

Federal Jury Finds KPSI, Jim Klein and Serina Klein Infringed on CEMCO's Patents.

FOR IMMEDIATE RELEASE

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Seattle, WA. After a six-day jury trial, a Seattle federal jury returned a unanimous verdict against KPSI Innovations, Inc. in a patent infringement case in the steel construction industry. The jury found that KPSI's sale of its FRG Safti-Seal products willfully infringed on CEMCO's four patents for intumescent firestopping technology and was awarded approximately \$800,000 in royalty damages. The patented technology includes an intumescent strip attached to a metal track, which is intended to slow the spread of fire in building joints between rooms.

The jury determined that despite Jim Klein's public statements suggesting that his recently issued patents granted them the right to sell FRG, Jim Klein and Serina Klein, who is the owner of KPSI, were aware they were infringing CEMCO's patents. CEMCO is now entitled to request Judge Robart to increase the royalty damages to roughly \$2.4 million and obtain attorney fees of more than \$1 million because of the finding of willfulness. The decision on the scope of the permanent injunction, enhanced damages, and award of attorney fees is expected in February 2025.

The jury also determined that Serina Klein and KPSI had participated in the transfer of assets from Seal4Safti, Inc. to KPSI in 2023 to avoid paying a judgment from an earlier jury verdict of patent infringement on the same patents. Seal4Safti had transferred key assets to KPSI to continue the infringement. As a result of the transfer, the jury found that Serina Klein and KPSI owed CEMCO an additional \$300,000.

Before the trial began, Judge James L. Robart found that Jim Klein and Serina Klein had not disclosed evidence of infringement, and that Serina Klein had provided false information in response to discovery requests. As a result of these discovery violations, Judge Robart entered a default order finding that the defendants violated CEMCO's patents by inducing infringement. In an earlier related case, Judge Robart held Jim Klein in contempt of court for violating an earlier injunction related to the same CEMCO patents and ordered Mr. Klein to pay \$1.6 million in attorney fees.

CEMCO's President and CEO, Tom Porter, stated, "We are grateful to Judge Robart for conducting a thorough trial and for the jury reaching a decision in this case. We hope that the Kleins respect the jury's decision this time, which is the second jury verdict of willful

infringement of these patents. It is our duty to our owners, our licensees and our employees to vigorously defend our immense library of patents.”

The patents in this case are U.S. Patents No. 7,681,365, No. 7,814,718, No. 8,136,314, and No. 8,151,526. The case is *CEMCO, LLC V. KPSI Innovation, Inc., et al.*, Case No. 2:23-CV-00918-JLR (USDC, Western Dist. WA).

CEMCO was represented at trial by R. Joseph Trojan, Dylan C. Dang, and Francis Z. Wong of Trojan Law Offices, Beverly Hills, CA.

KPSI and the Kleins were represented at trial by Patrick C. Bageant of Hollystone Law, Boise, ID; Chad M. Colton, Adam M. Starr, and Josephine C. Kovacs of Markowitz Herbold PC, Portland, OR.