IN THE UNITED STATE DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION

DIGITAL RECOGNITION NETWORK, INC.	§ § §	
Plaintiff,	§ §	
v.	§ §	Civil Action No. 4:22-cv-01158
	§ §	
RELENTLESS RECOVERY, INC.	§ §	
Defendant.	§ §	

PLAINTIFF'S ORIGINAL COMPLAINT

Plaintiff Digital Recognition Network, Inc. ("DRN") complains of Defendant Relentless

Recovery, Inc. ("Relentless") and would respectfully show the Court the following:

I.   PARTIES

1.   Plaintiff DRN is a Delaware corporation with its principal place of business at 4150

International Plaza, Suite 800, Fort Worth, Texas 76109.

2.   Defendant Relentless is an Ohio corporation with its principal place of business at

1898 Scranton Road, Cleveland, Ohio 44113. Relentless may be served with process by serving

its registered agent Amy Ostering, 1898 Scranton Road, Cleveland, Ohio 44113.

II.   JURISDICTION AND VENUE

3.   The Court has subject matter jurisdiction over this case pursuant to 28 U.S.C. §

1332. DRN is a citizen of the states of Delaware and Texas in that it is incorporated under the

laws of the State of Delaware and maintains its principal place of business in the State of Texas.

Relentless is a citizen of the State of Ohio because it is incorporated under the laws of, and

maintains its principal place of business in, the State of Ohio. As such, there is diversity of

citizenship between DRN and Relentless.

4.   This Court has personal jurisdiction over Relentless because the contractual agreement between DRN and Relentless that is the subject of this dispute states that each party submits to the jurisdiction of the courts of the State of Texas, County of Tarrant, or, if jurisdiction is proper, in the U.S. District Court for the Northern District of Texas, Fort Worth Division.

5.   Venue is appropriate in this Judicial District because the contractual agreement between DRN and Relentless that is the subject of this dispute contains a mandatory venue provision requiring any proceeding arising out of or relating to the agreement to be brought in either the state courts of Tarrant County, Texas or the U.S. District Court for the Northern District of Texas, Fort Worth Division.

III.   FACTUAL BACKGROUND

A.   Contractual relationship between DRN and Relentless.

6.   DRN provides license plate recognition ("LPR") data and solutions to the automotive recovery industry.

7.   DRN enters into license agreements with vehicle repossession agencies, like Relentless, who are then referred to as "DRN Affiliates." Generally speaking, DRN Affiliates purchase a package of electronic hardware from DRN, referred to as an "LPR Kit," which includes at least one camera that has been optimized with DRN's proprietary technology to scan and interpret license plates.

8.   Relentless is a DRN Affiliate and executed a license agreement with DRN (the "Agreement") dated October 13, 2014.

9.   Pursuant to Section 12 of the Agreement, the Agreement may be terminated by either party upon 30 days' written notice. On October 4, 2022, Relentless sent written notice of termination of the Agreement to DRN.

10.   Section 11 of the Agreement contains Relentless's express and unambiguous promise, as an inducement for DRN to enter into the Agreement and allow Relentless to participate in DRN's network of affiliates, that Relentless will not compete with DRN during the term of the Agreement and for a period of one (1) year thereafter (the "Restrictive Period"). Specifically, during that Restrictive Period, Relentless promised that it would not directly or indirectly engage or invest in, own, manage, operate, finance, control or participate in the ownership, management, operation, financing or control of, or be employed by or associated with, or render services to, any person or entity engaged in the business of using LPR technology and data for the purpose of recovering vehicles for the financial, lending, or insurance industries.

11.   Relentless specifically agreed in Section 11 of the Agreement that the above non-competition restrictions were reasonable in duration and scope.

12.   The non-competition provisions in Section 11 of the Agreement are necessary to protect the goodwill and other business interests of DRN.

13.   DRN would not have entered into the Agreement – pursuant to which DRN paid Relentless significant amounts of money – without Relentless's agreement to not compete with DRN during the term of the Agreement or during the one-year period thereafter.

14.   Pursuant to the Agreement, DRN provided Relentless with licensed access to DRN's proprietary LPR System.[1] DRN further provided Relentless with access to DRN's proprietary LPR data, hotlist data, hit data and GPS tracking data, and DRN's proprietary and confidential business processes and methods. The trade secrets and confidential information

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[1] The Agreement defines "DRN System" as the DRN Car Detector, DRN WebRepo, the DEN Portal, the DRN Intellectual Property Rights, and all other equipment, software, hardware, materials and information provided by DRN to the DRN Affiliate pursuant to the Agreement, including all enhancements, upgrades, improvements, changes, modifications, revisions or derivative works made to same from time to time.

provided to Relentless and other DRN Affiliates provide DRN with a competitive advantage over DRN's competitors.

15.   DRN has invested substantial time, energy, and money into the development of its confidential information and trade secrets, which – in addition to the LPR data scanned by the DRN Affiliates – includes an array of customer data including customer volume and pricing strategies, research, product plans, products, services, customer lists, markets, software, developments, inventions, processes, formulas, technology, designs, drawings, engineering, hardware configuration information, marketing, finances or other business information. Knowledge of this information has allowed DRN to compete in the automobile finance, automobile insurance, and vehicle repossession industries by competitively delivering quality products and catering to the specific needs and special characteristics and requirements of each of its customers. DRN has gained significant competitive and technological advantages from the fact that such proprietary information is not generally known to the public.

16.   Pursuant to the Agreement, the LPR Data scanned by Relentless is owned by DRN, and Relentless was required to use its best efforts to scan at least 10,000 license plates per month with the LPR Kits it purchased from DRN. During the roughly eight-year relationship between DRN and Relentless, Relentless scanned millions of license plates for DRN.

17.   DRN provides specialized training to its affiliates to help them maximize the scanning potential of its LPR Kits in ways that are not utilized or realized by DRN's competitors. DRN provides its affiliates with training videos and webinars, and personalized training sessions with DRN's Affiliate Support Group to efficiently use LPR technology. DRN also provides its affiliates with specialized operational instructions, such as camera placement and camera aiming

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to maximize scan efficiency depending on what type of camera the agent is using, what type of vehicle the camera is placed on, and where the vehicle will be scanning.

18. One purpose of the non-compete is to prevent affiliates from taking information and knowledge that they learned at DRN and helping incorporate that into a competitor's operations. DRN is continually working on new ways to update and improve its products, its software, and its business methods and processes, all of which provide DRN with a competitive advantage over its competitors, and allowing DRN Affiliates to work with a DRN competitor immediately upon terminating with DRN would provide the competitor with access to valuable information about the most current features and offerings of DRN's products and software, in addition to the training DRN offered to the former DRN Affiliate. DRN Affiliates (like Relentless) share in that competitive advantage, and DRN would be harmed if that information is shared with its competitors and they obtain the benefit of it. For example, the manner in which DRN generates, dispatches and processes hits and alerts, and the tools that are used to direct DRN Affiliates to pick up cars, are all types of confidential information of DRN that could be used to benefit a competitor.

19. One extremely valuable benefit that DRN provides to its affiliates (like Relentless) is information about, access to and contact with DRN's customers – lienholders and forwarding companies that operate nationwide with lists of cars that are subject to repossession ("Hot Lists"). DRN introduces its affiliates to these DRN customers and helps them get approved to repossess cars on its respective Hot Lists. The more lienholders and forwarding companies that approve a repossession agency, the more cars on Hot Lists that such agency will be able to repossess, leading to more fees.

20. Over time, DRN Affiliates gain valuable knowledge about DRN's customers, including but not limited to their contact information, practices and procedures for assigning

repossession orders, a knowledge of which lienholders assign repossession orders directly to repossession agents and which utilize forwarding companies, a knowledge of which lienholders and forwarding companies utilize LPR and how they do so, and the typical location and volume of cars that they generally have out for repossession or that are typically repossessed in a given month. The information that DRN Affiliates obtain about DRN's customers while under contract with DRN is DRN's confidential information, and would be extremely valuable to anyone seeking to compete with DRN.

21.   The larger an affiliate's scan volume, the more valuable that scan volume is to DRN – and to DRN's competitors – and the more difficult it will be to quickly replace. If DRN has inconsistent scan volume, it risks losing business to its competitors, particularly if that competitor can approach DRN's customers before DRN has been afforded a reasonable opportunity to replace the scan volume that had previously been collected. One of the main reasons that DRN pays its affiliates to collect data is to make sure that it has consistent scan volumes.

B.   Relentless terminates the Agreement and affiliates with DRN's competitor.

22.   On October 4, 2022, Relentless provided DRN with written notice that it was terminating the Agreement. Relentless' letter did not specify the date upon which the termination would be effective, though it cited section 12 of the Agreement which provides that the Agreement may be terminated by either party upon 30 days' written notice. Thus, the earliest date the Agreement could be considered terminated is November 3, 2022, and the non-compete provision in the Agreement would be in effect from that date until one year later, on November 3, 2023.

23.   Insight LPR, LLC ("Insight") is an LPR company which competes with DRN. On information and belief, Relentless began working with Insight in violation of the Agreement prior to November 3, 2022. On information and belief, Relentless continues to work with Insight in

competition against DRN and in direct and blatant violation of its non-compete obligations under the Agreement.

24.   DRN has performed all obligations to Relentless required of it by the Agreement.

IV.   CAUSES OF ACTION

COUNT ONE – Breach of Contract

25.   DRN reasserts and by this reference hereby incorporates the allegations contained in the above paragraphs 1 through 24 of this Complaint as if fully set forth herein.

26.   The Agreement is an enforceable contract between DRN and Relentless, the primary purpose of which does not obligate Relentless to render personal services.

27.   The Agreement contains a covenant by Relentless not to compete during the term of the Agreement and for one year thereafter (*i.e.*, the Restrictive Period).

28.   The covenant not to compete contains limitations that are reasonable and do not impose a greater restraint on Relentless than is necessary to protect the goodwill and other business interests of DRN.

29.   DRN performed, tendered performance of, or was excused from performing its contractual obligations under the Agreement.

30.   Relentless breached the Agreement by competing or undertaking to compete with DRN during the Restrictive Period thereunder.

31.   Relentless's breach of the Agreement has caused injury to DRN.

32.   DRN is entitled to damages and injunctive relief for Relentless's breach of the Agreement.

33.   Alternatively, if the Court finds that any of the limitations in the covenant not to compete are not reasonable or impose a greater restraint than is necessary to protect the goodwill

or other business interests of DRN, DRN requests that the Court (a) reform the covenant not to compete to the extent necessary to cause the limitations contained in the covenant not to compete as to time, geographical area, and scope of activity to be restrained to be reasonable and to impose a restraint that is not greater than necessary to protect the goodwill or other business interest of DRN, and (b) enforce the covenant not to compete by granting DRN injunctive relief.

COUNT TWO – Attorney's Fees

34.   DRN realleges and incorporates by reference the allegations contained in the above paragraphs 1-33.

35.   Due to Relentless' actions, DRN has been required to retain the law firm of Kilpatrick Townsend & Stockton LLP. DRN has incurred and will continue to incur reasonable attorney's fees and costs which Relentless is obligated to pay pursuant to § 38.001 of the Texas Civil Practice and Remedies Code.

V.   CONDITIONS PRECEDENT

36.   DRN realleges and incorporates by reference the allegations contained in the above paragraphs 1-35.

37.   All conditions precedent have been performed or have occurred.

VI.   PRAYER FOR RELIEF

WHEREFORE, DRN prays for judgment against Defendant Relentless Recovery, Inc. for actual damages, attorney's fees (including but not limited to under § 38.001 of the Texas Civil Practice & Remedies Code), costs, pre-judgment and post-judgment interest at the maximum rates allowable by law, declaratory and injunctive relief, and any other or further relief to which DRN may be legally or equitably entitled.

Respectfully submitted,

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