



AXON ENTERPRISES (TASER) ACKNOWLEDGES THE VALIDITY OF DIGITAL'S AUTO-ACTIVATION '292 PATENT BY DISMISSING ITS APPEAL

By dropping its appeal, Axon concedes the validity of the '292 Patent and has no further pending Patent Office challenges to Digital's patents

Lenexa, KS | December 20, 2018 Digital Ally, Inc. (NASDAQ: DGLY) which develops, manufactures and markets advanced video surveillance products for law enforcement, homeland security and commercial applications, is pleased to announce a major victory in its legal battles against Axon Enterprise, Inc. ("AXON," formerly known as Taser International, Inc.). After losing its validity challenge at the U.S. Patent Office for Digital Ally's Patent No. 8,781,292 ("the '292 Patent"), AXON has decided to abandon its appeal and discontinue all remaining attacks against the '292 Patent.

AXON began challenging the validity of Digital Ally's auto-activation patents at the Patent Office through four separate IPR challenges over two years ago. Every one of those attempts has been unsuccessful. Three of those four petitions were rejected outright by the Patent Office. After agreeing to take a closer look at the fourth petition, and after a full proceeding and oral argument on the matter, the Patent Office found all challenged claims of the '292 Patent to be valid. AXON appealed this finding to the United States Court of Appeals for the Federal Circuit.

On December 17, 2018, AXON withdrew its appeal and discontinued all efforts to invalidate the '292 Patent. On December 19, 2018, the Federal Circuit granted AXON's request and dismissed the appeal. With this dismissal, the Patent Office's finding that the '292 Patent is valid will remain unchallenged and in full effect. Axon is now barred from filing any further IPRs against the '292 Patent, as well as the '452 Patent.

Enforcement Video, LLC (d/b/a WatchGuard Video) ("WatchGuard") had previously agreed to be bound by Axon's IPR attempt to invalidate the '292 Patent. The dismissal also means that WatchGuard's ability to challenge the validity of the '292 Patent is now severely limited. Like Axon, WatchGuard is now barred from filing any further IPRs challenging any of the patents asserted against it.

"This decision was a major triumph for our team at Digital who worked so hard to develop this auto-activation technology," said Digital Ally's CEO, Stanton Ross. "To see Axon abandon its efforts to invalidate the '292 Patent was a tremendous confirmation of our hard work and position as the innovator of this technology," continued Ross. "We are excited about moving our litigation against Axon and WatchGuard towards trial and

having a jury hold both Axon and WatchGuard accountable for their infringement of our auto-activation patent,” Ross concluded.

About Digital Ally

[Digital Ally](#)®, headquartered in Lenexa, KS, specializes in the design and manufacturing of the highest quality video recording equipment and video analytic software. Digital Ally pushes the boundaries of technology in industries such as law enforcement, emergency management, commercial fleets, and consumer use. Digital Ally’s complete product solutions include in-car and body cameras, cloud and local management software, and automatic recording technology. These products work seamlessly together and are simple to install and operate. Digital Ally products are sold by domestic direct sales representatives and international distributors worldwide.

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operations are contained in its annual report on Form 10-K for the year ended December 31, 2017 and quarterly report on Form 10-Q for the three and nine months ended September 30, 2018, as filed with the Securities and Exchange Commission.