

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WISCONSIN

STRANDEX CORPORATION,

Plaintiff,

v.

PREMIUM COMPOSITES, LLC,

Defendant.

OPINION AND ORDER

10-cv-705-slc

In this civil diversity action, plaintiff Strandex Corporation alleges that defendant Premium Composites, LLC failed to make royalty payments due under the terms of a licensing agreement regarding Strandex's patented technology relating to wood and plastic composite products. Strandex brings claims of breach of contract, misappropriation of a trade secret, unjust enrichment and conversion. It seeks monetary damages as well as the return of all its proprietary tooling.

Before the court is Strandex's motion for a preliminary injunction, in which Strandex seeks the return or destruction of the licensed tooling that is in the possession of Premium or any third party. Dkt. 13. Strandex also seeks to enjoin Premium from making any more products, including the Monarch or Green Tree products, for which Strandex would be entitled to royalty payments. The court held an evidentiary hearing on the matter on February 17, 2011.

After considering the facts and arguments presented in the parties' briefs and at the hearing, I will grant Strandex's motion in part. I find that Strandex has shown a reasonable likelihood of prevailing on its breach of contract claims, a likelihood of irreparable harm if the licensed tooling is not returned, the balance of the harms favors the return of the tooling and that the public interest would not be disserved by granting such an injunction. Therefore, I am ordering the return of all of Strandex's licensed tooling and I am ordering that Strandex not destroy or dispose of this tooling until the conclusion of this case. I am denying Strandex's request to enjoin Premium from making the Monarch products for which Strandex would be

entitled to royalty payments. Strandex has failed to show either that it would suffer an irreparable harm or that the balance of the harms favors such an injunction.

Having reviewed and considered Strandex's proposed findings of facts and the hearing exhibits, and having heard and seen the hearing witnesses and judged their credibility, I find the following facts for the purpose of deciding Strandex's motion for a preliminary injunction:

FINDINGS OF FACT

I. Background

Plaintiff Strandex Corporation has been a Wisconsin corporation since 1992 with its principal place of business in Madison, Wisconsin. It is a licensor of technology primarily used in the manufacturing of wood and plastic composites. Alfred England has been the president of Strandex since 2003.

Defendant Premium Composites, LLC is a South Dakota limited liability company with its principal place of business in Veblen, South Dakota. Kevin Morgan is part owner and Troy Burgess serves as general manager of Premium.

Strandex owns U.S. Patent No. 5,516,472 for a product that "has wood-like or wood-substitute properties and can be used in many applications to replace wood and other materials." The '472 patent is "directed to a wood-polymer composite product, as well as the process and machine for making the product." Pl. Exh. 1, col. 5. A common application of this invention is to manufacture deck board and deck railing.

On February 21, 2000, Strandex entered into a license agreement with Dakota Western Corporation (DWC), a corporation organized under the laws of the Sisseton-Wahepton Sioux Tribe, with its principal place of business located in Agency Village, South Dakota. The license agreement allowed DWC to produce and sell the Strandex product using Strandex's patented extrusion technology, processing and know-how. Extrusion involves mixing and drying a specific

combination (or formulation) of wood flour and thermoplastics, then feeding the mixture into a heated extruder to make a melt that is then compressed and pushed through a series of dies and plates to shape the final product. The dies and plates are commonly referred to as “tooling.” As part of its licensing agreement with DWC, Strandex helped design the extrusion method and process and built tooling for DWC. The agreement also provided that all of Strandex’s tooling and know-how were confidential and that DWC was obliged to return the tooling to Strandex upon termination of the agreement.

Within a few years, DWC decided to get out of the business, so in 2004, DWC’s plant and assets were slated to be sold by a broker in a public auction. England was made aware of this sale, so he reminded DWC that the tooling provided by Strandex remained Strandex’s proprietary property. Strandex did not claim ownership of the DWC dies, nor did it take any steps to keep the dies from being viewed publically during this process because England expected that upon the sale of Strandex’s dies, DWC’s license agreement would be transferred to the purchaser.

Morgan learned of the impending sale through his brother and, in July 2004, visited the DWC plant and viewed the company’s extruders, blending equipment and die assemblies. Nobody told him that any of DWC’s dies were subject to a licensing agreement or otherwise subject to proprietary restrictions.¹ In August or September 2004, Morgan met Burgess and decided to invest in a building product extrusion business. Just prior to the public online auction of the DWC assets in September 2004, Premium entered into a deal with the broker to purchase the DWC plant and assets, including tooling provided by Strandex, for about \$1.4 million. The

¹ England testified that he made it clear to DWC before the sale that Strandex’s dies retained their licensing protection and that no one should be allowed to inspect the dies closely, but there is no indication that DWC complied with Strandex’s directives.

five Strandex dies included in this purchase were priced at \$50,000 total. At the time, Morgan still did not know that these dies were subject to any licensing agreement.

II. The Written Agreements

Premium quickly became aware of the Strandex licensing agreement, and in a document titled “Assignment and Consent to Assignment of License Agreement,” dated October 28, 2004 and executed by Strandex, DWC and Premium, Premium accepted the assignment of DWC’s rights and obligations under DWC’s license agreement with Strandex. Pursuant to this assignment, DWC agreed to continue to be bound by the non-disclosure and confidentiality provisions of the license agreement. The assignment specifically references the DWC asset sale and provides that Premium accepts the sale, assignment and transfer. The next day, October 29, 2004, Strandex and Premium executed a “Second Amendment to License Agreement” under which Premium was to pay a \$100,000 transfer fee and royalties on certain products to Strandex.

The license agreement as assigned defines “licensed product” as “any and all composite materials developed . . . using the formulation[s] . . . which are manufactured using the Know-How and/or Show-How provided to Licensee by Licensor.”

“Know-how” is defined as any information developed by or in the possession of Strandex, including invention and research records, development reports, production specifications, techniques, processes, methods and tools and parts relating to the licensed product or process.

“Show-how” is defined as information and services provided by Strandex, including training, supervision, plant design, trouble shooting and initial product design.

“Licensed process” is a process and formulation for the production of the licensed product that combines various materials that are mixed and processed through the “processing equipment” to produce the product.

“Processing equipment” is the equipment that the licensee will need to make the product using the licensed process. The agreement lists examples of such equipment in a separate exhibit, including dies, drying and blending equipment and extrusion equipment.

While the license agreement is in effect, the licensee owns the tooling provided by Strandex. Upon default or termination of the license agreement, all tools, documents, files and other items related to the production of the product or use of the licensed process or know-how becomes the sole property of Strandex and must be returned to Strandex or destroyed.

The “Nondisclosure of Confidential Information” section of the agreement provides that the licensee shall not disclose to a third party any proprietary information related to the licensed know-how, show-how or product without Strandex’s permission. The agreement also provides that the nondisclosure clause continues after the termination of the agreement.

III. Premium’s Operations

Starting in 2004, Premium began producing various decking products for Elk Composite Building Products, Inc. (“Elk”) using the patented Strandex technology. In order to make these products, Premium developed “profiles” (a sample of the side view of the product) so that dies or tooling could be made. Both Morgan and England explained at the PI hearing that “tooling” is a general term commonly used in the extrusion business to refer to various types of equipment or parts, including dies, plates and wrenches. A 2007 purchase order issued by Premium lists a die system under the category of “tooling” that it was buying from Strandex.

Between 2004 and 2007, Premium purchased four dies either from Strandex or from Automated EDM, Inc., a Minnesota machine shop that Strandex used to make its dies. Strandex “tuned” all of the dies for Premium. Tuning involves evaluating flow through the die and making necessary adjustments so that the resulting product meets specifications. In 2006, Burgess asked England in an e-mail about getting a die from DWC that was not included in the 2004 sale.

England responded that DWC may still “own” the die. Pl. Exh. 7. Between 2004 and at least 2008, Strandex provided numerous other services to Premium, including flow testing, product sampling and testing, die runs, tooling repairs and training.

In addition to the Elk decking products, Premium makes Monarch-brand decking and railing products on behalf of a Michigan entity called Green Tree Composites. Green Tree provided Premium with the dies needed to make their products. Although Strandex did not design the tooling for the Green Tree products, it sought royalties from Premium because it maintained that in making the products, Premium used the Strandex extrusion process and know-how, including extruders, blending equipment and raw materials specified by Strandex. Although Premium now expresses outrage at what it deems overreaching by Strandex, at the time, the parties signed an agreement under which Premium would pay a reduced royalty amount to Strandex on these products. For almost five years, Premium made royalty payments to Strandex for the products it made using Strandex technology and know-how.

IV. Termination of License Agreement

The recession has hit Premium hard. Premium has laid off most of its workers and has sought forbearance from all of its creditors, hoping for a turnaround this Spring. When prioritizing which of its myriad debts to pay, Premium put Strandex’s royalty payments on the “C” list because unlike suppliers and utility companies, Strandex was not providing anything that would not keep the business open. So, Premium has not paid any royalties to Strandex since June 2009. On October 22, 2010, after a tentative attempt to work something out failed, counsel for Strandex provided notice to Premium that Premium had defaulted under the terms of the license agreement by its failure to pay royalty amounts due for the period June 2009 through August, 2010. Strandex terminated the licensing agreement on November 12, 2010 and demanded the return or the destruction of tooling subject to the license agreement.

V. Current Situation

Premium is not using the five Strandex dies that it purchased from DWC and is not making any products on the four dies that it purchased from Strandex or Automated because Premium has no current orders from its customers. However, Morgan estimates that because these dies likely would account for one-third of any *future* business, relinquishing them would guarantee that Premium will go out of business. Morgan remains hopeful that Spring will bring orders and that the Premium will be able to survive even with its large debts. According to Morgan, Strandex's patented stranding plate can be removed from the die assemblies and replaced with a standard plate to produce a non-licensed product.²

Without Strandex's consent, Premium already has given some of the Strandex dies to Elk, its former customer. Elk is not a Strandex licensee and it has no confidentiality agreement with Strandex. Morgan testified that he had no choice but to accede to Elk's demands. Elk, a much, much larger player in the market, refused to pay an outstanding \$70,000 balance to Premium if Premium did not cough up the dies. The dies themselves can be measured and reverse engineered to produce the Strandex product (although Morgan and Burgess both assert that nobody would want or need to).

ANALYSIS

To obtain injunctive relief, Strandex must demonstrate (1) a likelihood of success on the merits; (2) that there is no adequate remedy at law; and (3) it will suffer irreparable harm if the injunction is denied. *Incredible Technologies, Inc. v. Virtual Technologies, Inc.*, 400 F.3d 1007, 1011 (7th Cir. 2005); *Abbott Laboratories v. Mead Johnson & Co.*, 971 F.2d 6, 11 (7th Cir. 1992). If these

² Both Morgan and Troy Burgess were dismissive of Strandex's claims that its dies are special, equating all but the stranding plate with generic dies available anywhere. They also questioned the fairness of allowing Strandex to seek the return or destruction of tooling that Premium paid for when it was manufactured, often by third party Automated EDM with little input from Strandex.

showings are made, the court then must consider whether the harm Strandex would suffer if denied an injunction would outweigh the harm Premium would suffer if the injunction issues. *Id.* Also relevant is whether the public interest (non-parties) would be affected negatively by the issuance of an injunction. *Abbott*, 971 F.2d at 11-12.

I. Likelihood of Success

To meet the first requirement for obtaining a preliminary injunction, Strandex must be able to show that it has a “better than negligible” chance of showing that Premium breached the licensing agreement, making injunctive relief justified. *Ty, Inc. v. Jones Group, Inc.*, 237 F.3d 891, 897 (7th Cir. 2001). It is not required to show a likelihood of success beyond all doubt. *Girl Scouts of Manitou Council, Inc. v. Girl Scouts of the United States of American, Inc.*, 549 F.3d 1079, 1096 (7th Cir. 2008); *see also International Kennel Club of Chicago, Inc. v. Mighty Star, Inc.*, 846 F.2d 1079, 1086 (7th Cir. 1988) (“[T]he plaintiff’s burden at the preliminary injunction stage is slight.”)

Although Strandex has alleged several claims against Premium, central to the issue of whether Strandex is likely to succeed on the merits is whether it can show that Premium breached the license agreement. *See Girl Scouts*, 549 F.3d at 1096 (because plaintiff surpassed threshold on at least one cause of action, no need to discuss likelihood of success on remaining claims.). A breach of contract claim consists of three elements: “(1) the existence of a contract creating obligations flowing from defendant to plaintiff; (2) a breach of those obligations; and (3) damages from the breach.” *Uebelacker v. Paula Allen Holdings, Inc.*, 464 F. Supp. 2d 791, 801 (W.D. Wis. 2006) (citing *Northwestern Motor Car, Inc. v. Pope*, 51 Wis. 2d 292, 296, 187 N.W.2d 200, 203 (1971)); *see also Brew City Redevelopment Group, LLC v. The Ferchill Group*, 2006 WI App 39, ¶11, 289 Wis. 2d 795, 807, 714 N.W.2d 582, 588, *aff’d*, 2006 WI 128, 297 Wis. 2d 606, 724 N.W.2d 879.

It is undisputed that the license agreement assigned to Premium requires Premium to pay royalties on any licensed product that it produces; prevents it from disclosing any proprietary information to third parties; and, upon termination of the contract, requires it to return or destroy all tooling related to the licensed product. Premium admits that beginning in June 2009, it stopped paying royalties to Strandex on both the Strandex licensed product and the Monarch products. Premium also admits that it still has Strandex dies in its possession and that it has given some Strandex dies to Elk without Strandex's consent. These uncontested facts appear to establish multiple material breaches by Premium of its license agreement; Premium, however, argues that the agreement cannot be enforced because (1) it is ambiguous and (2) Strandex does not own the tooling at issue.

A. Contract Ambiguity

Premium asserts that the license agreement is ambiguous because it fails to define the terms "tools and parts" or "tooling," making it impossible to determine whether the dies at issue are "know-how" that must be returned under the contract. However, at the hearing, both England and Morgan testified that tooling is a general term commonly used in the extrusion business to refer to various types of equipment or parts, including dies, plates and wrenches. In addition, in a 2007 purchase order, Premium referred to a die system it was buying from Strandex as tooling. Pl. Exh. 15. The evidence strongly suggests that both parties understood the meaning of the terms "tools and parts" and "tooling" in the extrusion field and that those terms would encompass dies and die assemblies. Therefore, I am not persuaded that either term is ambiguous.

Premium also asserts in its pre-hearing brief that dies cannot be "know-how" because the license agreement specifically defines the term "processing equipment" as including dies. However, a review of the agreement shows that the terms "processing equipment" and "know-

how” are not mutually exclusive. Premium has not adduced any evidence, and nothing in the agreement shows, that a specific tool cannot be both processing equipment and know-how. The definition of know-how is quite expansive, including techniques, processes, methods and tools. The fact that “processing equipment” also includes dies does not change that fact.

B. Ownership of the Dies

In a somewhat obscure argument, Premium contends that Strandex does not own the dies that Premium bought in the DWC sale because Strandex did not license these dies at the time that Premium purchased them. Although Morgan testified without dispute that he was unaware at the time of purchase that these dies were subject to a license agreement, the evidence shows that these five dies actually always were subject to a license agreement, initially with DWC as the licensee and then with Premium. Although it was four weeks after DWC’s sale that Premium took over DWC’s obligations under the agreement, the assignment Premium signed on October 28, 2004 specifically references the DWC asset sale and provides that Premium accepts the sale, assignment and transfer and promises to abide by the license agreement with respect to those assets. Whatever claim Premium may have thought it had to the ownership of the dies at the time of purchase it voluntarily relinquished upon signing the assignment and second amendment to the license agreement.

Also in support of its argument, Premium cites an e-mail in which England stated that DWC may still “own” certain dies that it purchased from Strandex. However, a review of the e-mail indicates only that England believed that DWC may still have dies in its possession and was not commenting on the proprietary nature of those dies. England confirmed this fact in his testimony at the hearing and also pointed out that under the license agreement, the licensee (in this case, DWC) “owns” the dies as long as the agreement is in effect. Thus, if DWC still possessed Strandex dies, it was still bound by the license agreement and owned the dies.

Premium next argues that Strandex cannot claim the DWC dies as its property because it failed to protect the confidentiality of the dies. Specifically, Premium points out that the dies were to be sold in a public auction, members of the public were allowed to view the dies at the DWC plant and Morgan was never told that the dies were Strandex's intellectual property until after he purchased them. However, none of this changes the fact that the dies were always subject to a license agreement with strict confidentiality provisions. The agreement didn't evanesce simply because DWC and its broker didn't disclose it. If these late-disclosed restrictions on the dies had been a problem for Premium, then it likely could have rescinded its purchase agreement at the time. But that ship sailed in 2004. By executing the assignment and license agreement amendment within a month of purchasing the dies of hidden pedigree, Premium explicitly agreed that the dies were Strandex's intellectual property and that it would keep that information confidential, pay royalties and return that property upon termination of the agreement. If there was a gap here, Premium voluntarily bridged it.

In a final argument, Premium attempts to show that the items at issue are standard or common parts used in manufacturing any wood composite product and that the only proprietary item is the stranding plate. However, the evidence presented at the hearing strongly suggests that Strandex's know-how is not limited to the stranding plate. The license agreement generally encompasses all equipment used in the production of the licensed product. Further, the patent issued to Strandex is "directed to a wood-polymer composite product, as well as the process and machine for making the product." Pl. Exh. 1, col. 5. Finally, Premium admits that Strandex tuned all of the dies that it purchased, a process that requires Strandex to make adjustments to the complete die assembly and not just the stranding plate.

Even so, Premium maintains that after purchasing the DWC assets, it hired its own engineers and professionals to fix the equipment and infrastructure that DWC had in place and had its contractor go to Strandex to personally instruct Strandex how to enable the dies to work

for Premium's application. This all may be true, but it is irrelevant to whether the initial equipment or tools were Strandex's in the first place. Any changes that Premium may claim it made to the die assemblies or the overall extrusion process do not change the fact that Strandex provided know-how to Premium. Further, the license agreement anticipates such contingencies, making clear that it covers any future improvements to the licensed product, process or know-how.³

In sum, Strandex has shown a reasonable likelihood of success on its claim. The evidence weighs heavily in favor of finding that Premium entered a valid contract with Strandex with respect to the Strandex licensed product, failed to pay royalties due under the contract and refused to relinquish the dies pursuant to the terms of the contract once the license was terminated.

II. Inadequate Remedy at Law and Irreparable Harm

Strandex must establish that monetary damages are "seriously deficient as a remedy for the harm suffered" and that the harm would be "irreparable," that is it "cannot be prevented or fully rectified by the final judgment after trial." *Roland Machinery Co. v. Dresser Industries, Inc.*, 749 F.2d 380, 386 (7th Cir. 1984). It seems clear from the record that simply returning the tooling to Strandex following trial would not account for the losses Strandex risks in the interim, namely, the potential loss of its intellectual property. Although Premium is not currently running product through the Strandex dies, Premium already has bowed to third-party pressure and flouted its nondisclosure agreement by turning some of the dies over to its former customer,

³ At the hearing, Morgan and Burgess also were dismissive of Strandex's processes and know-how, which they claimed they no longer used because they are inferior, and they questioned the continued value of the Strandex mark in today's market. These criticisms might have resonated with greater force if Premium had fronted them with Strandex when they arose, rather than after Strandex pulled the plug on the licensing agreement. At this point, Morgan and Burgess's bitterness, while palpable and genuine, comes across as an epithet hurled before the *coup de grâce*.

Elk, a potential competitor of Strandex. Strandex has established that the dies themselves can be measured and copied and used to reverse engineer the particular extrusion process used with them. Premium now disputes that anyone would want to do this, but Strandex firmly believes otherwise and it isn't Premium's place to characterize its knowing breach of the nondisclosure clause as no big deal.

In sum, the potential harm to Strandex is both real and irreparable. *See, e.g., Girl Scouts*, 549 F.3d at 1090 (finding same in dealership case with respect to employees, entire business and goodwill); *Jano Justice Sys., Inc. v. Burton*, 636 F. Supp. 2d 763 (C.D. Ill. 2009) ("Irreparable harm occurs in the context of trade secret misappropriation where the trade secret misappropriation results in the intangible loss of competitive advantage, customers, and goodwill."). Once Strandex's intellectual property becomes public knowledge, it cannot again be made secret if Strandex ultimately does prevail in this case.

In the case of the Monarch products, where the only remedy sought is damages for past due royalty payments, the requirements of irreparable harm and no adequate remedy at law merge. *Roland*, 749 F.2d at 386. The question then becomes whether Strandex will be made whole if it prevails on the merits and is awarded damages. *Id.* Strandex has not argued in its brief or at the hearing that a damages award for past due Monarch royalties would be insufficient. However, I note that the Court of Appeals for the Seventh Circuit has held that a damages remedy may be inadequate if the defendant may become insolvent before a final judgment can be entered and collected. *Id.*

The testimony at the hearing reveals a company teetering at the brink of insolvency; whether Premium will survive through the calendar year depends on whether any orders come in this spring. Right now, the only products Premium is making and selling are the Monarch products; if this court orders Premium to stop making these products, then Premium goes under, right now. As the court noted in *Roland*, "the court must also consider any irreparable harm that

the defendant might suffer from the injunction.” *Id.* at 387. Injunctive relief is equitable in nature, and it does not strike this court as particularly equitable to snuff out a struggling company to limit the debt accrued to one well-heeled creditor at the possible expense of all the creditors who at least have a chance at being paid if Premium can pull itself back from the brink. Weighing this against the possibility that Strandex, which is *not* claiming economic distress, might not recover all of the royalties it seeks—an important but clearly secondary goal of this lawsuit—militates against halting Premium’s production of the Monarch products at this juncture in the lawsuit.

III. Balance of Harms

In evaluating the balance of harms between the parties, “the court weighs the irreparable harm that the moving party would endure without the protection of the preliminary injunction against any irreparable harm the nonmoving party would suffer if the court were to grant the requested relief.” *Girl Scouts*, 549 F.3d at 1086. The hardships are adjusted for the probability of success on the merits, so that “[t]he more likely the plaintiff is to win, the less heavily need the balance of harms weigh in his favor.” *Id.*

As discussed above, Strandex has a strong likelihood of prevailing in this case. That coupled with the fact that some of its intellectual property has been passed to a third party and could be reverse engineered to duplicate the licensed process and product tips the scales heavily in favor of Strandex. On the other hand, Morgan testified that without the Strandex dies, his business will go under. Premium faces significant debts and must continue to produce and sell product in order to keep afloat. Morgan estimated that products made using the Strandex dies account for approximately one third of his sales. However, Morgan also testified that Premium has not run any product on the Strandex dies since the termination of the licensing agreement and has no current orders for the Strandex product. As a result, Premium has provided little

evidence that it will suffer greater losses than it already is suffering if the injunction is granted. Although requiring Premium to return Strandex's tooling might possibly prevent Premium from earning much-needed future revenue, that possibility is remote compared to the real risks that Strandex faces from any further disclosure of its intellectual property. Therefore, I find that the balance of hardships weighs in favor of Strandex with respect to the tooling in this case.

IV. The Public Interest

The "public interest" includes "any effects that granting or denying the preliminary injunction would have on nonparties." *Id.* The nature of the injunction that Strandex is seeking poses little or no risk to the public. Granting the injunction carries out the purposes of federal law protecting intellectual property and to that extent, fulfills the public's interest. If this factor has any weight here, it tips toward Strandex.

V. Conclusion

In sum, with respect to the tooling at issue, Strandex has demonstrated that (1) it has a likelihood of success on the merits of its breach of contract claim; (2) it will suffer irreparable injury for which there is no adequate remedy at law if the tooling is not returned; (3) the harm it will suffer without an injunction outweighs the harm Premium will suffer with an injunction; and (4) it is in the public interest to protect proprietary property. Therefore, Strandex's motion for a preliminary injunction requiring Premium to return the tooling in its and Elk's possession will be granted, subject to one condition. Strandex shall not destroy the tooling until after the conclusion of this lawsuit given the unlikely event that Premium should prevail and be entitled to use the tooling in the future.

Although Strandex is likely to succeed on its claim that Premium breached the license agreement by failing to pay royalties on the Monarch products, it has failed to meet its burden

with respect to irreparable harm and the balance of harms. Therefore, Strandex's request that Premium be enjoined from making any more Monarch or Green Tree products during the pendency of this lawsuit is denied.

As a final matter, I note that Fed. R. Civ. P. 65(c) provides that "[t]he court may issue a preliminary injunction . . . only if the movant gives security in an amount that the court considers proper to pay the costs and damages sustained by any party found to have been wrongfully enjoined or restrained." The parties may have until March 7, 2011 to submit briefs and evidentiary materials regarding the appropriate amount for an injunction bond.

ORDER

IT IS ORDERED that:

(1) Plaintiff Strandex Corporation's motion for a preliminary injunction, dkt. 13, is GRANTED in part:

(A) Immediately upon Strandex's posting of a bond, defendant Premium Composites, Inc. shall turn over all of the Strandex tooling in its or any third-party's possession.

(B) Strandex shall not destroy the tooling until after the completion of this case.

(2) Strandex's request that Premium be enjoined during the pendency of this case from making any more Monarch or Green Tree products for which Strandex would be entitled to royalty payments is DENIED.

(3) The parties may have until March 7, 2011 to submit briefs and evidentiary materials regarding the appropriate amount for an injunction bond.

Entered this 1st day of March, 2011.

BY THE COURT:

/s/

STEPHEN L. CROCKER
Magistrate Judge