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KING COUNTY  
SUPERIOR COURT CLERK  
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CASE NUMBER: 16-2-07131-7 SEA

IN THE SUPERIOR COURT OF THE STATE OF WASHINGTON  
IN AND FOR KING COUNTY

PETHUB, INC., a Delaware corporation,

Plaintiff,

v.

PB INC., a Washington corporation,

Defendant.

NO.

VERIFIED COMPLAINT

COMES NOW the Plaintiff, PetHub, Inc., by and through its attorneys of record, Ogden  
Murphy Wallace, P.L.L.C., and for complaint against Defendant, PB Inc., alleges as follows:

**I. PARTIES, JURISDICTION, AND VENUE**

1.1 Plaintiff PetHub, Inc. ("PetHub") is a Delaware corporation with its principal  
place of business in Bellevue, Washington, and authorized to do business in this State.

1.2 Defendant PB Inc. ("PB") is a Washington corporation with its principal place of  
business in Bellevue, Washington.

1.3 Jurisdiction and venue are proper in King County Superior Court.

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## II. FACTS

2.1 PetHub repeats and realleges the aforementioned facts as though fully set forth herein.

2.2 PetHub and Pebblebee LLC entered into a business agreement on July 6, 2014, a true and correct copy of which is attached hereto and incorporated herein as Exhibit "A" (the "Business Agreement").

2.3 The Business Agreement's purpose was for Pebblebee to manufacture and produce tags for PetHub's wholesale and retail resale for the tracking of pets in conjunction with an application on a smartphone or similar device.

2.4 To induce PetHub to enter into the Business Agreement, Pebblebee promised that the animal tags it manufactured and produced for PetHub would have a one-year battery life.

2.5 To further induce PetHub to enter into the Business Agreement, Pebblebee promised to develop for PetHub's use an application that would permit persons to use a smartphone or similar device to track a pet wearing a PetHub tracking tag.

2.6 To further induce PetHub to enter into the Business Agreement, Pebblebee promised it would not compete with PetHub. Specifically, Pebblebee promised it would not manufacture, produce or market for sale tracking tags similar to PetHub's pet tracking device.

2.7 The Business Agreement contained a warranty clause that the product Pebblebee manufactured and produced for PetHub would be free from defects.

2.8 The Business Agreement also contained Pebblebee's promise not to compete with PetHub's business, which promise extended one year after the termination of the business agreement.

1           2.9     On July 21, 2014, PetHub announced its tracking tag and started to market and  
2 take orders for the tag.

3           2.10    On December 8, 2014, PetHub paid \$8,248.48 to Pebblebee for its first order of  
4 the tracking tag.

5           2.11    In January of 2015, Pebblebee advised PetHub that there was a problem with the  
6 tracking tag that causes the battery to deplete in two weeks instead of the promised one year.

7           2.12    On March 31, 2015, PetHub discovered that Pebblebee was marketing a  
8 substantially similar product in breach of Pebblebee's promise not to compete.

9           2.13    On April 28, 2015, PetHub paid Pebblebee \$15,807.78 for 1,000 more units of the  
10 tracking tag and batteries.

11           2.14    Pebblebee failed to timely deliver PetHub's orders, breaching the Business  
12 Agreement and causing PetHub to suffer damages in an amount to be proven at trial.

13           2.15    Pebblebee failed to provide a product that worked as promised, for instance the  
14 software on the tag did not function properly, causing PetHub to suffer damages in an amount to  
15 be proven at trial.

16           2.16    Pebblebee failed to develop and provide to PetHub the smartphone application  
17 described above, breaching its promise to PetHub and causing PetHub to suffer damages in an  
18 amount to be proven at trial.

19           2.17    On December 5, 2014, Pebblebee LLC filed Articles of Conversion with the  
20 Washington Secretary of State under RCW 23B.09.040 and became PB Inc.

21           2.18    Defendant PB Inc. is the successor organization to Pebblebee and liable to PetHub  
22 as alleged herein.





**EXHIBIT A**

## BUSINESS AGREEMENT

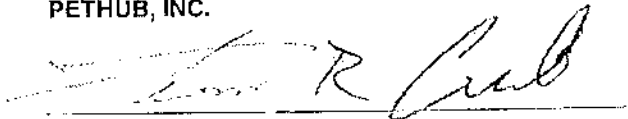
This BUSINESS AGREEMENT ("Agreement") is made as of June 1, 2014 (the "Effective Date") between **PETHUB, Inc.** ("PETHUB"), having an address at 700 NW Gilman Blvd, Suite E103-385, Issaquah, WA 98027 and **PebbleBee, LLC.** ("PEBBLEBEE"), having an address at P.O. box 2962, Renton, WA 98056.

In consideration of the mutual obligations undertaken, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, PETHUB and PEBBLEBEE agree as follows:

1. **ENGAGEMENT OF PEBBLEBEE.** PETHUB and PEBBLEBEE, mutually agree on the terms of this Agreement. Each party agrees to adhere to and complete all duties identified in this agreement.
2. **SCOPE OF AGREEMENT.** The scope of services to be provided under this Agreement are as follows:
  - o PETHUB will purchase and utilize PEBBLEBEE tags as a discrete product line offered to PETHUB Customers
  - o PEBBLEBEE will brand PEBBLEBEE tags per direction from PETHUB
  - o PEBBLEBEE will provide, free of charge, smart phone application UI configuration at PETHUB's direction
  - o PEBBLEBEE will provide PEBBLEBEE Smart phone application free of charge to PetHub
  - o PEBBLEBEE will provide app and any applicable app updates if requested
  - o PETHUB will purchase 200 tags for beta testing per agreed upon price
  - o PETHUB will provide these tags to select clients for use and feedback
  - o PETHUB will split gross margin of "powered by PEBBLEBEE" tag sales 50/50 with PEBBLEBEE
  - o PETHUB will provide reconciliation of monthly sales and payment within 30 days of month-end
  - o For any NRE (non-recurring engineering) changes, such as mold updates, PCB (printed circuit board) or firmware updates, and other factory setup, costs will be shared 50/50 between PEBBLEBEE and PETHUB
3. **TERM.** The Agreement term shall begin on the Effective Date and continue until May 31, 2015, unless earlier terminated as provided in this Agreement; provided, if PEBBLEBEE or PETHUB is not in breach of this Agreement.
4. **OWNERSHIP.** Both parties shall retain property of all internally developed intellectual property. All development costs shall be paid by each party independently.
5. **ACCEPTANCE.** Each party shall have the right, at its option, to inspect and test any deliverables provided under this Agreement to determine if they meet the specifications and requirements established in this Agreement.
6. **WARRANTIES.**
  - o Both parties warrant that:
    - (i) It has full right, power, and authority, to enter into this Agreement and to perform its obligations hereunder and that its performance hereunder will not violate the rights of any third party or any applicable law, rule or regulation.
    - (ii) The services, materials and/or program products from both parties shall be free from defects and meet the standards for quality and performance set forth in this Agreement and in any related documentation agreed upon by PEBBLEBEE and PETHUB.
    - (iii) Neither party shall become a party to any agreement that would require it to assign to any other person or entity any of Party's obligations or rights under this Agreement with the exception of expressly identified third parties agreed by both parties.
    - (iv) No portion of the services, materials or program products that either party provides shall be confidential to it or to any third party.
    - (v) PEBBLEBEE will replace any defective product to PETHUB customer at no cost for a period of 1-year from date of purchase.
  - o THE WARRANTIES AND REPRESENTATIONS SET FORTH IN THIS AGREEMENT ARE THE ONLY WARRANTIES AND REPRESENTATIONS MADE BY EITHER PARTY TO THE OTHER OR TO ANY THIRD PARTY REGARDING THE SUBJECT MATTER OF THIS AGREEMENT OR OTHERWISE. NEITHER PARTY MAKES ANY OTHER WARRANTIES (AND HEREBY DISCLAIMS ALL OTHER WARRANTIES) OF ANY KIND WHETHER EXPRESS, IMPLIED, OR STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

7. **Agreement Not to Compete.** Parties shall not directly itself or indirectly through others during the term of this Agreement and for a period of one (1) year thereafter: (i) engage in competition with other party, its successors or assigns; (ii) provide information to, solicit or sell for, own, or organize any interest in, or become engaged by, act as agent for, or in any other manner assist any other entity that is directly or indirectly in competition with other party, its successors or assigns; (iii) engage in or have an interest in any other business competitive with other party; or (iv) participate in any activity detrimental to the business interests of other party, regardless of location.
8. **Termination.**
- o Either party may, at any time, immediately terminate this Agreement for cause. For the purposes of this Agreement, "for cause" shall include without limitation any of the following actions by either party: (i) breach of any provision of this Agreement; (ii) any act of dishonesty or falsification of reports, records, or information submitted to other party; (iv) failure to perform work in a timely manner.
  - o Except as provided above, either party may terminate this Agreement for any reason upon ninety (90) days prior written notice to the other party.
  - o In the event of termination of this Agreement: (i) All rights and obligations of the parties hereunder will immediately cease and terminate except for those provisions which by their nature and context are intended to survive termination, including without limitation the provisions of the Confidentiality Agreement and this Agreement, which shall so survive; (ii) Either party shall deliver immediately to other party all correspondence, letters, contracts, call reports, manuals, mailing lists, advertising materials, supplies, equipment, computer equipment, computer programs, and all other materials and records of any kind or nature whatsoever that may be in either party's possession or under his control which have been obtained from or prepared for either party by other party or otherwise belong to either party, including any and all copies of such materials; and (iii) Both parties shall have no further obligation to each other hereunder.

**ACCEPTED:**  
**PETHUB, INC.**

  
AUTHORIZED REPRESENTATIVE

THOMAS R. ARNOLD  
NAME PRINTED

PRESIDENT / CEO

TITLE

DATE

7/6/14

**ACCEPTED:**  
**PEBBLEBEE, LLC.**

  
AUTHORIZED REPRESENTATIVE

DANIEL DAOURA  
NAME PRINTED

CEO & Co-founder

TITLE

DATE

7/6/14