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20 C.R. LAURENCE CO., INC.

21 UNITED STATES DISTRICT COURT
22 CENTRAL DISTRICT OF CALIFORNIA

23 C.R. LAURENCE CO., INC., a
24 California corporation,

25 Plaintiff,

26 v.

27 FRAMELESS HARDWARE
 28 COMPANY LLC, a Delaware limited
 liability company; CHRISTOPHER
 HANSTAD, an individual; JESUS
 “JESSE” DORADO, an individual,
 BARRY SUTHERLAND, an
 individual; GLASSWERKS LA, INC.,
 a California Corporation; and, RANDY
 STEINBERG, an individual,

Defendants.

Case No. 2:21-cv-01334-JWH (RAOx)

**THIRD AMENDED COMPLAINT FOR
DAMAGES AND EQUITABLE RELIEF
FOR:**

- (1) Violation of Computer Fraud & Abuse Act [18 U.S.C. §§ 1030 *et seq.*];
- (2) Violation of Cal. Penal Code § 502;
- (3) Patent Infringement [35 U.S.C. §§ 101 *et seq.*];
- (4) Violation of Defend Trade Secrets Act, [18 U.S.C. §§ 1832 *et seq.*];
- (5) Violation of California Uniform Trade Secret Act §§ 3426 *et seq.*;
- (6) Violation of Lanham Act § 43(a) [15 U.S.C. § 1125(a)];
- (7) Common Law Unfair Competition;
- (8) Fraud;
- (9) Breach of Contract;

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(10) Intentional Interference with
Contract;
(11) Unjust Enrichment and Restitution;
and
(12) Violation of Cal. Bus. & Prof. Code §
17200

[DEMAND FOR JURY TRIAL]

1 **THIRD AMENDED COMPLAINT**

2 Plaintiff C.R. Laurence Co., Inc. (“C.R. Laurence” or “CRL”), by and through its
3 undersigned attorneys, hereby brings this action against Frameless Hardware Company
4 LLC (“FHC”), Christopher Hanstad (“Hanstad”), Jesus “Jesse” Dorado (“Dorado”),
5 Barry Sutherland (“Sutherland”), Glasswerks LA, Inc. (“Glasswerks”), and Randy
6 Steinberg (“Steinberg”) and alleges as follows:

7 **JURISDICTIONAL STATEMENT**

8 1. This Court has jurisdiction over the subject matter of this action pursuant to
9 at least 28 U.S.C. § 1331 and § 1338(a) and supplemental jurisdiction over CRL’s state
10 law claims pursuant to at least 28 U.S.C. § 1367.

11 **PRELIMINARY STATEMENT**

12 2. CRL has become one of the architectural glass industry’s leading sources
13 for supplies and equipment through its decades-long effort at developing and
14 maintaining confidential supplier information and relationships, designs and
15 specifications, product design software programs, and other confidential information
16 and intellectual property. CRL’s proprietary designs, software, trade secrets, patents,
17 and other intellectual property rights were (and are) critical to its business strategy.

18 3. In April 2019, numerous former high-ranking CRL employees, including
19 defendant Hanstad, formed defendant FHC to compete directly with CRL. While FHC
20 boasts that it provides a legitimate option to CRL, nothing could be further from the
21 truth. FHC’s entry into the market has been based on offering products and services
22 obtained through the theft of valuable CRL property. Among other things, FHC has
23 been illegally accessing CRL’s computer systems to use proprietary software programs
24 to design and sell products to compete directly with CRL. In addition, FHC has
25 infringed a CRL patent, misappropriated CRL’s other trade secrets and intellectual
26 property, and engaged in unfair competition. In short, FHC has brazenly broken the law
27 to get a head start and to unlawfully compete against CRL in the marketplace.

28 4. By this complaint, CRL seeks damages, an injunction, and other relief

1 pursuant to, inter alia, the Computer Fraud and Abuse Act (18 U.S.C. §§ 1030 *et seq.*),
2 the Patent Act (35 U.S.C. §§ 101 *et seq.*), the Defend Trade Secrets Act (18 U.S.C. §§
3 1832 *et seq.*), the Lanham Act (15 U.S.C. §§ 1051 *et seq.*), California Penal Code §§
4 502 *et seq.*, and the California Uniform Trade Secrets Act.

5 **THE PARTIES**

6 5. Plaintiff C.R. Laurence Co., Inc. is a California corporation that maintains
7 its corporate headquarters and principal place of business in Los Angeles County,
8 California.

9 6. Defendant Frameless Hardware Company is a Delaware limited liability
10 company that maintains its principal place of business in Los Angeles County,
11 California.

12 7. Defendant Christopher Hanstad is Frameless Hardware Company's Chief
13 Executive Officer, who, on information and belief, resides in Los Angeles County,
14 California.

15 8. Defendant Jesus "Jesse" Dorado is an employee of Frameless Hardware
16 Company, who, on information and belief, resides in Los Angeles County, California.

17 9. Defendant Barry Sutherland is an employee and member of Frameless
18 Hardware Company, who, on information and belief, resides in Los Angeles County,
19 California.

20 10. Defendant Glasswerks LA, Inc. ("Glasswerks") is California corporation
21 that maintains its principal place of business in Los Angeles County, California.

22 11. Defendant Randy Steinberg ("Steinberg") is the Chief Executive Officer of
23 Glasswerks and, on information and belief, resides in Los Angeles County, California.

24 **JURISDICTION AND VENUE**

25 12. This action arises under the Computer Fraud and Abuse Act (18 U.S.C. §§
26 1030 *et seq.*), the Patent Act (35 U.S.C. §§ 101 *et seq.*), the Defend Trade Secrets Act
27 (18 U.S.C. §§ 1832 *et seq.*), the Lanham Act (15 U.S.C. §§ 1051 *et seq.*), the California
28 Comprehensive Computer Data Access and Fraud Act (Cal. Penal Code §§ 502 *et seq.*),

1 the California Uniform Trade Secrets Act (Cal. Civ. Code § 3426 *et seq.*), California
2 Business and Professions Code § 17200 *et seq.*, and California common law.

3 13. This Court has jurisdiction over the subject matter of this action pursuant to
4 at least 28 U.S.C. §§ 1331 and 1338(a), and has supplemental jurisdiction over CRL’s
5 state law claims pursuant to at least 28 U.S.C. § 1367.

6 14. This Court has personal jurisdiction over FHC and Glasswerks because
7 their corporate headquarters and principal places of business are located in Los Angeles,
8 California. The Court has personal jurisdiction over defendants Hanstad, Dorado,
9 Sutherland, and Steinberg because, on information and belief, they each reside in Los
10 Angeles County, California.

11 15. Venue is proper in this Court in accordance with at least 28 U.S.C. §
12 1391(b)(1) and § 1391(b)(2). Venue over FHC for CRL’s patent claim is also proper in
13 this Court under 28 U.S.C. § 1400(b) because FHC has committed acts of patent
14 infringement in this District.

15 **FACTUAL ALLEGATIONS**

16 **A. Background on CRL and Its Intellectual Property and Trade Secrets.**

17 16. CRL designs, engineers, manufactures, and markets architectural hardware
18 products and is the glass industry’s leading source for supplies and equipment
19 worldwide. Included among the tens of thousands of products CRL offers are
20 commercial and residential architectural railings, frameless shower door hardware,
21 transaction hardware, bath accessories, tools, sealants, fasteners, cleaners, and
22 installation hardware. Indeed, in large and small glass shops around the world, CRL’s
23 comprehensive catalogs and website, www.crlaurence.com, are referenced daily for
24 access to over 50,000 different products and value-added services.

25 17. Through its efforts over the course of decades, CRL has invested
26 significant time and millions of dollars in the co-development of, and in maintaining
27 and protecting, proprietary state-of-the art software programs that it offers exclusively
28 to its customers to build-out and price custom made products, including those that it

1 offers for sale (“Protected Computer Programs”).

2 18. CRL also has invested significant time and money developing,
3 maintaining, and protecting information and data relating to its products which have
4 significant independent economic value, potential and actual, as a result of not being
5 generally known or readily ascertainable including by those in the industry. This
6 information and data include highly confidential supplier information/vendor lists as
7 well as information concerning the materials CRL purchases from them (“Supplier
8 Information”), pricing and cost information, customer lists, and thousands of product
9 designs and specifications (“Product Design Data”) (together, “Confidential
10 Information”).

11 19. CRL has also invested in protecting the novel and nonobvious features of
12 its products by filing applications for both design and utility patents. One such patent is
13 U.S. Patent No. 9,074,413 (the “’413 Patent”), which names a former CRL employee,
14 Gary Sprague (“Sprague”), as its inventor. A copy of the ’413 Patent is attached as
15 Exhibit A.

16 CRL’s Protected Computer Programs

17 20. CRL offers to certain of its customers the Protected Computer Programs,
18 which include the Storefronts Online, Showers Online, and Hand Rails Online software
19 applications. CRL licenses the right to use these intuitive, user-friendly estimating and
20 design programs to certain of its business customers to provide them the ability to
21 design and quote, in a rapid and seamless manner, storefront products, enclosed shower
22 products, and handrail products. The programs are designed to generate outputs that
23 provide CRL’s authorized business customers, among other things, the types of
24 materials needed and precise measurements for them to build their desired projects with
25 CRL products. Those outputs are based on CRL’s business customers inputting
26 numerous design variables—such as dimensions—regarding the types of construction
27 products they hope to design and, in turn, sell to their own customers. After the design
28 inputs are made, the Protected Computer Programs use a confidential and proprietary

1 process to generate the outputs. By using this asset, CRL’s business customers can
2 minimize errors on estimates and generate complete quote packages that provide various
3 information in a matter of clicks. These assets of CRL are valuable because, among
4 other things, they provide CRL’s business customers the opportunity to bid more jobs
5 for their downstream customers in less time to increase their competitiveness.

6 21. CRL’s Storefronts Online program—one of the three Protected Computer
7 Programs, is a password-protected computer program that allows CRL’s business
8 customers to design and quote storefronts, all-glass entrances, curtain walls, and office
9 partitions. Among other things, after certain inputs are provided, Storefronts Online
10 generates an output that provides the required glass sizes, a parts list with pricing, three-
11 dimensional enhanced drawings, and a complete set of fabrication and installation
12 instructions. Benefits of the Storefronts Online program include, among other things,
13 that it:

- 14 • Provides designs for all-glass entrances, storefronts, curtain walls, and
15 office partitions;
- 16 • Allows bidding more jobs in less time;
- 17 • Provides an automated process that minimizes errors on estimates;
- 18 • Produces glass size and material fabrication details;
- 19 • Determines all materials required and optimizes material yield across
20 multiple openings;
- 21 • Provides fabrication and installation details;
- 22 • Optimizes material fabrication for higher yields; and,
- 23 • Can be accessed on the job site using mobile devices.

24 22. CRL’s Showers Online program—another of the Protected Computer
25 Programs—is a password-protected computer program that allows business customers
26 to design a shower enclosure by entering a product list and the rough opening
27 dimensions. The program then calculates the final glass sizes required and displays
28 detailed information concerning the shower’s design and construction, including hinge

1 and handle locations, miters, and more. Traditionally, the biggest road block for the
2 heavy glass shower enclosure business has been the substantial time it takes to manually
3 work through an enclosure design, compute the glass sizes, gaps, hardware selection,
4 and associated template locations and, even when these variables are determined, there
5 remains a question of accuracy, revisions and costly reworks. The Showers Online
6 program minimizes these roadblocks. The key benefits of the Showers Online program
7 include, among other things, that it:

- 8 • Generates glass sizes from field measurements;
- 9 • Accurately calculates correct glass sizes, and all hardware locations, cut-
10 outs, and gaps;
- 11 • Allows sizes for shower enclosures to be completed in just a few minutes;
- 12 • Provides online access availability anytime and anywhere;
- 13 • Provides three-dimensional color images;
- 14 • Exports the project to Drawing Interchange Format (*i.e.*, DXF) files for use
15 with computer numerical control (*i.e.*, CNC) fabrication needs;
- 16 • Is programmed to provide warnings of possible problems with proposed
17 design; and
- 18 • Provides the ability to build a library of customers' most common showers,
19 which can be accessed for future work.

20 23. CRL's Hand Rails Online program—the third of the Protected Computer
21 Programs in issue, is also a password-protected computer program that allows CRL's
22 business customers to design, estimate, and install glass railing and windscreen systems.
23 This innovative program automatically generates material lists, glass sizes, and
24 fabrication details for desired projects. Customers can easily create a quote and order
25 the necessary materials. Benefits of the Hand Rails Online program include, among
26 other things, that it:

- 27 • Produces a full color three-dimensional rendering of dimensioned plan
28 view for field installation;

- 1 • Is capable of producing pick and pack or fabricated railing systems;
- 2 • Determines material quantities needed for each project; and
- 3 • Produces glass sizes needed for railing or windscreen job.

4 24. CRL invested millions of dollars in the development of the Storefronts
5 Online, Showers Online, and Hand Rails Online programs and in the continued
6 technological updates and other maintenance aspects of the Protected Computer
7 Programs. CRL offers the Protected Computer Programs in the United States. The
8 Protected Computer Programs reside on CRL protected computers in the United States,
9 as the term “protected computer” is defined by 18 U.S.C. § 1030(e), and constitute
10 “computer program[s] or software” and “computer services” that reside on a “computer
11 network” and part of a “computer system” of CRL as those terms are defined by
12 California Penal Code § 502(b). CRL offers its Protected Computer Programs to, and
13 those programs are in fact used by, CRL customers in interstate commerce.

14 25. CRL does not make any of its Protected Computer Programs freely
15 accessible, but restricts them to selected CRL customers. To access and use the
16 Protected Computer Programs, a customer must request a subscription from CRL and, if
17 a subscription is granted and goes beyond a trial period, pay a monthly fee. All
18 customers who are accepted subscribers to a Protected Computer Program must agree to
19 strict terms of a license and are not granted access to use the programs without
20 affirmatively agreeing to the license. Among other things, the license agreements for the
21 Protected Computer Programs provide that access to each Protected Computer Program
22 “is restricted to duly licensed licensees of Licensor [CRL] by means of an assigned
23 password....and that Licensee shall hold the Password(s) in strict confidence and shall
24 not disseminate or disclose the Password(s) to any third party.” Each user within a
25 single licensee-subscriber of the Protected Computer Programs has his or her dedicated
26 password and subscription fees are based on the number of users within a licensee-
27 subscriber organization; passwords are not shareable within a subscriber organization.

28 26. CRL provides the subscriptions to its Protected Computer Programs, if at

1 all, only to its customers, not to its competitors. This is because CRL invested in, and
2 has continued to invest in, the technology of the Protected Computer Programs to set
3 itself apart in the market and to offer value to its customers unmatched by its
4 competitors.

5 27. CRL’s Protected Computer Programs are confidential and proprietary and
6 not publicly accessible.

7 CRL’s Patented Door Rail System

8 28. CRL has also invested in protecting the novel and nonobvious features of
9 its products, including by filing the ’413 Patent (Exhibit A). The ’413 Patent protects a
10 door-rail product that uses a spring action clamping member to secure one or more
11 panes of glass. The ’413 Patent’s patented door rail system secures glass panes for use
12 as doors or wall partitions. One advantage of the ’413 Patent’s inventive spring action
13 clamping member over prior art systems is to eliminate the use of glue or other
14 adhesives to hold glass panes in place, allowing for easier repair and replacement in the
15 event of damage.

16 29. The application for the ’413 Patent was filed in 2014, issued on July 7,
17 2015 and was, at all relevant times, assigned to CRL.

18 30. Sprague was an employee of CRL at all material times during the ’413
19 Patent’s invention, filing, prosecution, and issuance as CRL’s Vice President, first of
20 Engineering and then of Design, with the responsibility of steering research and
21 development and identifying new products for development for CRL.

22 CRL Supplier Information

23 31. CRL also has valuable Confidential Information that provides CRL
24 economic benefits based on the fact that it is confidential to CRL and provides
25 competitive benefits with respect to CRL’s competitors. With respect to its Supplier
26 Information—a subset of CRL’s Confidential Information—CRL spent decades finding
27 the perfect vendor source for each of its products. Obtaining its collection of vendors to
28 source its products involved substantial investment, including painstaking trial and error

1 of researching and working with multiple vendors at times on a product-by-product
2 basis, years of testing and modifying products, years of evaluating customer feedback,
3 and years of working to obtain and provide proper pricing. The result of CRL’s decades
4 of investment is that approximately 75% of its more than 50,000 products are obtained
5 across approximately 800 individually selected vendors who are spread throughout the
6 world.

7 32. CRL’s Supplier Information was difficult to accumulate and assemble, and
8 it is extensive. A single CRL product can have multiple different suppliers providing
9 different components or parts that need to be manufactured to specific dimensions and
10 specifications, and using materials with specific properties, in order to be assembled
11 into a final, saleable product. In many instances, one supplier will not know all of the
12 dimensions, specifications, or material requirements for the product that they provide
13 components for; rather, CRL provides each supplier only with the information that
14 particular supplier needs in order to manufacture the specific component or part for
15 which it is responsible. Even the limited information that CRL communicates to each of
16 its suppliers, however, is treated as highly confidential and proprietary to CRL.

17 33. CRL’s confidential suppliers are located all over the world. Many have
18 manufactured for CRL for years as contract suppliers and do not maintain a public-
19 facing website, do not publicize contact information (such as names, email addresses, or
20 telephone numbers), and are difficult to identify and locate for a U.S.-based company—
21 assuming that they can be identified or located at all. Indeed, CRL does not publicize its
22 confidential supplier relationships or indicate which suppliers are responsible for which
23 components or parts that it uses in its business.

24 34. CRL purposefully does not make Supplier Information public; rather, it
25 sells a large portion of the products it obtains from its suppliers under the CRL brand
26 and maintains its Supplier Information—which includes the identity of suppliers along
27 with associated contact information, details regarding the products or components that
28 they supply, and information regarding costs, pricing and purchasing histories—in

1 databases with access limited to those who have certain login credentials.

2 35. CRL's Supplier Information provides a competitive advantage because it
3 allows CRL to offer customers thousands of products that have individually been
4 located from choice vendors who have demonstrated through rigorous testing and
5 consumer response that they can deliver products that meet CRL's high standards at a
6 fair price. CRL's Supplier Information (including the detailed information regarding the
7 variety of products and components each provides) could not be recreated by a
8 competitor without extensive investigation, verifications, and negotiations over price,
9 shipping, supply, and other confidential terms of CRL's business relationship with each
10 supplier. CRL's suppliers (including both confidential suppliers and suppliers who are
11 generally known) understand the value of the relationship they have with CRL and the
12 confidential nature of the information that CRL provides to them, and CRL's suppliers
13 are expected to honor the confidentiality of that information. If a competitor were to
14 obtain CRL's Supplier Information, or a portion of such information, it would be able to
15 reap the benefits of CRL's decades of investment in compiling such confidential data
16 without any effort at all and would thus be able to compete unfairly. CRL's Supplier
17 Information comprises confidential and proprietary data and derives significant
18 independent economic value, actual or potential, from not being generally known and
19 not being readily ascertainable to the public or other persons who can obtain economic
20 value from its disclosure or use.

21 36. CRL maintains lists of vendors and suppliers which it works with to
22 manufacture its products, including its door products. Information on CRL's vendors
23 and suppliers, and the materials, components, and other items CRL purchases from
24 them, is not available to the public. As such, CRL maintains its vendor and supplier lists
25 as confidential and proprietary information.

26 CRL's Proprietary Designs

27 37. While CRL obtains approximately 75% of the products it sells from third-
28 party suppliers, it designs and manufactures the remaining approximately 25% of

1 products it offers its customers. These in-house designed products in large part are
2 based on confidential and proprietary designs and engineering/manufacturing processes,
3 engineering drawings, product specifications, bills of materials, and documents
4 specifying manufacturing processes. They comprise another part of CRL’s Confidential
5 Information, and are the result of significant investment of research, design, testing,
6 modifications, and finalizing a product for market.

7 38. Moreover, as discussed above, this confidential design information is at
8 times part of CRL’s Supplier Information. It is vital to the conduct of CRL’s business
9 and provides CRL with competitive advantages in sourcing products that meet the needs
10 of CRL and its customers and end users.

11 39. One such product line, based on confidential and proprietary designs,
12 includes “panic door handles,” along with their component parts. Such door handles
13 allow for easy and quick, keyless exit from a room with a simple push of a spring action
14 handle that quickly disengages a lock and/or door-latch. While other companies also sell
15 such handles and component parts, CRL’s handles and associated parts—based on
16 proprietary designs—are known for their durability, reliability, and straightforward
17 installation. The engineering and designs for these door handles lend themselves to
18 these qualities and are maintained as confidential.

19 40. CRL’s Proprietary Design information comprises confidential and
20 proprietary data and derives significant independent economic value, actual or potential,
21 from not being generally known and not being readily ascertainable to the public or
22 other persons who can obtain economic value from its disclosure or use.

23 CRL’s Other Confidential Information

24 41. If a competitor misappropriated CRL’s other Confidential Information—
25 namely, its customer lists and pricing information—it would allow a competitor to
26 immediately identify actual and potential customers and instantly learn the history and
27 specific details of the customers’ business relations with CRL, to unfairly bid against
28 CRL for services, to unfairly move business away from CRL, to unfairly gain

1 knowledge of the procedures that result in CRL’s delivery of excellent services and
2 products, and to unfairly gain access to the proprietary technical data used to develop
3 CRL’s proprietary products.

4 CRL’s Efforts To Maintain the Confidentiality of Its Assets

5 42. CRL takes substantial measures to safeguard its non-public, commercially
6 valuable Confidential Information. For example, through its Employee Handbook and
7 other policies, CRL requires that its confidential, proprietary, and trade secret
8 information be kept strictly confidential. CRL’s Employee Handbook &
9 Acknowledgment states, as follows, in the page requiring an employee to acknowledge
10 receipt of the Manual:

11 I am aware that during the course of my employment,
12 confidential information will be made available to me, *i.e.*,
13 customer lists, pricing policies and other related information. I
14 understand that this information is critical to the success of C.R.
15 Laurence Co., Inc. and must not be disseminated or used outside
16 of C.R. Laurence Co., Inc.’s premises. In the event of
17 termination of employment, whether voluntary or involuntary,
I hereby agree not to utilize or exploit this information with any
other individual or company.

18 (Receipt & Acknowledgment of Employee Manual).

19 In another portion of the Employee Manual, it states as follows:

20 **Confidential Information.**

21 Your employment with C.R. Laurence Co., Inc. assumes an
22 obligation to maintain confidentiality, even after you leave our
23 employ....

24 Any violation of confidentiality seriously injures C.R. Laurence
25 Co., Inc.’s reputation and effectiveness. Therefore, please do
26 not discuss C.R. Laurence Co., Inc. business with anyone who
27 does not work for us, and never discuss business transactions
28 with anyone who does not have a direct association with the
transaction. Even casual remarks can be misinterpreted and
repeated, so develop the personal discipline necessary to

1 maintain confidentiality. If you hear, see, or become aware of
2 anyone else breaking this trust, consider what they might do
3 with information they get from you....

4 No one is permitted to remove or make copies of any C.R.
5 Laurence Co., Inc.'s records, reports or documents without
6 prior management approval.

7 Because of its seriousness, disclosure of confidential
8 information could lead to dismissal.

9 (Employee Manual).

10 In another portion of the Employee Manual, it states as follows:

11 **Unacceptable Activities.**

12 We expect each person to act in a mature and responsible way
13 at all times. To avoid possible confusion, and spell out the more
14 obviously unacceptable activities, read the list below. Your
15 avoidance of these activities will be to your benefit. If you have
16 any questions concerning any work or safety rule, or any of the
17 unacceptable activities listed, please see your manager for an
18 explanation.

19 Occurrences of any of the following violations, because of their
20 seriousness, may result in immediate dismissal without
21 warning:

22 ...

23 Engaging in an act of sabotage; willfully or with gross
24 negligence causing the destruction or damage of company
25 property, or the property of fellow employees, customers,
26 suppliers, or visitors in any manner.

27 ...

28 Violating the nondisclosure agreement; giving confidential or
proprietary C.R. Laurence Co., Inc. information to competitors
or other organizations or to unauthorized C.R. Laurence Co.,
Inc. employees; working for a competing business while a C.R.

1 Laurence Co., Inc. employee; breach of confidentiality of
2 personnel information.

3
4 ...

5 Software and other copyright violations.

6
7 (*Id.*).

8 **Policy on Acceptable Use C.R. Laurence Net.**

9 C.R. Laurence Net users should not use the C.R. Laurence Net
10 to access online services for personal business or activities, or
11 for purposes that are adverse to the interests of C.R. Laurence
12 or its customers, including engaging in unauthorized
communications or disclosing to third parties the confidential
or proprietary information of C.R. Laurence or its customers.

13 (*Id.*).

14 43. All CRL employees are required to abide by the Employment Manual
15 policies and sign an acknowledgement to treat CRL's proprietary information
16 confidentially.

17 44. CRL employees are also reminded verbally of their obligations to maintain
18 the confidentiality of CRL Confidential Information.

19 45. In addition, Hanstad, Dorado, and Sutherland were specifically aware of
20 the proprietary nature of the Protected Computer Programs, and also that they were only
21 accessible pursuant to a strict license agreement and by way of specifically assigned
22 passwords. They also were aware that the Protected Computer Programs were an asset
23 that set CRL apart from its competitors and that CRL did not make those programs
24 accessible to competitors. In fact, while Dorado was employed by CRL, he was
25 responsible in part for selling and managing customer subscriptions to the Storefronts
26 Online program and, therefore, was particularly aware of the aforementioned license
27 restrictions.
28

1 **B. The Formation of FHC**

2 46. Starting in August 2018, a number of CRL’s employees terminated their
3 employment with CRL, including, but not limited to, Defendant Hanstad (former Vice
4 President of Architectural Sales) and Sprague (former Vice President of Engineering
5 and later of Design).

6 47. On information and belief, in February 2019, just six months after the
7 above-mentioned departures from CRL, Defendant Hanstad purchased the domain name
8 www.FHC-USA.com to compete with CRL.

9 48. The individuals who formed FHC were well aware and knew of the
10 confidential nature of CRL’s Supplier Information.

11 49. Indeed, FHC has itself conceded that Supplier Information, like that
12 developed and assembled by CRL, constitutes a trade secret in the industry. FHC has
13 itself affirmed under oath that its alleged supplier information is purportedly an FHC
14 trade secret in a related lawsuit pending in California State Court involving a former
15 CRL employee, *C.R. Laurence Co., Inc. v. Garcia*, Los Angeles Superior Court Case
16 No. 20STCV27475. On information and belief, the supplier information that FHC
17 asserted was its trade secret included, at least in part, CRL’s Supplier Information.

18 50. Defendant Hanstad has previously testified under oath that lists of vendors
19 and suppliers with which FHC works and knowledge of the “materials, components, and
20 other items FHC purchases from them” are considered confidential and proprietary
21 information. Hanstad further testified that disclosure of such information would cause
22 FHC “significant harm” and that competitors who obtained such information “would be
23 able to use that information to strategically redirect resources, save costs, and modify
24 products” and that information related to vendor and supplier lists “would allow them to
25 use that vendor and supplier information to improve or develop their own products.”
26 Hanstad testified that such a result would “compromise” FHC’s “competitive and
27 economic advantage on the market.”

28 51. By April 5, 2019—just eight months after the departures from CRL, FHC

1 was incorporated under the laws of the State of California. The initial corporate filings
2 of FHC, made in April and May 2019, list Hanstad as the Chief Executive Officer and
3 Chief Financial Officer of FHC.

4 52. On or around April 26, 2019, Barry Sutherland—a Director of Technical
5 Sales in the Commercial Hardware Group and then later a Technical Sales Senior—
6 terminated his employment with CRL. On information and belief, by sometime in May
7 2019, he was working for FHC. Current records of FHC show that Sutherland is a
8 member of FHC.

9 53. Since forming in California, in or around September 2020, FHC converted
10 out and became a Delaware limited liability company. FHC and CRL are direct
11 competitors.

12 54. Since the formation of FHC, a number of additional employees departed
13 CRL and, on information and belief, began working at FHC. These employees included
14 CRL’s former: Director of Commercial Hardware, Warehouse Supervisor, Manager of
15 Operations, Senior Vice President for Manufacturing, Senior Product Manager, and
16 members of CRL’s advertising staff. Of particular note, Defendant Jesus “Jesse”
17 Dorado—CRL’s former Senior Technical Sales agent—terminated his employment
18 effective April 8, 2020.

19 55. On information and belief, FHC obtained CRL’s information and know-
20 how by taking data, documents, and/or files containing Confidential Information such
21 that FHC could rapidly establish a foothold in the market and compete against CRL. On
22 information and belief, the confidential information that FHC took included not only the
23 Supplier Information and Product Information, but also confidential financial
24 information regarding the success and relative sales of CRL’s products and product
25 categories.

26 56. FHC was formed specifically to compete with CRL by offering, in part,
27 exact duplicates and replacements for products that CRL had designed, developed, and
28 sourced over the course of decades. Defendant Hanstad, FHC’s Chief Executive Officer

1 and member, spent nearly fifteen years with CRL. Defendant Sutherland, FHC’s Senior
2 Vice President, spent more than twenty years with CRL. Hanstad and, indeed, FHC’s
3 own motto, “you now have a choice,” acknowledge that FHC was specifically formed to
4 compete against CRL. But, on information and belief, FHC’s rapid growth and customer
5 adoption was not accomplished by starting from scratch. Instead, FHC needed to rely
6 heavily on foundational information as to the design, specifications, and suppliers for
7 CRL’s products and its proprietary business processes and Confidential Information.

8 57. FHC routinely references CRL product parts on its website to illustrate
9 where customers can substitute a purchase of a CRL product with an FHC product that
10 is its exact duplicate. By way of example only:

- 11 • FHC Square 90 Degree Glass Clamp CSU90CH states: “Compare To”
12 SGC90CH, the product number for CRL’s Square 90 Degree Glass-to-
13 Class Clamp.
- 14 • FHC Glendale Series Wall Mount Hinge – Full Back Plate GLENF1 states:
15 “Compare To” GEN037, the product number for CRL’s Geneva 037 Series
16 Wall Mount Full Back Plate Standard Hinge.
- 17 • FHC Cox Wexford Easiflow Heavy Duty 7 to 1 Caulking Gun states:
18 “Compare To” GA1204, the product number for CRL’s Metal Strap Frame
19 Caulking Gun.
- 20 • FHC Classic U-Channel For 3/8” Glass – 95” Long SUCD38BA states:
21 “Compare To” SDCD38BA, the product number for CRL’s Fixed Panel
22 Shower Door Deep U-Channel – 95”.
- 23 • FHC 6” Center-to-Center Tubular No Washers Back to Back Pull
24 PHRN6X6CH states: “Compare To” BMNW6X6CH, the product number
25 for CRL’s BM Series Back-to-Back Handle Without Metal Washers.
- 26 • FHC Clear Grommet for 3/4” Diameter Shower Pulls And Towel Bars
27 10/Pk CG034 states: “Compare To” HW059, the product number for
28 CRL’s 1/2” Outside Diameter Replacement Macaroni for 3/4” Standoffs.

- 1 • FHC Patriot Beveled Pivot Hinge L-Wall Mount 3/8" Glass PAT90CH
2 states: "Compare To" PPH05RCH, the product number for CRL's Prima
3 05 Series Right Hand Offset Mount Hinge.
- 4 • FHC 120" Small Profile Base Shoe For 3/8" Or 1/2" Glass - W/Drilled
5 Holes WBS10D states: "Compare To" W5B10D, the product number for
6 CRL's 120" Small Profile Windscreen Base Shoe for 3/8" or 1/2" Glass -
7 With Drilled Holes.
- 8 • FHC 1091 SDC Spacesaver® Electric Dead Bolt Locks with Mechanical
9 Release 1091AL states: "Compare To" MLEDB1, the product number for
10 CRL's Electric Solenoid Bolt Lock.
- 11 • FHC Sliding Door Handle Set Surface Mount - Black Aluminum C1001
12 states: "Compare To" C1001, the product number for CRL's Black
13 Standard Profile Hook-Style Surface Mount Handle 4-15/16" Screw Holes.
- 14 • FHC 120" Long Aluminum Smoke Baffle - 1/2" and 9/16" Glass SB12C10
15 states: "Compare To" B5B10, the product number for CRL's Mill
16 Aluminum Smoke Baffle Base Shoe for 1/2" Glass.
- 17 • FHC Casement Operator 8" Teardrop Type Left Hand – Aluminum H3501
18 states: "Compare To" 5008LHAL, the product number for CRL's
19 Aluminum 8" Left Hand Teardrop Series Casement Window Operator.
- 20 • FHC Patch Lock With 5/8" Diameter Bolt Throw PF215PS states:
21 "Compare To" AMR215PS CRL's Polished Stainless AMR215 Series
22 Patch Lock.
- 23 • FHC Achieve Base Shoe 240" Length - Undrilled Mill Aluminum 11/16"
24 Laminated Glass, A3M20 states: "Compare To" 9BL68, CRL's Mill
25 Aluminum 9BL Series Standard Square Base Shoe - Undrilled 118-1/8"
26 Length.

- 1 • FHC Connector Sleeves For 1-7/8" Diameter Roll Formed Cap Rail -
2 Stainless Steel, RC20CSS states: "Compare To" GRRF20CSS, CRL's
3 Stainless Steel Connector Sleeve for 1-7/8" Roll Form Cap Rails.
- 4 • FHC 36" Saddle Threshold 1/2" X 4" - Dark Bronze Anodized, TH4DU36
5 states: "Compart To" TH014D36, CRL's Dark Bronze 4" x 1/2" Saddle
6 Aluminum Threshold - 36-1/2" Long.

7 There are numerous other such examples, including just a portion of hinges: FHC
8 Product No. GLENF1 & CRL Product No. GEN037; FHC Product No. GLENA4 &
9 CRL Product No. GEN337BN; FHC Product No. GLENF5 & CRL Product No.
10 GEN537CH; FHC Product No. GLEN03 & CRL Product No. GEN044; FHC Product
11 No. GLEN05 & CRL Product No. GEN5440RB; FHC Product No. GLENS2 & CRL
12 Product No. GEN074; FHC Product No. GLENS5 & CRL Product No. GEN574CH;
13 FHC Product No. GJRF5 & CRL Product No. JRG537CH; FHC Product No. PRES03
14 & CRL Product No. P1N044; FHC Product No. PRESS2 & CRL Product No. P1N074;
15 FHC Product No. PRESA4 & CRL Product No. P1N337BN; FHC Product No. PRESF1
16 & CRL Product No. P1N037; FHC Product No. PRESF5 & CRL Product No.
17 P1N537CH; FHC Product No. PRES03 & CRL Product No. P1N044; FHC Product No.
18 VENF1 & CRL Product No. V1E037; FHC Product No. VENF5 & CRL Product No.
19 V1E537CH; FHC Product No. VEN03 & CRL Product No. V1E044; FHC Product No.
20 VENS2 & CRL Product No. V1E074; and FHC Product No. VENA4 & CRL Product
21 No. V1E337BN.

22 58. Through copying the specifications of CRL's products, expressly
23 referencing the "compare to" model number on CRL's website, and its unauthorized use
24 of CRL's Protected Computer Programs to design projects that incorporate such
25 products for FHC's customers, FHC has regularly traded on CRL's name, goodwill, and
26 Confidential Information and misappropriated the same in a scheme to sell FHC's
27 products. As set forth in detail below, FHC and its employees illegally accessed CRL's
28 Protected Computer Programs to design projects for FHC customers, then took the

1 information generated by the Protected Computer Programs (including the parts list),
2 substituted FHC parts for CRL parts which contain a “compare to” number, and sold the
3 project to FHC customers.

4 59. Customers in CRL’s business have always had a choice of supplier and,
5 indeed, CRL faces stiff competition from numerous other companies in the industry,
6 which is why it has made such substantial investments in its assets, including the
7 Protected Computer Programs, the ’413 Patent, the Supplier Information, its Proprietary
8 Designs, and other Confidential Information. FHC is not competing fairly in the
9 marketplace. Instead, as set forth below, among other things, FHC has unlawfully used
10 passwords it does not have a right to use in order to illegally access and use CRL’s
11 Protected Computer Programs, violated CRL’s ’413 Patent by, at minimum, offering for
12 sale and selling FHC’s Herc-Door™ rail system, stolen CRL’s Confidential Information
13 comprising trade secrets, and engaged in numerous additional forms of unfair
14 competition.

15 **C. Defendants Engage In Illegal Conduct and Unlawful Competition.**

16 Illegal Access to CRL’s Protected Computer Programs

17 60. Sutherland was employed by CRL from approximately February 1999 until
18 approximately April 2019, when he terminated his employment. While he was an
19 employee of CRL, Sutherland was responsible for managing and working on the day to
20 day activities of a group of estimators. The Protected Computer Programs were (and
21 are) the primary tool used by estimators of sales of CRL’s lead products. Sutherland
22 worked closely with large account customers who used the Protected Computer
23 Programs as the primary tool for preparing quotes and orders. Sutherland was intimately
24 familiar with the Protected Computer Programs’ licensing and subscription terms—
25 including that the programs were password protected programs and that passwords
26 should not be provided to CRL competitors among others.

27 61. While he was an employee of CRL as a Senior Technical Sales agent,
28 Defendant Dorado’s responsibilities included interacting with CRL customers, including

1 with respect to the Storefronts Online program. Dorado was responsible in part for
2 selling and managing subscriptions (and therefore knowing the terms of licensing the
3 subscriptions) for CRL customers of the Storefronts Online program. In April 2020,
4 Defendant Dorado terminated his employment. On information and belief, Dorado's
5 employment with FHC began shortly after he terminated his employment with CRL.

6 62. After the creation of FHC, unbeknownst to CRL, Defendants Steinberg and
7 Glasswerks took a password licensed from CRL to Glasswerks for the Storefronts
8 Online program and transferred that password to FHC employee Dorado. On
9 information and belief, unbeknownst to CRL, Steinberg and/or Glasswerks also took
10 passwords licensed from CRL to Glasswerks for the Showers Online program and
11 Handrails Online program and transferred those passwords to other FHC employees.

12 63. At least as of June 2020, unbeknownst to CRL, after numerous of CRL
13 employees departed and began working for FHC, FHC and various of its employees
14 made unauthorized access to the Protected Computer Programs using passwords that
15 were subject to the license from CRL to Glasswerks, and, perhaps, other passwords.

16 64. By way of example, in early November 2020, while employed by and
17 acting on behalf of FHC, Dorado illegally accessed and used CRL's Storefronts Online
18 program to design and sell a panic door handle product to a company known as Hartung
19 Glass ("Hartung"). Hartung has been a customer of CRL. Dorado cultivated from the
20 Storefronts Online program documentation generated by knowingly, and without
21 authority, improperly using a login credential and password that CRL had licensed to
22 Glasswerks, which has been and still is a customer of CRL.

23 65. In connection with illegally accessing the Storefronts Online program and
24 taking documentation generated by that program, Dorado and FHC then tried to conceal
25 their illegal activity and the true source of the design by scrubbing CRL-branding and
26 other CRL-related information from the documentation and inserting in its place FHC
27 branding and other information to make it appear as if the documentation was a native
28 FHC document. The documentation contains metadata showing that Dorado modified

1 the documentation on November 4, 2020 to at least add comments that were specific to
2 Hartung’s job requests. The documentation generated by the Storefronts Online system
3 is attached hereto as Exhibit B. The modified documentation that Dorado used in
4 connection with FHC’s attempt to sell the product to Hartung, with the revealed
5 metadata, is attached hereto as Exhibit C.

6 66. FHC’s and Dorado’s illegal session left a trail to FHC’s computers. On
7 information and belief, the aforementioned session was done with a computer named
8 “WS-NUC-TSL-CMCL.” That computer, on numerous instances, was connected to a
9 print server named “**PRT-SRVR.fhc.local**” thus reinforcing that FHC and Dorado
10 logged into the Storefronts Online program from FHC using a password they knew they
11 had no right to use and intentionally masked their unauthorized access to CRL’s
12 protected computers to hide from CRL the fact that they were using the Protected
13 Computer Programs illegally.

14 67. The naming convention of Dorado’s computer—specifically, WS-NUC-
15 TSL-CMCL—is similar to the naming convention of at least four other computers that
16 were used to illegally access CRL’s Protected Software Programs, including the
17 following: WS-NUC-TSL-21; WS-NUC-CRP-95; WS-TSL-NUC-205; and WS-TSL-
18 NUC-207. These computers with the “WS” naming convention gained unauthorized
19 access by using at least three different password/log-in credentials from Glasswerks,
20 which was CRL’s paying customer for those programs. On information and belief, the
21 naming convention for the “WS” computers differs from the naming convention of the
22 computers used by Glasswerks—which was and is CRL’s paying customer for those
23 programs.

24 68. In addition, on information and belief, the computers identified by the
25 “WS” naming convention logged into the Protected Computer Programs from the same
26 internet protocol address subnet, reflecting that the sessions from the “WS” computers
27 originated from a single sub-network. By contrast, on information and belief, all of the
28 computers using a naming convention of the computers used by Glasswerks—CRL’s

1 paying customer for the Protected Computer Programs—logged into the Protected
2 Computer Programs from a different private internet protocol address subnet, thus
3 reflecting that Dorado and FHC were logging in from a different sub-network for their
4 illegal activity than the sub-network used by Glasswerks.

5 69. The illegal activity described above is not an isolated incident. Since at
6 least November 2020, there have been at least dozens of instances of unauthorized
7 access to CRL’s Protected Computer Programs made by computers identified with the
8 “WS” naming convention from the same sub-network and that were connected to the
9 fhc.local print servers. There have been at least 31 separate sessions that involved
10 logging into the Protected Computer Programs from computers with the “WS” naming
11 convention that were connected to the fhc.local print server, like the computer used to
12 create Dorado’s and FHC’s project on November 4, 2020, thus reflecting that Dorado as
13 well as other users from FHC have illegally accessed CRL’s Protected Computer
14 Programs.

15 70. Had CRL known that Glasswerks and Steinberg would illegally traffic to
16 FHC and its employees CRL passwords licensed to Glasswerks for the Protected
17 Computer Programs, CRL would not have allowed Glasswerks or Steinberg access to
18 those programs.

19 71. Since CRL discovered that Dorado made unauthorized access to the
20 Protected Computer Programs, CRL learned that other FHC employees have made
21 unauthorized access to the Protected Computer Programs. To date, CRL has discovered
22 that Dorado made unauthorized access to the Storefronts Online Program on at least
23 one-hundred sixteen (116) occasions, that Sutherland made unauthorized access to the
24 Storefronts Online Program on at least nineteen (19) occasions, and that other FHC
25 employees made unauthorized access to the Showers Online Program and the Handrails
26 Online Program on at least thirty-six (36) occasions. As admitted in the document
27 provided by FHC in response to this Court’s Order granting CRL’s motion for a
28 preliminary injunction [Dkt. No. 46], Sutherland signed on to and used CRL’s Protected

1 Computer Programs—specifically Storefronts Online, and thus made unauthorized
2 access, on at least the following occasions:

- 3 • December 8, 2020
- 4 • December 18, 2020
- 5 • December 18, 2020
- 6 • December 18, 2020
- 7 • December 21, 2020
- 8 • December 22, 2020
- 9 • December 28, 2020
- 10 • December 30, 2020
- 11 • January 11, 2021
- 12 • January 12, 2021
- 13 • January 12, 2021
- 14 • January 14, 2021
- 15 • January 15, 2021
- 16 • January 15, 2021
- 17 • January 16, 2021
- 18 • January 18, 2021
- 19 • January 19, 2021
- 20 • January 20, 2021
- 21 • February 5, 2021

22 72. FHC has admitted that it transacted business with more than a dozen
23 customers in connection with its unauthorized access to CRL’s Protected Computer
24 Programs.

25 73. FHC used CRL’s Protected Computer Programs to design enclosures and
26 projects and, due to the similarity of their components, materials and product, misused
27 CRL’s own Protected Computer Programs to sell FHC products to be used in the
28 designs, including, but not limited to: FHC door rails, side rails, and headers, PRL panic

1 handles, FHC Carmel series sliding doors, FHC door rails, headers and hardware,
2 shower hardware, and custom railing post kits.

3 FHC’s Infringement of CRL’s Patent

4 74. In the summer of 2018, in connection with his resigning his employment,
5 Sprague advised CRL’s management that he intended to change industries. He ended his
6 employment with CRL on August 10, 2018.

7 75. On information and belief, however, Sprague had no intention of changing
8 industries. In fact, based on public press releases, in or around March 10, 2020, FHC
9 appointed Sprague as its Vice President of Design and Development with the
10 responsibility of “steering R&D and new product development for the company”—
11 effectively, the identical position that Sprague held at CRL ([https://fhc-usa.com/press-](https://fhc-usa.com/press-release-03-10-2020)
12 [release-03-10-2020](https://fhc-usa.com/press-release-03-10-2020), last visited February 11, 2021).

13 76. On information and belief, around or shortly after Sprague’s arrival at
14 FHC, FHC started offering a competing door rail product, the “Herc-Door™ Rail,” that
15 it marketed as embodying a new and “Patent Pending UNITIZING GASKET” to secure
16 one or more glass panes in a door rail by exerting pressure on the glass to securely hold
17 the glass in place without breaking it, thereby eliminating the need to use glue or
18 another adhesive. As set forth in more detail below, the Herc-Door™ Rail infringes at
19 least claim 1 of the ’413 Patent. Further, and on information and belief, Sprague was
20 involved in the design of the Herc-Door™ Rail.

21 //

22 FHC’s Additional Wrongful Conduct

23 77. CRL is informed and believes that Defendants FHC and Hanstad
24 misappropriated CRL’s Confidential Information, including, *inter alia*, highly
25 confidential Supplier Information/vendor lists and customer data. CRL’s Confidential
26 Information constitutes trade secrets under Federal and California law.

27 78. Among the Supplier Information that FHC has used is specific information
28 regarding the identity of the supplier and certain types of dimensions, material

1 requirements, and specifications for parts and components that CRL has developed and
2 maintained as its proprietary trade secrets. These details, as well as other aspects of
3 CRL’s Supplier Information, are so numerous and specific that they could not have been
4 maintained in the memory of any one individual or even in the collective memory of
5 multiple individuals. FHC has known that such Supplier Information is confidential and
6 a CRL trade secret. On information and belief, FHC has misappropriated the identity of
7 CRL’s confidential suppliers and misappropriated CRL’s parts dimensions, material
8 requirements, and specifications by improperly obtaining such information including
9 while having knowledge or reason to know that such information was confidential and a
10 trade secret.

11 79. There is also direct evidence that FHC has misappropriated CRL’s Supplier
12 Information through unlawful means.

13 80. In January 2020, Armando Rodriguez, who at that time was CRL’s Senior
14 Vice President for Manufacturing, provided notice that he was terminating his
15 employment with CRL. Mr. Rodriguez’s last official day of employment at CRL was
16 March 2, 2020. Immediately after his employment with CRL ended—as of March 5,
17 2020, Mr. Rodriguez was employed by FHC and identified himself as its Vice President
18 of Manufacturing.

19 81. On April 21 and/or 22, 2020—approximately six weeks after Mr.
20 Rodriguez departed CRL to become FHC’s Vice President of Manufacturing, certain
21 CRL employees witnessed suspicious conduct of CRL’s then employee Angel Garcia.
22 Mr. Garcia and Mr. Rodriguez are family members and/or close personal friends. Mr.
23 Garcia had printed out a stack of engineering drawings containing proprietary
24 information of a CRL product, including “panic door handles,” even though his job did
25 not require him to possess these engineering drawings. Another witness saw Mr. Garcia
26 taking pictures of proprietary parts with his cell phone camera. On the same day, a CRL
27 employee overheard Mr. Garcia on the telephone stating “Hay varias huey” (there’s a
28 lot, dude) and “no esta Jonathan, esta en vacaciones” (Johnathan is not here, he is on

1 vacation). “Johnathan” is the CRL supervisor for the “panic door handle” parts. Mr.
2 Garcia has admitted under oath that the person to whom he was speaking on the
3 telephone about there being “a lot” and about Jonathan being on vacation was Armando
4 Rodriguez—the Vice President of Manufacturing at FHC.

5 82. Immediately after being caught misappropriating CRL’s trade secrets, Mr.
6 Garcia telephoned Armando Rodriguez at FHC.

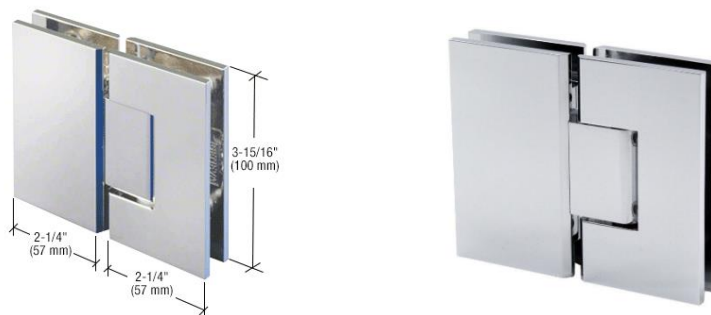
7 83. CRL has uncovered other evidence of FHC’s theft of its confidential
8 supplier information. In July 2021, CRL received a shipment from one of its
9 confidential suppliers, Supplier 1. Supplier 1 is a company in Asia that manufactures
10 CRL designed products for sale to CRL’s customers. Included in a bulk shipment from
11 Supplier 1 to CRL were two boxes bearing FHC’s branding. The boxes included a
12 brushed nickel HD Beveled Wall Mount Clamp, part number CBU4BN. FHC’s website
13 specifically directs its customers to “compare” this part to a product CRL sells: CRL’s
14 Brushed Nickel Beveled Hole-in-Glass Style Wall Mount Heavy Duty Glass Clamp,
15 CRL part number BCU4BN. On information and belief, Supplier 1’s contact
16 information is not publicly accessible and, as such, FHC could only have contacted
17 Supplier 1 through the misappropriation of CRL’s confidential trade secret information.

18 84. Even if FHC was able to locate and identify one or more confidential CRL
19 supplier(s) without using CRL’s confidential information or trade secret Supplier
20 Information, that would still not be enough for FHC to conduct its business and produce
21 products with the exact same dimensions and specifications as CRL (as FHC has done).
22 Knowledge of CRL’s suppliers—and, as noted, there are more than 800 of them—is by
23 itself not enough to produce products with the same dimensions and specifications as
24 CRL’s products.

25 85. Rather, on information and belief, FHC used the specific information that
26 CRL has provided to its suppliers for each and every component and part that CRL
27 sources from them and that FHC also supplies. Such information does not constitute
28 knowledge or skill of an employee, but rather comprises express dimensions and

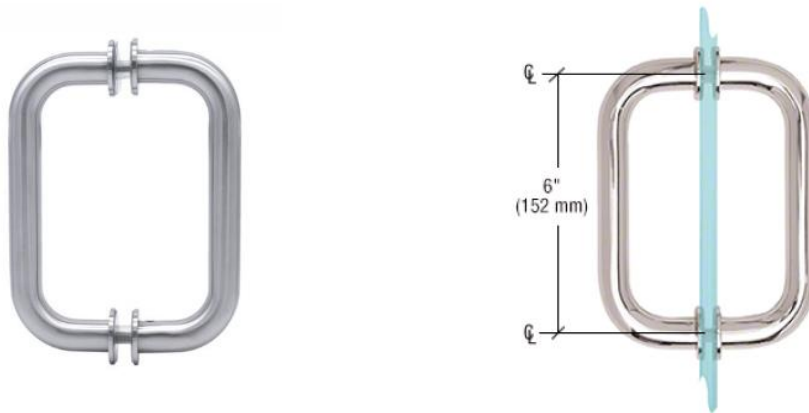
1 specifications of products. On information and belief, FHC misappropriated CRL’s
2 parts, dimensions, and specifications by improperly obtaining such information
3 including while having knowledge or reason to know that such information was
4 confidential and a trade secret.

5 86. There is also substantial circumstantial evidence that FHC has
6 misappropriated CRL’s Supplier Information. For example, CRL sells a 180° hinge
7 which joins two large glass panes without a frame. That hinge, which is named the
8 “Vienna Hinge,” measures 2-1/4” horizontally from center and 3-15/16” high, and has
9 a part number of V1E180CH. CRL keeps confidential the supplier for that hinge.
10 FHC—in direct competition with CRL—purports to have an identical sized hinge with a
11 similar name, “Venice Hinge,” and part number, VEN180.



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19 CRL also sells the Vienna Hinge in a 135° and 90° formats, and FHC sells identical
20 “Venice Hinges” in those formats, too.

21 87. CRL also sells a Tubular Back-to-Back Pull Handle for shower doors,
22 which is essentially a pair of door handles that mount on the inside and outside of
23 shower doors. That pull handle product measures 6” in height, comprises 3/4” diameter
24 tubular construction, and is part number BM6x6CH. CRL keeps confidential the
25 supplier of that pull handle. FHC sells an identical Center-to-Center Tubular Pull
26 measuring 6” in height, comprising 3/4” diameter tubular construction, and is part
27 number PHR6X6BN. The products look identical:
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8 88. The foregoing are merely examples of the substantial circumstantial
9 evidence that FHC misappropriated CRL’s Supplier Information in starting and growing
10 its business, including confidential product information included in the Supplier
11 Information. When coupled with the direct evidence of Mr. Garcia misappropriating
12 confidential product information for FHC’s benefit, the single most plausible inference
13 that FHC and its employees and agents misappropriated CRL’s Supplier Information for
14 their benefit and to CRL’s detriment.

15 89. FHC is currently using CRL’s unlawfully obtained Confidential
16 Information to compete against CRL in the market place. For example, despite only
17 opening for business in November 2019, FHC offers for sale numerous identical or
18 nearly identical products that CRL has spent decades compiling for its customers. Given
19 the time, effort, and sophistication required to determine product specifications and
20 attributes, identify suppliers and vendors (many of them located overseas), and negotiate
21 with the more than 800 vendors/suppliers of these individual products, there is no
22 realistic possibility that FHC (including its employees) could have drawn only from
23 their knowledge or skills from working for CRL to compile, in the approximately one
24 year since the departures from CRL, the FHC roster of suppliers and products.

25 90. Rather, if former CRL employees had merely used their knowledge and
26 skills from their prior employment with CRL, it would have taken years, if not decades,
27 to identify and create their supplier list and source their products. Instead, on
28 information and belief, FHC unlawfully obtained and used CRL confidential and

1 proprietary vendor/Supplier Information and unlawfully used that information to
2 compete against CRL by offering for sale the same or similar products – products which
3 CRL spent decades finding.

4 91. CRL is further informed and believes that discovery will uncover
5 additional evidence of FHC’s misappropriations, including that FHC has copied CRL’s
6 Supplier Information wholesale in order to get a head start in its business operations.
7 Indeed, taking all of FHC’s wrongful activities into account, including its unauthorized
8 and improper access to CRL’s Protected Computer Programs as well as the above-
9 mentioned direct evidence of actual and attempted misappropriations of CRL’s Supplier
10 Information by FHC, the single most reasonable inference is that FHC has
11 misappropriated CRL’s trade secrets.



12 92. FHC’s wholesale theft of intellectual property further extends to the
13 manner in which products are presented and described to consumers. In instances on its
14 website, FHC has copied verbatim CRL’s product descriptions. For example, CRL sells
15 a “CRL Metal Strap Frame Caulking Gun,” and provides a description of that product
16 on its website at [http://www.crlaurence.com/crlapps/showline/offerpage.aspx?
17 ProductID=52911&GroupID=57971&History=39324:112:57915:57916:57975:57916&
18 ModelID=57971&pom=0](http://www.crlaurence.com/crlapps/showline/offerpage.aspx?ProductID=52911&GroupID=57971&History=39324:112:57915:57916:57975:57916&ModelID=57971&pom=0). FHC presents an identical caulking gun for sale on its
19 website located at [https://www.fhc-usa.com/catalog/product/view/
20 id/3724/s/cc41r/](https://www.fhc-usa.com/catalog/product/view/id/3724/s/cc41r/) (last visited February 10, 2021) and literally copied CRL’s product description, going so far
21 as to also describe it as a “**CRL** Metal Strap Frame.” (Emphases added.) The competing
22 product entries are depicted as follows:

23 **CRL Description**

FHC Description

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The strap frame design for caulking guns is becoming increasingly appealing, as witnessed in the fast-growing popularity of this quality gun. The CRL Metal Strap Frame Gun has a friction hex drive rod plunger, heavy diecast zinc alloy frame and trigger, and a thumb pressure release that lets you load and dispense quickly and easily, and releases pressure on the plunger to prevent sealant run-on. Includes built-in ladder hook, and handy seal piercer located in the handle of the sturdy steel skeleton type frame.

DETAILS

Overview

The strap frame design for caulking guns is becoming increasingly appealing, as witnessed in the fast-growing popularity of this quality gun. The CRL Metal Strap Frame Gun has a friction hex drive rod plunger, heavy diecast zinc alloy frame and trigger, and a thumb pressure release that lets you load and dispense quickly and easily, and releases pressure on the plunger to prevent sealant run-on. Includes built-in ladder hook, and handy seal piercer located in the handle of the sturdy steel skeleton type frame.

 **WARNING:** This Product May Contain Chemicals Known to the State of California to Cause Cancer or Reproductive Harm. To Learn More Visit P65Warnings.ca.gov

MORE INFORMATION

93. The Vienna Hinge, the Back-to-Back Pull Handle, and the Metal Strap Caulking Gun, and the “compare to” examples set forth above, are just a fraction of the examples of the numerous instances where FHC offers for sale and sells the same exact product based on misappropriating CRL’s Confidential Information and other intellectual property, and based on unfair competition. *See supra* Paragraph 57. The entire FHC website is populated with products that either are identical or near-identical to the products CRL has spent decades sourcing and fine-tuning.

FIRST CLAIM FOR RELIEF

**Violation of Computer Fraud and Abuse Act (18 U.S.C. § 1030 *et seq.*)
(Against Defendants FHC, Dorado, Sutherland, Glasswerks, and Steinberg)**

94. CRL repeats the allegations set forth above in Paragraphs 1 through 93 as though fully set forth herein in this paragraph.

95. CRL’s Protected Computer Programs reside on CRL’s protected computers, which are used in and affect at least interstate commerce and otherwise satisfy the requirements of being a “protected computer” under 18 U.S.C. § 1030(e).

96. FHC, Dorado, and Sutherland violated 18 U.S.C. § 1030(a)(2)(C) because they intentionally accessed CRL’s computer(s) without authorization or exceeded authorized access and obtained information from CRL’s protected computer(s). Among other things, by virtue of previous employment with CRL, Dorado, Sutherland, and FHC officers—and therefore FHC—knew CRL’s Protected Computer Programs were

1 password protected and were strictly reserved for use to only licensees who properly
2 subscribed to the program and by the employee of the licensee assigned a specific,
3 unique password. Dorado, Sutherland, and FHC also knew that CRL's Protected
4 Computer Programs were subject to license agreements restricting access, including
5 prohibiting the sharing of passwords, and further knew CRL strictly prohibited access to
6 competitors. FHC, Dorado, and Sutherland nevertheless intentionally accessed the
7 Protected Computer Programs without authorization by improperly and surreptitiously
8 using another's password and intentionally accessing CRL's protected computer(s) so
9 FHC could reap the benefits of the Programs to obtain information and sell designed
10 products to compete specifically against CRL. Their access to the Protected Computer
11 Programs was for the purpose of furthering the interests of FHC, a competitor to CRL,
12 including in knowing violation of CRL's policies and procedures governing access and
13 the law. The November 2020 instance alleged above is just one instance of a violation
14 of 18 U.S.C. § 1030(a)(2)(C); additional instances are admitted in the document
15 provided by FHC in response to this Court's Order granting CRL's motion for a
16 preliminary injunction [Dkt. No. 46].

17 97. FHC, Dorado, and Sutherland violated 18 U.S.C. § 1030(a)(4) because they
18 knowingly and with the intent to defraud, accessed CRL's protected computers without
19 authorization, or in excess of authorized access, and by means of such conduct furthered
20 their intended fraud and obtained value in excess of \$5,000. Among other things, by
21 virtue of previous employment with CRL, Dorado, Sutherland, and FHC officers—and
22 therefore FHC—knew CRL's Protected Computer Programs were password protected
23 and were strictly reserved for use to only licensees who properly subscribed to the
24 program and by the employee of the licensee assigned a specific, unique password.
25 Dorado, Sutherland, and FHC also knew that CRL's Protected Computer Programs were
26 subject to license agreements restricting access, including prohibiting the sharing of
27 passwords. Dorado, Sutherland, and FHC further knew CRL strictly prohibited access to
28 competitors. Dorado, Sutherland, and FHC nevertheless intentionally accessed the

1 Protected Computer Programs surreptitiously by masking their improper use of
2 another's password and intentionally accessing CRL's protected computers so FHC
3 could reap its benefits to obtain information and sell CRL designed products to compete
4 specifically against CRL. Their access to such programs was for the purposes of
5 furthering the interests of FHC, a competitor to CRL, in knowing violation of CRL's
6 policies and procedures governing such access and was done with an intent to defraud
7 CRL by using its Protected Computer Programs illegally and at CRL's expense. The
8 November 2020 instance alleged above is just one instance of a violation of 18 U.S.C. §
9 1030(a)(4); additional instances are admitted in the document provided by FHC in
10 response to this Court's Order granting CRL's motion for a preliminary injunction [Dkt.
11 No. 46].

12 98. FHC, Dorado, and Sutherland illegally accessed the Protected Computer
13 Programs, without authorization, on at least 171 occasions to design jobs in a similar
14 manner and to compete specifically with CRL.

15 99. Glasswerks and Steinberg violated 18 U.S.C. § 1030(a)(6) because they
16 knowingly and with intent to defraud trafficked in at least three passwords to the
17 Protected Computer Programs—at least one for each of the Storefronts Online Program,
18 Showers Online Program, and Handrails Online Program—through which a computer
19 was accessed without authorization and such trafficking has affected interstate
20 commerce. Steinberg and Glasswerks transferred passwords for the Protected Computer
21 Programs from Glasswerks to FHC with the intent to defraud CRL. When Glasswerks
22 and Steinberg transferred the passwords, they did so with the intent to allow FHC to use
23 CRL's Protected Computer Programs but to conceal such use from CRL and to have
24 FHC compete against CRL.

25 100. FHC's, Dorado's, Sutherland's, Glasswerks', and Steinberg's conduct has
26 caused a loss to CRL during a one-year period aggregating at least \$5,000.00 in value,
27 including but not limited to the expenses CRL has been forced to incur in order to
28 respond to FHC's, Sutherland's, Dorado's, Glasswerks', and Steinberg's unauthorized

1 access and to take corrective action and protect the integrity of its protected computers.

2 101. FHC's, Dorado's, Sutherland's, Glasswerks', and Steinberg's conduct,
3 including unlawful access to CRL's protected computers (including its servers) has
4 caused CRL irreparable injury. Unless restrained and enjoined, those Defendants will
5 continue to engage in such acts. CRL's remedy at law is therefore inadequate to
6 compensate it for the past and threatened injuries and thus CRL is entitled to injunctive
7 and equitable relief as provided for by 18 U.S.C. § 1030(g). CRL is entitled to equitable
8 relief at least in the form of (1) an injunction to restrain all wrongful conduct alleged
9 herein, and (2) an order of disgorgement and restitution of all sums received by such
10 Defendants as a result of their wrongful conduct and unjust enrichment. CRL also is
11 entitled to and prays for all other remedies available under 18 U.S.C. § 1030(g),
12 including but not limited to compensatory damages, including those damages suffered
13 as a result of Defendants' theft and violations of the CFAA which, among other things,
14 have caused CRL to (1) incur costs to respond to the offense and (2) suffer lost revenues
15 that would have been made in part if not in whole by CRL had not Defendants made
16 their unauthorized access to the Protected Computer Programs.

17 **SECOND CLAIM FOR RELIEF**

18 **Violation of California Computer Data Access and Fraud Act**

19 **(Cal. Penal Code § 502)**

20 **(Against Defendants FHC, Dorado, Sutherland, Steinberg, and Glasswerks)**

21 102. CRL repeats the allegations set forth above in Paragraphs 1 through 101 as
22 though fully set forth herein in this paragraph.

23 103. FHC, Dorado, and Sutherland violated Cal. Penal Code § 502(c) by
24 intentionally accessing CRL's computer systems without authorization and thereby
25 causing damages to CRL by using CRL's proprietary and confidential computer
26 programs/software—including CRL's Storefronts Online program, Showers Online
27 program, and Hand Rails Online program.

28 104. FHC, Dorado, and Sutherland violated Cal. Penal Code § 502(c)(1) by

1 knowingly accessing and without permission using CRL’s computer(s), computer
2 system, or computer network in order to (A) devise or execute a scheme or artifice to
3 defraud and deceive, and (B) wrongfully obtain property and data. Among other things,
4 by virtue of previous employment with CRL, Dorado, Sutherland, and FHC officers—
5 and therefore FHC—knew CRL’s Protected Computer Programs were password
6 protected and were strictly reserved for use to only licensees who properly subscribed to
7 the program; they knew CRL prohibited access to competitors. Those Defendants
8 nevertheless intentionally accessed the Protected Computer Programs surreptitiously by
9 masking their improper use of another’s password and intentionally accessing those
10 programs so FHC could reap its benefits to obtain information and sell designed
11 products to compete specifically against CRL. For example, in the November 4 instance
12 alleged above, FHC and Dorado obtained data relating to a panic door handle product
13 by improperly accessing the Protected Computer Programs and then took further steps
14 in their scheme to defraud by facilitating a sale that would compete specifically against
15 CRL, including by removing the CRL brand and other CRL-related information. The
16 November 4, 2020 instance is just one instance of a violation of Cal. Penal Code §
17 502(c)(1); additional instances are admitted in the document provided by, FHC in
18 response to this Court’s Order granting CRL’s motion for a preliminary injunction [Dkt.
19 No. 46], One or more FHC computers have illegally accessed the Protected Computer
20 Programs, knowingly and without permission, on at least 171 occasions to design jobs
21 in a similar manner and to compete specifically with CRL and violated Cal. Penal Code
22 § 502(c)(1) in those instances as well.

23 105. FHC, Dorado, and Sutherland violated Cal. Penal Code § 502(c)(2) by
24 knowingly accessing and without permission taking, copying, and making use of data
25 from CRL’s computer systems or computer network. Among other things, by virtue of
26 previous employment with CRL, Dorado, Sutherland, and FHC officers—and therefore
27 FHC—knew CRL’s Protected Computer Programs were password protected and were
28 strictly reserved for use to only licensees who properly subscribed to the program; they

1 knew CRL prohibited access to competitors. Those Defendants nevertheless
2 intentionally accessed the Protected Computer Programs surreptitiously by masking
3 their improper use of another’s password and intentionally accessing the programs so
4 FHC could reap its benefits to obtain information and sell designed products to compete
5 specifically against CRL. For example, in the November 4 instance alleged above, FHC
6 and Dorado obtained data relating to a panic door handle product by improperly
7 accessing the Protected Computer Programs, knowingly and without permission, and
8 then took further steps in their scheme to take, copy, and make use of data from the
9 Storefronts Online program, including by removing the CRL brand and other CRL-
10 related information. FHC and Dorado then completed that scheme by taking steps to
11 facilitate a sale that would compete specifically against CRL. The November 4, 2020
12 instance is just one instance of a violation of Cal. Penal Code § 502(c)(2); additional
13 instances, including violations by Sutherland and other FHC employees, are
14 documented in the document provided by FHC in response to this Court’s Order
15 granting CRL’s motion for a preliminary injunction [Dkt. No. 46], FHC, Dorado, and
16 Sutherland illegally accessed the Protected Computer Programs, knowingly and without
17 permission, on at least 171 occasions to design jobs in a similar manner and to compete
18 specifically with CRL and violated Cal. Penal Code § 502(c)(2) in those instances as
19 well.

20 106. FHC, Dorado, and Sutherland violated Cal. Penal Code § 502(c)(3) by
21 knowingly and without permission using or causing to be used CRL’s computer
22 services. Those Defendants accessed the Protected Computer Programs—computer
23 services—without authorization, but while knowing that they needed authorization to
24 use that program. The November 4, 2020 instance is just one instance of a violation of
25 Cal. Penal Code § 502(c)(3); additional instances, including violations by Sutherland
26 and other FHC employees, are documented in the document provided by FHC in
27 response to this Court’s Order granting CRL’s motion for a preliminary injunction [Dkt.
28 No. 46], FHC, Dorado, and Sutherland illegally accessed the Protected Computer

1 Programs, knowingly and without permission, on at least 171 occasions to design jobs
2 in a similar manner—i.e., using the Protected Computer Programs, which are computer
3 services—and to compete specifically with CRL and violated Cal. Penal Code §
4 502(c)(3) in those instances as well.

5 107. Steinberg and Glasswerks violated Cal. Penal Code § 502(c)(6) by
6 knowingly and without permission providing or assisting in providing a means of
7 accessing a computer, computer system, or computer network in violation of subsection
8 (c) of Cal. Penal Code § 502. Steinberg and Glasswerks provided the technological tools
9 and means for FHC as well as Dorado, Sutherland, and other FHC employees to access
10 the Protected Computer Programs—which reside on CRL’s computers and/or requires
11 access to CRL’s computer systems or computer network—without permission, but
12 while knowing that they needed permission to use those programs. Glasswerks and
13 Steinberg provided the means of accessing the Protected Computer Programs without
14 permission, but while knowing that they needed permission to use those programs.

15 108. On information and belief, Glasswerks and Steinberg illegally provided or
16 assisted, knowingly and without permission, the means of accessing the Protected
17 Computer Programs on at least 171 occasions to design jobs for other customers in a
18 similar manner and to compete specifically with CRL and violated Cal. Penal Code §
19 502(c)(6) in those instances as well.

20 109. FHC, Dorado, and Sutherland violated Cal. Penal Code § 502(c)(7) by
21 knowingly and without permission accessing or causing to be accessed CRL’s
22 computer, computer system, or computer network. FHC, Dorado, and Sutherland
23 accessed the Storefronts Online program—which resides on CRL’s computers and/or
24 requires access to CRL’s computer systems or computer network—without permission,
25 but while knowing that they needed permission to use that program. The November 4,
26 2020 instance is just one instance of a violation of Cal. Penal Code § 502(c)(7);
27 additional instances, including violations by Sutherland and other FHC employees, are
28 documented in the document provided by FHC in response to this Court’s Order

1 granting CRL’s motion for a preliminary injunction [Dkt. No. 46], FHC, Dorado, and
2 Sutherland, illegally accessed, knowingly and without permission, the Protected
3 Computer Programs on at least 171 occasions to design jobs for other customers in a
4 similar manner and to compete specifically with CRL and violated Cal. Penal Code §
5 502(c)(7) in those instances as well.

6 110. FHC’s, Dorado’s, Sutherland’s, Glasswerks’, and Steinberg’s conduct,
7 including but not limited to their knowing unauthorized and unlawful access to and/or
8 facilitation of access to, CRL’s protected computers (including its servers), computer
9 system, or computer network, and use of computer services to defraud, has caused CRL
10 irreparable injury. Unless restrained and enjoined, those defendants will continue to
11 engage in such acts. CRL’s remedy at law is therefore inadequate to compensate it for
12 the past and threatened injuries and thus CRL is entitled to injunctive relief as provided
13 for by Cal. Penal Code § 502(e). CRL is entitled to equitable relief at least in the form
14 of (1) an injunction to restrain all wrongful conduct alleged herein, and (2) an order of
15 disgorgement and restitution of all sums received by those defendants as a result of their
16 wrongful conduct and unjust enrichment. CRL also is entitled to and prays for all other
17 remedies available under Cal. Penal Code § 502(e), including those damages suffered as
18 a result of Defendants’ illegal conduct and violations of Cal. Penal Code § 502 which
19 have caused CRL to (1) incur costs to respond and corrective measure costs and (2)
20 suffer lost revenues that would have been made in part if not in whole by CRL had not
21 Defendants made their unauthorized access to the Protected Computer Programs.

22 111. FHC’s, Dorado’s, Sutherland’s, Glasswerks’, and Steinberg’s violations of
23 Cal. Penal Code § 502, including violations of (c)(1), (c)(2), (c)(3), (c)(6), and (c)(7),
24 were done willfully and with oppression, fraud, and malice as defined Cal. Civil Code §
25 3294(c). Among other things, by virtue of their previous employment with CRL,
26 Dorado, Sutherland, and FHC officers—and therefore FHC—knew the Protected
27 Computer Programs were password protected, were strictly reserved for use to only
28 licensees who properly subscribed to the program, and were not services that were

1 provided to CRL’s competitors. Notwithstanding this knowledge, those Defendants
2 intentionally masked their conduct by using a password of another and intentionally and
3 fraudulently used CRL’s confidential and proprietary software to facilitate the creation
4 of products that were then sold in competition with CRL.

5 112. Glasswerks, and thus Steinberg, had knowledge of the restrictions on the
6 Protected Computer Programs. Aside from the licenses between CRL and Glasswerks
7 regarding the Protected Computer Programs, by virtue of the fact that passwords were
8 required to access the programs, Steinberg was aware that they should not be shared—
9 especially to competitors of CRL. FHC’s, Dorado’s, and Sutherland’s, oppression,
10 fraud, and malice is reinforced by the actions they took to remove the CRL brand and
11 other CRL-related information from documentation generated by the Protected
12 Computer Programs. Such conduct justifies an award of punitive and exemplary
13 damages pursuant to Cal. Penal Code § 502(e)(4) and Cal. Civ. Code § 3294. CRL is
14 also entitled to an award of its reasonable attorneys’ fees and costs pursuant to Cal.
15 Penal Code § 502(e)(2).

16 **THIRD CLAIM FOR RELIEF**

17 **Patent Infringement (35 U.S.C. 101 *et seq.*)**

18 **(Against Defendant FHC)**

19 113. CRL repeats the allegations set forth above in Paragraphs 1 through 112 as
20 though fully set forth herein in this paragraph.

21 114. CRL is the owner of the ’413 Patent. The ’413 Patent is directed to a rail
22 assembly for releasably securing a panel of glass, a set of stiles that are releasably
23 securable about the edges of a panel of glass, and a combined rail and style system for
24 framing a door panel.

25 115. The application that issued as the ’413 Patent was filed on July 10, 2014,
26 and the patent issued on July 7, 2015.

27 116. The application names Sprague as its sole inventor. Sprague duly and
28 lawfully assigned the ’413 Patent to CRL.

1 117. The '413 Patent is valid and enforceable.

2 118. CRL markets, offers for sale, and sells a variety of door rail products for
3 releasably securing a panel of glass in a variety of settings. Among its door rail products
4 are the CRL Low Profile door rail system and the CRL ENTICE® door rail system.
5 CRL's Low Profile door rail system is depicted below at left and the ENTICE® door
6 rail system is depicted below at right.



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16 119. As CRL's products are innovative and industry leading, CRL has sought
17 patent protection over them. For example, CRL's U.S. Patent Nos. 6,434,905 and
18 6,912,818, as well as the '413 Patent, all relate to CRL's investments in protecting its
19 various door rail systems.

20 120. The '413 Patent is in full force and effect and will continue to be for many
21 years. Sprague is a named inventor on CRL's U.S. Patent Nos. 6,434,905 and
22 6,912,818, as well as the '413 Patent.

23 121. CRL has complied with 35 U.S.C. § 287 and FHC has had actual notice
24 that it infringes the '413 Patent. Among other things, FHC was on notice that the Herc-
25 Door™ door rail system infringed the '413 Patent because FHC's principals and
26 employees had knowledge of CRL's patented designs, including the '413 Patent's
27 design, and, on information and belief, used that knowledge to design the Herc-Door™
28 door rail system. Additionally, on information and belief, Sprague himself was involved

1 in the design of the Herc-Door™ door rail system and knew that it infringed the '413
2 Patent.

3 122. Additionally or alternatively, FHC has had actual knowledge that it
4 infringed the '413 Patent as of the filing date of this Complaint under 35 U.S.C. § 287.

5 123. The '413 Patent uses a spring action clamping member that has an open
6 position in which a glass panel can be freely removed and a closed position wherein the
7 panel to be secured is clamped within the rail body. A screw engaged in the rail body
8 has an end in contact with the spring action clamping member. Turning the screw causes
9 the spring action clamping member to move upward, which causes the upper arms of the
10 spring action clamping member to slide upwardly against mutually opposed inclined
11 surfaces within the rail body. This upward motion causes the upper ends of the arms to
12 translate inwardly, applying clamping pressure to each side of the panel to be secured.
13 Specifically, claim 1 of the '413 Patent recites as follows:

14 1. A rail assembly for releasably securing a panel, the rail assembly comprising:
15 a rail body having mutually opposed inclined surfaces, angled inwardly towards
16 the panel to be secured;
17 a spring action clamping member, having mutually opposed walls, the walls
18 having mutually opposed upper ends, the upper ends configured to slide against
19 the inwardly inclined surfaces of the rail body;
20 wherein the spring action clamping member is movable between an open position
21 wherein the panel to be secured may be freely removed from the rail body and a
22 closed position wherein the panel to be secured is clamped within the rail body; a
23 screw engaged with the rail body having an end in contact with the spring action
24 clamping member; and
25 wherein actuation of the screw from the open position causes the clamping
26 member to move upwardly causing the upper ends of the mutually opposed walls
27 of the clamping member to slide upwardly against the mutually opposed inclined
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1 surfaces of the rail body, said upward motion causing the upper ends to translate
2 inwardly, applying clamping pressure to each side of the panel to be secured.

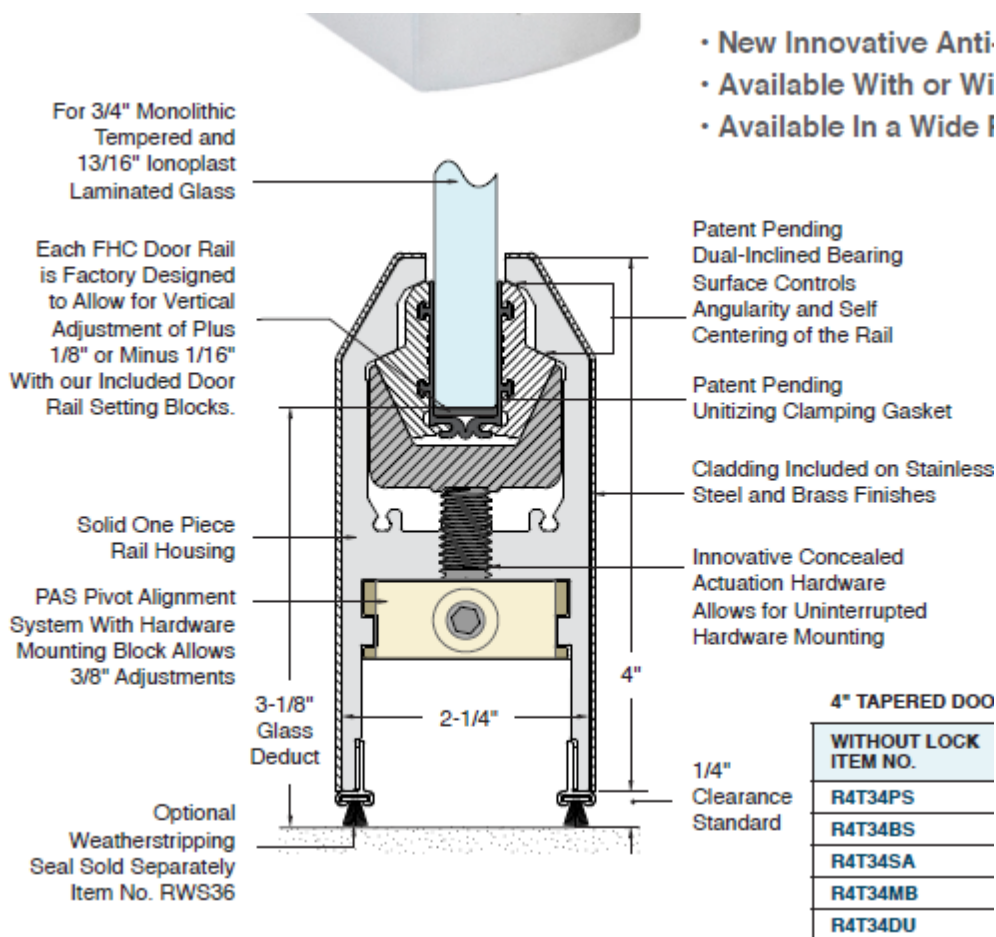
3 124. On information and belief, within the last year, FHC introduced its Herc-
4 Door™ door rail system to directly compete against CRL’s door rail systems. Indeed,
5 FHC made the Herc-Door™ door rail system look almost exactly like CRL’s Low
6 Profile door rail system, copying CRL’s design down to the placement of a screw and
7 putting FHC’s lettering in the same location and font as CRL’s lettering, as shown
8 below (CRL at left, FHC on the right):



22 125. FHC did not merely copy the appearance of CRL’s door rail, however;
23 FHC also copied CRL’s patented technology as reflected in at least claim 1 of the ’413
24 Patent. In fact, each of the Herc-Door™ door rails includes or practices each of the
25 elements of claim 1 of the ’413 Patent, and each of the Herc-Door™ door rails infringes
26 at least claim 1 of the ’413 Patent literally or under the Doctrine of Equivalents.

27 126. In particular, the Herc-Door™ door rails use a spring action clamping
28 member that has an open position in which a glass panel can be freely removed and a

1 closed position that panel to be secured is clamped within the rail body. A screw
 2 engaged in the rail body has an end in contact with the spring action clamping member.
 3 Turning the screw causes the spring action clamping member to move upward, which
 4 causes the upper arms of the spring action clamping member to slide upwardly against
 5 mutually opposed inclined surfaces within the rail body. This upward motion causes the
 6 upper ends of the arms to translate inwardly, applying clamping pressure to each side of
 7 the panel to be secured. Indeed, the Herc-Door™ door rails satisfy each of the elements
 8 of at least claim 1 of the '413 Patent either literally or under the Doctrine of
 9 Equivalents.



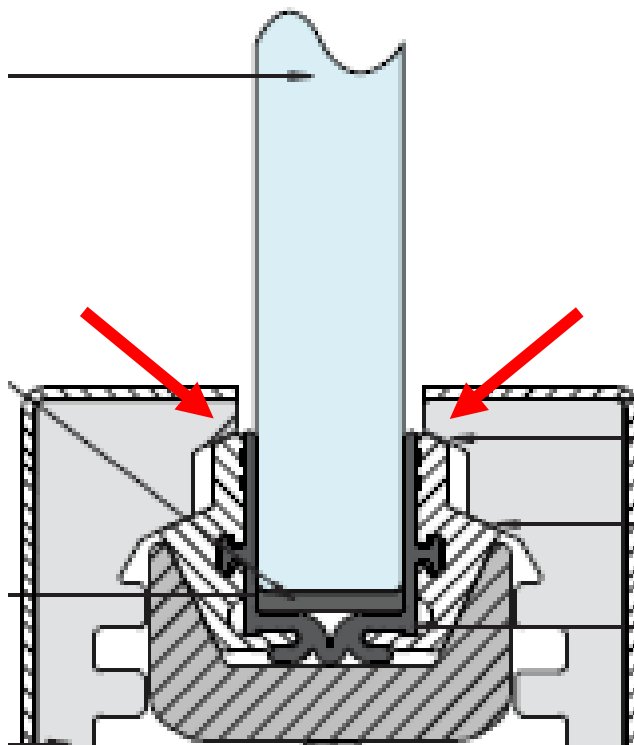
127. As a non-limiting example, CRL presents the following description of the Herc-Door™ 4-inch tapered door rail taken from FHC's marking materials and compares it to claim 1 of the '413 Patent. As it is understood and believed that all Herc-

1 Door™ door rail systems use the same structural elements to clamp a pane of glass, the
2 following contentions are applicable to all Herc-Door™ door rail systems.

3 (From [https://fhc-usa.com/pub/media/bss/productattachment/FHC-R4T34-4-Inch-](https://fhc-usa.com/pub/media/bss/productattachment/FHC-R4T34-4-Inch-Tapered-Door-Rail-Submittal.pdf)
4 [Tapered-Door-Rail-Submittal.pdf](https://fhc-usa.com/pub/media/bss/productattachment/FHC-R4T34-4-Inch-Tapered-Door-Rail-Submittal.pdf) , last visited February 11, 2021.)

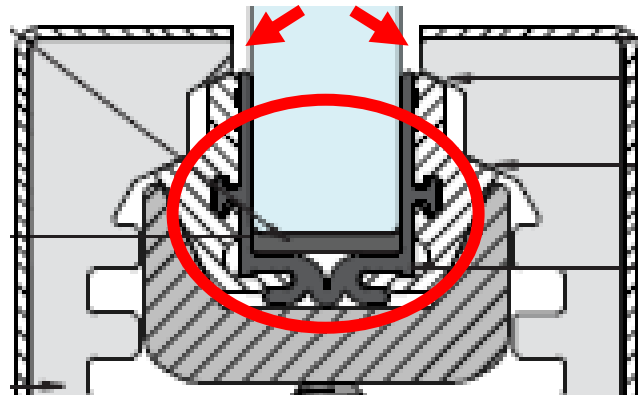
5 128. Although the preamble of claim 1 is not limiting, the Herc-Door™ door rail
6 system includes a rail assembly for releasably securing a panel, specifically a glass
7 panel, as depicted above, and satisfies the preamble literally and/or under the Doctrine
8 of Equivalents.

9 129. The Herc-Door™ door rail system includes a rail body having mutually
10 opposed inclined surfaces, angled inwardly towards the panel to be secured, e.g., the
11 “Dual-Inclined Bearing Surfaces” on each side of the rail body, as described above and
12 below, and satisfies this element literally and/or under the Doctrine of Equivalents.

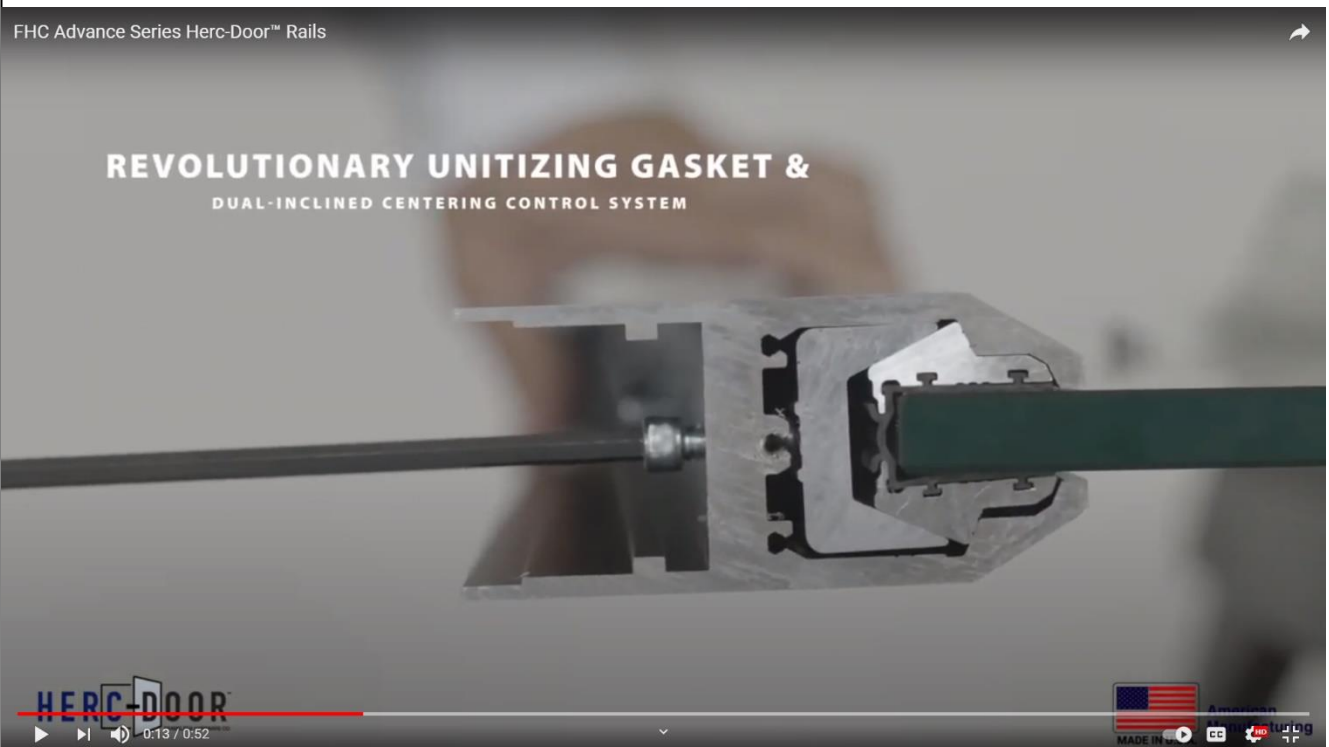


27 130. The Herc-Door™ door rail system also includes a spring action clamping
28 member, having mutually opposed walls, the walls having mutually opposed upper

1 ends, the upper ends configured to slide against the inwardly inclined surfaces of the rail
2 body. As described above and repeated below, the “Unitizing Clamping Gasket”
3 connects the two arms, and the arms and gasket are in contact with the more darkly
4 shaded support beneath them so as to be a spring action clamping member with upper
5 ends configured to slide against the inwardly inclined surfaces of the rail body, and
6 satisfies this element literally and/or under the Doctrine of Equivalents.



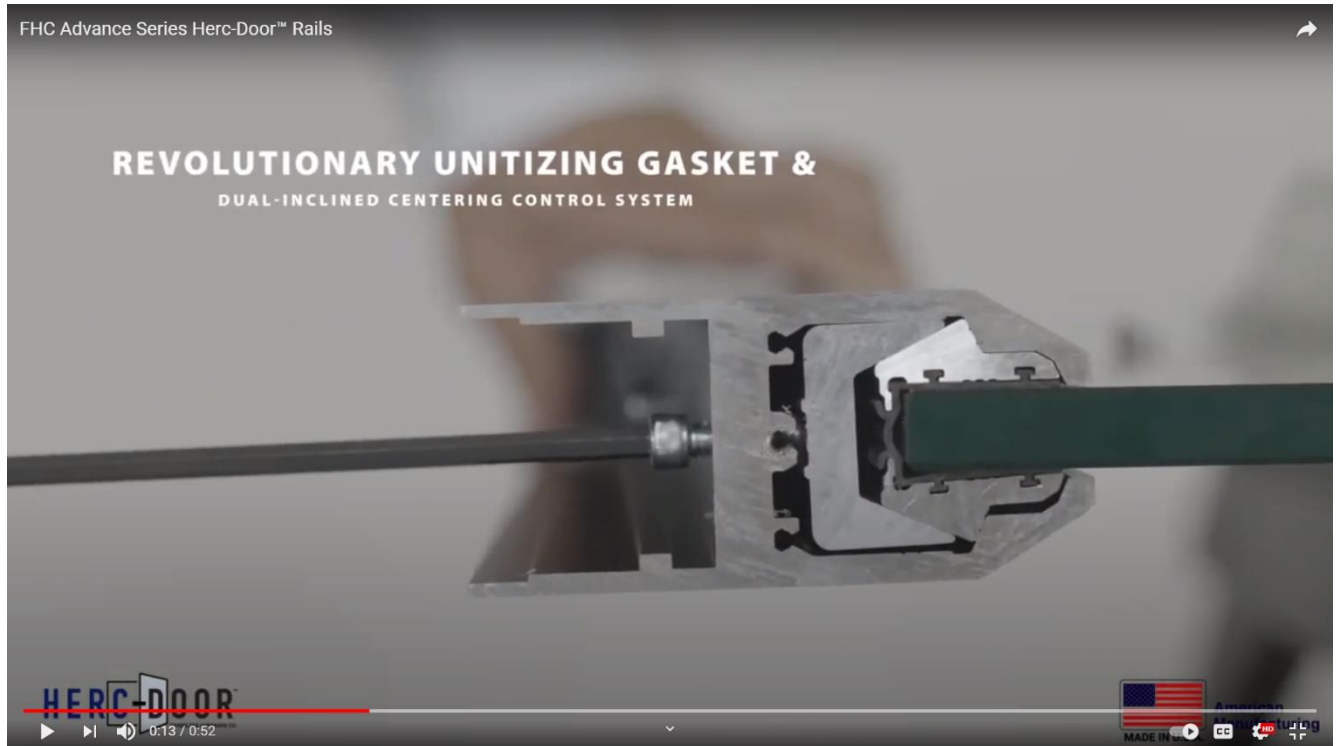
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14 131. The Herc-Door™ door rail system’s spring action clamping member is
15 further movable between an open position wherein the panel to be secured may be
16 freely removed from the rail body and a closed position wherein the panel to be secured



1 is clamped within the rail body. As described above and in a YouTube video that
2 indicates that it was posted by FHC (linked below), the spring action clamping member
3 is movable between an open position that allows a glass panel to be freely inserted or
4 removed and a closed position wherein the panel is clamped within the rail body, and
5 satisfies this element literally and/or under the Doctrine of Equivalents.

6 See <https://youtu.be/ohesbvmPonk?t=13> (last visited February 11, 2021).

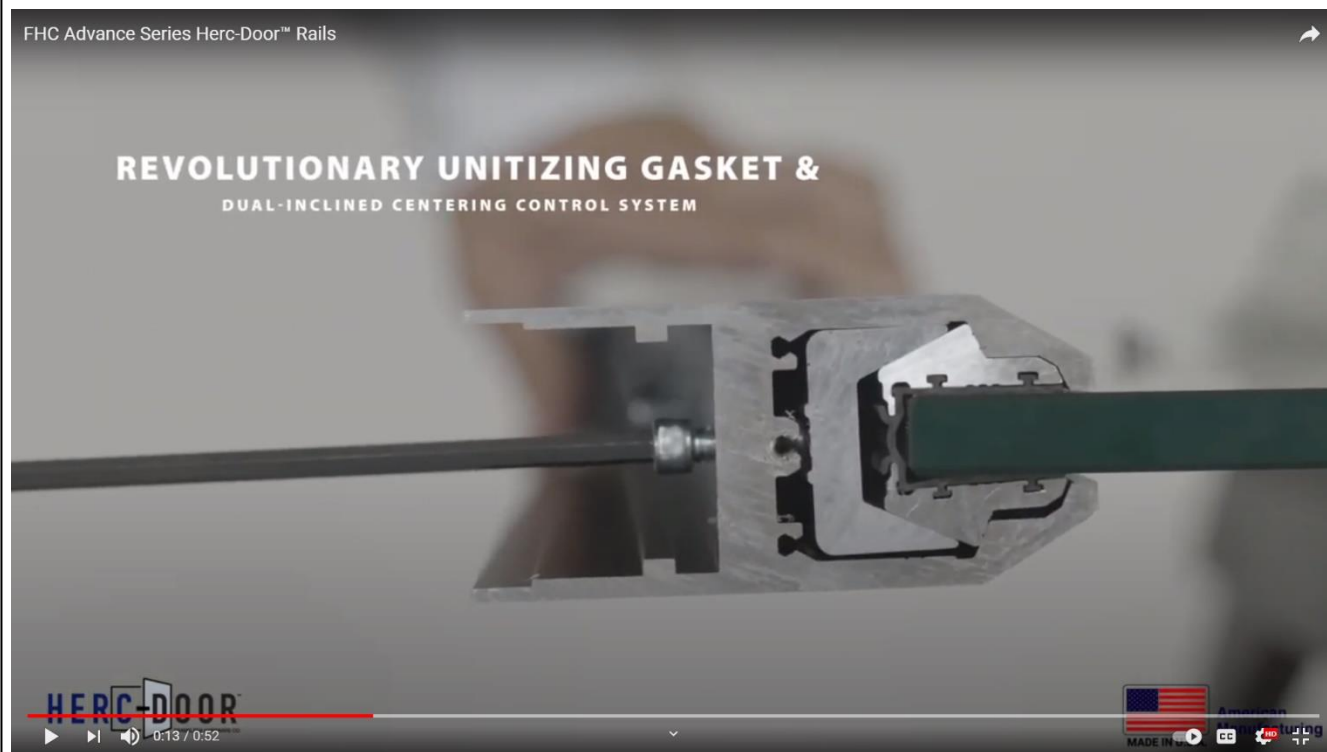
7 132. The Herc-Door™ door rail system has a screw engaged with the rail body
8 having an end in contact with the spring action clamping member, as described above
9 and in the video linked below, and satisfies this element literally and/or under the
10 Doctrine of Equivalents.



23 See <https://youtu.be/ohesbvmPonk?t=13> (last visited February 11, 2021).

24 133. Moreover, as described above and in the video linked below, actuating the
25 screw in the Herc-Door™ door rail system when it is in an open position results in the
26 screw pressing against the clamping member, causing it to move upwardly. As the
27 spring action clamping member moves upwardly, the upper ends of the mutually
28 opposed walls of the clamping member to slide upwardly against the mutually opposed

1 inclined surfaces of the rail body, *e.g.*, the upper mutually opposed inclined surfaces of
2 the depicted “Dual-Inclined Bearing Surfaces.” As further depicted above and in the



15 video linked below, this upward motion causes the upper ends to translate inwardly,
16 applying clamping pressure to each side of the panel to be secured. The Herc-Door™
17 door rail system thus satisfies this element literally and/or under the Doctrine of
18 Equivalents.

19 See <https://youtu.be/ohesbvmPonk?t=13> (last visited February 11, 2021).

20 134. FHC has engaged in the manufacture, use, sale, offer for sale and/or
21 importation of the aforementioned door rail systems in the United States, without the
22 permission, license, or consent of CRL.

23 135. Upon information and belief, at least all of FHC’s Herc-Door™ door rail
24 systems are identical or substantially similar in hardware and architecture to the Herc-
25 Door™ door rail system described above, and they infringe, literally or under the
26 Doctrine of Equivalents, at least claim 1 of the ’413 Patent for the reasons set forth
27 above.

28 136. FHC’s infringement has been deliberate and willful, undertaken with full

1 knowledge of the '413 Patent. Indeed, on information and belief, FHC intentionally
2 copied CRL's door rail designs as well as the technology of at least claim 1 of the '413
3 Patent to create a door rail product to directly compete with CRL's door rail products.
4 FHC willfully infringed the '413 Patent from the very first time it made, used, offered
5 for sale, imported, and/or sold the Herc-Door™ door rail system. Among other things,
6 FHC knew or should have known that the alleged new design of the Herc-Door™ door
7 rail system copied the technology in at least claim 1 of the '413 Patent because FHC's
8 principals and employees had knowledge of CRL's patented designs, including the '413
9 Patent's design, and, on information and belief, used that knowledge to design the Herc-
10 Door™ door rail system. Additionally, on information and belief, Sprague himself was
11 involved in the design of the Herc-Door™ door rail system and knew himself that it
12 copied (and therefore infringed) the claimed technology of the '413 Patent.

13 137. Additionally or alternatively, FHC has had knowledge that the Herc-
14 Door™ door rail system infringed at least claim 1 of the '413 Patent as of the service
15 date of this Complaint, and has willfully infringed the '413 Patent from at least that date
16 for all of its infringing activities.

17 138. FHC is in privity with Sprague, on at least the grounds that Sprague is its
18 employee and FHC has represented that he is FHC's Vice President of Product Design
19 and Development.

20 139. On information and belief, FHC further availed itself of Sprague's
21 knowledge and assistance to design, make, use, import, offer for sale, and/or sell the
22 Herc-Door™ door rail systems.

23 140. As a result of its relationship and privity with Sprague, FHC is estopped
24 from challenging the validity of the '413 Patent at least by virtue of the doctrine of
25 assignor estoppel.

26 141. By reason of their aforementioned acts of infringement, FHC has been
27 unjustly enriched and this is an exceptional case entitling CRL to enhanced damages, an
28 award of its attorneys' fees, and all other relief permitted by the Patent Act.

1 142. By reason of FHC’s acts of infringement, CRL has suffered damages,
2 including but not limited to, lost profits, and CRL is entitled to recover such lost profits.
3 At a minimum, by reason of the aforementioned acts of infringement, CRL is entitled to
4 recover a reasonable royalty.

5 143. By reason of Defendants’ acts of infringement, unless enjoined by this
6 Court, CRL will continue to suffer irreparable harm for which there is no adequate
7 remedy at law.

8 **FOURTH CLAIM FOR RELIEF**

9 **Trade Secret Misappropriation—Defend Trade Secrets Act**

10 **(18 U.S.C. §§ 1832, 1836 *et seq.*)**

11 **(Against Defendants FHC and Hanstad)**

12 144. CRL repeats the allegations set forth above in Paragraphs 1 through 143 as
13 though fully set forth herein in this paragraph.

14 145. CRL owns and possesses confidential and trade secret information, as
15 alleged above.

16 146. CRL’s Confidential Information, which comprises at least Supplier
17 Information, is crucial to the success of its business. Thus, CRL makes substantial
18 efforts to keep this information from its competitors and the public. CRL has taken, at
19 all relevant times, reasonable efforts to maintain the secrecy of its Confidential
20 Information, including by requiring its employees, as a condition of employment, to
21 abide by a strict Code of Conduct forbidding the disclosure, use, or transmission of any
22 CRL Confidential Information, and by requiring that all persons accessing CRL
23 repositories and databases have personalized authentication credentials in order to
24 access such repositories/databases. The measures that CRL takes are reasonable under
25 the circumstances to maintain the information’s secrecy.

26 147. CRL spent decades identifying, negotiating with, and testing products from
27 over 800 individually selected vendors whose products comprise approximately 75% of
28 CRL’s more than 50,000 products. As alleged above, CRL invested substantial

1 resources in developing its Confidential Information. Such Confidential Information,
2 which comprises the Supplier Information, therefore derives independent economic
3 value, actual or potential, from not being generally known to, and not being readily
4 ascertainable through proper means by, another person who can obtain economic value
5 from the disclosure or use of the information.

6 148. CRL's Confidential Information set forth above constitute trade secrets
7 under the Defend Trade Secrets Act, 18 U.S.C. §§ 1832, 1836, *et seq.*, because CRL has
8 taken reasonable measures to maintain the secrecy of such assets and those assets derive
9 independent economic value, actual or potential, from not being generally known to,
10 and not being readily ascertainable through proper means by, another person who can
11 obtain economic value from the disclosure or use of the information. Among other
12 things, CRL's competitors would obtain economic value from the use and the disclosure
13 of CRL's Confidential Information, including confidential data relating to Supplier
14 Information.

15 149. FHC and Hanstad misappropriated at least CRL's Supplier Information to
16 source products that they would not otherwise be able to source. Moreover, FHC and
17 Hanstad acquired and/or derived knowledge and custody of CRL trade secrets through
18 improper means—including, without limitation, CRL's confidential Supplier
19 Information—and could not have realistically compiled this information and offered the
20 identical and near-identical products as CRL without the use of CRL's Confidential
21 Information. As such, among other things, FHC and Hanstad misappropriated CRL's
22 trade secret asset in the Supplier Information by engaging in conduct prohibited by 18
23 U.S.C. §§ 1836, *e.g.*, 1839(5)(A) and(5)(B).

24 150. Through their unlawful actions, FHC and Hanstad used and/or acquired
25 knowledge and custody of CRL's trade secrets. FHC and Hanstad knew or had reason to
26 know that CRL's Confidential Information was confidential. For example, Hanstad
27 knew that, when he had access to the other Confidential Information while employed by
28 CRL, he had a duty to maintain the secrecy of that information. Hanstad was aware of

1 the Code of Conduct and employment policies of CRL forbidding the unauthorized
2 access, use, or transmission of the Supplier Information. Additionally, it is well known
3 in the industry that such information (supplier information, vendor lists, and product
4 designs and specifications) are highly valuable and confidential.

5 151. FHC and Hanstad used at least CRL's trade secret data described as
6 Supplier Information above, by improper means, as alleged above. For example, with
7 respect to the Supplier Information, Hanstad used and disclosed such information at
8 least by his breaching of his duties to CRL. FHC and Hanstad knew or should have
9 known that they used, acquired, derived and/or disclosed CRL's trade secret information
10 via improper means. Moreover, FHC and Hanstad misappropriated at least CRL's
11 proprietary Supplier Information in interstate commerce to develop and market
12 competitive services and products at CRL's expense and to CRL's detriment.

13 152. FHC's and Hanstad's conduct, including but not limited to their knowing
14 and unlawful misappropriation of CRL's trade secrets as alleged above, has caused CRL
15 irreparable injury. Unless restrained and enjoined, FHC and Hanstad will continue to
16 engage in such acts. CRL's remedy at law is therefore inadequate to compensate it for
17 the past and threatened injuries and thus CRL is entitled to injunctive relief as provided
18 for by the Defend Trade Secrets Act, 18 U.S.C. § 1836(b)(3)(A). CRL also is entitled to
19 and prays for all other remedies available under the Defend Trade Secret Act, 18 U.S.C.
20 § 1836, including damages pursuant to 18 U.S.C. § 1836(b)(3)(B).

21 153. Each of the aforementioned acts was done by FHC and Hanstad willfully
22 and maliciously, with the deliberate intent to injure CRL and with the conscious
23 disregard of CRL's rights, thus entitling CRL to an award of enhanced damages
24 pursuant to 18 U.S.C. § 1836(b)(3)(C). CRL is further entitled pursuant to 18 U.S.C. §
25 1836(b)(3)(D) to an award of its reasonable attorneys' fees.

26 **FIFTH CLAIM FOR RELIEF**

27 **Misappropriation of Trade Secrets (Cal. Civ. Code § 3426 *et seq.*)**

28 **(Against Defendants FHC and Hanstad)**

1 154. CRL repeats the allegations set forth above in Paragraphs 1 through 153 as
2 though fully set forth herein in this paragraph.

3 155. CRL owns and possesses confidential and trade secret information, as
4 alleged above.

5 156. CRL's Confidential Information, which comprises Supplier Information, is
6 crucial to the success of its business. Thus, CRL makes substantial efforts to keep this
7 information from its competitors and the public. CRL has taken, at all relevant times,
8 reasonable efforts to maintain the secrecy of its Confidential Information, including by
9 requiring its employees, as a condition of employment, to abide by a strict Code of
10 Conduct forbidding the disclosure, use, or transmission of any CRL Confidential
11 Information, and by requiring that all persons accessing CRL repositories and databases
12 have personalized authentication credentials in order to access such
13 repositories/databases. The measures that CRL takes are reasonable under the
14 circumstances to maintain the information's secrecy.

15 157. CRL spent decades identifying, negotiating with, and testing products from
16 over 800 individually selected vendors whose products comprise approximately 75% of
17 CRL's more than 50,000 products. As alleged above, CRL invested substantial
18 resources in developing its Confidential Information. Such Confidential Information,
19 which comprises at least the Supplier Information, therefore derives independent
20 economic value, actual or potential, from not being generally known to the public or to
21 other persons who can obtain economic value from its disclosure or use.

22 158. CRL's Confidential Information, set forth above, constitutes trade secrets
23 pursuant to the California Uniform Trade Secrets Act, Cal. Civ. Code §§ 3426.1 *et seq.*
24 As alleged above: CRL has taken reasonable measures to maintain the secrecy of such
25 assets and those assets derive independent economic value, actual or potential, from not
26 being generally known to the public or to other persons who can obtain economic value
27 from their disclosure or use. Among other things, CRL's competitors would obtain
28 economic value from the use and the disclosure of CRL's Confidential Information,

1 including confidential data relating to at least the Supplier Information.

2 159. FHC and Hanstad misappropriated at least CRL’s Supplier Information as
3 set forth above—namely, Defendants stole and wrongfully used CRL’s Supplier
4 Information to source products that they would not otherwise be able to source. FHC
5 and Hanstad acquired knowledge and custody of CRL trade secrets—including, without
6 limitation, at least CRL’s confidential Supplier Information—and could not have
7 compiled this information and offered numerous identical and near-identical products to
8 CRL’s without the use of CRL’s Confidential Information. As such, among other things,
9 FHC and Hanstad misappropriated CRL’s trade secret asset in the Supplier Information
10 by engaging in conduct described above and prohibited by Cal. Civ. Code §3426.1(b).

11 160. Through their unlawful actions, FHC and Hanstad used and acquired
12 knowledge and custody of CRL’s trade secrets. FHC and Hanstad knew that CRL’s
13 Confidential Information, including its Supplier Information, was confidential. For
14 example, Hanstad knew that, when he had access to the other Confidential Information
15 while employed by CRL, he had a duty to maintain the secrecy of that information.
16 Hanstad was aware of the Code of Conduct forbidding the unauthorized access, use, or
17 transmission of Confidential Information. Additionally, it is well known in the industry
18 that such information (supplier information, vendor lists, and product designs and
19 specifications) are highly valuable and confidential.

20 161. FHC and Hanstad used and disclosed at least CRL’s trade secret data
21 described above as Supplier Information by improper means and without CRL’s
22 consent, as alleged above. With respect to the Supplier Information, FHC and Hanstad
23 also used and disclosed such information by at least by Hanstad’s breaching of his
24 duties to CRL. FHC and Hanstad knew or should have known that they used, acquired,
25 and disclosed CRL’s trade secret information improperly. FHC and Hanstad
26 misappropriated, retained, and/or used proprietary Supplier Information and trade
27 secrets to develop and market a competitive services and products at CRL’s expense.

28 162. FHC’s and Hanstad’s conduct, including but not limited to their knowing

1 and unlawful misappropriation of CRL’s trade secrets as alleged above, has caused CRL
2 irreparable injury. Unless restrained and enjoined, FHC and Hanstad will continue to
3 engage in such acts. CRL’s remedy at law is therefore inadequate to compensate it for
4 the past and threatened injuries and thus CRL is entitled to injunctive relief as provided
5 for by Cal. Civ. Code §3426.2. CRL also is entitled to and prays for all other remedies
6 available Cal. Civ. Code §3426.1 *et seq.*, including damages pursuant to Cal. Civ. Code
7 §3426.3(a).

8 163. FHC’s and Hanstad’s misappropriation of trade secrets were done willfully
9 and with oppression, fraud, and malice as defined Cal. Civil Code § 3294(c). Among
10 other things, FHC and Hanstad were aware of the obligation to maintain the
11 confidentiality of CRL’s Confidential Information, but nevertheless intentionally used
12 the Supplier Information with the intent to injure CRL. Such conduct justifies an award
13 of punitive and exemplary damages pursuant to Cal. Civ. Code § 3294. For the reasons
14 stated—because FHC and Hanstad engaged in such conduct willfully and maliciously
15 and with the conscious disregard of CRL’s rights, CRL is also entitled to an award of its
16 reasonable attorneys’ fees pursuant to Cal. Civ. Code § 3426.4.

17 **SIXTH CLAIM FOR RELIEF**

18 **Violation of Lanham Act § 43(a) (15 U.S.C. § 1125(a))**

19 **(Against Defendant FHC)**

20 164. CRL repeats the allegations set forth above in Paragraphs 1 through 163 as
21 though fully set forth herein in this paragraph.

22 165. After acquiring illicit design documentation from the Protected Computer
23 Program(s) as set forth above, Dorado and FHC scrubbed CRL-branding and other
24 CRL-related information from the documentation and repackaged the documentation
25 with FHC branding and other information to make it appear as if the documentation was
26 a native FHC document.

27 166. FHC’s wholesale copying and misappropriation of the documentation
28 generated by the Protected Computer Programs, including but not limited to the

1 documentation generated on November 4, 2020, represents the misattribution and
2 misrepresentation of CRL’s work (and the resulting products and services offered to its
3 customers) as FHC’s services for FHC’s gain, confusing consumers as to the true origin
4 of the documentation and services represented thereby.

5 167. FHC’s distribution of the documentation generated by the Protected
6 Computer Programs with misattribution to FHC—including but not limited to with
7 respect to the documentation generated on November 4, 2020—and FHC’s offering for
8 sale and sale of goods and services in connection with such documentation, are likely to
9 cause confusion, or to cause mistake, or to deceive as to the origin of documentation, in
10 that purchasers are likely to believe that CRL’s high quality services are, instead,
11 attributable to FHC. Defendants’ acts as alleged herein, including “reverse passing off”
12 of the documentation generated by the Protected Computer Programs as FHC’s own, are
13 unlawful under Section 43(a) of the Lanham Act (15 U.S.C. § 1125(a)), and constitute
14 false designation of origin and unfair competition in violation of Lanham Act section
15 43(a), 15 U.S.C. § 1125(a).

16 168. CRL is entitled to damages in an amount to be proven at trial.

17 169. At all times, FHC’s violations of Section 43(a) of the Lanham Act were
18 knowing, deliberate, willful, fraudulent, and without extenuating circumstances. FHC’s
19 willful violations of Lanham Act Section 43(a) are the direct and proximate cause of
20 harm to CRL, and CRL is entitled to recover three times the amount of actual damages
21 or profits, and attorneys’ fees on the basis that this case is exceptional and costs incurred
22 in this action and the disgorgement of all of FHC’s profits pursuant to 15 U.S.C. §
23 1117(a).

24 170. FHC’s conduct, including but not limited to their violation of Section 43(a)
25 of the Lanham Act as alleged above, has caused CRL irreparable injury for which CRL
26 has no adequate legal remedy. Unless restrained and enjoined, FHC will continue to
27 engage in such acts. CRL’s remedy at law is therefore inadequate to compensate it for
28 the past and threatened injuries and thus CRL is entitled to injunctive relief pursuant to

1 at least 15 U.S.C. § 1116(a).

2 **SEVENTH CLAIM FOR RELIEF**

3 **Common Law Unfair Competition**

4 **(Against Defendant FHC)**

5 171. CRL repeats the allegations set forth above in Paragraphs 1 through 170 as
6 though fully set forth herein in this paragraph.

7 172. CRL has invested significant time and millions of dollars in the co-
8 development of, and in maintaining and protecting, the proprietary Protected Computer
9 Programs and the documentation that they generate.

10 173. Defendant FHC illegally accessed and used CRL's Protected Computer
11 Programs to design and sell a product to Hartung and thereby appropriated and used the
12 Protected Computer Programs at no cost. See Exhibit C. After acquiring the illicit
13 design documentation from at least the Storefronts Online program, FHC then tried to
14 pass off the source of the design and schematics by scrubbing CRL-branding and other
15 CRL-related information from the documentation and inserting in its place FHC
16 branding and other information to make it appear as if the documentation was a native
17 FHC document. CRL did not authorize or consent to FHC's use of the Protected
18 Computer Programs or FHC's passing off of the documentation generated by the
19 Programs.

20 174. FHC falsely and wrongfully incorporated FHC's branding and other
21 information to make it appear as if the documentation was a native FHC document
22 without attributing such documentation to its true originator and owner, CRL. FHC then
23 provided that documentation to Hartung, causing deception among consumers as well as
24 falsely representing that FHC was the true creator of the documentation. On information
25 and belief, this was not the only time FHC wrongfully passed off documentation created
26 by unlawfully accessing and using CRL's Protected Computer Programs.

27 175. FHC has unlawfully, unfairly, and deceptively engaged in practices
28 violating California law, including but not limited to, passing off the documentation

1 generated by the Protected Computer Programs to make it appear as if the
2 documentation was a native FHC document. Such conduct, including but not limited to
3 with respect to the documentation generated on November 4, 2020, creates a likelihood
4 of confusion as to the source of the documentation and services it represents. FHC's acts
5 are a violation of California common law unfair competition.

6 176. As a result of FHC's conduct set forth above, CRL has suffered and will
7 continue to suffer competitive injury including, but not limited to, damage to its
8 business, reputation, and goodwill.

9 177. Upon information and belief, FHC profited from its misconduct set forth
10 above, including by receiving revenue and by obtaining non-monetary goodwill with
11 customers as a result of the use of the Protected Computer Programs, which thereby
12 diminished the value of the programs. As such, FHC has been unjustly enriched by its
13 misconduct to the detriment and expense of CRL. It would be unjust for FHC to retain
14 this benefit and FHC should not be permitted to reap the benefits of its wrongful
15 misconduct.

16 178. CRL has no adequate remedy at law and, if FHC's actions are not enjoined,
17 CRL will continue to suffer irreparable harm.

18 179. FHC's violation of California unfair competition law was done willfully
19 and with oppression, fraud, and malice as defined Cal. Civil Code § 3294(c). Such
20 conduct justifies an award of punitive and exemplary damages pursuant to Cal. Civ.
21 Code § 3294.

22 **EIGHTH CLAIM FOR RELIEF**

23 **Fraud**

24 **(Against Defendants FHC, Dorado, And Sutherland)**

25 180. CRL repeats the allegations set forth above in Paragraphs 1 through 179 as
26 though fully set forth herein in this paragraph.

27 181. FHC, Dorado and Sutherland represented to CRL that they were a
28 legitimate, paying subscriber of CRL's Protected Computer Programs when they

1 accessed, or caused to be accessed, the Storefronts Online program and other programs
2 as alleged herein. Specifically, each time they signed on to the program using the
3 password of a specific individual from Glasswerks, each of FHC, Dorado and
4 Sutherland represented they were that individual with legitimate credentials.

5 182. As admitted in the document provided by FHC in response to this Court’s
6 Order granting CRL’s motion for a preliminary injunction [Dkt. No. 46], FHC, Dorado,
7 and Sutherland signed on to CRL’s Protected Computer Programs on numerous
8 occasions making the same type of representation: namely, that they were an individual
9 from Glasswerks with legitimate credentials to log in to and use the Protected Computer
10 Programs. As admitted in the document provided by FHC in response to this Court’s
11 Order granting CRL’s motion for a preliminary injunction [Dkt. No. 46], Sutherland
12 signed on to and used CRL’s Protected Computer Programs—specifically Storefronts
13 Online, and thus made unauthorized access and made the same type of representation
14 that he was an individual from Glasswerks with legitimate credentials to log in to and
15 use the Storefronts Online program, on at least the following 19 separate occasions:

- 16 • December 8, 2020
- 17 • December 18, 2020
- 18 • December 18, 2020
- 19 • December 18, 2020
- 20 • December 21, 2020
- 21 • December 22, 2020
- 22 • December 28, 2020
- 23 • December 30, 2020
- 24 • January 11, 2021
- 25 • January 12, 2021
- 26 • January 12, 2021
- 27 • January 14, 2021
- 28 • January 15, 2021

- 1 • January 15, 2021
- 2 • January 16, 2021
- 3 • January 18, 2021
- 4 • January 19, 2021
- 5 • January 20, 2021
- 6 • February 5, 2021

7 183. In every instance when FHC, Dorado, and Sutherland represented that they
8 were an individual from Glasswerks by accessing, or causing to be accessed, CRL's
9 Protected Computer Programs using a password of Glasswerks—including Sutherland's
10 19 representations set forth above, those representations were false.

11 184. FHC, Dorado, and Sutherland knew that their representations to CRL were
12 false when they made them. This includes each of the 19 separate representations that
13 Sutherland made as outlined above.

14 185. When they accessed or caused to be accessed CRL's Protected Computer
15 Programs, FHC, Dorado, and Sutherland intended CRL to rely on the representation that
16 FHC and Dorado were from Glasswerks with a legitimate use of a password. Indeed, the
17 sole reason FHC, Dorado, and Sutherland used the passwords of Glasswerks was to
18 induce CRL to rely on the misrepresentation regarding the user of the Protected
19 Computer Programs.

20 186. CRL reasonably relied on the misrepresentations of FHC, Dorado, and
21 Sutherland in granting them access to the Protected Computer Programs based on their
22 misrepresentation that they were from Glasswerks.

23 187. CRL was harmed by FHC's, Dorado's and Sutherland's
24 misrepresentations. Among other things, FHC, Dorado and Sutherland used the
25 Protected Computer Programs to engage in sales and/or commercial activity that
26 competed with CRL; CRL also incurred costs to respond to FHC's, Dorado's, and
27 Sutherland's illegal access into the Protected Computer Programs and to address any
28 impairment to the integrity of the system.

1 188. CRL’s reliance on FHC’s, Dorado’s, and Sutherland’s misrepresentations
2 was a substantial factor in causing CRL’s harm.

3 189. FHC’s, Dorado’s, and Sutherland’s fraud as alleged above has caused CRL
4 irreparable injury. Unless restrained and enjoined, FHC, Dorado, and Sutherland will
5 continue to engage in such acts. CRL’s remedy at law is therefore inadequate to
6 compensate it for the past and threatened injuries and thus CRL is entitled to injunctive
7 relief. CRL also is entitled to and prays for damages.

8 190. FHC’s, Dorado’s, and Sutherland’s frauds were done willfully and with
9 oppression, fraud, and malice as defined Cal. Civil Code § 3294(c). Among other
10 things, FHC and its officers, including Sutherland, as well as Dorado, by virtue of their
11 previous employment with CRL, knew the Storefronts Online program, the Showers
12 Online program, and the Hand Rails Online program were password protected, were
13 strictly reserved for use to only licensees who properly subscribed to the program, and
14 were not services that were provided to CRL’s competitors. Notwithstanding this
15 knowledge, FHC, Dorado, and Sutherland intentionally masked their conduct by using a
16 password of another and intentionally and fraudulently used CRL’s confidential and
17 proprietary software to facilitate the creation of products that were then sold in
18 competition with CRL. Such conduct justifies an award of punitive and exemplary
19 damages pursuant to Cal. Civ. Code § 3294.

20 **NINTH CLAIM FOR RELIEF**

21 **(Breach of Contract)**

22 **(Against Defendant Glasswerks)**

23 191. CRL repeats the allegations set forth above in Paragraphs 1 through 190 as
24 though fully set forth herein in this paragraph.

25 192. Prior to Glasswerks’ and Steinberg’s transferring to FHC and its employees
26 passwords that were licensed to Glasswerks for the Storefronts Online Program, the
27 Showers Online Program, and the Hand Rails Online Program, Glasswerks entered into
28 a license agreement with CRL for each of those programs. Each of those license

1 agreements provided, among other things, that Glasswerks would pay a fee for the
2 program and would obtain certain limited permission to use the programs. Among other
3 things, the license agreements for each of the programs expressly prohibited Glasswerks
4 from providing its password credentials to other persons.

5 193. CRL has performed all of its obligations under the contract except for
6 those, if any, from which it was legally excused or frustrated or which were waived or
7 excused by prior material breaches of Glasswerks.

8 194. Without justification, by engaging in the acts alleged, Glasswerks breached
9 its obligations under the agreements.

10 195. As a proximate result of Glasswerks' breaches of contract, CRL has
11 suffered general, special, and consequential damages in an amount to be proven at trial.
12 CRL seeks compensation for all damages and losses proximately caused by the
13 breach(es).

14 **TENTH CLAIM FOR RELIEF**

15 **Intentional Interference with Contract**
16 **(Against Defendant FHC)**

17 196. CRL repeats the allegations set forth above in Paragraphs 1 through 195 as
18 though fully set forth herein in this paragraph.

19 197. At all relevant times, Defendant FHC was aware of the existence of the
20 valid and binding agreements between CRL and Glasswerks for each of the Protected
21 Computer Programs, which Agreements provided for the licensing to Glasswerks the
22 right to use the Protected Computer Programs for Glasswerks' use. As set forth above,
23 Defendant FHC was aware that the Agreements between Glasswerks and CRL
24 prohibited Glasswerks from sharing passwords for the Protected Computer Programs.
25 Defendant FHC was aware of the existence of the Agreement and its terms.

26 198. Defendant FHC engaged in conduct which prevented Glasswerks'
27
28

1 performance of the contract; namely, Steinberg’s transferring of passwords and FHC’s
2 use of the Protected Computer Programs with those passwords resulted in Glasswerks’
3 failure to perform its licensing agreements according to its terms.

4 199. FHC intended to disrupt the performance of the contract or knew that
5 disruption of performance was certain or substantially certain to occur.

6 200. These acts by Defendant FHC have caused and continue to cause CRL to
7 suffer economic damages proximately caused by the intentional interference.

8 201. These acts by Defendant FHC were done willfully and with oppression,
9 fraud, and malice as defined Cal. Civil Code § 3294(c). Among other things, FHC and
10 its officers, by virtue of their previous employment with CRL, knew the Storefronts
11 Online program, the Showers Online program, and the Hand Rails Online program were
12 password protected, were strictly reserved for use to only licensees who properly
13 subscribed to the program, and were not services that were provided to CRL’s
14 competitors. Notwithstanding this knowledge, FHC intentionally masked its conduct by
15 using a password of another and intentionally and fraudulently used CRL’s confidential
16 and proprietary software to facilitate the creation of products that were then sold in
17 competition with CRL. Such conduct justifies an award of punitive and exemplary
18 damages pursuant to Cal. Civ. Code § 3294.

19 **ELEVENTH CLAIM FOR RELIEF**

20 **Unjust Enrichment And Restitution**

21 **(Against Defendant FHC)**

22 202. CRL repeats the allegations set forth above in Paragraphs 1 through 201 as
23 though fully set forth herein in this paragraph.

24 203. FHC’s unlawful conduct as detailed herein, including but not limited to, its
25 illegal intrusions into CRL’s Protected Computer Programs for the purpose of (and with
26 the effect of) unlawfully competing with CRL and trading off of CRL’s investments in
27 its technology, unjustly enriched FHC at the expense of CRL. FHC received these
28 benefits through fraud and/or coercion, as detailed herein.

1 204. FHC also received unjust and unlawful benefits from trading off of and
2 using CRL's intellectual property, including product designs and patent rights, to design
3 its own competing products, including but not limited to the Herc-Door product accused
4 of infringement in this lawsuit.

5 205. On information and belief, among the unlawful benefits received by FHC
6 was the opportunity to file its own patents based on door rail designs that it had copied
7 from CRL and confidential technical information that was received and/or developed by
8 its employees while they were working for CRL, including but not limited to its
9 employee, Gary Sprague. FHC received these benefits through fraud and/or coercion, as
10 detailed herein.

11 206. CRL has been damaged as a result of FHC's wrongful actions and FHC's
12 unjust enrichment to CRL's detriment.

13 207. FHC should be required to disgorge its unjust enrichments, provide
14 restitution to CRL, and a constructive trust should be imposed for CRL's benefit on all
15 intellectual property rights, including patent applications and patents, unjustly acquired
16 by FHC.

17 **TWELFTH CLAIM FOR RELIEF**

18 **Violation of Business and Professions Code § 17200**

19 **(Against all Defendants)**

20 208. CRL repeats the allegations set forth above in Paragraphs 1 through 207 as
21 though fully set forth herein in this paragraph.

22 209. California Business and Professions Code section 17200 prohibits unfair,
23 unlawful, and fraudulent business acts and practices.

24 210. The aforementioned acts of Defendants, including, but not limited to, their
25 violation of the Computer Fraud and Abuse Act and California's Comprehensive
26 Computer Data Access and Fraud Act, their violation of the Defend Trade Secrets Act
27 and California's Uniform Misappropriation of Trade Secret Act, their violation of the
28

1 United States Patent Act, their violation of the Lanham Act, and their various breaches
2 of duties and torts to CRL were all made for the purpose of gaining an unfair
3 competitive advantage over CRL and constitute unfair, unlawful, and fraudulent
4 business acts and practices in violation of California Business and Professions Code
5 section 17200 *et. seq.*

6 211. As a direct and proximate result of Defendants' unfair, unlawful, and
7 fraudulent business acts and practices, CRL has suffered, and will continue to suffer in
8 an amount in excess of the jurisdictional limits of this Court and in an amount to be
9 proven at trial. Defendants have been unjustly enriched and have reaped benefits as a
10 result of their wrongful conduct, and CRL is entitled to disgorgement and restitution.

11 212. Additionally, CRL has suffered and will continue to suffer irreparable
12 harm. Pursuant to California Business and Professions Code sections 17203 and 17204,
13 CRL is entitled to preliminary and permanent injunctive relief enjoining Defendants,
14 and individuals and entities acting with them, from engaging in further conduct
15 constituting unfair, unlawful or fraudulent business acts and practices.

16 **PRAYER FOR RELIEF**

17 WHEREFORE, CRL prays that the Court:

18 1. Enter judgment in favor of CRL and against Defendants on all Claims for
19 Relief;

20 2. Order Defendants to pay CRL the damages CRL sustained as a result of
21 Defendants' unlawful acts, including all damages available under statute, common law,
22 and/or in equity;

23 3. Order Defendants to account for and disgorge to CRL all gains, profits, and
24 savings derived from their wrongful conduct, including to preclude Defendants' unjust
25 enrichment and award all such unjust enrichment to CRL;

26 4. Issue an Order of restitution and impose a constructive trust in favor of
27 CRL on all assets, technology and intellectual property unlawfully taken from it;

28 5. Issue an Order pursuant to 18 U.S.C. § 1030(g) and Cal. Penal Code §

1 502(e) awarding compensatory damages and, including based upon the inherent power
2 of the Court, preliminarily and permanently enjoining FHC, Sutherland, and Dorado and
3 all persons or entities acting with them from directly or indirectly taking the following
4 actions:

- 5 (a) Accessing any of CRL’s Protected Computer Programs;
- 6 (b) Retrieving, copying, transmitting or disseminating any data, documents,
7 or property taken from or belonging to CRL, including from CRL’s
8 Protected Computer Programs; and,
- 9 (c) Destroying, altering, erasing, or otherwise modifying, or causing or
10 permitting anyone else to destroy, alter, erase, or otherwise modify, any
11 of CRL’s data, documents, or property taken from or belonging to other
12 evidence relating to this action or any of Dorado’s, Sutherland’s, or
13 FHC’s or FHC employees’ data, documents, or property—whether
14 owned or rented—that contains any evidence relating to the conduct
15 alleged herein;

16 CRL further prays that the Court, as part of its injunctive order pursuant to 18
17 U.S.C. § 1030(g) and Cal. Penal Code § 502(e) and the inherent power of the Court,
18 direct FHC, Dorado, and Sutherland and all persons acting with them to identify under
19 oath:

- 20 (a) Each and every instance that Defendants accessed CRL’s Protected
21 Computer Programs, including with documentary evidence and every
22 piece of electronic data (weblog data, including with name, hash marks
23 or other identifying means);
- 24 (b) Each and every instance that Defendants removed/copied from CRL’s
25 Protected Computer Programs any data;
- 26 (c) The location of all files and copies of files and other data that
27 Defendants accessed or removed from CRL;
- 28 (d) All electronic storage devices (including but not limited to home

1 computers, thumb drives, CDs, hard drives, private email accounts, and
2 other media capable of storing electronic data) in Defendants'
3 possession that was used in connection with accessing CRL's Protected
4 Computer Programs; Defendants must preserve all such devices for
5 purposes of allowing a third party expert to forensically image and
6 preserve the data on these devices so that it can be inspected; and
7 (e) (e) Each and every individual who made access to CRL's Protected
8 Computer Programs;

9 6. Issue an Order declaring that FHC has infringed and currently is infringing
10 the '413 Patent, and, further:

- 11 a. Declaring that FHC's infringement has been willful;
12 b. Preliminarily and permanently enjoining FHC from making, using,
13 selling, offering to sell, or importing into the United States, the products
14 found to infringe the '413 Patent and any colorably indistinct products;
15 c. Awarding CRL damages sufficient to compensate for FHC's
16 infringement, including lost profits, but in an amount no less than a
17 reasonable royalty, and that such damages be trebled pursuant to 35
18 U.S.C. § 284;
19 d. Declaring this case exceptional and awarding CRL all attorneys' fees
20 awardable under 35 U.S.C. § 285; and
21 e. Awarding CRL all such other relief allowed by law or equity;

22 7. Issue an Order permanently enjoining FHC from engaging in unfair
23 competition pursuant to 15 U.S.C. § 1116, and award CRL its actual compensatory
24 damages and FHC's profits pursuant to 15 U.S.C. § 1117 in an amount to be determined
25 at trial; and, issue an Order that FHC pay CRL treble damages, and award CRL its
26 reasonable attorneys' fees and all other available relief pursuant to 15 U.S.C. § 1117;

27 8. Issue an Order pursuant to Cal. Civil Code § 3426.2(a) and the inherent
28 power of the Court preliminarily and permanently enjoining FHC and Hanstad and all

1 persons or entities acting with them from directly or indirectly taking the following
2 actions:

- 3 (a) Accessing, using, retaining, or disclosing any of CRL's Confidential
4 Information, including Supplier Information and data, documents, or
5 property taken from or belonging to CRL;
- 6 (b) Retrieving, copying, transmitting, or disseminating any copies of CRL's
7 Confidential Information, including Supplier Information and data,
8 documents, or property taken from or belonging to CRL; and
- 9 (c) Destroying, altering, erasing, or otherwise modifying, or causing or
10 permitting anyone else to destroy, alter, erase, or otherwise modify, any
11 of CRL's Confidential Information, including data, documents, or
12 property taken from or belonging to other evidence relating to this
13 action;

14 CRL further prays that the Court, as part of its injunctive order pursuant to Cal.
15 Civil Code § 3426.2(a) and the inherent power of the Court, direct FHC and Hanstad
16 and all persons acting with them to identify under oath:

- 17 (a) Each and every file and piece of electronic data (by name, hash marks
18 or other identifying means) they accessed and/or removed/copied from
19 CRL's premises or CRL's electronic storage devices;
- 20 (b) The location of all files and copies of files FHC and Hanstad accessed
21 or removed from CRL's premises or CRL's electronic storage devices;
- 22 (c) All electronic storage devices (including but not limited to home
23 computers, thumb drives, CDs, hard drives, private email accounts, and
24 other media capable of storing electronic data) in FHC's and Hanstad's
25 possession, custody, or control, for purposes of allowing a third party
26 expert to forensically image and preserve the data on these devices so
27 that it can be inspected; and
- 28 (d) Those individuals who have been given access to (and what use has

1 been made of) the data FHC and Hanstad removed from CRL;

2 9. Order Defendants to pay CRL exemplary damages pursuant to Cal. Civil
3 Code § 3426.3(c) in an amount equal to twice the amount awarded under Cal. Civil
4 Code § 3426.3(a) and/or (b);

5 10. Order FHC and Hanstad pursuant to Cal. Civil Code § 3426.4 and the
6 inherent power of the Court to pay CRL’s attorneys’ fees incurred in this action and all
7 other costs of the action;

8 11. Award punitive and exemplary damages pursuant to Cal. Civ. Code § 3294
9 and/or common law or equity, including as to FHC and Dorado pursuant to Cal. Penal
10 Code § 502, based on Defendants’ malicious, willful, and oppressive conduct;

11 12. Order Defendants to pay pre- and post-judgment interest at the maximum
12 legal rate as an element of damages that CRL has suffered as a result of Defendants’
13 wrongful and illegal acts;

14 13. Award all costs, fees and expenses as provided by statute, common law or
15 equity; and,

16 14. Order all such other and further relief as this Court deems just and proper.
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1 Dated: March 4, 2022

BARNES & THORNBURG LLP

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Attorneys for Plaintiff
C.R. LAURENCE CO., INC.

DEMAND FOR JURY TRIAL

Pursuant to Federal Rules of Civil Procedure 38, Plaintiff C.R. Laurence Co., Inc. demands a trial by jury on all matters herein so triable.

Dated: March 4, 2022

BARNES & THORNBURG LLP

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