EXHIBIT 2

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF CONNECTICUT

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INTERMARK FABRIC CORPORATION

vs. C.A. NO. 3:02-CV-1267 (AVC)

MICROFIBRES, INC.

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Deposition of JAMES R. McCULLOCH, taken on behalf of the Plaintiff, pursuant to the Federal Rules of Civil Procedure, on Thursday, April 17, 2003, at the offices of Hinckley, Allen & Snyder LLP, 1500 Fleet Center, Providence, Rhode Island, taken before Lori R. Colwell, Notary Public, commencing at 10:10 a.m.

taken.)

Q. Let me rephrase my question. In order to achieve the deep dark contrasts with your invention, you also developed a heat setting process; is that correct? I'm not asking you to describe it. I'm asking if you also developed a heat setting process.

A. It's not deep dark contrast. It's deep colors.

Q. In order to achieve these deep colors, you developed a heat setting process?

A. Yes, that was part of the work that preceded the invention, yes.

Q. And that process involved certain pressures and treatment of the heat setting, correct? I'm not asking for specifics of what they are, but it involved certain parameters with the heat setting machine?

A. Yes, different types of equipment, yes.

Q. And different treatments?

A. Well, there are normally different ways to heat set fabrics, yes.

Q. But you developed a special way to heat set the fabric, correct?

A. An improved way, yes.

Q. And you considered that improved way to be a trade secret, correct?
A. Yes.
Q. And that was done in roughly -- it was done before 1992 or -- Strike that. It was before you filed your patent application?
A. Yes.
Q. I'd like to go -- and it would be accurate to state you don't disclose that trade secret in your patent application, correct?
A. No. It was also not limited to the patent as well, the specific way we did it. It could be done in a variety of ways.
Q. But the best way was this way that you don't want to disclose because it's a trade secret?
A. We thought the best way was, yes, it was certainly a major improvement of over how we had done it in the past.
Q. And do you continue to do it with respect to this trade secret manner, this proprietary manner?
A. Yes, with modifications. We've made numerous modifications to the equipment.
Q. And this proprietary method of doing it was the way Mr. Laird did it roughly sometime in

of our ovens, yes, to do the heat setting. The heat setting in the oven, we had to raise the temperatures, fire hazard, and it yellowed the fabric.

Q. So Mr. Laird developed some specific instrumentation or machinery to heat set in a different way?

A. Yes.

Q. And Mr. Laird --

A. He worked with a supplier.

Q. And it altered the temperatures for the heat setting?

A. I don't think if it altered the temperatures. It gave us more control. It was more efficient. Normally, you want to stay within a particular range to heat set each fiber. There's a technical range that you use that you need to stay in.

Q. And what is that range?

A. For nylon, I believe it's -- I don't have the exact number, but I think 400 or 440 is a range. Polyester, I believe, is a little higher.

Q. And how did this proprietary process improve your ability to stay in that range to produce

the samples that Mr. Laird made?

A. Well, it was a safety improvement, so it minimized the risk of fires in ovens. That was a major plus. It was more cost effective to do it, and for transfer printing, transfer printing traditionally was cost -- it was a lower priced product and that was very important. So it was a more cost effective way. It used less energy, and it had better control -- it didn't yellow the fabric as much.

Q. Why didn't it yellow the fabric as much?

A. I think the dwell time, the temperature that the nylon was subjected to was shorter.

Q. So with the new improved equipment you were able to create a flocked fabric for transfer printing with a shorter dwell time?

A. It allowed us to run higher line speeds, product speeds.

Q. And it prevented discoloration of the fabric, correct?

A. It reduced it or minimized it.

Q. So it improved the quality of the product, correct?

A. I would say maybe yes, but the main, you know

the main issue was, we had improvements of the efficiency, cost reduction, safety improvements, and --

Q. And discoloration?

MR. GRIMM: Would you let him finish his answers before you interrupt wit your comments.

A. And there was less yellowing on the gray goods.

Q. And that's not disclosed anywhere in your patent application?

A. No, it is not. However, you can use the conventional method as well as the -- or conventional methods for heat setting, off line heat setting or in the ovens.

Q. Or you can use this improved process?

A. Yes.

Q. And it's accurate to state that your company doesn't use the conventional method, it uses this improved process?

A. After '91 or '92 when it was developed, yes, that's what we went to.

Q. And you saw samples from this in 1992 or so and decided that a patent application should be filed, correct?

MR. GRIMM: Samples from what?

Q. You saw Mr. Laird's samples?

A. No, I did not. They were all on natural adhesive.

Q. Have you ever heard the term best mode of the invention.

A. No, I don't believe so.

Q. Did you have an understanding with respect to whether or not at the time you filed your application, you had a duty to disclose the best way of making your invention?

A. No, I can't remember.

Q. No one ever told you that?

A. Again, I can't remember.

Q. Now, this equipment Mr. Laird designed, what did it consist of?

A. Infrared units.

Q. Infrared units?

A. Yes.

Q. So instead of heating or curing the pigmented adhesives with heat, it was being cured with an infrared light?

A. No no, just a different way to generate heat, more efficient way, less expensive.

Q. Did you have an understanding with respect to

why it was more efficient, why the infrared light was more efficient and produced a better product than a conventional heat?

A. Yes.

Q. What was your understanding?

A. The wavelengths of infrared energy are different than conventional energy, so it allowed you, infrared allowed you to generate heat less expensively over a shorter time exposure.

Q. And in addition to using the infrared light, did Mr. Laird put together anything else in the machine?

A. Which machine?

Q. The machines to produce the invention?

MR. GRIMM: Objection to the form of the question.

Q. You still have to answer.

A. I don't think any specific -- I can't remember any specific improvements on the invention. The transfer printing process of the gray goods with a pigmented adhesive was the key process, so I don't think on the transfer print machine -- he obviously made improvements over time to our transfer

printing equipment, but I can't remember any specific ones.

Q. But certainly he had put in an infrared light?

A. It's not on the transfer printer.

Q. It's in the heat setting for the fabric?

A. Yes.

Q. Did he make any other improvements to the equipment for the heat setting aspect of the invention?

MR. GRIMM: Objection to the gross mischaracterization. If could you point out the claim which has heat setting as part of the invention, sir, --

MR. CASS: You might want to read his deposition testimony later, Bill, because earlier on he testified that heat setting was a critical part of the invention.

Q. Did he make any improvements other than the infrared light to the heat setting aspect of the invention?

MR. GRIMM: Objection to the form. Gross mischaracterization.

A. I believe he made improvements on the ability to control temperature exposure.

Q. In other words, to get a more uniform disbursing or uniform heat pattern on the pattern -- Strike that. In other words get a more uniform heat dispersion over the substrate, the fabric?

A. Yes. The initial installation didn't have that, so they made, that's what the trade secret was.

Q. And that's not disclosed anywhere in your patent application, is it, sir?

A. No.

Q. Now, to achieve the more uniform heat pattern over the fabric, did that involve modifying equipment and designing equipment?

A. Yes.

Q. And Mr. Laird designed that equipment?

A. I don't know. He worked with the manufacturer.

Q. He worked with a manufacturer. Certainly you didn't design the heat setting aspect?

A. No, I was aware of it. I was aware of the improvements.

Q. Now, going back to tab 6, sir --

MR. GRIMM: Are you done with this area now? I just want to check with him

STATE OF RHODE ISLAND
ss. Providence, Rhode Island
COUNTY OF PROVIDENCE

BE IT KNOWN THAT I, Lori R. Colwell, Shorthand Reporter and Notary Public, reported stenographically the foregoing deposition pursuant to notice at the time and place stated in the caption hereof; that I was then and there a Notary Public in and for the State of Rhode Island; that by virtue thereof I was authorized to administer an oath; that the witness before testifying was duly sworn to tell the truth, the whole truth and nothing but the truth; that the testimony of said witness was reduced to typewriting under my direction; that the foregoing pages contain a full, true and correct transcription of the notes of said deposition; that the deponent has made the request to read and sign his deposition.

I, FURTHER CERTIFY that I am not of counsel nor attorney for either or any of the parties to said action or otherwise interested in the event thereof, and that I am not related to either or any of the parties to said cause.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my seal of office this 22nd day of April 2003.

Lori R Colwell
LORI R. COLWELL
Notary Public

My Commission Expires:
June 20, 2005