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SIMPSON STRONG-TIE COMPANY INC.

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

COLUMBIA INSURANCE CO. and
MITEK INC.,

Plaintiffs,

v.

SIMPSON STRONG-TIE COMPANY
INC.,

Defendant.

Case No. 3:19-CV-04683-TSH

**DECLARATION OF SAM HENSEN IN
SUPPORT OF OPPOSITION TO
MOTION FOR PRELIMINARY
INJUNCTION**

Date: October 3, 2019
Time: 10:00 a.m.
Ctroom: A, 15th Floor
Judge: Magistrate Thomas S. Hixson

Columbia EX2074

Simpson Strong-Tie Company Inc. v. Columbia Insurance Company
PGR2024-00050

Case No. 3:19-CV-04683-TSH DECL. SAM HENSEN ISO OPPOSITION TO MOTION FOR
PRELIMINARY INJUNCTION

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1 I, SAM HENSEN, declare as follows:

2 1. I am a Vice President and General Manager of Connectors and Lateral Systems at
3 Simpson Strong-Tie Company Inc., Defendant in the above-captioned case. I provide this
4 Declaration in support of Simpson Strong-Tie Company Inc.'s ("Simpson") Opposition to
5 Plaintiffs Columbia Insurance Co. and MiTek Inc.'s Motion for Preliminary Injunction. I have
6 personal knowledge of the facts set forth herein, except as to matters stated on the basis of
7 information and belief, and I believe such matters to be true. If called as a witness, I would
8 testify as to the matters stated herein.

9 **Factual Background Regarding Simpson**

10 2. For more than 60 years, Simpson has focused on creating structural products that
11 help people build safer and stronger homes and buildings. Simpson invests heavily in research
12 and development, and since its founding has been dedicated to continuously expanding its line of
13 structural connectors with innovative new products that address the changing needs of its
14 customers. Simpson has also invested significant amounts obtaining code approval and code
15 reports for its products.

16 3. Simpson's structural connectors are identified and described in its 340-page
17 Wood Construction Connectors catalog. See
18 <<https://embed.widencdn.net/pdf/plus/ssttoolbox/jg8ztjqc8z/C-C-2019.pdf>>. The catalog
19 provides detailed information about each product, including load values, specifications, code
20 approvals and other information used by structural engineers, specifiers, code-approval agencies,
21 building departments, architects, designers and other consumers who purchase and use Simpson
22 products.

23 4. Simpson was one of the first companies to introduce an extensive product line of
24 structural connectors used in wood-to-wood and wood-to-concrete construction. From the
25 beginning, Simpson made a substantial effort to connect with building designers in order to
26 understand their needs and design products to meet their specific requirements for building
27 design. As a result of Simpson's leading role and unparalleled reputation in the industry, building
28 plans for a structure often call out Simpson's products by name and then require "Simpson or

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equivalent” in order to comply with building codes. Over time, other companies entered this market to compete with Simpson. Rather than dedicating significant investment to research and development, most of these companies attempted to copy or knock-off the Simpson products.

5. As a company that is built on innovation and intellectual property, Simpson is respectful of and highly values intellectual property rights, both its own rights and the rights of others. Simpson has obtained approximately 900 patents over the past 60 years. Simpson’s patent portfolio covers a wide array of inventions related to construction products, including over 100 patents related to joist hangers.

Factual Background on MiTek and USP

6. According to MiTek’s website, MiTek is a global supplier of software, engineered products, services, and automated manufacturing equipment. In 2011, Plaintiff MiTek Inc. (“MiTek”) acquired USP Structural Connectors (“USP”), one of the companies in the market with Simpson.

Simpson Joist Hangers

7. A “joist hanger” or “hanger” is a type of structural connector, typically made of metal, that is used to secure the ends of joists, trusses, or other structural members to headers, walls, or other support members. Simpson has for many years been selling a diverse line of hangers to handle almost any application, including hangers with top flanges, face mount hangers, and skewed and sloped hangers. The following are just a few examples of the wide array of hangers currently marketed by Simpson:

			
HUCQ Heavy-Duty Face-Mount Joist Hanger	JB Joist, Beam and Purlin Top-Flange Hangers	LSSR Slopeable/Skewable Rafter Hanger	THAI Adjustable Hanger

 WMU GFCMU Top-Flange Hanger	 WP High-Capacity Top-Flange Hangers	 ITS Engineered Wood Product Top-Flange Hangers	 BA Top-Flange Hangers or HUF
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As noted above, Simpson obtained patents related to many of these hangers. *See, e.g.*, U.S. 3,601,428; 3,752,512; 4,005,942; D248,275; 4,230,416; 4,261,155.

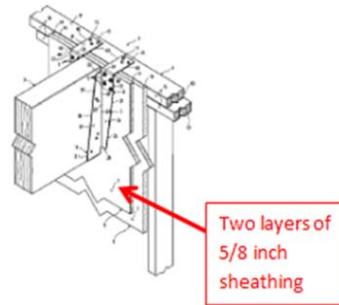
Simpson DHU Hangers

8. Simpson has been working on the development of fire wall hangers or drywall hangers since at least as early as around 2013. Many of the buildings in which Simpson products are installed are subject to fire and safety codes. As merely one example, multi-family structures such as apartment buildings typically require partitions between units to have a fire-resistance rating of not less than two hours. One common way to achieve this rating is to mount fire-resistant sheathing, such as gypsum board (also known as “drywall”), along the walls. Particularly, two layers of 5/8 inch thick drywall are often used to achieve the required two-hour rating.

9. In 2013, building codes changed, allowing for wood structures to be built taller and more dense, leading to increased demand for hangers that would allow larger wood-framed structures to meet the new fire-resistance regulations. Hangers sold at the time could not be installed after drywall (because doing so would crush the drywall), so it was common to install the hangers before the drywall, which required cutting “notches” or “cutouts” around the hangers. However, these large cutouts exposed the wood framing and impaired the fire-resistance rating. To solve this problem, Simpson developed a new hanger that was installed over the typical two layers of 5/8 inch drywall without damaging the drywall.

10. In December 2013, Simpson introduced the DU/DHU/DHUTF Drywall Hangers (the “DHU Hangers”). Prior to Simpson’s first public disclosure, Simpson filed a patent

1 application covering the DHU Hangers on December 14, 2013. As shown on the cover page of
 2 U.S. Patent No. 9,394,680 (“Bundy”), the DHU Hangers are sized to permit two layers of 5/8
 3 inch thick sheathing to be used for a fire-separation wall:



Bundy, Fig. 1

10 The fire-resistance rating of the DHU Hangers is superior to the rating achieved when drywall is
 11 notched around the entire joist and hanger, as described above.

12 **Simpson DG Hangers**

13 11. Although the DHU Hangers were successful in the market, some Simpson
 14 customers requested a firewall hanger that could be installed before the drywall, but which
 15 would achieve a fire-resistance rating that was closer to the DHU Hanger. Specifically,
 16 scheduling conflicts between framing contractors and drywall contractors arose, requiring
 17 drywall contractors to come out before the framing was complete so they could put the drywall
 18 in place and then come back later to finish the job once framing was complete. As a result, after
 19 the DHU Hangers were developed and released, Simpson worked on the design, development,
 20 and testing of the products that were released to the market as the DG/DGB/DGH Fire Wall
 21 Hangers (collectively, the “DG Hangers”).

22 12. In designing the DG Hangers, Simpson combined the teachings of the Bundy
 23 Patent with its decades of experience designing joist hangers. The DG Hangers featured a simple
 24 (but, from an engineering perspective, elegant) design that resembles many of Simpson’s
 25 successful prior art hangers (incorporating the same type of channel-shaped portion and top and
 26 back flange as many of its prior art hangers) and is quite different from MiTek’s FWH Hanger.
 27 The DG Hangers also incorporated the spacing of the DHU Hangers (and the Bundy Patent),
 28 which allowed for the inclusion of two layers of 5/8” sheathing to create a fire-resistant barrier.

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13. When Simpson released the DG Hangers to the market in June of 2017, the products were successful. Simpson's design was less costly to make than MiTek's complicated design, allowing Simpson to charge a lower price, which, along with the ease of installation and Simpson's unparalleled reputation, led to increasing demand for the DG Hangers.

Plaintiffs' U.S. 10,024,049 Patent

14. Prior to Simpson's release of the DG Hangers, Simpson was aware of MiTek's FWH Hanger and the fact that Plaintiffs had filed a patent application covering the FWH Hanger. In developing the DG Hangers, Simpson was careful to design around Plaintiffs' then-pending patent application, U.S. Pat. Appl. 14/555,049 ("the '049 Application").

15. Plaintiffs have never asserted that any Simpson products infringe the '049 Patent.

Plaintiffs' U.S. 10,184,242 Patent

16. Simpson was unaware of the new claims added to the '409 Application until Plaintiffs sent Simpson's counsel a letter on December 19, 2018.

Development and Patenting of DGF Product Line

17. When Simpson became aware of the claims of the '409 Application that matured into the '242 Patent, Simpson designed around Plaintiffs' patent claims. On April 1, 2019 Simpson announced the DGF/DGHF/DGBF Fire Wall Hangers (collectively, the "Accused Products").

18. The Accused Products, like the DG Hangers illustrated above, feature a design that is very different than the MiTek FWH Hanger:



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1 Among other things, the Accused Products feature an innovative stop element that is nothing like
2 the panel stops of the FWH Hanger. Simpson has filed a patent application covering the Accused
3 Products. Plaintiffs have not asserted that the Accused Products infringe any claims of the '049
4 Patent or the '242 Patent.

5 **Simpson's Opinion of Counsel**

6 19. Within two weeks of first learning that the USPTO had allowed the '510 Patent,
7 Simpson engaged a law firm specializing in patent law, Vierra Magen Marcus LLP (the "Vierra
8 Law Firm"), to investigate the validity of the claims of the then-pending '517 Application. On
9 June 3, 2019 (prior to the issue date of the '510 Patent), the Vierra Law Firm provided a written
10 opinion (the "Vierra Opinion Letter") that all of the Asserted Claims are invalid due to prior art.
11 A true and correct copy of the Vierra Opinion Letter is attached hereto as Exhibit A.

12 20. The Vierra Opinion Letter is 67-pages long and includes a detailed claim-by-
13 claim explanation that each of the claims of the '517 Application is invalid.

14 21. After retaining the Vierra Law Firm to investigate the validity of Plaintiffs' patent
15 claims, Simpson engaged another law firm (Sterne, Kessler, Goldstein & Fox P.L.L.C.) for
16 purposes of challenging the validity of the '510 Patent claims through a USPTO Post Grant
17 Review ("PGR") proceeding.

18 **Response to Certain Allegations in Plaintiffs' Moving Papers**

19 22. Many of Simpson's products are sold through distributors. Distributors can carry
20 only Simpson products, only another manufacturer's products, or a combination of various
21 manufacturers' products. Other companies producing products that are sometimes carried by
22 distributors include MiTek, Advanced Connector Systems, and Tamlyn. In fact, some customers
23 carry both Simpson and another manufacturer's products regularly to support home builders with
24 exclusive hardware contracts.

25 23. Simpson and MiTek both manufacturer fire wall hangers, but they are not the only
26 companies in the United States that do so. Other United States manufacturers of fire wall hangers
27 include Advanced Connector Systems. Although customers purchase fire wall hangers produced
28 by these manufacturers from distributors, they also purchase firewall hangers without going

1 through a distributor. Further, I am not aware of any study, analysis, or survey that demonstrates
2 that a customer that purchases any of Simpson's fire wall hanger products is more likely than
3 that customer otherwise would be to purchase other Simpson products. Similarly, I am not aware
4 of any study, analysis, or survey that shows that engineers specified MiTek's fire wall hangers
5 more often in their plans once the MiTek fire wall hangers at issue in this lawsuit were
6 introduced. I have never heard an engineer refer to MiTek as "an innovator" with respect to its
7 fire wall hanger products or any other products.

8 I declare under penalty of perjury that the foregoing is true and correct and that this
9 declaration was executed this 5th day of September, 2019, at Pleasanton, California.

10
11 /s/ Sam Hensen

12 SAM HENSEN

13 I hereby attest that I have on file all holographic signatures corresponding to any
14 signatures indicated by a conformed signature (/s/) within this e-filed document.

15
16 /s/ Joseph V. Mauch

17 JOSEPH V. MAUCH

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