting (to the United  
7 States), offering to the public, providing and trafficking in Pirate Access Cards and other signal  
8 theft devices, was and is illegal and prohibited. Such violations have caused and will continue to  
9 cause plaintiffs irreparable harm, and plaintiffs have no adequate remedy at law to redress any such  
10 continued violations. Unless restrained by this Court, defendants will continue to violate 17 U.S.C.  
11 § 1201(b)(1).

#### 12 **FIFTH CLAIM**

#### 13 **(UNAUTHORIZED INTERCEPTION OF ELECTRONIC COMMUNICATIONS**

#### 14 **IN VIOLATION OF FEDERAL WIRETAP LAWS, 18 U.S.C. § 2511(1)(a))**

15 59. Plaintiffs repeat and reallege the allegations in Paragraphs 1 through 58 as if set forth  
16 fully herein.

17 60. By reverse engineering the microprocessor in plaintiffs' Second Generation Access  
18 Card, and by designing, developing, manufacturing, assembling, modifying, exporting (to the  
19 United States), distributing and selling Pirate Access Cards, defendants have intentionally  
20 intercepted, endeavored to intercept, or procured other persons to intercept or endeavor to intercept,  
21 DIRECTV's satellite transmissions of television programming, in violation of 18 U.S.C.  
22 § 2511(1)(a).

23 61. Defendants' violations have injured and will continue to injure plaintiffs by depriving  
24 plaintiffs of subscription and pay-per-view revenues and other valuable consideration, compromising  
25 plaintiffs' security and accounting systems, infringing plaintiffs' trade secrets and proprietary  
26 information, and interfering with plaintiffs' contractual and prospective business relations.



62. Defendants have engaged in conduct in violation of Section 2511(1)(a) of the Electronic Communications Privacy Act for a tortious or illegal purpose, or for purposes of direct or indirect commercial advantage or private commercial gain.

63. Defendants knew or should have known that such interception of DIRECTV's satellite transmissions of television programming was and is illegal and prohibited. Such violations have caused and will continue to cause plaintiffs irreparable harm, and plaintiffs have no adequate remedy at law to redress any such continued violations. Unless restrained by this Court, defendants will continue to violate 18 U.S.C. § 2511(1)(a).

### SIXTH CLAIM

## (MANUFACTURE AND SALE OF PIRATE CARDS)

IN VIOLATION OF FEDERAL WIRETAP LAWS, 18 U.S.C. § 2512(1)(b))

64. Plaintiffs repeat and reallege the allegations in Paragraphs 1 through 63 as if set forth fully herein.

65. Defendants have engaged in the business of manufacturing, assembling, possessing and selling Pirate Access Cards, without authorization, knowing or having reason to know that the design of such devices render them primarily useful for the purpose of surreptitious interception of DIRECTV's satellite transmissions of television programming, and that such devices, or any components thereof, have been or will be sent through the mail or transported in interstate or foreign commerce, in violation of 18 U.S.C. § 2512(1)(b).

66. Defendants' violations have injured and will continue to injure plaintiffs by depriving plaintiffs of subscription and pay-per-view revenues and other valuable consideration, compromising plaintiffs' security and accounting systems, infringing plaintiffs' trade secrets and proprietary information, and interfering with plaintiffs' contractual and prospective business relations.

67. Defendants have engaged in conduct in violation of Section 2512(1)(b) of the Electronic Communications Privacy Act for a tortious or illegal purpose, or for purposes of direct or indirect commercial advantage or private commercial gain.

1           68. Defendants knew or should have known that manufacturing, assembling, possessing  
2 or selling Pirate Access Cards and other illegal devices, which are primarily useful for the purpose  
3 of surreptitious interception of DIRECTV's satellite television programming, was and is illegal and  
4 prohibited. Such violations have caused and will continue to cause plaintiffs irreparable harm, and  
5 plaintiffs have no adequate remedy at law to redress any such continued violations. Unless  
6 restrained by this Court, defendants will continue to violate 18 U.S.C. § 2512(1)(b).

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8  
9                                   **SEVENTH CLAIM**

10   **(MISAPPROPRIATION OF TRADE SECRETS**

11   **IN VIOLATION OF UNIFORM TRADE SECRETS ACT, MCA 30-14-401 - 409)**

12           69. Plaintiffs repeat and reallege the allegations in Paragraphs 1 through 68 as if set forth  
13 fully herein.

14           70. By reverse engineering the microprocessor in plaintiffs' Second Generation Access  
15 Card, and by designing, developing, manufacturing, assembling, modifying, exporting (to the  
16 United States), distributing and selling Pirate Access Cards, defendants have intentionally and by  
17 improper means misappropriated trade secrets and other proprietary information belonging to  
18 plaintiffs, in violation of MCA 30-14-404.

19           71. The design, operation and function of the microprocessor in plaintiffs' Second  
20 Generation Access Card, and the software, electronic data or code contained therein, constitute  
21 protected "trade secrets" within the meaning of MCA 30-14-402(4).

22           72. Defendants' violations have injured and will continue to injure plaintiffs by depriving  
23 plaintiffs of subscription and pay-per-view revenues and other valuable consideration, compromising  
24 plaintiffs' security and accounting systems, infringing plaintiffs' trade secrets and proprietary  
25 information, and interfering with plaintiffs' contractual and prospective business relations.

26           73. Defendants have willfully and maliciously misappropriated plaintiffs' trade secrets

1 and other proprietary information in violation of Section 30-14-404 of the Montana Uniform Trade  
2 Secrets Act.

3 74. Defendants knew or should have known that misappropriating plaintiffs' trade secrets  
4 and other proprietary information was and is illegal and prohibited. Such violations have caused  
5 and will continue to cause plaintiffs irreparable harm, and plaintiffs have no adequate remedy at law  
6 to redress any such continued violations. Unless restrained by this Court, defendants will continue  
7 to violate MCA 30-14-404.

8  
9 **EIGHTH CLAIM**  
**(UNJUST ENRICHMENT)**

11 75. Plaintiffs repeat and reallege the allegations in Paragraphs 1 through 74 as if set forth  
12 fully herein.

13 76. Defendants have usurped for themselves trade secrets, proprietary information,  
14 revenues, and other property rights belonging to plaintiffs for the purpose of enhancing the  
15 commercial value of defendants' goods.

16 77. As a direct and proximate result of their unlawful and improper acts, defendants have  
17 been unjustly enriched and plaintiffs have suffered, and will continue to suffer, loss of profits by  
18 virtue of defendants' conduct. The exact amount of unjust profits realized by defendants and profits  
19 lost by plaintiffs are presently unknown to plaintiffs and cannot be readily ascertained without an  
20 accounting.

21 78. Defendants' unlawful sale of Pirate Access Cards and usurpation of plaintiffs' trade  
22 secrets, proprietary information, revenues and other property rights belonging to plaintiffs is  
23 causing and will continue to cause irreparable injury to them unless defendants are preliminarily and  
24 permanently restrained and enjoined from this activity.

25 **PRAYER FOR RELIEF**

26 WHEREFORE, plaintiffs request that this Court grant the following relief:

(1) Find that defendants' conduct in reverse engineering the Access Card that controls certain security and authorization functions for DIRECTV's satellite television system, and in designing, developing, manufacturing, assembling, modifying, exporting (to the United States), distributing and selling Pirate Access Cards intended to facilitate the illegal and unauthorized reception and use of DIRECTV's satellite television programming, violates 47 U.S.C. § 605(a) and (e)(4); 17 U.S.C. § 1201(a)(2) and (b)(1); 18 U.S.C. §§ 2511(1)(a) and 2512(1)(a), (b); MCA 30-14-404 and Montana common law;

(3) Find further that defendants' violations were willful and malicious, for a tortious or illegal purpose, or for purposes of direct or indirect commercial advantage or private financial gain;

(4) In accordance with 47 U.S.C. § 605(e)(3)(B)(i), 17 U.S.C. § 1203(b)(1), 18 U.S.C. § 2520(b)(1), MCA 30-14-403 and Montana common law, enjoin and restrain defendants, and persons or entities controlled directly or indirectly by defendants, from (a) engaging in any reverse engineering of plaintiffs' Access Cards, (b) using, copying or publishing any trade secrets or other proprietary information obtained by defendants, including the design, operation and function of plaintiffs' Access Cards, (c) designing, developing, manufacturing, assembling, modifying, exporting (to the United States), possessing, distributing or selling Pirate Access Cards or other signal theft devices, (d) placing advertisements for the sale of such devices, or (e) providing software, information and technical support services therefor;

(5) In accordance with 47 U.S.C. § 605(e)(3)(B)(i), 17 U.S.C. § 1203(b)(1), 18 U.S.C. § 2520(b)(1), MCA 30-14-403 and Montana common law, an order directing defendants to return to plaintiffs all trade secrets, proprietary information, Access Cards and other hardware or software derived from or intended for the DIRECTV satellite system;

(6) In accordance with 17 U.S.C. § 1203(b)(2) and (5), MCA 30-14-403 and Montana common law, an order impounding all Pirate Access Cards and other signal theft devices, and all trade secrets, proprietary information, Access Cards and other hardware or software derived from or intended for the DIRECTV satellite system, in the possession, custody or control of defendants,

1 or persons or entities controlled directly or indirectly by defendants; and further order the remedial  
2 modification or the destruction of such devices or products;

3 (7) In accordance with 47 U.S.C. § 605(e)(3)(C)(i) and (ii), award plaintiffs the greater  
4 of (a) their actual damages together with any profits made by defendants that are attributable to the  
5 violations alleged herein, or (b) statutory damages in the amount of up to \$110,000 for each  
6 violation of 47 U.S.C. § 605(a);

7 (8) In accordance with 47 U.S.C. § 605(e)(3)(C)(i), award plaintiffs the greater of (a)  
8 their actual damages together with any profits made by defendants that are attributable to the  
9 violations alleged herein, or (b) statutory damages in the amount of up to \$100,000 for each  
violation of 47 U.S.C. § 605(e)(4);

11 (9) In accordance with 17 U.S.C. § 1203(c)(2) and (3)(A), award plaintiffs the greater of  
12 (a) their actual damages together with any profits made by defendants that are attributable to the  
13 violations alleged herein, or (b) statutory damages in the amount of up to \$2,500 for each violation  
14 of 17 U.S.C. § 1201(a)(2) and (b)(1);

15 (10) In accordance with 18 U.S.C. § 2520(c)(2), award plaintiffs the greater of (a) their  
16 actual damages together with any profits made by defendants as a result of the violations alleged  
17 herein, or (b) statutory damages of whichever is the greater of \$100 a day for each day of violation  
18 of 18 U.S.C. §§ 2511(1) and 2512(1)(a), (b), or \$10,000;

19 (11) In accordance with MCA 30-14-404(1), award plaintiffs the greater of (a) their actual  
20 loss caused by defendants' misappropriation of their trade secrets together with any unjust  
21 enrichment caused by defendants' misappropriation that is not taken into account in computing  
22 plaintiffs' actual loss, or (b) a reasonable royalty for defendants' unauthorized used of plaintiffs'  
23 trade secrets;

24 (12) In accordance with MCA 30-14-404(2), award plaintiffs exemplary damages for  
25 defendants' willful and malicious misappropriation of plaintiffs' trade secrets;

26 (13) In accordance with 47 U.S.C. § 605(e)(3)(B)(iii), 17 U.S.C. § 1203(b)(3) and (4),

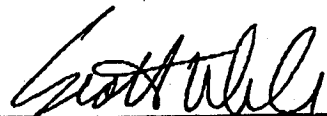
1 18 U.S.C. § 2520(b)(3) and MCA 30-14-405, direct defendants to pay to plaintiffs all of plaintiffs'  
2 costs, reasonable attorneys' fees and investigative fees;

3 (14) In accordance with state law, award plaintiffs compensatory damages, in an amount  
4 to be proved at trial, and for punitive or exemplary damages; and

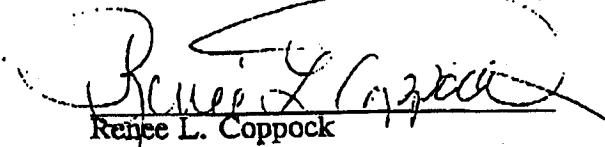
5 (15) For such additional relief as the Court deems to be just and equitable.

6 DATED: February 2, 2000.

7  
8 YARMUTH WILSDON CALFO  
9 PLLC

10   
11 Scott T. Wilsdon (*pro hac vice*)  
12 Jessica A. Eaves (*pro hac vice*)

13 CROWLEY HAUGHEY HANSON  
14 TOOLE & DIETRICH PLLP

15   
16 Renee L. Coppock  
17 Attorneys for Plaintiffs  
18  
19  
20  
21  
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23  
24  
25  
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