

Tanner Declaration Exhibit E

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INTELLECTUAL PROPERTY LAW
INCLUDING PATENT, TRADEMARK,
COPYRIGHT AND UNFAIR
COMPETITION MATTERS

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September 18, 2002

Our File: 7431.054

Mireille S. Tanner
DigiToys Systems
1645 Cheshire Ct.
Lawrenceville, GA 30043

Re: Kam Industries With Respect To Their Intellectual Property Matters

Dear Ms. Tanner:

We represent Kam Industries with respect to their intellectual property matters. Kam Industries, as you are aware, is in the business of developing software for operating digitally controlled model railroads (www.kamind.com).

It has come to our attention that DigiToys Systems has developed and is currently selling computer software for operating a digitally controlled model railroad. In particular, the software offered by DigiToys Systems includes WinLok 2.1 Rev. D. Our initial investigation of the WinLok software indicates that the WinLok software is capable of providing commands to one of a plurality of digital command stations for operating a model railroad.

Kam Industries currently has three issued United States Patents directed toward the control of a model railroad, namely, U.S. Patent No. 6,065,406 (53 claims); U.S. Patent No. 6,270,040 (235 claims); and U.S. Patent No. 6,267,061 (54 claims). Other patents directed to the control of a model railroad are currently pending worldwide. Copies of the issued United States patents are enclosed herewith for your convenience.

The WinLok software infringes claim 10 of the '061 patent, namely, the capability of sending commands to one of a plurality of digital command stations.

The WinLok software infringes claim 27 of the '406 patent, namely the capability of sending commands to one of a plurality of digital command stations.

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We are currently investigating whether the WinLok software infringes claim 35 of the '061 patent by providing an acknowledgment prior to proper execution by the digitally controlled model railroad.

We are also currently investigating whether the WinLok software infringes claim 39 of the '406 patent by providing an acknowledgment prior to proper execution by the digitally controlled model railroad.

In addition, we are currently investigating whether the WinLok software infringes independent claims 10, 35, 57, 82, 104, 129, 151, 176, 198, 223 of the '040 patent related to a queue.

You will note that there are an extensive set of claims in these patents directed to other desirable features of a digitally controlled model railroad which we are not currently aware whether the WinLok software infringes.

We demand that you immediately cease and desist from all future sales and distribution of infringing software in the United States. In addition, we demand an accounting for all infringing software sold in the United States since May 23, 2000 so that past damages may be determined. Further sales of infringing software will be considered willful infringement, subjecting you to treble damages and attorney fees.

Although our client does not intend to seek court action without first attempting to negotiate an acceptable solution, your infringement of our client's patents must cease. Please contact me within the next two weeks so that we may discuss these issues and potential licensing.

Sincerely,



Kevin L. Russell

KLR:lm
Enclosures