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IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF OREGON

VANGUARD PRODUCTS GROUP, INC. a
Florida corporation and TELEFONIX, INC.,
an Illinois corporation,

Case No. 3:07-CV-1405 BR

Plaintiffs,

v.

**FINAL JUDGMENT BY CONSENT
AND PERMANENT INJUNCTION**

MERCHANDISING TECHNOLOGIES,
INC. an Oregon corporation,

Defendant.

Based on the record in this case, the parties' resolution of their differences in accordance with a fully executed settlement agreement, and the parties' consent to the entry of the following judgment:

IT IS HEREBY ORDERED, ADJUDGED, and DECREED that:

1. This court has jurisdiction over the parties to this action and over the subject matter of this action.
2. This Final Judgment by Consent and Permanent Injunction is subject to the terms of the Confidential Settlement Agreement dated as of May 11, 2009, entered into by and between plaintiffs Telefonix, Inc. ("Telefonix") and Vanguard Products Group, Inc. ("Vanguard"), on the one hand (collectively, "Plaintiffs"), and defendant Merchandising Technologies, Inc. ("MTI"), on the other hand (the "Settlement Agreement").
3. Telefonix is the owner of U. S. Patent No. 6,799,994, and Vanguard is the exclusive licensee of Telefonix's rights under U. S. Patent No. 6,799,994.
4. The claims of U. S. Patent No. 6,799,994 are valid and enforceable as to MTI, Vanguard and Telefonix.
5. In its Amended Opinion and Order dated January 16, 2009, this Court adjudged that MTI directly infringed (i) each of claims 1, 2 and 4-11 of United States Patent No. 6,799,994 (the "'994 patent") by making, using, selling, offering for sale and/or importing into the United States Freedom Universal, Freedom A, Freedom A+, and Freedom C products; and (ii) each of claims 1, 2, 4 and 6-11 of the '994 patent by making, using, selling, offering for sale and/or importing into the United States Freedom LP products. Collectively, all of the Freedom products identified in this Paragraph 5 are referred to hereafter as the "Infringing Products."
6. Except for a limited transition period and service period provided in the Settlement Agreement, MTI and its officers, agents, servants, employees, affiliates, successors,

and assigns, from the date of this Final Judgment to and including March 16, 2018, are permanently enjoined from infringing, contributing to the infringement of, or actively inducing the infringement of, any of the claims of U.S. Patent No. 6,799,994, by (i) making, using, selling, offering for sale, or importing into the United States any Infringing Products that were the subject of this action or any product that is not more than colorably different therefrom, regardless of the trade name, model number, or other product designation under which any such product is made, used, sold, or offered for sale, or imported into the United States (collectively, the “Enjoined Products”); or (ii) selling, offering for sale or delivering any component parts (Smart Cables, reels or retractors, pucks or posts) for use in combination with or as part of any Enjoined Product.

7. Vanguard and Telefonix acknowledge that MTI may be able to design new and/or modify existing Freedom products so that they do not infringe and, therefore, are not Enjoined Products. This injunction does not apply to:

- a. MTI products with coiled cord and no reel; and
- b. Freedom LP3, with a conductor-less mechanical retractor,

both as shown in MTI’s 2009 Virtual Store Tour Video and available at www.mti-interactive.com as of May 8, 2009.

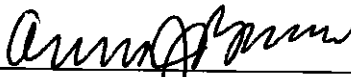
8. Except as otherwise provided in this Final Judgment by Consent and Permanent Injunction, (i) this action, including all claims of Plaintiffs against MTI and all counterclaims of MTI against plaintiffs, is hereby dismissed with prejudice; and (ii) the previous dismissal of a prior, related action captioned *Merchandising Technologies, Inc. v. Telefonix, Inc. et al.*, District of Oregon Case No. 3:05-CV-1195 BR, shall be considered dismissed with prejudice.

9. This Court shall retain continuing subject matter and personal jurisdiction for the purposes of construing or enforcing the terms of this Final Judgment by Consent and Permanent Injunction, and the Settlement Agreement between the parties, or for resolving any other dispute arising hereunder.

10. Each party shall bear its own attorney fees, costs and disbursements.

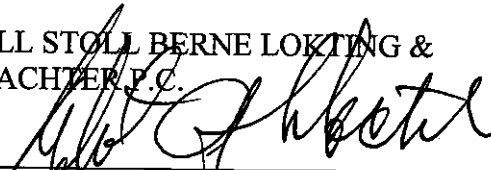
11. There shall be no appeal from this Final Judgment by Consent and Permanent Injunction.

Dated this 11th day of May, 2009.


ANNA J. BROWN
United States District Judge

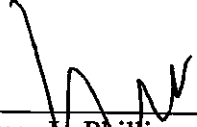
AGREED TO:

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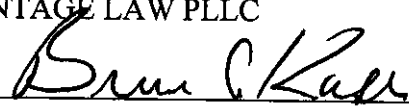
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