

The Honorable Ricardo S. Martinez

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

CASCADE YARNS, INC., a Washington
corporation,

Plaintiffs,

v.

KNITTING FEVER, INC., a New York
corporation, DESIGNER YARNS, LTD., a
corporation of England, FILATURA
PETTINATA V.V.G. DI STEFANO
VACCARI & C. (S.A.S.), an entity organized
under the laws of Italy; SION ELALOUF, a
natural person, DIANE ELALOUF, a natural
person, JAY OPPERMAN, a natural person,
DEBBIE BLISS, a natural person, DAVID
WATT, a natural person, and DOES 1-50,

Defendants

Case No. C:10-00861 RSM

**DECLARATION OF JOSHUA R.
SLAVITT IN OPPOSITION TO
CASCADE’S MOTION FOR
PROTECTIVE ORDER**

NOTE ON MOTION CALENDAR:
December 17, 2010

I, Joshua R. Slavitt, declare as follows:

1. I am an attorney, admitted to practice before this Court *pro hac vice*, and am a partner with Pepper Hamilton LLP, counsel of record for Defendant Knitting Fever, Inc. (“KFI”) in this action. This declaration is based on my personal knowledge and, if

DECLARATION OF JOSHUA R. SLAVITT
IN OPPOSITION TO CASCADE’S MOTION
FOR PROTECTIVE ORDER
(Case No. C10-00861 RSM)— 1

Pepper Hamilton LLP
3000 Two Logan Square
Philadelphia, Pennsylvania 19103-2799
(215) 981-4000 · Fax: (215) 981-4750

1 called upon to do so, I would and could testify competently as to the matters set forth
2 herein.

3 2. On October 6, 2010, counsel for KFI provided a draft of the Joint
4 Stipulation and Order to File Continuing Guaranties (the “Stipulation”) to Cascade’s
5 counsel. Attached hereto as Exhibit A is a true and correct copy of a draft Joint
6 Stipulation To File Continuing Guaranties along with an email cover page, dated October
7 6, 2010. According to this draft, the parties would file executed continuing guaranties
8 within seven (7) days of execution of the Stipulation.

9 3. The following day, on October 7, 2010, counsel for Cascade provided its
10 revised version of the draft Stipulation to KFI’s counsel. Attached hereto as Exhibit B is a
11 true and correct copy of a draft Joint Stipulation To File Continuing Guaranties along with
12 an email cover page, dated October 7, 2010 as revised by Cascade’s counsel. According to
13 Cascade’s revised version, the continuing guaranties were recited as already having been
14 executed and attached as exhibits.

15 4. On October 12, 2010, counsel for the parties again corresponded regarding
16 the Stipulation, and on October 14, 2010, KFI’s counsel provided another revised draft of
17 the Stipulation in which it restated its position regarding the exclusion of the executed
18 guaranties as exhibits to the Stipulation. Attached hereto as Exhibit C is a true and correct
19 copy of a second, revised draft Joint Stipulation To File Continuing Guaranties along with
20 an email cover page, dated October 14, 2010, provided by KFI’s counsel to Cascade’s
21 counsel.

22 5. At the October 26, 2010 telephone conference with the Court, KFI’s
23 counsel reiterated its concern for the potential for mischief from Cascade’s unfettered use
of KFI’s continuing guaranty, and the parties agreed that, in lieu of attaching executed
continuing guaranties as exhibits to the Stipulation, counsel would exchange executed

1 guaranties and neither party would use the guaranty of the other for any other purpose
2 except upon further order of the Court.

3 6. On November 2, 2010, KFI's counsel provided yet another draft of the
4 Stipulation to Cascade's counsel reflecting the agreement reached in the telephone
5 conference with the Court. Attached hereto as Exhibit D is a true and correct copy of a
6 third, revised draft Joint Stipulation To File Continuing Guaranties along with an email
7 cover page, dated November 2, 2010. According to this draft, the parties would file
8 executed continuing guaranties with the FTC and exchange the as filed continuing
9 guaranties between counsel within seven days of execution of the Stipulation. Pursuant to
10 the agreement of counsel, this draft further recited that "[n]either Cascade nor KFI, either
11 directly or through a proxy, shall use the continuing guaranty provided by the other party
12 for any purpose other than in connection with the execution of this Stipulation, except
13 upon further order of the Court."

14 7. Cascade's counsel promptly responded – later that day – with detailed
15 comments on this draft of the Stipulation in which it identified a series of issues. Attached
16 hereto as Exhibit E is a true and correct copy of a correspondence from Cascade's counsel
17 regarding the Joint Stipulation To File Continuing Guaranties along with an email cover
18 page, dated November 2, 2010. Most prominently, Cascade's counsel was now insisting
19 on the exchange of executed guaranties prior to the execution of the Stipulation. Notably
20 absent from the issues identified by Cascade's counsel was anything relating to the agreed
21 upon mutual use restrictions on the continuing guaranties of the other party that
22 conditioned the exchange of executed guaranties between counsel.

23 8. Counsel for KFI responded to the issues raised by Cascade's counsel and,
despite its disagreement concerning the timing of the filing and exchange of executed
guaranties, agreed to revise the Stipulation to recite that the continuing guaranties were to

be filed and exchanged *prior to* the execution of the Stipulation. Attached hereto as
DECLARATION OF JOSHUA R. SLAVITT
IN OPPOSITION TO CASCADE'S MOTION
FOR PROTECTIVE ORDER
(Case No. C10-00861 RSM)— 3

1 Exhibit F is a true and correct copy of correspondence from KFI's counsel regarding the
2 Joint Stipulation To File Continuing Guaranties, dated November 2, 2010.

3 9. Rather than indicate whether this proposed revision was acceptable, counsel
4 for Cascade simply insisted that until it was provided a copy of KFI's executed guaranty,
5 "there is nothing for us to review." Attached hereto as Exhibit G is a true and correct copy
6 of further correspondence from Cascade's counsel regarding the Joint Stipulation To File
Continuing Guaranties, dated November 2, 2010.

7 10. On November 4, 2010, KFI's counsel provided yet another draft of the
8 Stipulation to Cascade's counsel which recited that the continuing guaranties were to be
9 filed and exchanged *prior to* the execution of the Stipulation. Attached hereto as Exhibit H
10 is a true and correct copy of correspondence from KFI's counsel regarding the Joint
11 Stipulation To File Continuing Guaranties along with an email cover page, dated
November 4, 2010.

12 11. KFI filed its executed continuing guaranty and provided a copy of its
13 guaranty as filed to Cascade's counsel in reliance on Cascade's agreement that neither
14 party would use the continuing guaranty of the other party for any purpose other than in
15 connection with the execution of the Stipulation, except upon further order of the Court.

16 12. Attached hereto as Exhibit I is the form of Joint Stipulation proposed by
KFI for entry as an Order in this action.

17 I declare under penalty of perjury under the laws of the United States of America
18 and the Commonwealth of Pennsylvania that the foregoing is true and correct.

19 Executed on December 13, 2010 at Philadelphia, Pennsylvania.

20
21 /s/ Joshua R. Slavitt
22 Joshua R. Slavitt

23
DECLARATION OF JOSHUA R. SLAVITT
IN OPPOSITION TO CASCADE'S MOTION
FOR PROTECTIVE ORDER
(Case No. C10-00861 RSM)— 4

Pepper Hamilton LLP
3000 Two Logan Square
Philadelphia, Pennsylvania 19103-2799
(215) 981-4000 · Fax: (215) 981-4750

EXHIBIT A

Busk, Heather D.

From: Slavitt, Joshua R.
Sent: Wednesday, October 06, 2010 7:56 PM
To: Guite, Rob
Cc: 'Rheaume, Warren'; Francis, Rebecca; McInerney, Deirdre E.; Busk, Heather D.
Subject: Cascade Yarns v. Knitting Fever, Inc. (Proposed stipulation to Guite)

Attachments: Stipulation re Guaranties.doc

Dear Mr. Guite,

In accordance with the Minute Entry of the Court, dated September 29, 2010, please see the attached proposed joint stipulation.

If you have any suggested edits to the attached document, please let us know. Otherwise, we will circulate a final copy for execution.

Regards,

Joshua R. Slavitt
Attorney at Law
Pepper Hamilton LLP
3000 Two Logan Square
Philadelphia, PA 19103
215.981.4680 - Direct
215.880.2569 - Mobile
215.981.4750 - Fax
slavittj@pepperlaw.com
www.pepperlaw.com



Stipulation re
Guaranties.doc ...

The Honorable Ricardo S. Martinez

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UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

CASCADE YARNS, INC., a Washington)
corporation,)
)
Plaintiff,)
)
v.)
)
KNITTING FEVER, INC., a New York)
Corporation, DESIGNER YARNS, LTD., a)
corporation of England, FILATURA)
PETTINATA V.V.G. DI STEFANO VACCARI)
& C. (S.A.S.) an entity organized or existing)
under the laws of Italy, SION ELALOUF, an)
individual, DIANE ELALOUF, an individual,)
JAY OPPERMAN, an individual, DEBBIE)
BLISS, an individual, DAVID WATT, an)
individual and DOES 1-50,)
)
Defendants.)

Civil Action No. 2:10-cv-861 RSM

**JOINT STIPULATION TO FILE
CONTINUING GUARANTIES**

1. Plaintiff, Cascade Yarns, Inc. ("Cascade"), filed a motion seeking the entry of a preliminary injunction against Defendant Knitting Fever, Inc. ("KFI") in the above-captioned matter.

2. This motion was fully briefed, and the Court conducted a hearing on the motion on September 29, 2010.

1 3. Counsel for Cascade and KFI have agreed that their respective clients
2 would file continuing guaranties with the Federal Trade Commission, and that Cascade's
3 motion for a preliminary injunction would be withdrawn.

4 4. In view of the foregoing, Cascade and KFI, by and through their respective
5 counsel, hereby STIPULATE AND AGREE as follows:

6 A. Cascade and KFI shall both file continuing guaranties under the
7 Wool Products Labeling Act, 15 U.S.C. § 68a, with the Federal Trade Commission
8 within seven (7) days of the execution of this Stipulation, and shall maintain said
9 continuing guaranties on file with the FTC during the pendency of this action.

10 B. Neither Cascade nor KFI, either directly or through a proxy, will
11 publicly comment on the continuing guaranty provided by the other party.

12 C. Cascade's motion for a preliminary injunction is withdrawn.

13 Dated: October , 2010

s/ DRAFT

14 Joshua R. Slavitt
15 Pepper Hamilton LLP
16 3000 Two Logan Square
17 Philadelphia, PA 19103
18 (215) 981-4000
19 (215) 981-4750 (fax)

Attorneys for Defendant Knitting Fever, Inc.

20 Dated: October , 2010

s/ DRAFT

21 Robert J. Guite
22 Squire, Sanders & Dempsey L.L.P.
23 275 Battery Street, Suite 2600
San Francisco, CA 94111
(415) 954-0200
(415) 393- 9887 (fax)

Attorneys for Plaintiff Cascade Yarns, Inc.

SO ORDERED:

Ricardo S. Martinez, United States District Judge

EXHIBIT B

Busk, Heather D.

From: Guite, Robert J. [RGuite@ssd.com]
Sent: Thursday, October 07, 2010 1:50 PM
To: Slavitt, Joshua R.
Cc: Rheaume, Warren; Francis, Rebecca; McInerney, Deirdre E.; Busk, Heather D.; Danowski, Tonette M.
Subject: RE: Cascade Yarns v. Knitting Fever, Inc.(stipulation re continuing guaranty)
Attachments: SANFRANCISCO-#369888-v2-Revised_Stipulation_Re_Continuing_Guaranty.DOC; ftc31a.pdf

Counsel--

Please find attached Cascade's proposed revisions to the stipulation and order. The revisions are in track changes mode for ease of reference. If the revisions meet with your approval, please let me know and we will accept the changes and circulate a final version. Also, for ease of reference and execution, the FTC form of continuing guaranty is attached.

Please call or email me should you wish to further discuss. I will be in the office all day, other than a hearing between 3:30 p.m. and 4:30 p.m. PDT.

Regards,

Robert J. Guite

Of Counsel
rguite@ssd.com

Direct: +1.415.954.0235
Fax: +1.415.393.9887
Mobile: +1.415.832.0272

Squire, Sanders & Dempsey L.L.P.
275 Battery Street, Suite 2600
San Francisco, California 94111

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From: Slavitt, Joshua R. [mailto:slavittj@pepperlaw.com]
Sent: Wednesday, October 06, 2010 4:56 PM
To: Guite, Robert J.
Cc: 'Rheaume, Warren'; Francis, Rebecca; McInerney, Deirdre E.; Busk, Heather D.
Subject: Cascade Yarns v. Knitting Fever, Inc.

12/13/2010

Dear Mr. Guite,

In accordance with the Minute Entry of the Court, dated September 29, 2010, please see the attached proposed joint stipulation.

If you have any suggested edits to the attached document, please let us know. Otherwise, we will circulate a final copy for execution.

Regards,

Joshua R. Slavitt
Attorney at Law
Pepper Hamilton LLP
3000 Two Logan Square
Philadelphia, PA 19103
215.981.4680 - Direct
215.880.2569 - Mobile
215.981.4750 - Fax
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12/13/2010

The Honorable Ricardo S. Martinez

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UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

CASCADE YARNS, INC., a Washington corporation,)

Plaintiff,)

v.)

Civil Action No. 2:10-cv-861 RSM

KNITTING FEVER, INC., a New York Corporation, DESIGNER YARNS, LTD., a corporation of England, FILATURA)

PETTINATA V.V.G. DI STEFANO VACCARI & C. (S.A.S.) an entity organized or existing under the laws of Italy, SION ELALOUF, an individual, DIANE ELALOUF, an individual, JAY OPPERMAN, an individual, DEBBIE BLISS, an individual, DAVID WATT, an individual and DOES 1-50,)

Defendants.)

JOINT STIPULATION AND ORDER TO FILE CONTINUING GUARANTIES

STIPULATION

1. Plaintiff, Cascade Yarns, Inc. ("Cascade"), filed a motion seeking the entry of a preliminary injunction against Defendant Knitting Fever, Inc. ("KFI") in the above-captioned matter.

JOINT STIPULATION AND ORDER TO FILE CONTINUING GUARANTIES
Case No. (2:10-cv-861 RSM) — 1

23

1 Dated: October , 2010

s/ DRAFT

2 Joshua R. Slavitt (*pro hac vice*)
3 Pepper Hamilton LLP
4 3000 Two Logan Square
5 Philadelphia, PA 19103
6 (215) 981-4000
7 (215) 981-4750 (fax)

Attorneys for Defendant Knitting Fever, Inc.

6 Dated: October , 2010

s/ DRAFT

7 Robert J. Guite, WSBA No. 25753
8 Squire, Sanders & Dempsey LLP.L.P.
9 275 Battery Street, Suite 2600
10 San Francisco, CA 94111
11 (415) 954-0200
12 (415) 393- 9887 (fax)

Attorneys for Plaintiff Cascade Yarns, Inc.

11 **SO ORDERED:ORDER**

13 Based on the parties' Stipulation and in furtherance of the minute order of
14 September 29, 2010 it is hereby:

15 ORDERED that Cascade and KFI shall submit the originals of the continuing
16 guaranties made under the Wool Products Labeling Act, 15 U.S.C. § 68a, on the form
17 authorized by the Federal Trade Commission in 16 C.F.R. § 303.38 (executed copies
18 attached hereto as Exhibits A and B respectively) to the FTC within seven (7) days of the
19 date of the stipulation above; and it is further

20 ORDERED that Cascade and KFI shall maintain said continuing guaranties on file
21 with the FTC during the pendency of this action.

23 JOINT STIPULATION AND ORDER
TO FILE
CONTINUING GUARANTIES
Case No. (2:10-cv-861 RSM) — 3

Done in open court this ____ day of October, 2010.

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2

Honorable Ricardo S. Martinez
United States District Judge

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Ricardo S. Martinez, United States District Judge

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JOINT STIPULATION AND ORDER
TO FILE
CONTINUING GUARANTIES
Case No. (2:10-cv-861 RSM) — 4

EXHIBIT C

Busk, Heather D.

From: Slavitt, Joshua R.
Sent: Thursday, October 14, 2010 12:30 PM
To: 'Guite, Robert J.'
Cc: Rheume, Warren; Francis, Rebecca; McInerney, Deirdre E.; Busk, Heather D.
Subject: Cascade Yarns v. Knitting Fever, Inc.

Attachments: Revised Stipulation Re Continuing Guaranty.v3.DOC

Counsel,

Attached please find our proposed revisions to the draft Stipulation and Order.

As you will note, we do not agree with the proposed revisions to paragraph 3. As revised, your client's preliminary injunction motion would be neither decided nor withdrawn. Insofar as our clients' agreement has obviated the preliminary injunction motion, there is no reason for it to remain pending. Accordingly, we have further revised paragraph 3 and put paragraph 4C back in.

In paragraph 4A, we have revised the draft to reflect the fact that our clients have not yet executed guaranties. Further, we see no need for the executed guaranties to be attached as exhibits to the stipulation.

Finally, to the extent you have reiterated the parties' agreement in the terms of the Order, we have revised the Order to reflect accurately the complete agreement of the parties.

Please let me know if you have any questions or if you would like to discuss any of our proposed revisions.

Regards,

Joshua R. Slavitt
Attorney at Law
Pepper Hamilton LLP
3000 Two Logan Square
Philadelphia, PA 19103
215.981.4680 - Direct
215.880.2569 - Mobile
215.981.4750 - Fax
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Revised Stipulation
Re Continu...

The Honorable Ricardo S. Martinez

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UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

CASCADE YARNS, INC., a Washington
corporation,)

Plaintiff,)

v.)

Civil Action No. 2:10-cv-861 RSM

KNITTING FEVER, INC., a New York
Corporation, DESIGNER YARNS, LTD., a
corporation of England, FILATURA)

PETTINATA V.V.G. DI STEFANO VACCARI)
& C. (S.A.S.) an entity organized or existing)
under the laws of Italy, SION ELALOUF, an)
individual, DIANE ELALOUF, an individual,)
JAY OPPERMAN, an individual, DEBBIE)
BLISS, an individual, DAVID WATT, an)
individual and DOES 1-50,)

Defendants.)

**JOINT STIPULATION AND
ORDER TO FILE CONTINUING
GUARANTIES**

STIPULATION

1. Plaintiff, Cascade Yarns, Inc. ("Cascade"), filed a motion seeking the entry of a preliminary injunction against Defendant Knitting Fever, Inc. ("KFI") in the above-captioned matter.

23

1 Dated: October , 2010 s/ DRAFT

2 Warren Rheaume, WSBA No. 13627
3 Davis Wright Tremaine LLP
4 1201 Third Avenue, Suite 2200
5 Seattle, WA 98101
6 (206) 622-3150
7 (206) 757-7265 (fax)

8 Dated: October , 2010 s/ DRAFT

9 Joshua R. Slavitt (*pro hac vice*)
10 Pepper Hamilton LLP
11 3000 Two Logan Square
12 Philadelphia, PA 19103
13 (215) 981-4000
14 (215) 981-4750 (fax)

15 Attorneys for Defendant Knitting Fever, Inc.

16 Dated: October , 2010 s/ DRAFT

17 Robert J. Guite, WSBA No. 25753
18 Squire, Sanders & Dempsey ~~LLP~~L.P.
19 275 Battery Street, Suite 2600
20 San Francisco, CA 94111
21 (415) 954-0200
22 (415) 393- 9887 (fax)

23 Attorneys for Plaintiff Cascade Yarns, Inc.

24 **SO ORDERED:ORDER**

25 Based on the parties' Stipulation and in furtherance of the minute order of
26 September 29, 2010 it is hereby:

27 ORDERED that Cascade and KFI shall submit the originals of the continuing
28 guaranties made under the Wool Products Labeling Act, 15 U.S.C. § 68a, on the form
29 authorized by the Federal Trade Commission in 16 C.F.R. § 303.38 (~~executed copies~~
30 ~~attached hereto as Exhibits A and B respectively~~) to the FTC within seven (7) days of the
31 date of the stipulation above; and it is further

32 JOINT STIPULATION AND ORDER
33 TO FILE
34 CONTINUING GUARANTIES
35 Case No. (2:10-cv-861 RSM) — 3

EXHIBIT D

Busk, Heather D.

From: Slavitt, Joshua R.
Sent: Tuesday, November 02, 2010 1:46 PM
To: 'Guite, Robert J.'
Cc: warrenrheaume@dwt.com; 'rebeccafrancis@dwt.com'; McInerney, Deirdre E.; Busk, Heather D.
Subject: Cascade Yarns v. KFI et al. (revised Stipulation and Order)
Attachments: Revised Stipulation Re Continuing Guaranty.v3.DOC

Dear Mr. Guite,

Attached please find our proposed revisions to the Stipulation and Order reflecting our recent agreement concerning the exchange of executed continuing guaranties.

Please let me know if you have any further revisions to the Stipulation and Order that you'd like to propose.

Regards,

Joshua R. Slavitt
Attorney at Law
Pepper Hamilton LLP
3000 Two Logan Square
Philadelphia, PA 19103
215.981.4680 - Direct
215.880.2569 - Mobile
215.981.4750 - Fax
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Revised Stipulation
Re Continu...

The Honorable Ricardo S. Martinez

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UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

CASCADE YARNS, INC., a Washington
corporation,)

Plaintiff,)

v.)

Civil Action No. 2:10-cv-861 RSM

KNITTING FEVER, INC., a New York
Corporation, DESIGNER YARNS, LTD., a
corporation of England, FILATURA
PETTINATA V.V.G. DI STEFANO VACCARI)
& C. (S.A.S.) an entity organized or existing)
under the laws of Italy, SION ELALOUF, an)
individual, DIANE ELALOUF, an individual,)
JAY OPPERMAN, an individual, DEBBIE)
BLISS, an individual, DAVID WATT, an)
individual and DOES 1-50,)

**JOINT STIPULATION AND
ORDER TO FILE CONTINUING
GUARANTIES**

Defendants.)

STIPULATION

1. Plaintiff, Cascade Yarns, Inc. ("Cascade"), filed a motion seeking the entry of a preliminary injunction against Defendant Knitting Fever, Inc. ("KFI") in the above-

**JOINT STIPULATION AND ORDER
TO FILE
CONTINUING GUARANTIES**
Case No. (2:10-cv-861 RSM) — 1

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1 captioned matter.

2 2. This motion was fully briefed, and the Court conducted a hearing on the
3 motion on September 29, 2010.

4 3. At oral argument on September 29, counsel for Cascade and KFI have
5 agreed that in lieu of the Court entering an order on Cascade's motion, the parties their
6 respective clients would file continuing guaranties with the Federal Trade Commission
7 ("FTC"), and that Cascade's motion for a preliminary injunction would be withdrawn.

8 4. In view of the foregoing, Cascade and KFI, by and through their respective
9 counsel, hereby STIPULATE AND AGREE as follows:

10 A. Cascade and KFI shall both file execute continuing guaranties under
11 the Wool Products Labeling Act, 15 U.S.C. § 68a, on the form authorized and
12 reproduced by the Federal Trade Commission ("FTC") at 16 C.F.R. § 303.38,
13 (executed copies attached hereto as Exhibits A and B respectively) and both parties
14 will file the executed original of that form with the FTC and provide copies of the
15 form as filed to counsel for both parties with the Federal Trade Commission within
16 seven (7) days of the execution of this Stipulation.;

17 B. Cascade and KFI and shall maintain said continuing guaranties on
18 file with the FTC during the pendency of this action.

19 BC. Neither Cascade nor KFI, either directly or through a proxy, shall
20 use the continuing guaranty provided by the other party for any purpose other than
21 in connection with the execution of this Stipulation, except upon further order of
22 the Court.

23 BCD. Neither Cascade nor KFI, either directly or through a proxy, will

publicly comment on the continuing guaranty provided by the other party except that either party may respond to individual inquiries and state that both of the companies filed continuing guarantees with the FTC.

~~Dated: October~~, 2010 ~~s/ DRAFT~~

~~Warren Rheaume, WSBA No. 13627
Davis Wright Tremaine LLP
1201 Third Avenue, Suite 2200
Seattle, WA 98101
(206) 622-3150
(206) 757-7265 (fax)~~

~~CDE.~~ Cascade's motion for a preliminary injunction is withdrawn.

~~Dated: October~~ November, 2010 ~~s/ DRAFT~~

~~Warren Rheaume, WSBA No. 13627
Davis Wright Tremaine LLP
1201 Third Avenue, Suite 2200
Seattle, WA 98101
(206) 622-3150
(206) 757-7265 (fax)~~

~~Dated: November~~ October, 2010 ~~s/ DRAFT~~

~~Joshua R. Slavitt (*pro hac vice*)
Pepper Hamilton LLP
3000 Two Logan Square
Philadelphia, PA 19103
(215) 981-4000
(215) 981-4750 (fax)~~

~~Attorneys for Defendant Knitting Fever, Inc.~~

~~Dated: November~~ October, 2010 ~~s/ DRAFT~~

~~Robert J. Guite, WSBA No. 25753
Squire, Sanders & Dempsey LLP
275 Battery Street, Suite 2600
San Francisco, CA 94111
(415) 954-0200
(415) 393- 9887 (fax)~~

~~Attorneys for Plaintiff Cascade Yarns, Inc.~~

JOINT STIPULATION AND ORDER
TO FILE
CONTINUING GUARANTIES
Case No. (2:10-cv-861 RSM) — 3

1
2 **SO ORDERED: ORDER**

3 Based on the parties' Stipulation and in furtherance of the minute order of
4 September 29, 2010, it is hereby:

5
6 ORDERED that Cascade and KFI shall submit the originals of the continuing
7 guaranties made under the Wool Products Labeling Act, 15 U.S.C. § 68a, on the form
8 authorized by the Federal Trade Commission in 16 C.F.R. § 303.38 (~~executed copies~~
9 attached hereto as Exhibits A and B respectively) to the FTC and provide copies of the
10 form as filed to counsel for both parties within seven (7) days of the date of the stipulation
11 above; and it is further

12 ORDERED that Cascade and KFI shall maintain said continuing guaranties on file
13 with the FTC during the pendency of this action; and it is further

14
15 ORDERED that neither Cascade nor KFI, either directly or through a proxy, will
16 use the continuing guaranty provided by the other party for any purpose other than in
17 connection with the execution of this Stipulation, except upon further order of the Court;
18 and it is further

19 ORDERED that neither Cascade nor KFI, either directly or through a proxy, will
20 publicly comment on the continuing guaranty provided by the other party, except that
21 either party may respond to individual inquiries and state that both of the companies filed
22 continuing guarantes with the FTC; and it is further

23 JOINT STIPULATION AND ORDER
TO FILE
CONTINUING GUARANTIES
Case No. (2:10-cv-861 RSM) — 4

EXHIBIT E

Slavitt, Joshua R.

From: Guite, Robert J. [RGuite@ssd.com]
Sent: Tuesday, November 02, 2010 3:05 PM
To: Slavitt, Joshua R.
Cc: warrenrheaume@dwt.com; rebeccafrancis@dwt.com; McInerney, Deirdre E.; Busk, Heather D.; Danowski, Tonette M.
Subject: RE: Cascade Yarns v. KFI et al. (re: Stipulation and Signed Guaranty)

Mr. Slavitt--

During our call with Judge Martinez on October 26, Judge Martinez directed that the parties provide their proposed forms of continuing guaranty to one another prior to the entry of the stipulation and order. Judge Martinez agreed with your position that the forms of guaranty need not be attached to the stipulation. To that end, we provided you with Cascade's executed form of continuing guaranty last week. We have received no form of continuing guaranty from you. In fact, your proposed stipulation provides that the continuing guaranty will not be produced to Cascade until the stipulation and order has been filed with the court. This is not what Judge Martinez directed and what was agreed during the call. Further, you agreed (and Judge Martinez directed) that you would submit a declaration providing that the form of continuing guaranty provided to Cascade was submitted to the FTC. There is no mention of this declaration in the stipulation nor have you provided that declaration to us.

Please provide us with your client's form of continuing guaranty and revise the stipulation accordingly to include the provision of the executed forms of continuing guaranty as well as reference to the declaration that you agreed to submit. In the absence of a stipulation and declaration that comply with the agreement reached during the call on October 26 and Judge Martinez' instructions, we will have no option but to proceed with a further call with Judge Martinez as we have requested.

Regards,

Robert J. Guite

Of Counsel
rguite@ssd.com

Direct: +1.415.954.0235
Fax: +1.415.393.9887
Mobile: +1.415.832.0272

Squire, Sanders & Dempsey L.L.P.
275 Battery Street, Suite 2600
San Francisco, California 94111

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12/13/2010

From: Slavitt, Joshua R. [mailto:slavittj@pepperlaw.com]
Sent: Tuesday, November 02, 2010 10:46 AM
To: Guite, Robert J.
Cc: warrenrheaume@dwt.com; 'rebeccafrancis@dwt.com'; McInerney, Deirdre E.; Busk, Heather D.
Subject: Cascade Yarns v. KFI et al.

Dear Mr. Guite,

Attached please find our proposed revisions to the Stipulation and Order reflecting our recent agreement concerning the exchange of executed continuing guaranties.

Please let me know if you have any further revisions to the Stipulation and Order that you'd like to propose.

Regards,

Joshua R. Slavitt
Attorney at Law
Pepper Hamilton LLP
3000 Two Logan Square
Philadelphia, PA 19103
215.981.4680 - Direct
215.880.2569 - Mobile
215.981.4750 - Fax
slavittj@pepperlaw.com
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EXHIBIT F

Slavitt, Joshua R.

From: Slavitt, Joshua R.
Sent: Tuesday, November 02, 2010 3:44 PM
To: 'Guite, Robert J.'
Cc: warrenrheaume@dwt.com; rebeccafrancis@dwt.com; McInerney, Deirdre E.; Busk, Heather D.; Danowski, Tonette M.
Subject: RE: Cascade Yarns v. KFI et al. (re: stipulation)

Dear Mr Guite,

It is not our understanding that Judge Martinez directed the parties to exchange executed continuing guaranties *prior to* the execution of the Stipulation. In fact, the "within 7 days" language in the Stipulation and Order -- about which you now seem to take issue -- has been present since the initial draft without any prior objection from you. Moreover, to the extent the "form" of the guaranties was addressed during our conference with the Court, it was done so only in reference to the parties' use of the form reproduced at 16 U.S.C. § 303.38.

Nonetheless, despite our different views as to the Court's instructions, we will further revise the draft stipulation and order to reflect a prior exchange of continuing guaranties. We can also incorporate into the Stipulation our representations as to the filing of these guaranties provided, of course, that the necessary arrangements for having them filed are completed prior to execution of the Stipulation. In this way, the need for a separate declaration would be obviated.

Please let me know if this you agree with this approach. Unless we hear from you otherwise, we will proceed with making the additional revisions to the Stipulation that you have requested and as proposed above.

Regards,

Joshua R. Slavitt
Attorney at Law
Pepper Hamilton LLP
3000 Two Logan Square
Philadelphia, PA 19103
215.981.4680 - Direct
215.880.2569 - Mobile
215.981.4750 - Fax
slavittj@pepperlaw.com
www.pepperlaw.com

From: Guite, Robert J. [mailto:RGuite@ssd.com]
Sent: Tuesday, November 02, 2010 3:05 PM
To: Slavitt, Joshua R.
Cc: warrenrheaume@dwt.com; rebeccafrancis@dwt.com; McInerney, Deirdre E.; Busk, Heather D.; Danowski, Tonette M.
Subject: RE: Cascade Yarns v. KFI et al.

Mr. Slavitt--

During our call with Judge Martinez on October 26, Judge Martinez directed that the parties provide their proposed forms of continuing guaranty to one another prior to the entry of the stipulation and order. Judge Martinez agreed with your position that the forms of guaranty need not be attached to the stipulation. To that end, we provided you with Cascade's executed form of continuing guaranty last week. We have received no form of continuing guaranty from you. In fact, your proposed stipulation provides that the continuing guaranty will not be

12/13/2010

produced to Cascade until the stipulation and order has been filed with the court. This is not what Judge Martinez directed and what was agreed during the call. Further, you agreed (and Judge Martinez directed) that you would submit a declaration providing that the form of continuing guaranty provided to Cascade was submitted to the FTC. There is no mention of this declaration in the stipulation nor have you provided that declaration to us.

Please provide us with your client's form of continuing guaranty and revise the stipulation accordingly to include the provision of the executed forms of continuing guaranty as well as reference to the declaration that you agreed to submit. In the absence of a stipulation and declaration that comply with the agreement reached during the call on October 26 and Judge Martinez' instructions, we will have no option but to proceed with a further call with Judge Martinez as we have requested.

Regards,

Robert J. Guite

Of Counsel
rguite@ssd.com

Direct: +1.415.954.0235
Fax: +1.415.393.9887
Mobile: +1.415.832.0272

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From: Slavitt, Joshua R. [mailto:slavittj@pepperlaw.com]

Sent: Tuesday, November 02, 2010 10:46 AM

To: Guite, Robert J.

Cc: warrenrheaume@dwt.com; 'rebeccafrancis@dwt.com'; McInerney, Deirdre E.; Busk, Heather D.

Subject: Cascade Yarns v. KFI et al.

Dear Mr. Guite,

Attached please find our proposed revisions to the Stipulation and Order reflecting our recent agreement concerning the exchange of executed continuing guaranties.

Please let me know if you have any further revisions to the Stipulation and Order that you'd like to propose.

Regards,

Joshua R. Slavitt
Attorney at Law
Pepper Hamilton LLP
3000 Two Logan Square

12/13/2010

Philadelphia, PA 19103
215.981.4680 - Direct
215.880.2569 - Mobile
215.981.4750 - Fax
slavittj@pepperlaw.com
www.pepperlaw.com

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EXHIBIT G

Slavitt, Joshua R.

From: Guite, Robert J. [RGuite@ssd.com]
Sent: Tuesday, November 02, 2010 4:20 PM
To: Slavitt, Joshua R.
Cc: warrenrheaume@dwt.com; rebeccafrancis@dwt.com; McInerney, Deirdre E.; Busk, Heather D.; Danowski, Tonette M.
Subject: RE: Cascade Yarns v. KFI et al. (Re: Stipulation/Guite looks forward to Mediating this issue)

Mr. Slavitt--

Your understanding and mine are quite different, and I suspect that we can resolve this with a conference with the Court. Until you forward me a signed copy of your client's continuing guaranty, there is nothing for us to review. Short of this, I look forward to mediating this issue with the Court.

From: Slavitt, Joshua R. [mailto:slavittj@pepperlaw.com]
Sent: Tuesday, November 02, 2010 12:44 PM
To: Guite, Robert J.
Cc: warrenrheaume@dwt.com; rebeccafrancis@dwt.com; McInerney, Deirdre E.; Busk, Heather D.; Danowski, Tonette M.
Subject: RE: Cascade Yarns v. KFI et al.

Dear Mr Guite,

It is not our understanding that Judge Martinez directed the parties to exchange executed continuing guaranties *prior to* the execution of the Stipulation. In fact, the "within 7 days" language in the Stipulation and Order -- about which you now seem to take issue -- has been present since the initial draft without any prior objection from you. Moreover, to the extent the "form" of the guaranties was addressed during our conference with the Court, it was done so only in reference to the parties' use of the form reproduced at 16 U.S.C. § 303.38.

Nonetheless, despite our different views as to the Court's instructions, we will further revise the draft stipulation and order to reflect a prior exchange of continuing guaranties. We can also incorporate into the Stipulation our representations as to the filing of these guaranties provided, of course, that the necessary arrangements for having them filed are completed prior to execution of the Stipulation. In this way, the need for a separate declaration would be obviated.

Please let me know if this you agree with this approach. Unless we hear from you otherwise, we will proceed with making the additional revisions to the Stipulation that you have requested and as proposed above.

Regards,

Joshua R. Slavitt
Attorney at Law
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215.880.2569 - Mobile
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slavittj@pepperlaw.com
www.pepperlaw.com

12/13/2010

From: Guite, Robert J. [mailto:RGuite@ssd.com]
Sent: Tuesday, November 02, 2010 3:05 PM
To: Slavitt, Joshua R.
Cc: warrenrheaume@dwt.com; rebeccafrancis@dwt.com; McInerney, Deirdre E.; Busk, Heather D.; Danowski, Tonette M.
Subject: RE: Cascade Yarns v. KFI et al.

Mr. Slavitt--

During our call with Judge Martinez on October 26, Judge Martinez directed that the parties provide their proposed forms of continuing guaranty to one another prior to the entry of the stipulation and order. Judge Martinez agreed with your position that the forms of guaranty need not be attached to the stipulation. To that end, we provided you with Cascade's executed form of continuing guaranty last week. We have received no form of continuing guaranty from you. In fact, your proposed stipulation provides that the continuing guaranty will not be produced to Cascade until the stipulation and order has been filed with the court. This is not what Judge Martinez directed and what was agreed during the call. Further, you agreed (and Judge Martinez directed) that you would submit a declaration providing that the form of continuing guaranty provided to Cascade was submitted to the FTC. There is no mention of this declaration in the stipulation nor have you provided that declaration to us.

Please provide us with your client's form of continuing guaranty and revise the stipulation accordingly to include the provision of the executed forms of continuing guaranty as well as reference to the declaration that you agreed to submit. In the absence of a stipulation and declaration that comply with the agreement reached during the call on October 26 and Judge Martinez' instructions, we will have no option but to proceed with a further call with Judge Martinez as we have requested.

Regards,

Robert J. Guite

Of Counsel
rguite@ssd.com

Direct: +1.415.954.0235
Fax: +1.415.393.9887
Mobile: +1.415.832.0272

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From: Slavitt, Joshua R. [mailto:slavittj@pepperlaw.com]
Sent: Tuesday, November 02, 2010 10:46 AM

12/13/2010

To: Guite, Robert J.

Cc: warrenrheaume@dwt.com; 'rebeccafrancis@dwt.com'; McInerney, Deirdre E.; Busk, Heather D.

Subject: Cascade Yarns v. KFI et al.

Dear Mr. Guite,

Attached please find our proposed revisions to the Stipulation and Order reflecting our recent agreement concerning the exchange of executed continuing guaranties.

Please let me know if you have any further revisions to the Stipulation and Order that you'd like to propose.

Regards,

Joshua R. Slavitt
Attorney at Law
Pepper Hamilton LLP
3000 Two Logan Square
Philadelphia, PA 19103
215.981.4680 - Direct
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EXHIBIT H

Busk, Heather D.

From: Slavitt, Joshua R.
Sent: Thursday, November 04, 2010 5:29 PM
To: 'Guite, Robert J.'
Cc: Rheume, Warren; 'Francis, Rebecca'; Busk, Heather D.
Subject: Cascade v. KFI et al. (revised version of draft stipulation with additional changes)

Attachments: Revised Stipulation Re Continuing Guaranty.v4.DOC

Dear Mr. Guite,

Attached is a revised version of the draft stipulation reflecting the additional changes you recently requested. As you will note, the Stipulation now recites that the parties have filed continuing guaranties with the FTC, and that counsel have exchanged copies of the guaranties as filed.

Please let me know if this you accept these proposed revisions. If so, we can proceed with completing the necessary steps (i.e., the filing and exchange of continuing guaranties) so that the Stipulation may be executed and submitted to the Court for entry as an Order. And if you have any further revisions that you would like to propose, please let me know.

Regards,

Joshua R. Slavitt
Attorney at Law
Pepper Hamilton LLP
3000 Two Logan Square
Philadelphia, PA 19103
215.981.4680 - Direct
215.880.2569 - Mobile
215.981.4750 - Fax
slavitti@pepperlaw.com
www.pepperlaw.com



Revised Stipulation
Re Contin...

The Honorable Ricardo S. Martinez

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UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

CASCADE YARNS, INC., a Washington
corporation,)
)
)
Plaintiff,)

v.)

Civil Action No. 2:10-cv-861 RSM

KNITTING FEVER, INC., a New York)
Corporation, DESIGNER YARNS, LTD., a)
corporation of England, FILATURA)
PETTINATA V.V.G. DI STEFANO VACCARI)
& C. (S.A.S.) an entity organized or existing)
under the laws of Italy, SION ELALOUF, an)
individual, DIANE ELALOUF, an individual,)
JAY OPPERMAN, an individual, DEBBIE)
BLISS, an individual, DAVID WATT, an)
individual and DOES 1-50,)
)
Defendants.)

**JOINT STIPULATION AND
ORDER TO FILE CONTINUING
GUARANTIES**

STIPULATION

1. Plaintiff, Cascade Yarns, Inc. ("Cascade"), filed a motion seeking the entry of a preliminary injunction against Defendant Knitting Fever, Inc. ("KFI") in the above-

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1 captioned matter.

2 2. This motion was fully briefed, and the Court conducted a hearing on the
3 motion on September 29, 2010.

4 3. At oral argument on September 29, cCounsel for Cascade and KFI have
5 agreed that in lieu of the Court entering an order on Cascade's motion, the parties
6 their respective clients would file continuing guaranties with the Federal Trade Commission
7 ("FTC"), and that Cascade's motion for a preliminary injunction would be withdrawn. ;
8 and that Cascade's motion for a preliminary injunction would be withdrawn.

9 4. In view of the foregoing, Cascade and KFI, by and through their respective
10 counsel, hereby STIPULATE AND AGREE as follows:

11 A. Cascade and KFI have executed~~filed~~ shall both file continuing
12 guaranties under the Wool Products Labeling Act, 15 U.S.C. § 68a, on the form
13 authorized and reproduced by the Federal Trade Commission ("FTC") at 16 C.F.R.
14 § 303.38 (executed copies attached hereto as Exhibits A and B respectively) and
15 both parties will file the original of that form with the FTC with the Federal Trade
16 Commission within seven (7) days of the execution of this Stipulation, and counsel
17 for the parties have exchanged copies of the continuing guaranties as filed. and

18 B. Cascade and KFI shall maintain said continuing guaranties on file
19 with the FTC during the pendency of this action.

20 C. Neither Cascade nor KFI, either directly or through a proxy, shall
21 use the continuing guaranty provided by the other party for any purpose other than
22 in connection with the execution of this Stipulation, except upon further order of
23 the Court.

JOINT STIPULATION AND ORDER
TO FILE
CONTINUING GUARANTIES
Case No. (2:10-cv-861 RSM) — 2

1 BD. Neither Cascade nor KFI, either directly or through a proxy, will
2 publicly comment on the continuing guaranty provided by the other party except
3 that either party may respond to individual inquiries and state that both of the
4 companies filed continuing guarantees with the FTC.

5 Dated: ~~Oct~~November , 2010 s/ DRAFT

6 Warren Rheaume, WSBA No. 13627
7 Davis Wright Tremaine LLP
8 1201 Third Avenue, Suite 2200
9 Seattle, WA 98101
10 (206) 622-3150
11 (206) 757-7265 (fax)

12 ~~C.~~ Cascade's motion for a preliminary injunction is withdrawn.

13 Dated: ~~Novem~~October , 2010 s/ DRAFT

14 Joshua R. Slavitt (*pro hac vice*)
15 Pepper Hamilton LLP
16 3000 Two Logan Square
17 Philadelphia, PA 19103
18 (215) 981-4000
19 (215) 981-4750 (fax)

20 Attorneys for Defendant Knitting Fever, Inc.

21 Dated: ~~Novem~~October , 2010 s/ DRAFT

22 Robert J. Guite, WSBA No. 25753
23 Squire, Sanders & Dempsey ~~LLP~~L.P.
275 Battery Street, Suite 2600
San Francisco, CA 94111
(415) 954-0200
(415) 393- 9887 (fax)

Attorneys for Plaintiff Cascade Yarns, Inc.

SO ORDERED: ORDER

Based on the parties' Stipulation and in furtherance of the minute order of

September 29, 2010 it is hereby:

JOINT STIPULATION AND ORDER
TO FILE
CONTINUING GUARANTIES

1 ORDERED that Cascade and KFI shall have filed continuing guaranties made
2 under the Wool Products Labeling Act, 15 U.S.C. § 68a, on the form authorized by the
3 FTC in 16 C.F.R. § 303.38 with the FTC, and provided copies of the continuing guaranties
4 as filed to counsel for both parties; and it is further ORDERED that Cascade and KFI shall
5 submit the originals of the continuing guaranties made under the Wool Products Labeling
6 Act, 15 U.S.C. § 68a, on the form authorized by the Federal Trade Commission in 16
7 C.F.R. § 303.38 (executed copies attached hereto as Exhibits A and B respectively) to the
8 FTC within seven (7) days of the date of the stipulation above; and it is further

9 ORDERED that Cascade and KFI shall maintain said continuing guaranties on file
10 with the FTC during the pendency of this action; and it is further:

11 ORDERED that neither Cascade nor KFI, either directly or through a proxy, will
12 use the continuing guaranty provided by the other party for any purpose other than in
13 connection with the execution of this Stipulation, except upon further order of the Court;
14 and it is further

15 ORDERED that neither Cascade nor KFI, either directly or through a proxy, will
16 publicly comment on the continuing guaranty provided by the other party, except that
17 either party may respond to individual inquiries and state that both of the companies filed
18 continuing guarantees with the FTC; and it is further

19 ORDERED that Cascade's motion for a preliminary injunction is deemed
20 withdrawn.

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23 | JOINT STIPULATION AND ORDER
| TO FILE
| CONTINUING GUARANTIES
| Case No. (2:10-cv-861 RSM) — 4

Done in open court this day of ~~Octo~~November, 2010.

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Honorable Ricardo S. Martinez
United States District Judge

~~Ricardo S. Martinez, United States District Judge~~

JOINT STIPULATION AND ORDER
TO FILE
CONTINUING GUARANTIES
Case No. (2:10-cv-861 RSM) — 5

EXHIBIT I

The Honorable Ricardo S. Martinez

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UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

CASCADE YARNS, INC., a Washington)
corporation,)

Plaintiff,)

v.)

Civil Action No. 2:10-cv-861 RSM

KNITTING FEVER, INC., a New York)
Corporation, DESIGNER YARNS, LTD., a)
corporation of England, FILATURA)

**JOINT STIPULATION AND
ORDER TO FILE CONTINUING
GUARANTIES**

PETTINATA V.V.G. DI STEFANO VACCARI)
& C. (S.A.S.) an entity organized or existing)
under the laws of Italy, SION ELALOUF, an)
individual, DIANE ELALOUF, an individual,)
JAY OPPERMAN, an individual, DEBBIE)
BLISS, an individual, DAVID WATT, an)
individual and DOES 1-50,)

Defendants.)

STIPULATION

1. Plaintiff, Cascade Yarns, Inc. (“Cascade”), filed a motion seeking the entry of a preliminary injunction against Defendant Knitting Fever, Inc. (“KFI”) in the above-captioned matter.

2. This motion was fully briefed, and the Court conducted a hearing on the

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1 motion on September 29, 2010.

2 3. At oral argument on September 29, counsel for Cascade and KFI agreed
3 that the parties would file continuing guaranties with the Federal Trade Commission
4 (“FTC”), and that Cascade’s motion for a preliminary injunction would be withdrawn.

5 4. In view of the foregoing, Cascade and KFI, by and through their respective
6 counsel, hereby STIPULATE AND AGREE as follows:

7 A. Cascade and KFI have filed continuing guaranties under the Wool
8 Products Labeling Act, 15 U.S.C. § 68a, on the form authorized and reproduced by
9 the FTC at 16 C.F.R. § 303.38 with the FTC, and counsel for the parties have
10 exchanged copies of the continuing guaranties as filed.

11 B. Cascade and KFI shall maintain said continuing guaranties on file
12 with the FTC during the pendency of this action.

13 C. Neither Cascade nor KFI, either directly or through a proxy, shall
14 use the continuing guaranty provided by the other party for any purpose other than
15 in connection with the execution of this Stipulation, except upon further order of
16 the Court.

17 D. Neither Cascade nor KFI, either directly or through a proxy, will
18 publicly comment on the continuing guaranty provided by the other party except
19 that either party may respond to individual inquiries and state that both of the
20 companies filed continuing guarantees with the FTC.

21 Dated: December , 2010

s/ DRAFT

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1 Dated: December , 2010

s/ DRAFT

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9 Dated: December , 2010

s/ DRAFT

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16 Attorneys for Plaintiff Cascade Yarns, Inc.

17 **ORDER**

18 Based on the parties' Stipulation and in furtherance of the minute order of
19 September 29, 2010 it is hereby:

20 ORDERED that Cascade and KFI shall have filed continuing guaranties made
21 under the Wool Products Labeling Act, 15 U.S.C. § 68a, on the form authorized by the
22 FTC in 16 C.F.R. § 303.38 with the FTC, and provided copies of the continuing guaranties
23 as filed to counsel for both parties; and it is further

ORDERED that Cascade and KFI shall maintain said continuing guaranties on file
with the FTC during the pendency of this action; and it is further

ORDERED that neither Cascade nor KFI, either directly or through a proxy, will

1 use the continuing guaranty provided by the other party for any purpose other than in
2 connection with the execution of this Stipulation, except upon further order of the Court;
3 and it is further

4
5 ORDERED that neither Cascade nor KFI, either directly or through a proxy, will
6 publicly comment on the continuing guaranty provided by the other party, except that
7 either party may respond to individual inquiries and state that both of the companies filed
8 continuing guarantees with the FTC; and it is further

9 ORDERED that Cascade's motion for a preliminary injunction is deemed
10 withdrawn.

11 Done in open court this __ day of December, 2010.

12
13 _____
14 Honorable Ricardo S. Martinez
15 United States District Judge
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