

**IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
COUNTY DEPARTMENT, CHANCERY DIVISION**

MOSS PRINTING, INC. and)
AMERICAN LABELMARK COMPANY,)

Plaintiffs-Counterdefendants,)

v.)

FIX-A-FORM, INC. and)
FIX-A-FORM INTERNATIONAL, LTD.,)

Defendants-Counterplaintiffs.)

No. 99 CH 9460

Judge Dorothy Kirie Kinnaird

ORDER

This matter coming to be heard on Fix-A-Form's Petition for Attorneys' Fees and Costs, Motion for Sanctions, and First Supplemental Petition for Attorneys' Fees, due notice having been given and the Court having considered the following submissions:

Fix-A-Form's Petition for Attorneys' Fees and Costs;

Plaintiffs' Objections to Fix-A-Form's Petition for Attorneys' Fees (including their objections listed in Exhibit B);

Fix-A-Form's Reply Brief in Support of Its Petition for Attorneys' Fees;

Fix-A-Form's Response to Plaintiffs' Exhibit B Objections;

Moss' Response to Fix-A-Form's Breakdown of Fees;

Fix-A-Form's Reply Brief on the Breakdown of Fees Incurred;

Fix-A-Form's Chronology of Fees Incurred as a Result of Plaintiffs' Discovery Violations;

Moss' Chronology of Events Relating to Indemnity and Asset Purchase Agreements;
Fix-A-Form's Reply in Support of and the Chronology of Fees Incurred as a Result of
Plaintiffs' Discovery Violations;
Fix-A-Form's First Supplemental Petition for Attorneys' Fees and Costs;
Moss' Response to Fix-A-Form's Supplemental Petition for Attorneys' Fees and Costs;
Reply in Support of Fix-A-Form's First Supplemental Petition for Attorneys' Fees
and Costs;
American Labelmark's Joinder;
and the November 22, 2000 Transcript of Proceedings;

the Court otherwise being fully advised in the premises, and the plaintiffs having been redacted copies of the actual bills that make up Fix-A-Form's First Supplemental Petition for Attorneys' Fees on June 22, 2001.

IT IS HEREBY ORDERED:

1. **Fix-A-Form's Petition for Attorneys' Fees, Motion for Sanctions and First Supplemental Petition for Attorneys' Fees are granted in part and denied in part as hereinafter set forth;**
2. **The Court finds that plaintiffs acted wilfully, unreasonably and without justification (a) in objecting to Fix-A-Form's discovery requests pertaining to indemnity agreements among the plaintiffs as well as portions of their asset purchase agreement and related documentation which underlie the purported assignment which was the subject of trial (specifically, the documents which the Court reviewed *in camera* and thereafter ordered be produced to Fix-A-Form on March 22, 2000); (b) in failing to produce those documents as called for in discovery prior to trial; and (c) in misrepresenting the import and very**

existence of those documents to the Court and Fix-A-Form during arguments on Fix-A-Form's motions to compel production of said documents;

3. With respect to Fix-A-Form's initial Petition for Attorneys' Fees and Costs: (A) the Court overrules plaintiffs' sole objection to costs which was premised on the argument that an award of costs would be premature at this time and assesses costs against Moss and Labelmark, jointly and severally, in the total amount sought of \$45,439.62; and (B) with respect to the \$905,247.75 sought in attorneys' fees, the Court awards Fix-A-Form \$591,727.00 in attorneys' fees against Labelmark;

4. With respect to Fix-A-Form's First Supplemental Petition for Attorneys' Fees and Costs (which was mistitled as no additional costs were sought therein), of the \$68,540.25 sought, the Court awards Fix-A-Form \$32,843.75 more in attorneys' fees against Labelmark;

5. As a sanction for the conduct set forth in paragraph 2 above, the Court awards Fix-A-Form \$175,000 against Moss and Labelmark, jointly and severally, and further orders that all documents that Labelmark shared with Moss at any time concerning Fix-A-Form, its licensees or their business be turned over to Fix-A-Form's counsel within 14 days hereof pursuant to the previously entered protective order so that Fix-A-Form's counsel can determine whether plaintiffs' repeated assurances to this Court that no confidential information other than the 1993 Memorandum Agreement was shared by Labelmark with Moss.

This Form Order Prepared By:
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Dated: January 30, 2002

ENTERED

ENTER:

JAN 30 2002
DOROTHY BROWN
CLERK OF CIRCUIT COURT

Judge Dorothy Kirie Kinnaird

**IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
COUNTY DEPARTMENT, CHANCERY DIVISION**

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|---------------------------------|---|-----------------------------|
| MOSS PRINTING, INC. and |) | |
| AMERICAN LABELMARK COMPANY, |) | |
| |) | |
| Plaintiffs-counterdefendants, |) | |
| |) | No. 99 Ch 9460 |
| v. |) | |
| |) | Hon. Dorothy Kirie Kinnaird |
| FIX-A-FORM, INC. and |) | |
| FIX-A-FORM INTERNATIONAL, LTD., |) | |
| |) | |
| Defendants-counterplaintiffs. |) | |

JUDGMENT ORDER

THIS MATTER coming before the Court on a trial commencing February 28, 2000 and concluding on March 9, 2000, and the Court having considered the pleadings and the following evidence and arguments: 1) the testimony of six live witnesses: David Instance, Gary Mostow, Michael Cooper, Barry Denny, Andrew Denny and David Kay; 2) portions of the transcripts of the depositions of Robert McFarland and Paul Chermak agreed to by the parties; 3) the stipulation of the testimony of Ian Pain (DX 120); 4) the exhibits which were admitted into evidence: plaintiffs' exhibits 1, 1(a), 1(b), 2, 3, 4, 5, 6, 7, 8, 9, 12, 14, 15, 16, 17, 18, 44, 45, 46, 47, 68, 69, 70, 122, 128, and 160 and defendants' exhibits 1, 2, 4, 5, 6, 7, 8, 21, 21(a), 21(b), 22, 23, 26, 30, 32, 33, 47, 55, 56, 57, 58, 59, 69, 71, 72, 75, 77, 79, 84, 85, 88, 110, 114, 117, and 118; 5) the entire asset purchase agreement reviewed *in camera* by the Court; 6) the stipulation of uncontested facts submitted by the parties and the oral stipulations of the parties; 7) the trial memoranda; 8) the arguments of the parties and the transcripts of those arguments; 9) the case law submitted by the parties; 10) the proposed findings of fact and conclusions of law submitted by the parties; and 11) the materials filed by the parties during the pre-trial portion of the case, including briefs and affidavits.

IN SUPPORT OF THIS ORDER the Court incorporates herein the excerpt from the March 23, 2000 ruling (Trial Transcript pp. 1130-54) and makes the following findings of fact and conclusions of law:

1. Moss Printing, Inc. ("Moss") is an Illinois corporation, incorporated on or about May 19, 1999, with its principal place of business in Chicago, Illinois. Moss is engaged, *inter alia*, in the business of commercial printing, with three primary lines of business: (a) commercial, offset sheet-fed printing, (b) roll to roll label printing, and (c) leaflet labels.

2. American Labelmark Company ("Labelmark") is a Delaware corporation with its principal place of business in Chicago, Illinois. Since 1984, Labelmark has been a manufacturer and seller of hazardous material compliance products under the "Label Master" mark. Labelmark also was engaged in the commercial printing business, which included the manufacture and sale of Fix-A-Form leaflet labels. On or about June 28, 1999, Labelmark discontinued its commercial printing business.

3. Fix-a-Form International is an English corporation whose principal place of business is Bury St. Edmunds, Suffolk, England. Fix-A-Form International licenses intellectual property and the Fix-A-Form trademark around the world in connection with leaflet labels.

4. Fix-A-Form, Inc. is a Delaware corporation with a registered place of business in Wilmington, Delaware. Fix-A-Form, Inc. conducts the licensing business of Fix-A-Form International in North America.

5. On January 1, 1985, Fix-A-Form and Labelmark entered into a license agreement whereby Fix-A-Form licensed intellectual property and know-how to Labelmark. The

license agreement was amended by way of a Consent and Amendment Agreement dated December 28, 1987, and a Memorandum Agreement dated October 4, 1993. The license agreement contains the following provision:

ASSIGNMENT.

A. The rights and obligations of the Licensee arising under this Agreement are personal and shall not be mortgaged charged assigned or transferred except

(i) with the previous written consent of the Licensor; or

(ii) on the sale or transfer of the whole of the Licensee's undertaking, to the buyer or transferee concerned, PROVIDED that no such sale or transfer shall release the Licensee from its obligations to the Licensor under this Agreement.

B. The rights of the Licensor arising under this Agreement may be mortgaged charged assigned or transferred in whole or in part.

6. On June 28, 1999, Labelmark entered into an assignment and assumption agreement with Moss whereby Labelmark purported to assign the Fix-A-Form license agreement to Moss.

7. Paragraph 23 of the license agreement governs the issue of whether the purported assignment by Labelmark to Moss was a material breach of the license agreement.

8. The language "whole of the Licensee's undertaking" in Paragraph 23 of the license agreement is ambiguous and it is appropriate to determine its meaning through parol evidence.

9. The parol evidence considered by the Court makes it clear that the phrase "whole of the Licensee's undertaking" in paragraph 23 of the license agreement means the whole

of Labelmark as that entity existed in June, 1999.

10. Labelmark did not sell its entire business to Moss in June, 1999.

11. The purported assignment of the license agreement to Moss by Labelmark without Fix-A-Form's consent was a material breach by Labelmark of the license agreement.

12. Fix-A-Form had the right to terminate the license agreement and did so by way of its August 3, 1999 letter to Labelmark.

13. Fix-A-Form is not precluded from executing a new license agreement with a new American licensee if not otherwise prohibited by law.

14. The 1993 Memorandum Agreement and the royalty rates and bands contained therein are confidential.

15. The disclosure by Labelmark to Moss of the 1993 Memorandum Agreement was a material breach by Labelmark of the license agreement.

IT IS HEREBY ORDERED that:

A. Judgment will be entered for defendants, Fix-A-Form International, Ltd. and Fix-A-Form, Inc. and against the plaintiffs, Moss Printing, Inc. and American Labelmark Company, on Counts I and II of plaintiffs' complaint, dismissing such counts with prejudice and denying all relief sought therein. Partial judgment will be entered for defendants and against plaintiff Labelmark as to liability only on Count I of defendants' counterclaim as it relates to the assignment issue and the issue of disclosure of the 1993 Memorandum Agreement, specifically, Counterclaim, Count I, ¶¶ 21(a) & (d).

B. The issue of damages and attorneys' fees to be awarded to defendants will be addressed on a future date to be set by the Court. Fix-A-Form's motion for sanctions filed on March 23, 2000 is entered and continued generally and will be taken by the Court during hearing

on the request for attorneys' fees.

C. The Fix-A-Form Patent Information Manual is to be turned over by attorneys for Labelmark to attorneys for Fix-A-Form by 5:00 p.m. on March 24, 2000. No copies of the Patent Information Manual are to be made or kept by attorneys for Labelmark.

D. The turn-over of any remaining Fix-A-Form proprietary documentation by attorneys for Labelmark to attorneys for Fix-A-Form is to be scheduled for a later date.

E. This case is set for further status conference on April 21, 2000 at 10:30 a.m. without further notice.

Dated:

ENTER:

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| ENTERED CLERK OF THE CIRCUIT COURT AURELIA PUCINSKI MAR 24 2000 JUDGE DOROTHY KINNAIRD #278 DEPUTY CLERK _____ |
|--|

Hon. Dorothy Kirie Kinnaird

This order prepared by:

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