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April 8, 2022

Re: [CEMCO]
CEMCO/ClarkDietrich v. Klein et al.
Case No. 2:18-cv-00659-JLR
Western District of Washington
TLO No. 17-11-8182

To Whom It May Concern:

We represent California Expanded Metal Company (“CEMCO”) in patent litigation matters. We write to bring to your attention that the District Court for the Western District Washington has issued a Contempt Order on February 16, 2022 in the above-referenced case (“the Washington Case”), finding that certain Fire Rated Gasket (FRG) products sold by Seal4Safti, Inc. (“S4S”) are infringing CEMCO’s Patents.

The Federal District Court in Washington has found “clear and convincing evidence of **direct infringement by S4S’s customers** and that **S4S and Mr. Klein took steps to induce infringement** with the requisite intent.” (Contempt Order at 38:20 – 39:2 (emphasis added); see also, 42:6-9.)

This means that customers of S4S have been found to be infringing upon CEMCO’s patents, which can result in liability for the customers if S4S fails to pay the damages. The details of what products are infringing are found below. The Contempt Order is attached for your reference.

A. What You Need to Know About the Contempt Order: Certain FRG Products Are Infringing CEMCO’s Patents

In the Contempt Order, the Washington District Court found that the use of FRG Strips on U-shaped tracks as taught by S4S and Mr. Klein would infringe CEMCO’s U.S. Patents No. 7,681,365, No. 7,814,718, No. 8,136,314 and No. 8,151,526 (collectively, “CEMCO’s Patents”). These patents cover the use of fire-stopping intumescent tape in head-of-wall assemblies. As you may have questions or concerns regarding your use of FRG products, we want to explain the potential impact that the Contempt Order may have on your business.

By way of background, the Washington District Court previously entered a Consent Judgment in which James Klein admitted that Safti-Seal (SSR) products infringed CEMCO's Patents. Accordingly, the Washington District Court issued a Permanent Injunction on December 16, 2019 against Mr. Klein and his company, Safti-Seal, Inc., enjoining them from infringing CEMCO's Patents by selling the SSR products. The Injunction is also attached for your reference.

The Injunction states in relevant part:

Judgment is entered against Defendants [James Klein, BlazeFrame Industries, Ltd. and Safti-Seal, Inc.] and in favor of Plaintiffs [CEMCO and ClarkDietrich LLC] on Plaintiffs' claims that the Accused Products infringe the Asserted Patents.

1. Effective as of April 1, 2020, Defendants, any affiliated companies, and all of their officers, directors, agents, servants, employees, and such other persons who are in active concert or participation or in privity with any of them:

(a) Shall be permanently restrained and enjoined from infringing the Asserted Patents, by any means, directly or indirectly, by making, having made, advertising, having advertised, marketing, having marketed, offering for sale, having offered for sale, selling, or having offered for sale any Accused Product;

(b) Shall be permanently restrained and enjoined from infringing the Asserted Patents, by inducing others to make, have made, advertise, have advertised, market, have marketed, offer for sale, have offered for sale, sell, or have offered for sale any Accused Products;

As you are undoubtedly aware if you have done business with Mr. Klein and S4S, after the Injunction was entered Mr. Klein rebranded SSR products as FRG products. The FRG products are sold by S4S, which also does business as "Safti-Seal." The Federal District Court found that Mr. Klein and S4S violated the Injunction because certain FRG products infringe CEMCO's Patents just as the SSR products had infringed CEMCO's Patents.

Of particular relevance to you, the Washington District Court found "there is clear and convincing evidence that **S4S's customers directly infringed**" CEMCO's Patents. (Contempt Order at 48:1-2).

B. What Does the Contempt Order Mean for You If You Are Currently Using FRG Products?

The Contempt Order covers U-Shaped tracks, specifically DL (Deep Leg) and DSL (Deep Slotted Leg) tracks, used with intumescent strips in-head-of-wall assemblies because the District Court held that these products are covered by the Injunction. If you are using DL or SL products, then you are infringing CEMCO's Patents. Therefore, you must immediately stop all purchase and installation of FRG Strips used with DL and DSL tracks in-head-of-wall assemblies. This would also apply to FRG Strips that are field applied to DL track or DSL tracks. While it may not be a violation of the Court's injunction for Mr. Klein and S4S to sell FRG Strips in roll form for other uses, your use of his FRG products with U-shaped tracks in your projects could subject you to liability for direct infringement.

If you are using FRG products other than DL or DSL (such as J-runner, double-J, RCD, and RCS tracks with intumescent strips), you should also stop because it is CEMCO's belief that they are also infringing the CEMCO patents. Though the Washington District Court did not make a finding as to whether non-DL/DSL tracks infringe CEMCO's Patents because non-DL/DSL tracks are outside the scope of the Injunction, CEMCO is suing S4S for infringement based on all the FRG products in a separate parallel litigation—*CEMCO v. S4S*, Case No. 2:20-cv-10409—in the Central District of California ("Current California Case").

In the Current California Case, CEMCO alleges that all the FRG products infringe CEMCO's Patents. Trial in the Current California Case is set for May 3, 2022. CEMCO expects to prevail at trial since the Washington District Court has already found that there is no colorable difference between the FRG products and the SSR products, which Mr. Klein admitted to be infringing. Thus, it follows that all FRG products are infringing as well.

C. What Happens If You Continue to Install FRG Products?

Under the patent law, the intentional or knowing use of an infringing product is considered "willful infringement," which may warrant enhanced damages. That is, damages for willful patent infringement can be increased up to three times the amount found or assessed.

Now that you have been put on notice that the FRG products infringe CEMCO's Patents, any continuing offer for sale, sale, or use (e.g. installation) of the FRG products in head-of-wall assemblies would constitute willful infringement. This means you may be liable for up to three times the damages.

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D. You Should Not Use the Current FRG UL Reports

The Washington District Court found that infringement of CEMCO's Patent occurs "when a customer builds a wall assembly in accordance with a UL listing covering U-shaped tracks ... in light of the record." (Contempt Order at 48:19 – 49:1.) The District Court also found, "S4S's use of the ULs along with instructions and recommendations to use the FRG Strip on a U-shaped track and in an infringing manner, make direct infringement by S4S's customers highly likely because customers are required to build according to local building codes, all of which require placement of the intumescent as shown in the ULs." (Contempt Order at 46:12-18.)

Therefore, you must stop building wall assemblies to the FRG UL's covering U-shaped track because they are a basis for the Court's finding that S4S's customers are directly infringing the patents.

We want to be clear that we do not want the legal disputes between CEMCO and Mr. Klein/S4S to affect your business. This is why we are making the effort to advise you of CEMCO's Patents and the legal proceedings involving them. We believe it is in everyone's best interest to be accurately informed about what is going on. If you have any questions about either the Washington case or California case, please feel free to contact our office.

Very truly yours,

TROJAN LAW OFFICES

By

R. Joseph Trojan

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Enclosures