

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,

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.

Civil Action No. 2:10-cv-00861 RSM

DECLARATION OF SION ELALOUF

NOTE ON MOTION CALENDAR:
July 30, 2010

ORAL ARGUMENT REQUESTED

I, Sion Elalouf, depose and state as follows:

1. I am over the age of 21, and am a resident and citizen of the State of New York.

2. I have personal knowledge of the facts contained in this Affidavit.

3. The labels on the Cashmerino yarns that KFI has sold to The Knit With were accurate to the best of my knowledge.

4. If the labels for these products were inaccurate in any way, such inaccuracies were made without my knowledge. I never intended to deceive anyone as to the amount of

1 cashmere in these products. To the contrary, it was my understanding that the Cashmerino yarns
2 were spun with the correct quantities of constituent fibers by a yarn manufacturer well-regarded
3 in the industry and with whom KFI has had a long-term relationship.

4 5. It is my understanding that fiber analysis using light microscopy is more
5 subjective in the application of relevant criteria than fiber analysis that uses scanning electron
6 microscopy ("SEM") and, therefore, more prone to operator bias. As a result, it is my
7 understanding that fiber analysis using light microscopy is less reliable than SEM.
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9 6. It is also my understanding that wool/cashmere blends can have populations of
10 fibers having similar mean diameters, and that the overlap in the size distributions of the
11 diameters of the respective fiber populations increases as the differences in the mean diameters
12 of such fibers decreases.

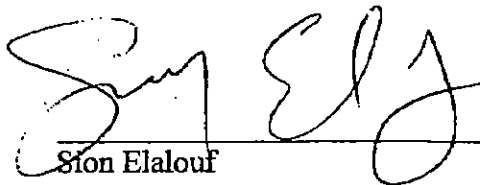
13 7. It is also my understanding that reports of percentages of constituent fibers in
14 fiber analysis reports are of limited value unless, among other things, the reports also specify the
15 error limits applicable to the samples tested and the number of fibers analyzed.
16

17 8. It is also my understanding that it is the practice of fiber analysis laboratories to
18 include a disclaimer in their reports to the effect that their reports apply only to the specific
19 samples tested, and are not necessarily indicative of the qualities of apparently identical or
20 similar products.

21 9. It is also my understanding that trials of fiber analysis laboratories conducted by
22 the Cashmere and Camel Hair Manufacturers Institute as recently as 2007, in which yarn blends
23 of wool and cashmere comprising known quantities of wool and cashmere were used, showed
24 that fewer than half of the laboratories participating in the trials were able to correctly identify
25 the percentages of wool and cashmere within an error limit of $\pm 3\%$.
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10. In view of the foregoing, I do not believe the results stated in the fiber analysis reports relied upon by The Knit With are credible or that the conclusions drawn therefrom are warranted.

I am personally familiar with the foregoing facts and the same are true and correct to the best of my knowledge, information and belief. I take this verification subject to the penalties of Title 28 U.S.C. § 1746 relating to unsworn declarations.


Simon Elalouf

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CERTIFICATE OF ELECTRONIC SERVICE

I hereby certify that on the date set forth below, I electronically filed the foregoing Declaration of Sion Elalouf with the Clerk of the Court using the CM/ECF system which will send notification of such filing to the following:

Robert J. Guite, Esquire
Squire, Sanders & Dempsey L.L.P.
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rguite@ssd.com

DATED this 26th day of July, 2010.

Pepper Hamilton LLP
Attorneys for Defendants

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