

FAQs concerning RIA's settlement with ThermaPure, Inc.

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1. Why did RIA insert itself into the ThermaPure litigation?
 - The RIA Board of Directors undertook the task of challenging ThermaPure's patent, U.S. patent No. 6,327,812 (the '812 patent), with the goal of protecting RIA members from patent infringement claims. They elected to pursue this action at the request of hundreds of RIA members following their impromptu meeting during the 2012 RIA annual convention in Myrtle Beach, S.C.

After weighing various options the RIA Board of Directors decided to pursue a strategy of suing ThermaPure and its principal, David Hedman (as the patents are held jointly by both) in order to invalidate the family of patents at issue. The goal was to achieve a result that would protect RIA members from lawsuits. While invalidation was one possible way to achieve that result, a more realistic outcome always was a settlement prior to trial.

2. What does RILF stand for? Is this RIA's fund or the industry's fund?
 - RIA established the RILF – Restoration Industry Legal Fund – in 2012. It was created to be a highly visible and widely recognized entity for the association to collect member donations to address the ThermaPure litigation as well as other issues threatening the livelihood of restoration contractors.
3. Does the RIA see itself as the "defender of the industry?"
 - RIA does not see itself as the "defender of the industry," rather it is an advocate for our members. The association pursued the legal action against ThermaPure at the request of its membership.

4. What was RIA's motivation for entering the legal battle with ThermaPure? What did RIA hope to win?
 - RIA's objective was to achieve a result that provided some sort of protection and/or clarification for our members when using heat. The only way to achieve this was to try and invalidate the patent. While we were confident RIA would prevail during a trial, the possibility remained that we would fail to invalidate the patent. Ultimately, a settlement provided the best opportunity to meet our original objective.
5. How much did RIA incur in legal bills?
 - Patent litigation is expensive and RIA's efforts were no exception. RIA legal bills through August 30 were \$678,381. There may be some additional invoices received over the next 30 days. To date, RIA has paid \$336,681.
6. Why did RIA settle?
 - The court ordered the parties into a mandatory mediation session before the case would move to trial. Prior to the June mediation session, RIA leaders – in consultation with the Board of Directors and the Legal and Legislative Committee – outlined goals for a possible settlement. The agreed-to settlement achieved the leadership's primary goal of effectively ending the threat of patent infringement litigation against RIA members. This settlement also becomes a framework for establishing industry wide best practices for the presence of heat in structural drying and other job site temporary heat applications.
7. Are best practices for the presence of heat in structural drying and other restoration processes available?
 - RIA President Scott Stamper created a special task force of industry leaders to develop best practices in the structural drying process. This information will be available on RIA's website in September.
8. Was the settlement a victory for RIA and its members?
 - Absolutely. Prior to the settlement, RIA members lived under constant threat of patent infringement subpoenas and litigation for coincidental increases to indoor ambient temperatures during structural drying projects and other temporary heat-generating equipment usage. RIA's settlement with ThermaPure not only removes the litigation cloud it, also provides the first parameters for the acceptable application of temporary heat in restoration processes.
9. Was RIA pressured to settle by members?
 - Lawsuits always produce passionate opinions and RIA received suggestions about the direction it should pursue against ThermaPure. However, there was never an overwhelming cry to settle the case. The settlement was the result of RIA's leadership sensing an opportunity to achieve the primary goals of removing the threat of litigation while also providing clear parameters for restoration contractors in the application of heat in restoration processes.
10. How much money did RIA pay ThermaPure to settle?

- RIA did not provide any financial compensation to ThermaPure to settle the litigation proceeding. Unlike all prior ThermaPure litigation in the restoration industry, this case was different as RIA was the plaintiff. RIA did not engage in the litigation to seek monetary damages from ThermaPure, it sought to invalidate the patent.

11. Are RIA's members bound by the settlement?

- RIA members are not bound by the settlement, but they do risk ThermaPure subpoenas and lawsuits if they do not operate within the "safe harbor" parameters of the settlement outlined below.

12. What is the "safe harbor?"

- The agreed upon settlement with ThermaPure provides an immediate "safe harbor" to all RIA member contractors who follow the operating parameters outlined in the agreement. ThermaPure agreed not to sue any RIA member in good standing for infringement of the '812 patent where the member does not heat ambient air temperature inside a structure in excess of 105°F. This "safe harbor" is only available to RIA members and is not available through any other organization.

13. What are the operating parameters of the settlement?

- RIA members remain in the negotiated safe harbor of patent '812 if they:
 - Do not mechanically increase indoor ambient temperature above 105°F in all locations within your defined structure.
 - Measure and record indoor ambient temperatures when utilizing heat generating equipment.
 - Maintain and archive job temperature records for two years.
 - Do not advertise or make claims of structure heat sanitization.

14. Are non-RIA members exempt from the threat of litigation if they do not heat structures above 105°F?

- Absolutely not. Non-RIA members continue to be at risk of subpoenas and lawsuits due to the non-specific elements of patent '812 unless they purchase a license from ThermaPure. The "safe harbor" provision of not increasing ambient air temperature above 105°F only applies to RIA members in good standing.

15. If I choose to join RIA to remove the threat of litigation, when does the "safe harbor" provision associated with membership begin?

- RIA's settlement with ThermaPure stipulates that legal action will not be brought against any RIA member in good standing. The "safe harbor" provision begins with the activation of a paid RIA membership and a completed membership application. To apply for RIA membership simply visit www.restorationindustry.org and click the Join Now button to join online or download a membership application from <http://bit.ly/1I0JOMH> and mail it with a check to:

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