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October 23, 2008

Via email only

J. Peter Staples, Esq.
Chernoff, Vilhauer, McClung & Stenzel, LLP
601 S.W. Second Avenue
Suite 1600
Portland, Oregon 97204-3157

Re: Benchmade and Mentor v. Benson dba Roadside Imports; Your ref: 3446.0180

Dear Pete:

We have finished at least our preliminary investigation of the patents and now hope to be able to resolve the dispute in its entirety. A draft settlement agreement is attached for your review and consideration.

On the matter of the patents asserted in the complaint, I hope you'll agree that the patents relating to the Benchmite design are of no concern whatsoever at this point.

The '866 patent does warrant some discussion, though. Only claims 8, 24 and 25 are potentially relevant to the Boker Magnum and Boker Kalashnikov knives, when converted to be automatic knives. (The other independent claims recite the pivoting lever or rotating disk locking mechanisms.) All three of these claims require, however (as do all claims of the '866 patent, in fact) that the safety stop have a blocking element which, when the safety stop is moved to its engaged position, "is located adjacent a part of said latch control device, thereby preventing it from moving far enough to release the said blade from either its closed position or its extended position."

If you have examined a Boker Magnum knife that has been converted to an automatic configuration, you will have found that the safety is not movable to the engaged position when the blade is extended. The inner end of the push button interferes with, and precludes sufficient forward motion of the safety slide to be effective as such, when the knife blade is extended. This distinguishes that product from both Benchmade's automatic knives, as we understand the descriptions on Benchmade's website, and also from the claimed inventions of the '866 patent.

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The same is true for the Boker Kalashnikov knife that has been converted to an automatic configuration, at least when the safety slide is reinstalled with its slightly notched edge facing the belt-clip side of the knife handle, for the same reason that the inner end of the push button interferes with, and precludes sufficient forward motion of the safety slide to be effective as such, when the knife blade is extended. (We have found some instances in which the button interferes with the safety slide even when the notch is facing the push button side of the handle. The manufacturing tolerances are obviously not that tight.)

Mr. Benson is revising the Boker Kalashnikov conversion instructions so that the person doing the conversion will re-install the safety slide in the manner that precludes infringement of the '866 patent by a converted Boker Kalashnikov knife.

Please let me have your comments on the attached agreement. Mr. Benson will sign it and provide the information requested by Benchmade as soon as you say so.

Regards,



Peter C. Schechter
NYC 314359.1

UNITED STATES DISTRICT COURT
DISTRICT OF OREGON

**Benchmade Knife, Co., Inc., an Oregon
corporation, and Mentor Group, L.L.C., an
Oregon Limited Liability Corp.,**

Case No. 3:08-CV-967-HA

Plaintiffs,

v.

**Jonathan A. Benson, an individual, doing
business as Roadside Imports,**

Defendant.

SETTLEMENT AGREEMENT

Benchmade Knife, Co., Inc., an Oregon corporation (“Benchmade”), and Mentor Group, L.L.C., an Oregon Limited Liability Corp. (“Mentor”), Plaintiffs, and Jonathan A. Benson, an individual, at one time doing business as Roadside Imports, Defendant (“Benson”), have agreed to resolve all matters in this action without the necessity of further litigation or trial, and have further agreed as follows:

1. Benson, on behalf of himself, Roadside Imports, their predecessors, successors, assigns, officers, directors, trustees, attorneys, insurers, parents, subsidiaries, sister companies, affiliates, licensees, agents, related entities, and heirs, hereby acknowledges that he has ceased importing, offering for sale, and selling knives designated BENCHLITE, and they further agrees that he shall not resume such activities, nor any other activities likely to cause confusion with Benchmade’s U.S. Trademark Registrations Nos. 2,769,339 for BENCHMITE and 1,932,859 for BENCHMADE, in the future. Benson represents that knives designated BENCHLITE were

purchased from Internet vendor www.dellsdeals.com, and that fifteen (15) units were sold, in eleven (11) separate sales. Benson neither admits any wrongdoing nor any liability for such sales.

2. Benson, on behalf of himself, Roadside Imports, their predecessors, successors, assigns, officers, directors, trustees, attorneys, insurers, parents, subsidiaries, sister companies, affiliates, licensees, agents, related entities, and heirs, agrees that he shall not represent to the public that he is an authorized Benchmade dealer. Benson neither admits any wrongdoing nor any liability for any inadvertent actions that may be interpreted as his having made such a representation in the past.

3. Benchmade has alleged, and Benson denies, that Benson sold a knife designated BENCHLITE in a box bearing the words "U.S.A. Stainless Steel Knife." In any event, Benson agrees that he has always endeavored to sell products with accurate indicia of country of origin, and will continue to do so in the future.

4. Benson, on behalf of himself, Roadside Imports, their predecessors, successors, assigns, officers, directors, trustees, attorneys, insurers, parents, subsidiaries, sister companies, affiliates, licensees, agents, related entities, and heirs, agrees that he shall not sell conversion kits for BOKER KALASHNIKOV knives that necessarily cause such knives, upon conversion, to infringe Mentor's U.S. Patent No. 5,822,866; more specifically, he shall not sell conversion kits that cause such knives to be lockable with the blade in either its closed position or its extended position. Benson neither admits any wrongdoing nor any liability for any past sales of conversion kits for BOKER KALASHNIKOV knives.

5. Benson, on behalf of himself, Roadside Imports, their predecessors, successors, assigns, officers, directors, trustees, attorneys, insurers, parents, subsidiaries, sister companies, affiliates,

licensees, agents, related entities, and heirs, agrees to immediately take all reasonable steps to ensure that purchasers of conversion kits for BOKER KALASHNIKOV knives do not convert such knives to be lockable with the blade in either its closed position or its extended position. Benson neither admits any wrongdoing nor any liability for any activities involving instructions or directions for use of conversion kits for BOKER KALASHNIKOV knives.

6. Each party hereto, for it, him or herself, as well as for such party's affiliates, officers, directors, agents, employees, shareholders, attorneys, successors, heirs and assigns, hereby releases every other party, so long as such party has complied with its, his or her obligations in this settlement agreement, from any and all actions, causes of action, claims, counterclaims, liabilities, losses, and demands of any kind or nature whatsoever, known or unknown, relating to the claims and defenses asserted, or which could have been asserted in the above-captioned action, including any claim or defense of any nature, known or unknown, that any party could have asserted against another party herein.

9. Benchmade and Mentor agree to file a dismissal with prejudice of the above-captioned action pursuant to Fed. R. Civ. P. Rule 41(a).

10. Other than matters of public record, the terms and conditions of this Settlement Agreement shall remain strictly confidential between the parties.

11. The parties shall pay their own attorneys' fees and costs.

Dated this _____ day of October 2008.

Benchmade Knife, Co., Inc., an Oregon corporation

Jonathan A. Benson, an individual, doing business as Roadside Imports

By

By **Jonathan A. Benson**

Mentor Group, L.L.C., an Oregon Limited Liability Corp.

By