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March 18, 2003

Via Telecopy (860) 286-0115
Charles F. O'Brien, Esq.
CANTOR COLBURN LLP
55 Griffin Road South
Bloomfield, Connecticut 06002

Re: Intermark Fabric Corporation
v.
Microfibres, Inc.
USDC/CT
C.A. No. 3:02-CV-1267 (AVC)

Dear Charlie:

I have your letter dated March 13, 2003. As we have repeatedly advised you, we do not believe that the identities of the transfer printers who are transfer printing on Intermark's dark pigmented flocked fabric constitute confidential information. Once we have learned the identities of those transfer printers, it will be necessary for Microfibres, and its counsel, to analyze the activities of those transfer printers for possible patent infringement claims. If substantial grounds grounds exist, Microfibres would likely send demand letters to each of the transfer printers involved and if they refuse to stop their infringing activity, Microfibres would seek to add the transfer printers as defendants in this case, or pursue independent patent infringement actions against them if such separate actions are deemed necessary by Microfibres.

Under the circumstances, we cannot agree to your proposed "Gentlemen's Agreement" unless you are prepared to make it clear that Microfibres may take the steps necessary against the transfer printers involved. Please advise.

Sincerely,

William R. Grimm (amc)

WRG/amc
cc: Mr. James Fulks (via telecopy)
Brent Canning, Esq.

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