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HON. RICARDO S. MARTINEZ

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

CASCADE YARNS, INC., a Washington Corporation,

Plaintiff,

vs.

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.), and 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,

Defendant.

Case No. 2:10-cv-00861 RSM

**DECLARATION OF ROBERT J. GUITE
IN SUPPORT OF CASCADE YARNS,
INC.'S MOTION FOR PROTECTIVE
ORDER AND ENTRY OF
STIPULATION AND ORDER RE
CONTINUING GUARANTY**

**Note On Motion Calendar:
December 17, 2010**

I, Robert J. Guite, declare as follows:

1. I am an attorney, admitted to practice before all of the courts of the State of Washington and this court, and am Of Counsel at Squire, Sanders & Dempsey L.L.P., counsel of record for Plaintiff Cascade Yarns, Inc. ("Cascade") in this action. This declaration is based on my personal knowledge and, if called on to do so, I would and could testify competently as to the matters set forth herein.

EXHIBIT A

Guite, Robert J.

From: Slavitt, Joshua R. [slavittj@pepperlaw.com]
Sent: Thursday, November 04, 2010 2:29 PM
To: Guite, Robert J.
Cc: Rheaume, Warren; 'Francis, Rebecca'; Busk, Heather D.
Subject: Cascade v. KFI et al.
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
slavittj@pepperlaw.com
www.pepperlaw.com

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12/6/2010

The Honorable Ricardo S. Martinez

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.)

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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.

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

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

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guaranties with the Federal Trade Commission ("FTC"), and that Cascade's motion for a preliminary injunction would be withdrawn.

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

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

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

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

D. 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: November , 2010 s/ DRAFT

Warren Rheaume, WSBA No. 13627
Davis Wright Tremaine LLP
1201 Third Avenue, Suite 2200
Seattle, WA 98101

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

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Deleted: have
Deleted: in lieu of the Court entering an order on Cascade's motion,
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Deleted: shall both file

Deleted: Federal Trade Commission ("
Deleted: ")
Deleted: (executed copies attached hereto as Exhibits A and B respectively) and both parties will file the original of that form
Deleted: with the Federal Trade Commission within seven (7) days of the execution of this Stipulation
Deleted: and

Deleted: B

Deleted: Octo

Deleted: ¶
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Deleted:)

(206) 622-3150

(206) 757-7265 (fax)

Dated: November , 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 , 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.

ORDER

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

ORDERED that Cascade and KFI shall have filed continuing guaranties made under the Wool Products Labeling Act, 15 U.S.C. § 68a, on the form authorized by the FTC in 16 C.F.R. § 303.38 with the FTC, and provided copies of the continuing guaranties 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

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

Deleted: C. Cascade's motion for a preliminary injunction is withdrawn.¶

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Deleted: SO ORDERED:

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

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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 November, 2010.

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

15 Deleted: ¶
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 B

Guite, Robert J.

From: Slavitt, Joshua R. [slavittj@pepperlaw.com]
Sent: Monday, November 22, 2010 12:39 PM
To: Guite, Robert J.
Cc: 'warrenrheaume@dwt.com'; 'RebeccaFrancis@dwt.com'; Busk, Heather D.
Subject: Re: Cascade v. KFI et al.

Dear Mr. Guite,

Your proposed change to paragraph 4C has no basis in our agreement or in Judge Martinez's remarks. In fact, it is entirely contrary to both. As a result, we cannot accept this change.

Please let us know if you are prepared to execute the last version of the stipulation we provided.

Regards,

Joshua R. Slavitt
Attorney at Law
Pepper Hamilton LLP
3000 Two Logan Square
Eighteenth and Arch Streets
Philadelphia, PA 19103-2799
215.981.4680 - Direct
215.880.2569 - Mobile
215.981.4750 - Fax
slavittj@pepperlaw.com
www.pepperlaw.com

From: Slavitt, Joshua R.
To: 'rguite@ssd.com' <rguite@ssd.com>
Cc: 'warrenrheaume@dwt.com' <warrenrheaume@dwt.com>; 'RebeccaFrancis@dwt.com' <RebeccaFrancis@dwt.com>; Busk, Heather D.
Sent: Mon Nov 22 15:26:30 2010
Subject: Re: Cascade v. KFI et al.

Dear Mr. Guite,

Your proposed revision to paragraph 4C has no basis in either our agreement or in Judge Martinez's remarks or Joshua R. Slavitt
Attorney at Law
Pepper Hamilton LLP
3000 Two Logan Square
Eighteenth and Arch Streets
Philadelphia, PA 19103-2799
215.981.4680 - Direct
215.880.2569 - Mobile
215.981.4750 - Fax
slavittj@pepperlaw.com
www.pepperlaw.com

From: Guite, Robert J. <RGuite@ssd.com>
To: Slavitt, Joshua R.
Cc: Rheaume, Warren <WarrenRheaume@dwt.com>; Francis, Rebecca <RebeccaFrancis@dwt.com>; Busk,

12/6/2010

Heather D.

Sent: Mon Nov 15 17:00:52 2010

Subject: RE: Cascade v. KFI et al.

Mr. Slavitt--

We write regarding the stipulation and order following the parties' submission of continuing guarantees to the FTC. We accepted the changes to the stipulation and order you proposed in your transmittal of November 4. A copy of the stipulation and order with the changes accepted is attached. We redline our revision to paragraph 4.C. I believe that paragraph 4.C was added by you in the November 4 proposal. We believe that our revision is consistent with Judge Martinez' remarks and instructions.

If the attached version is acceptable to you, please return a signed copy to me. We will submit the fully executed stipulation to the court.

Best,

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: Friday, November 05, 2010 11:31 AM

To: Guite, Robert J.

Cc: Rheaume, Warren; 'Francis, Rebecca'; Busk, Heather D.

Subject: FW: Cascade v. KFI et al.

Dear Mr. Guite,

We still are waiting to hear whether you accept the revised version of the draft stipulation we provided to you yesterday, or if there are further revisions you would like to propose. If the current version is acceptable, or if you have further revisions in mind that we can readily agree upon, there is no reason why the Stipulation can't be finalized between us without further burdening the Court.

We look forward to hearing from you.

12/6/2010

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: Slavitt, Joshua R.
Sent: Thursday, November 04, 2010 5:29 PM
To: 'Guite, Robert J.'
Cc: Rheaume, Warren; 'Francis, Rebecca'; Busk, Heather D.
Subject: Cascade v. KFI et al.

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
slavittj@pepperlaw.com
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12/6/2010

EXHIBIT C

Guite, Robert J.

From: Guite, Robert J.
Sent: Monday, November 22, 2010 2:26 PM
To: Laurie_Cuaresma@wawd.uscourts.gov
Cc: Busk, Heather D.; Lowell_Williams@wawd.uscourts.gov; McInerney, Deirdre E.; RebeccaFrancis@dwt.com; Slavitt, Joshua R.; Danowski, Tonette M.; warrenrheaume@dwt.com
Subject: RE: Cascade Yarns v. Knitting Fever, et al., C10-861RSM

Dear Ms. Williams and Ms. Cuaresma--

We write to request a further telephonic status conference with Judge Martinez regarding the stipulation and order regarding the continuing guaranty. Counsel have now submitted the continuing guarantees to the FTC as directed by this Court and have provided copies to one another. Further, Cascade has agreed to all but one of the additional revisions to the stipulation and order that were proposed by Mr. Slavitt. Cascade has not agreed to one provision that Mr. Slavitt inserted for the first time with his proposed draft of November 4. Cascade believes that this addition may preclude it from cooperating with investigations of KFI by state and or/federal authorities and that the only purpose of this addition is an attempt to evade liability under the Wool Products Labeling Act. Cascade believes that such a provision would not be enforceable and may not be properly entered by this Court as an Order. Of equal concern is defense counsel's insistence that the parties stipulate to an order prohibiting Cascade from using KFI's guarantee to seek redress from a governmental agency for either civil or criminal prosecution for filing a false guarantee. This could also prohibit Cascade from using evidence related to providing a false guarantee in this case, either as a RICO predicate act or otherwise. To address any legitimate concern raised by KFI, Cascade previously agreed to the following provision: "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."

Mr. Slavitt's addition of November 4 goes impermissibly further than this agreement. In that draft, Mr. Slavitt proposed the following addition: "Neither Cascade nor KFI, either directly or through a proxy, shall use the continuing guaranty provided by the other party for any purpose other than in connection with the execution of this Stipulation, except upon further order of the Court."

In response to Mr. Slavitt's new provision, Cascade suggested the following revision on November 15: "Neither Cascade nor KFI, either directly or through a proxy, shall use the continuing guaranty provided by the other party for any purpose other than in connection this litigation or in connection with any investigation by or report to any governmental agency or trade group, except upon further order of the Court."

Mr. Slavitt replied this afternoon (a week after Cascade provided its proposed revision) and advised: "Your proposed change to paragraph 4C has no basis in our agreement or in Judge Martinez's remarks. In fact, it is entirely contrary to both. As a result, we cannot accept this change. Please let us know if you are prepared to execute the last version of the stipulation we provided."

As detailed herein, Cascade cannot agree to Mr. Slavitt's recent addition. While we hesitate to seek the Court's intervention again, we believe it necessary to do so as the stipulation called for by the Court on September 29 remains to be entered. Can you let us know if the Court is available for a further call?

Best,

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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San Francisco, California 94111

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EXHIBIT D

Guite, Robert J.

From: Laurie_Cuaresma@wawd.uscourts.gov
Sent: Tuesday, November 30, 2010 4:01 PM
To: Guite, Robert J.
Cc: Busk, Heather D.; Lowell_Williams@wawd.uscourts.gov; McInerney, Deirdre E.; RebeccaFrancis@dwt.com; Slavitt, Joshua R.; Danowski, Tonette M.; warrenrheaume@dwt.com
Subject: RE: Cascade Yarns v. Knitting Fever, et al., C10-861RSM

Counsel,

I have discussed Mr. Guite's e-mail with Judge Martinez. He would like plaintiff file a motion for a protective order, including its preferred language for the stipulation. Defendants may then respond with their preferred language. The motion should be noted as per CR7(d)(2). The Court will write the stipulation based upon what it chooses to adopt from those submissions. No further telephone conference should be necessary regarding this issue.

Laurie Cuaresma
Courtroom Deputy to Judge Martinez
(206) 370-8521

From: "Guite, Robert J." <RGuite@ssd.com>
To: Laurie_Cuaresma@wawd.uscourts.gov
Cc: "Busk, Heather D." <buskh@pepperlaw.com>, Lowell_Williams@wawd.uscourts.gov, "McInerney, Deirdre E." <mcinernd@pepperlaw.com>, RebeccaFrancis@dwt.com, "Slavitt, Joshua R." <slavittj@pepperlaw.com>, "Danowski, Tonette M." <TDanowski@ssd.com>, warrenrheaume@dwt.com
Date: 11/22/2010 02:26 PM
Subject: RE: Cascade Yarns v. Knitting Fever, et al., C10-861RSM

Dear Ms. Williams and Ms. Cuaresma--

We write to request a further telephonic status conference with Judge Martinez regarding the stipulation and order regarding the continuing guaranty. Counsel have now submitted the continuing guarantees to the FTC as directed by this Court and have provided copies to one another.

Further, Cascade has agreed to all but one of the additional revisions to the stipulation and order that were proposed by Mr. Slavitt. Cascade has not agreed to one provision that Mr. Slavitt inserted for the first time with his proposed draft of November 4. Cascade believes that this addition may preclude it from cooperating with investigations of KFI by state and or/federal authorities and that the only purpose of this addition is an attempt to evade liability under the Wool Products Labeling Act. Cascade believes that such a provision would not be enforceable and may not be properly entered by this Court as an Order. Of equal concern is defense counsel's insistence that the parties stipulate to an order prohibiting Cascade from using KFI's guarantee to seek redress from a governmental agency for either civil or criminal prosecution for filing a false guarantee. This could also prohibit Cascade from using evidence related to providing a false guarantee in this case, either as a RICO predicate act or otherwise. To address any legitimate concern raised by KFI, Cascade previously agreed to the following provision: "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."

Mr. Slavitt's addition of November 4 goes impermissibly further than this agreement. In that draft, Mr. Slavitt proposed the following addition:

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

In response to Mr. Slavitt's new provision, Cascade suggested the following revision on November 15: "Neither Cascade nor KFI, either directly or through a proxy, shall use the continuing guaranty provided by the other party for any purpose other than in connection with this litigation or in connection with any investigation by or report to any governmental agency or trade group, except upon further order of the Court."

Mr. Slavitt replied this afternoon (a week after Cascade provided its proposed revision) and advised: "Your proposed change to paragraph 4C has no basis in our agreement or in Judge Martinez's remarks. In fact, it is entirely contrary to both. As a result, we cannot accept this change.

Please let us know if you are prepared to execute the last version of the stipulation we provided."

As detailed herein, Cascade cannot agree to Mr. Slavitt's recent addition.

While we hesitate to seek the Court's intervention again, we believe it necessary to do so as the stipulation called for by the Court on September 29 remains to be entered. Can you let us know if the Court is available for a further call?

Best,

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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EXHIBIT E

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HON. RICARDO S. MARTINEZ

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

CASCADE YARNS, INC., a Washington Corporation,

Plaintiff,

vs.

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.), and 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,

Defendant.

Case No. 2:10-cv-00861 RSM

JOINT STIPULATION AND ORDER 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. At oral argument on September 29, counsel for Cascade and KFI agreed that the
2 parties would file continuing guaranties with the Federal Trade Commission (“FTC”), and that
3 Cascade’s 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 have filed continuing guaranties under the Wool Products
7 Labeling Act, 15 U.S.C. § 68a, on the form authorized and reproduced by the FTC
8 at 16 C.F.R. § 303.38 with the FTC, and counsel for the parties have exchanged
9 copies of the continuing guaranties as filed. Counsel for the parties shall also
10 exchange conformed copies of the continuing guaranties that have been returned to
11 them by the FTC evidencing their filing with the FTC within 14 days of the date of
12 this Order.

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

15 C. Neither Cascade nor KFI, either directly or through a proxy, shall use the
16 continuing guaranty provided by the other party for any purpose other than in
17 connection with this litigation or in connection with any investigation by or report
18 to any governmental agency, except upon further order of the Court.

19 Dated: December __, 2010

s/ DRAFT

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Davis Wright Tremaine LLP
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(206) 757-7265 (fax)

1 Dated: December __, 2010

s/ DRAFT

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Attorneys for Defendant Knitting Fever, Inc.

7 Dated: December __, 2010

s/ DRAFT

8 Robert J. Guite, WSBA No. 25753
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10 275 Battery Street, Suite 2600
11 San Francisco, CA 94111
12 (415) 954-0200
13 (415) 393- 9887 (fax)

Attorneys for Plaintiff Cascade Yarns, Inc.

12 **ORDER**

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

15 ORDERED that Cascade and KFI shall have filed continuing guaranties made under the
16 Wool Products Labeling Act, 15 U.S.C. § 68a, on the form authorized by the FTC in 16 C.F.R. §
17 303.38 with the FTC, and provide copies of the continuing guaranties as filed to counsel for both
18 parties and provide conformed copies of the continuing guaranties evidencing their submission to
19 the FTC; and it is further

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

22 ORDERED that neither Cascade nor KFI, either directly or through a proxy, will use the
23 continuing guaranty provided by the other party for any purpose other than in connection with
24 this litigation or in connection with any investigation by or report to any governmental agency,
25 except upon further order of the Court; and it is further

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ORDERED that Cascade’s motion for a preliminary injunction is deemed withdrawn.
Done in open court this __ day of December, 2010.

Honorable Ricardo S. Martinez
United States District Judge

EXHIBIT F

CONTINUING GUARANTY

1. LEGAL NAME OF GUARANTOR FIRM

Cascade Yarns, Inc.

2. NAME UNDER WHICH GUARANTOR FIRM DOES BUSINESS, IF DIFFERENT FROM LEGAL NAME

same

3. TYPE OF COMPANY

 PROPRIETORSHIP PARTNERSHIP CORPORATION

4. ADDRESS OF PRINCIPAL OFFICE OR PLACE OF BUSINESS (Include Zip Code)

1224 Andover Park East
Tukwila, WA 98188

OPTIONAL INFORMATION

TELEPHONE NUMBER: (206) 574-0440

FAX NUMBER: (206) 574-0442

INTERNET ADDRESS: www.cascadeyarns.com

5. LAW UNDER WHICH THE CONTINUING GUARANTY IS TO BE FILED (Put an 'X' in the appropriate boxes)

- Under the **Textile Fiber Products Identification Act** (15 U.S.C. § § 70-70k): The company named above, which manufactures, markets, or handles textile fiber products, guarantees that when it ships or delivers any textile fiber product, the product will not be misbranded, falsely or deceptively invoiced, or falsely or deceptively advertised, within the meaning of the Textile Fiber Products Identification Act and the rules and regulations under that Act.
- Under the **Wool Products Labeling Act** (15 U.S.C. § § 68-68j): The company named above, which manufactures, markets, or handles wool products, guarantees that when it ships or delivers any wool product, the product will not be misbranded within the meaning of the Wool Products Labeling Act and the rules and regulations under that Act.
- Under the **Fur Products Labeling Act** (15 U.S.C. § § 69-69k): The company named above, which manufactures, markets, or handles fur products, guarantees that when it ships or delivers any fur product, the product will not be misbranded, falsely or deceptively invoiced, or falsely or deceptively advertised, within the meaning of the Fur Products Labeling Act and the rules and regulations under that Act.

6. CERTIFICATION

Under penalty of perjury, I certify that the information supplied on this form is true and correct.



SIGNATURE OF PROPRIETOR, PRINCIPAL PARTNER, OR CORPORATE OFFICIAL

7. NAME (Please print or type)

Robert A. Dunbabin

8. TITLE

President

9. CITY AND STATE WHERE SIGNED

Palo Alto, California

10. DATE

10/28/10

INSTRUCTIONS

The Textile Fiber Products Identification Act, the Wool Products Labeling Act, and the Fur Products Labeling Act provide that any marketer or manufacturer of fiber or fur products covered by those Acts may file a continuing guaranty with the Federal Trade Commission. A continuing guaranty on file assures customer firms that the guarantor's products are in conformance with the Act(s) under which the guarantor has filed. Customer firms rely on the continuing guaranties for protection from liability if violations occur.

In completing this form, please observe the following:

- (a) All appropriate blanks on the form should be filled in. Include your Zip Code in Item 4.
- (b) In Item 6, signature of proprietor, partner, or corporate official of guarantor firm.

(c) Send two completed, signed original copies to:
Federal Trade Commission
Division of Enforcement
600 Pennsylvania Ave, NW
Washington, DC 20580

(d) Do not fax application - mail signed originals only.

Continuing guaranties filed with the Commission continue in effect until revoked. The guarantor must immediately notify the Commission in writing of any change in business status. Any change in the address of the guarantor's principal office and place of business must also be promptly reported.

DO NOT USE THIS SPACE

Filed Nov. 19 20 10

FEDERAL TRADE COMMISSION

