

CONCANNON v. LEGO SYSTEMS, INC.

United States District Court for the District of Connecticut, March 15,
2023
2023 WL 2526637

SUMMARY

Plaintiff James Concannon brought suit against Defendant LEGO Systems, Inc. (“LSI”) and Defendant LEGO System A/S (“LSAS”) alleging that Defendant LSI produced a LEGO piece (the “LEGO Jacket”) in its “Queer Eye – the Fab 5 Loft” Lego play set (the “Fab Five Set”) copying a design that Plaintiff painted on a black leather jacket owned by celebrity Antoni Porowski (“the Concannon Jacket”). (Third Am. Compl. (“TAC”) [Doc. # 48].) Plaintiff alleges copyright infringement by LSI (Count 1), contributory copyright infringement by LSAS (Count 2), vicarious copyright infringement by LSAS (Count 3), trade dress infringement by LSI, (Count 4) and unfair competition in violation of CUTPA by LSI (Count 5). (*Id.*)

Defendant LSI moves to dismiss Count 1 on the grounds that it has a valid license that permits use of the jacket, or in the alternative, that its actions constitute fair use. It also moves to dismiss Count 4 and 5 for failure to plead a *prima facie* trade dress infringement claim, which serves as the basis of Plaintiff’s Lanham Act (Count 4) and CUTPA (Count 5) claims. (Mot. to Dismiss [Doc. # 35] at 2.) Defendant LSAS joins Defendant LSI’s motion to dismiss Counts 1, 4, and 5, and argues as to Counts 2 and 3 that because Plaintiff has failed to plead a claim for direct copyright infringement, the contributory and vicarious copyright claims should be dismissed as well. (Supp. Mem. in Support of Mot. to Dismiss [Doc. # 57] at 2.)

For the reasons that follow, the Court DENIES Defendants’ motions to dismiss. Defendant LSI’s motion is denied as to Count 1 because it does not show the parties “meeting of the minds” necessary to establish the affirmative defense of an implied nonexclusive license to use Plaintiff’s design. Defendant LSI’s motion is also denied based on its fair use defense because factual issues remain as to the purpose, character, and nature of the Concannon and Lego Jackets, and the remaining fair use factors do not weigh in Defendant’s favor. Defendant LSI’s motion is denied as to Counts 4 and 5 because Plaintiff has set forth a sufficient trade dress definition, and has adequately pled secondary meaning and likelihood of confusion to show a plausible claim on which his Lanham Act claim and the CUTPA claim are based. Defendant LSAS’ motion to dismiss Counts 2 and 3 for contributory and vicarious copyright infringement are also denied because the

underlying direct copyright infringement claim survives. The Court also DENIES Defendant LSAS' motion to seal for failure to narrowly tailor its sealing request.

I. Background

Plaintiff James Concannon is a “multi-disciplinary artist and designer” who alleges that he has “achieved notoriety” as a creator of t-shirts, jackets, and accessories that are recognizable because they feature “short, provocative statements in hand-painted, graffiti-style lettering.” (TAC ¶¶ 2, 19.) He describes this “unique combination of provocative, tongue-in-cheek phrases relating to pop culture, with hand-painted, graffiti-style lettering” as a “hallmark” of his aesthetic. (*Id.* ¶ 20.) The “look, feel, and aesthetic” of Plaintiff’s products is “consistent,” “recognizable and distinctive[;]” “no other artist or designer has released a line of clothing containing this unique combination of specific elements.” (*Id.* ¶¶ 22, 23.) Additionally, Plaintiff alleges that because the products “comment satirically on punk rock and pop culture” while being “worn and publicized by celebrities,” they also form “part of the culture.” (*Id.*) Plaintiff also receives orders for custom products “featuring Concannon’s distinctive Trade Dress” and customized by “choosing words or phrases that are tailored to a customer’s interest.” (*Id.* ¶¶ 30-31.)

Plaintiff identifies numerous celebrities who have been photographed wearing or featuring his work, including “Lady Gaga, Lil Wayne, Suki Waterhouse, Jaime King, and punk rock icons like Jimmy Webb and the band Death.” (*Id.* ¶ 26.) At least one of these celebrities made a social media post describing Concannon as “creating a new underground fashion scene with his signature hand-painted” pieces. (*Id.* ¶ 27.) Plaintiff maintains that while he “sells or gifts his custom pieces,” he “retains the copyrights to his designs and the Trade Dress in order to conduct business and maintain his distinct designs.” (*Id.* ¶ 34.) One celebrity who has worn Plaintiff’s works is Antoni Porowski, one of the stars of the Netflix series *Queer Eye*, produced by ITV America. (*Id.* ¶ 29.) Netflix requested Plaintiff’s permission for Porowski to wear four Concannon products in the show’s first season; Plaintiff signed a release granting ITV the right to feature the products on the show and in connection with the show’s advertising. (*Id.* ¶¶ 37, 38.) Through this process, Plaintiff learned that Porowski “was a fan” of his work, and the two became friends. (*Id.* ¶ 39.) Over the next few years, Plaintiff provided Porowski with several additional Concannon products; when these products were featured on the show, “*Queer Eye*’s producers sought Concannon’s permission and obtained a signed release specifying the Product that would appear on the show and the nature of the rights being granted.” (*Id.*)

In 2018, at Porowski’s request, Plaintiff created a custom black leather jacket with the words “THYME IS ON MY SIDE” painted on the jacket, a “play on Mr. Porowski’s interest in food and cooking.” (*Id.* ¶¶ 32, 41.) The artwork embodied on the jacket “is registered with the United States Copyright Office.” (*Id.* ¶¶ 41.) The jacket appeared on the first episode of *Queer Eye*’s fourth season,

but Netflix and the show's producers did not seek a release to display it. (*Id.* ¶ 43.) Although Plaintiff said he was “not disturbed” by the Concannon Jacket's appearance because he “figured this was simply an oversight on Netflix's part” and was “happy to see his work featured on a show” that had previously asked his permission and credited him, he also maintains that he “never granted Netflix a license to display the jacket on the show.” (*Id.* ¶¶ 44.)

In September 2021, LEGO began marketing its Fab Five Sets, which it began selling on October 1, 2021 for \$99.99. (*Id.* ¶ 48.) Plaintiff alleges that the set contained a piece—the LEGO Jacket—that copied “the individual creative elements of the Concannon Jacket” as well as the “unique placement, coordination, and arrangement of those individual artistic elements,” and his “distinctive Trade Dress—specifically, a tongue-in-cheek phrase prominently displayed in graffiti-style lettering on the back of the jacket.” (*Id.* ¶¶ 49, 50.) The TAC provides an image of the two side by side:



(*Id.* at ¶ 48.) The TAC alleges “[u]pon information and belief” that LEGO System A/S and LEGO Systems “jointly conspired to create, advertise, and sell a LEGO set that directly copied the Concannon jacket,” as evidenced by a statement from LEGO’s Senior Graphic Designer in a promotional video that Antoni Porowski “has a really iconic leather jacket that we redid in the LEGO version.” (*Id.* ¶¶ 46, 54.) According to Plaintiff, neither LSI nor LSAS sought Plaintiff’s permission to use the artwork or Trade Dress or credited him as the creator. (*Id.* ¶ 53.) The LEGO “Fab Five” set has been created, distributed, and sold “throughout the world,” with marketing materials including photos and animated videos of the LEGO Jacket used to promote the set. (*Id.* ¶ 57-59.)

Plaintiff alleges that when he learned of the production of the set, he contacted LEGO customer service, where he was told that LEGO “loves creators” and was offered a free Fab 5 Loft set; when he called back, however, he was told that

LEGO does not give out free sets. (*Id.* ¶ 60.) On November 12, 2021, Plaintiff sent LEGO a cease-and-desist letter in which he asserted his “intellectual property rights” in the hope that LEGO “would offer to compensate” him “or pay him a reasonable royalty”. (*Id.* ¶¶ 61-62; Def.’s Mem. Exh. 3 [Doc. # 35-4].) Plaintiff registered the “artwork embodied in the Concannon Jacket” with the United States Copyright Office on November 26, 2021. (TAC Exh. A, Certificate of Registration [Doc. # 48-1].) Following the release of the set containing the LEGO Jacket, Plaintiff contends that his “business and livelihood have been threatened” because he “relies on the exclusivity and distinctiveness of his designs” to sell his products. (TAC ¶ 67.)

Plaintiff filed his initial complaint on December 17, 2021, against LEGO A/S and LEGO Systems Inc. [Doc. # 1.] An amended complaint was filed on February 15, 2022. [Doc. # 15]; a Second Amended Complaint was filed March 29, 2022 [Doc. # 30] following a prefiling conference. After Defendant's Motion to Dismiss was filed on April 22, 2022, Plaintiff filed a stipulation seeking permission to substitute LEGO System A/S for LEGO A/S without altering the substantive allegations, (*see* Stipulation for James Concannon to File a Third Amended Complaint [Doc. # 1]), which the Court granted, resulting in the filing of the TAC on June 13, 2022 [Doc. # 48].

II. Legal Standard

“To survive a [12(b)(6)] motion to dismiss, a complaint must contain sufficient factual matter, accepted as true, to state a claim to relief that is plausible on its face.” *Sarmiento v. United States*, 678 F.3d 147, 152 (2d Cir. 2012) (quoting *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009).) The “plausibility” requirement is “not akin to a probability requirement,” but it “asks for more than a sheer possibility that a defendant has acted unlawfully.” *Iqbal*, 556 U.S. at 678. In other words, a valid claim for relief must cross “the line between possibility and plausibility.” *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 557 (2007). The Court must “accept as true all factual allegations and draw from them all reasonable inferences.” *Hernandez v. United States*, 939 F.3d 191, 198 (2d Cir. 2019). Although it is “not required to credit conclusory allegations or legal conclusions couched as factual allegations,” *id.*, motions to dismiss “assess the legal feasibility of a complaint” and are not the place to “assay the weight of the evidence which might be offered in support” of the merits. *Ontario Teachers’ Pension Plan Bd. v. Teva Pharm. Indus. Ltd.*, 432 F. Supp. 3d 131, 151 (D. Conn. 2019) (quoting *Ryder Energy Distribution Corp. v. Merrill Lynch Commodities Inc.*, 748 F.2d 774, 779 (2d Cir. 1984)).

III. Discussion

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C. Copyright Infringement Under 17 U.S.C. § 101 (Count 1)

In order to establish a claim of copyright infringement, the plaintiff must prove “(1) ownership of a valid copyright, and (2) copying of constituent elements of that work that are original.” *Feist Publications, Inc. v. Rural Telephone Service Co.*, 499 U.S. 340, 361 (1991). Defendant LSI assumes for purposes of this motion that Plaintiff can establish actual copying and substantial similarity but argues that the copying was not illegal based on two affirmative defenses: (1) Defendant had an implied non-exclusive license to use the Concannon jacket and its likeness, and (2) because the LEGO Jacket constitutes fair use. (Def.’s Mem. at 9.)

1. Implied Non-Exclusive License

“While a complaint can be dismissed for failure to state a claim pursuant to a Rule 12(b)(6) motion raising an affirmative defense if the defense appears on the face of the complaint, the complaint itself must establish the facts necessary to sustain defendant’s defense.” *Capitol Records, Inc. v. MP3tunes, LLC*, No. 07 Civ. 9931(WHP), 2009 WL 3364036, at *3 (S.D.N.Y. Oct. 16, 2009). Defendant is not precluded from raising an affirmative defense at this stage but must make its case based on the facts of the TAC, without reliance on extrinsic evidence. As discussed below, it fails to do so.

“Where the dispute turns on whether there is a license at all, the burden is on the alleged infringer to prove the existence of the license.” *Tasini v. New York Times, Co.*, 206 F.3d 161, 171 (2d Cir. 2000). “[U]nder federal law, nonexclusive licenses may ... be granted orally, or may even be implied from conduct.” *Graham v. James*, 144 F.3d 229, 235 (2d Cir. 1998). However, as reflected by the parties’ positions at oral argument, “[t]he law in the area of implied licenses shows a measure of conflict.” *Psihoyos v. Pearson Educ., Inc.*, 855 F. Supp. 2d 103, 119 (S.D.N.Y. 2012). Defendant’s counsel maintained that so long as Plaintiff delivered the jacket to Mr. Porowski, a celebrity, with the understanding that he was going to wear it in public and did not impose restrictions, the Court can find an implied license; Plaintiff, on the other hand, contends that a Court can only find an implied license if the artist has the knowledge and intent that the work will be used for some other specific purpose.

The Second Circuit’s most recent case on implied licenses, *ABKCO Music, Inc. v. Sagan*, 50 F.4th 309, 320 (2d Cir. 2022), recognized two potential tests to determine whether an implied license existed: “a narrow test, finding an implied license only where one party ‘created a work at [the other’s] request and handed it over, intending that [the other] copy and distribute it,’ ” and “a more permissive test by which consent may be inferred based on silence where the copyright holder knows of the use and encourages it.” These two potential tests track the positions taken by Plaintiff’s and Defendant’s counsel at oral argument, respectively. Unfortunately, there is no definitive resolution since the Second Circuit declined to adopt a particular test, holding only that either test for an

implied license requires “a meeting of the minds between the parties to permit the particular usage at issue.” *Id.*

Defendant's argument as to the existence of an implied license requires several inferential leaps. First, Defendant argues that because Plaintiff added the copyrighted design elements to Mr. Porowski's black leather jacket for free before returning it to him, and because he did so “intending that Mr. Porowski copy and distribute it,” an implied license existed. (Def.'s Mem. at 5-6.) Specifically, Defendant asserts that the facts demonstrate Plaintiff conveyed a non-exclusive license to Mr. Porowski to use the Concannon Jacket to “use as he wished, including as a part of his likeness” because Plaintiff knew that Mr. Porowski was a celebrity and thus “likely to appear” in public with the jacket, never protested Mr. Porowski's appearance on *Queer Eye* Season 3 and 4 wearing the jacket despite the absence of any written authorization, and never asked Mr. Porowski to limit the “display or depiction” of the Concannon Jacket either before or after its appearance on *Queer Eye*. (*Id.* at 12-13.) This constitutes the “meeting of the minds” in Defendant's view, and once the implied license was granted to Mr. Porowski, he was free to sublicense it as he wished. Second, Defendant contends that Mr. Porowski in turn granted an implied non-exclusive license in his likeness, including the Concannon Jacket, to Scout Productions, the company that produces *Queer Eye* for Netflix, because Mr. Porowski appeared in *Queer Eye* and in promotional media wearing the Concannon jacket. (Def.'s Mem. 7-8.)

Plaintiff responds that there was no “meeting of the minds” because “through their previous business interactions,” Plaintiff expected that Netflix “would contact him” when a Concannon product was featured on the show and in connection with advertising. (Pl.'s Mem. at 11-12.) Although he did not object to the display of the Concannon Jacket on the *Queer Eye* show without his permission, Plaintiff argues that he was unaware of “collaboration with Defendants” and “had no intention of licensing the Concannon Jacket to be replicated in the LEGO Set.” (*Id.* at 11-12.) To find an implied license here, Plaintiff asserts, would mean that “any celebrity gifted with a designer clothing item would have the unrestricted right to recreate and distribute copies of the clothing item, since it would be considered part of their likeness.” (*Id.*)

The Court does not currently have sufficient factual information on the face of the complaint to determine whether the license existed as required for an affirmative defense, regardless of which test for finding implied license the Court applies. While Plaintiff did see the appearance of the jacket on *Queer Eye* and subsequently choose not to take further action, that alone is not enough to infer that he *intended* for it to be copied and distributed, or that he and Mr. Porowski had any common understanding of how the jacket would be used. Plaintiff alleges that he did not, and that in particular, he had no reason to believe based on his prior dealings with Mr. Porowski and Netflix that the Concannon Jacket would be used by LEGO to create a new product. Taking Plaintiff's factual allegations about his own understanding and knowledge as true, the Court cannot conclude that

there was a “meeting of the minds” on how the Concannon Jacket would be used, and dismissal on this basis is unwarranted.

Defendant attempts to evade this conclusion, relying on *Solid Oak Sketches, LLC v. 2K Games, Inc.*, 449 F. Supp. 3d 333, 346 (S.D.N.Y. 2020). The plaintiffs in *Solid Oak Sketches* were the tattoo artists that had designed and inked the tattoos of several NBA players; the NBA players in turn granted licenses to their likenesses to defendant, a video game company, so that the company could portray the NBA players in a game. *Id.* Because the depiction of the NBA players included digital depictions of the tattoos, plaintiffs asserted that the game infringed on their copyrights to the tattoo designs. *Id.* at 339. The court applied a version of the stricter test for implied license, finding that (1) the NBA players requested the tattoos to be created, (2) the tattoo artists created and delivered the tattoos, (3) the tattooists “intended” that the players would “copy and distribute” the tattoos as “elements of their likenesses” based on their knowledge that the NBA players “were likely to appear in public, on television, in commercials, or in other forms of media,” and (4) the artists never requested that the NBA players limit “the display or depiction” of the images. *Id.* at 346. Based on these facts, which were part of the “the undisputed factual record” at summary judgment, the court held that NBA players had been granted an implied nonexclusive license to feature their tattoos as part of their likeness by plaintiffs, which included the right to then sub-license the tattoos as part of their likeness. *Id.*

The facts of this case, however, are distinguishable from *Solid Oak Sketches*. There, the tattoo artists’ own declarations plainly stated that they “intended the Players to copy and distribute the Tattoos as elements of their likenesses.” *Id.* at 346. Here, Plaintiff has made no such admission, nor can his consent be implied from his silence alone. Further, as Plaintiff observes, a tattoo cannot be removed from one’s body, and thus the artists in *Solid Oak Sketches* were necessarily recognizing that imprinting a tattoo’s design onto a public figure meant that the tattoo would appear wherever that public figure did. (Pl.’s Mem. at 13.) On the other hand, Mr. Porowski was featured wearing multiple items of clothing from Plaintiff alone throughout the course of the show *Queer Eye*, and Defendant’s Lego set also provides an alternative outfit piece for Mr. Porowski—a plain white t-shirt—the interchangeability of which necessarily demonstrates that the Concannon jacket is not an irremovable part of Mr. Porowski’s likeness. (*Id.*) Further, even if the facts in the TAC supported Defendant’s claim of an implied license between Mr. Porowski and Plaintiff, without the building instructions and license agreement, the Court also cannot determine whether LEGO was ever granted a license to the Concannon Jacket by anyone with an alleged implied license of their own.

Finally, regardless of whether there was an implied license at the time the set was manufactured and distributed, it has been revoked by the filing of this lawsuit. *See Ortiz v. Guitian Music Bros.*, No. 07 CIV. 3897, 2009 WL 2252107, at *4 (S.D.N.Y. July 28, 2009). In *Ortiz*, the court found that “Plaintiff revoked

any license that may have existed between him and Defendants” by instituting a lawsuit because implied licenses are revocable by definition. *Id.* The court rejected the affirmative defense of implied licensing on that basis because the defendants “continued distribution and sale” of the product after the action was filed. *Id.* The same is true here—Plaintiff alleges in the TAC that he has not been compensated for use of his design, and by filing this action, Plaintiff has revoked any implied license that may have existed prior to the lawsuit. As such, Defendant cannot show that there is *now* an implied license, and as Plaintiff has alleged that distribution of the LEGO set continues, he has plausibly alleged a copyright infringement claim.

The motion to dismiss Count 1 based on the existence of an implied license is denied.

2. Fair Use

The fair use doctrine “permits and requires courts to avoid rigid application of the copyright statute when, on occasion, it would stifle the very creativity that the law is designed to foster.” *Campbell v. Acuff–Rose Music, Inc.*, 510 U.S. 569, 577, 114 S.Ct. 1164, 127 L.Ed.2d 500 (1994). “In determining whether the use made of a work in any particular case is fair use, courts consider the following four factors enumerated in the Copyright Act:

- (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- (2) the nature of the copyrighted work;
- (3) the amount and substantiality of the proportion used in relation to the copyrighted work as a whole; and
- (4) the effect of the use upon the potential market for or value of the copyrighted work.”

Arrow Prods., LTD. v. Weinstein Co. LLC, 44 F. Supp. 3d 359, 367 (S.D.N.Y. 2014). “The ultimate test of fair use is whether the copyright law’s goal of promoting the Progress of Science and useful Arts would be better served by allowing the use than by preventing it.” *Blanch v. Koons*, 467 F.3d 244, 251 (2d Cir. 2006) “The determination of fair use is a mixed question of law and fact,” *id.*, and so “[c]ourts most frequently address a proffered fair use defense at summary judgment.” *TCA Television Corp. v. McCollum*, 839 F.3d 168, 178 (2d Cir. 2016). Reserving the question for summary judgment is particularly appropriate when the “record is insufficient to make such a fact-intensive ruling as a matter of law.” *LaChapelle v. Fenty*, 812 F. Supp. 2d 434, 448 (S.D.N.Y. 2011). Courts should only grant motions to dismiss based on a fair use defense when “discovery would not provide any additional relevant information.” *May v. Sony Music Entm’t*, 399 F. Supp. 3d 169, 188 (S.D.N.Y. 2019) (quoting *Arrow Productions, Ltd. v. Weinstein Co.*, 44 F. Supp.3d 359, 368 (S.D.N.Y. 2014)). However, while the Second Circuit has cautioned that the “fact-driven nature of the fair use determination suggests that a district court should be cautious” when considering

dismissing a claim based on fair use in advance of trial, *Wright v. Warner Books, Inc.*, 953 F.2d 731, 735 (2d Cir. 1991), the Court is not precluded from doing so.

a. Purpose and Character

The first factor asks whether the “new work merely ‘supersede[s] the objects’ of the original creation, or instead adds something new, with a further purpose or different character, altering the first with new expression, meaning, or message ..., in other words, whether and to what extent the new work is ‘transformative.’ ” *Campbell*, 510 U.S. at 579. While not an absolute prerequisite for fair use, whether the work is transformative is an inquiry that lies “at the heart of the fair use doctrine’s guarantee of breathing space.” *Id.* Several factors the court can consider in evaluating whether the work is transformative are “(i) whether the two works have different purposes, (ii) the size of the reproductions, (iii) whether the expressive value of the reproduced material is minimized, and (iv) the proportion of copied material.” *Solid Oak Sketches*, 449 F. Supp. 3d at 347 (citing *Bill Graham Archives v. Dorling Kindersley Ltd.*, 448 F.3d 605, 611 (2d Cir. 2006)). The inquiry for determining the work’s purpose is an objective one that considers how the Defendant’s use “may reasonably be perceived without concern for the [Defendant’s] subjective intent.” *O’Neil v. Ratajkowski*, 563 F. Supp. 3d 112, 129 (S.D.N.Y. 2021).

Defendant argues that the LEGO Jacket is analogous to the depiction of basketball players’ tattoos in a video game, which was found transformative in *Solid Oak Sketches*. As the court explained, the use of “exact copies of the Tattoo designs” was for the purpose of “accurately depict[ing] the Players,” while the original creation of the tattoos was for the purpose of the players “express[ing] themselves through body art.” *Solid Oak Sketches*, 449 F. Supp. 3d at 347. Defendant argues that here, Plaintiff created the jacket as “a means of Mr. Porowski’s self-expression,” whereas Defendant’s purpose for the LEGO Jacket was “to most accurately depict” the likeness of Antoni Porowski. (Def.’s Mem. at 21.) Plaintiff argues, however, that *Solid Oak Sketches* is inapposite because Defendants “could have portrayed Mr. Porowski’s likeness without copying the Concannon Jacket” if their purpose was only to accurately recreate him, and that Defendant’s purpose was thus not to accurately portray Mr. Porowski’s likeness, but to recreate the Concannon Jacket to “benefit from the association with Concannon’s trademark.” (Pl.’s Mem. at 18, 20-22.)

Solid Oaks Sketches’ conclusion that accurately depicting a subject can be transformative where the purpose of the original work was expressive should be interpreted narrowly in light of the Second Circuit’s note that courts have often “declined to find a transformative use when the defendant has done no more than find a new way to exploit the creative virtues of the original work.” *Blanch v. Koons*, 467 F.3d 244, 252 (2d Cir. 2006) (citing cases). Plaintiff argues that Defendant has done exactly that by simply exploiting the creative values of the jacket by recreating it in a different form. Choosing a new medium and changing

a few elements also do not constitute transformation; “taking ‘the heart of’ a copyrighted work, even if the taking is quantitatively insubstantial, militates against fair use.” *Campbell v. Koons*, No. 91 CIV. 6055 (RO), 1993 WL 97381, at *3 (S.D.N.Y. Apr. 1, 1993) (holding that modifying a few elements from the original product, a picture, was not enough to render the infringing product, a sculpture, transformative when the “central subject matter” was the same.)

Here, without materials such as affidavits or depositions to draw on, it would be premature for the Court to decide whether Defendant's purpose was accurate portrayal of Mr. Porowski, exploitation of the original work's values, or something else. The open nature of the question becomes especially clear because unlike the tattoos at issue in *Solid Oak Sketches*, the LEGO Jacket “includes designs featuring various elements *not* featured” on the Concannon Jacket, which Defendant asserts was done for the purpose of supporting its own marketing campaign rather than to “accurately depict” Mr. Porowski. (*Compare* Def.'s Mem. at 16 (explaining that the LEGO Jacket “includes designs featuring various elements” not featured on the Concannon Jacket) *with* Def.'s Mem. at 21 (explaining that it was trying to “most accurately depict” Antoni Porowski through inclusion of the Concannon Jacket.)) Defendant's counsel maintained at oral argument that there is no inconsistency between customizing the Lego Jacket and accurately depicting Mr. Porowski; however, whether those two purposes are consistent and whether one, both, or neither should be credited is better decided with the benefit of a fully developed record.

Defendant also argues that the LEGO Jacket is an “inconsequential portion” of the Fab Five set since there are two torso elements for Mr. Porowski's minifigure and six Minifigures in total, and the size of the LEGO Jacket is a fraction of the size of the Concannon Jacket. (Def.'s Mem. at 21; Def.'s Reply at 6.) In addition to somewhat blurring the lines of analysis between the “purpose and character” factor and the “amount and substantiality” factor, Defendant's argument misses the mark. While as in *Solid Oak Sketches*, the size of the jacket reproduction is significantly reduced from the original, it was the *impact* of the size reduction that mattered in *Solid Oak Sketches*, rather than the mere fact of it. As the court explained, the reduction in size made the tattoos “difficult to observe” because they were “too small and distorted for game users to even recognize,” thus reducing the likelihood that the purpose had been an expressive one. *Solid Oak Sketches*, 449 F. Supp. 3d at 348. The reduction in size of the LEGO Jacket, on the other hand, does not make the individual design elements difficult to observe; to the contrary, a simple visual inspection of the LEGO Jacket allows for easy identification of each design element. Rather than being “infrequently and only imprecisely observed,” the jacket is placed on the torso of one of the “Fab Five” that the set features, and the marketing materials for LEGO specifically stated that it was being used for its association with Antoni Porowski and its “iconic” status, unlike in *Solid Oak Sketches* where the tattooed players were only three of 400 players and comprised “.000286% to 000431%” of the total game data, the “particulars of the Tattoos” were not observable and were

displayed only in concert with “myriad other auditory and visual elements” meant to simulate an actual NBA game, and the tattoos were not featured in advertising. *Id.* at 348.

Finally, in determining the nature of an alleged infringing work, courts also consider whether the work is commercial in nature. If the use is not transformative, the “question whether the new use is commercial [] acquires an importance it does not have” otherwise. *On Davis v. The Gap, Inc.*, 246 F.3d 152, 175 (2d Cir. 2001), *as amended* (May 15, 2001). “The crux of the profit/nonprofit distinction is not whether the sole motive of the use is monetary gain but whether the user stands to profit from exploitation of the copyrighted material without paying the customary price.” *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 562 (1985). Rather than arguing that the LEGO Jacket is not commercial in nature, Defendant instead contends that the commercial nature aspect of the first prong should be given limited weight because the LEGO Jacket is merely “incidental” to the commercial value. (Def.’s Mem. at 21.) Plaintiff argues to the contrary that Defendants are a “commercial business motivated by profits,” and used “the popularity of cultural pieces like Queer Eye and the Concannon Jacket to sell their products.” (Pl.’s Mem. at 23.)

Defendant relies on *Solid Oak Sketches*’ explanation that the commercial nature was incidental because “consumers do not buy NBA 2K video games for the tattoos on LeBron James, Eric Bledsoe, or Kenyon Martin.” *Solid Oak Sketches* at 348. Here, however, Plaintiff has alleged that Defendants “initially attracted and secured consumers through their act of infringement,” including through advertisements that prominently feature the LEGO Jacket. (TAC at ¶ 58, 59.) Whether Defendant intended to use the LEGO Jacket specifically to attract customers, what profits it has earned based on the inclusion of the LEGO Jacket in the set that it would not otherwise have made, and whether there are customers who bought the set specifically because it had a product resembling or copying the Concannon Jacket, are questions that cannot be resolved only on an analysis of the TAC.

Defendant has failed to establish that the purpose and character factor weighs in its favor. This alone would be enough to deny its motion to dismiss. *See O’Neil*, 563 F. Supp. 3d at 131 (denying summary judgment where reasonable jurors could disagree as to whether a work was transformative.) However, open questions also remain as to the following three factors that weigh against granting a motion to dismiss, as discussed below.

b. Nature of Copyrighted Work

The second factor—the nature of the copyrighted work—“calls for recognition that some works are closer to the core of intended copyright protections than others, with the consequence that fair use is more difficult to establish when the former works are copied.” *Campbell*, 510 U.S. at 586.

“[C]reative expression for public dissemination falls within the core of the copyright's protective purposes.” *Id.* However, this factor “is rarely found to be determinative.” *On Davis*, 246 F.3d at 175.

Plaintiff's copyrighted work—handpainted design elements on a leather jacket—has the “nature of an artistic creation” that falls within the core protected purposes at the heart of copyright. Defendant acknowledges that the Concannon Jacket's design is expressive but asserts that “the purpose of the Antoni Minifigure Figurine is factual, transformative, and ... to accurately recreate Mr. Porowski's likeness.” (Def.'s Mem. at 22.) As discussed above, whether the purpose and character of the work are transformative cannot be resolved at this stage and neither can this factor be properly weighed without a more fulsome record of the purpose behind Defendant's creation and distribution of the LEGO Jacket.

c. Amount and Substantiality

Defendant argues that it did not copy the Concannon Jacket in its “entirety” for five reasons: (1) the LEGO Jacket includes an a “LEGO Minifigure figurine head” and a globe that are not part of Plaintiff's copyright; (2) the LEGO Jacket has a one dimensional “yang” symbol as opposed to the Concannon jacket's three-dimensional ying-yang pin, and four safety pins rather than eight; (3) the peace sign on the LEGO Jacket uses different placement, colors, and elements than the peace sign on the Concannon Jacket; (4) the text “REBUILD THE WORLD” on the back of the LEGO Jacket differs from the phrase “THYME IS ON MY SIDE”; and (5) the designs on the sleeves of the Concannon Jacket, and the hands and chain design on the lower right, are not on the LEGO Jacket. (Def.'s Mem. at 17-18.) It further asserts that “any similarity was necessary to effectuate the transformative purpose of creating a realistic Minifigure figurine version of Mr. Porowski.” (*Id.* at 17.)

Plaintiff maintains that Defendants “could have portrayed Mr. Porowski's likeness without copying the Concannon Jacket” through use of other clothing and accessories worn by Mr. Porowski that would be recognizable. (Pl.'s Mem. at 20.) Instead, Plaintiff contends that Defendants “chose to use the entire design of the Concannon Jacket,” making “no attempt to obscure the borrowed elements” and featured the jacket “in all advertising campaigns related to the LEGO Set.” (*Id.*) Plaintiff also maintains that Defendant's attempt to compare elements separately is unavailing because his copyright extends to “the overall aesthetic of the work and cover[s] the placement and overall composition of the Concannon Jacket.” (*Id.*)

In Defendant's fourth argument in defense of its use of the phrase “REBUILD THE WORLD” on the back of the LEGO Jacket, it references LEGO press release about the purpose of its “Rebuild the World” campaign (*see* Def.'s Mem. at 18) that is neither mentioned nor referenced in the TAC. The same goes

for Defendant's argument about its purpose for “inclusion of [] elements embodying world peace” and “building” such as the yang symbol, peace sign, and safety pins; whether those elements are indeed “central to the LEGO Group of Companies’ Rebuild the World Campaign” cannot be established except through reliance on materials outside the TAC.

Defendant's remaining arguments as to how individual elements of the two jackets differ are not supported by *Solid Oak Sketches*. The amount and substantiality of the Concannon Jacket elements used by the LEGO Jacket is facially distinguishable from the display of player's tattoos where “average gameplay” was “unlikely to include the players with Tattoos,” the display was “small and indistinct,” the images appeared “as rapidly moving visual features of moving figures in groups of figure players,” and their size was reduced such that they were “not recognizable” and had limited “visual impact.” *Solid Oak Sketches*, 449 F. Supp. 3d at 349.

Defendant has not established based on the TAC that the amount and substantiality of use factor weighs in its favor.

d. Effect on Potential Market

The fourth factor requires examination of “the effect of the use upon the potential market for or value of the copyrighted work.” 17 U.S.C. § 107(4). In evaluating this factor, the Court looks at “not only the market harm caused by the particular infringement, but also to whether, if the challenged use becomes widespread, it will adversely affect the potential market for the copyrighted work.” *Bill Graham Archives*, 448 F.3d at 613. However, the driving concern is “not whether the secondary use suppresses or even destroys the market for the original work or its potential derivatives, but whether the secondary use usurps the market of the original work.” *NXIVM Corp. v. Ross Inst.*, 364 F.3d 471, 481-82 (2d Cir. 2004). *Campbell* explains that the market effect must be evaluated in light of whether the secondary use is transformative; “when a commercial use amounts to mere duplication of the entirety of an original, it clearly ‘supersede[s] the objects,’ of the original and serves as a market replacement for it ... [b]ut when ... the second use is transformative, market substitution is at least less certain, and market harm may not be so readily inferred.” *Campbell*, 510 U.S. at 591.

Defendant argues that there are “no allegations” in the TAC that the LEGO Jacket “serves as a substitute for the original work” and that there could be no such finding because one is a “children's construction toy figurine” sold in the “global toy market” and the other is a “men's leather jacket” part of the “underground men's fashion” scene. (Def.'s Mem. at 24.) Because there is no allegation that Plaintiff “would or could enter the global toy market,” Defendant asserts the fourth factor weighs strongly in its favor. (*Id.*) Plaintiff responds that “[i]t is indisputable that, as a general matter, a copyright holder is entitled to

demand a royalty for licensing others to use its copyrighted work, and that the impact on potential licensing revenues is a proper subject for consideration in assessing the fourth factor.” *North Jersey Media Group Inc. v. Pirro*, 74 F. Supp. 3d 605, 622 (S.D.N.Y. 2015). Plaintiff argues that he need not allege that he intends to enter the toy market or use the design in that market because Defendants’ actions “have harmed the distinctiveness and market for any derivative works,” including by undermining their “exclusivity,” and by setting a “dangerous precedent that any company can borrow copyrighted works without paying licensing fees” if they “do so in a different market than the original.” (Pl.’s Mem. at 24.)

North Jersey Media Group considered the impact of the alleged infringing use on the licensing market, and found in plaintiff's favor because it “maintain[ed] an active licensing program for the photograph.” 74 F. Supp. 3d at 622. There is no such allegation of harm here, however, because Plaintiff did not charge Porowski for the jacket, nor did he publish or license it for compensation. The Second Circuit found similar circumstances suggestive that there had been no “deleterious effect” on the market for the copyrighted work. *Blanch v. Koons*, 467 F.3d 244, 258 (2d Cir. 2006). However, unlike in *Blanch*, Plaintiff does not concede that the alleged infringing work “did not cause any harm” to his career or “upset any plans” he had for either the Concannon Jacket or any other Concannon Product; to the contrary, he specifically alleges that Defendant's use undermines the exclusivity of his brand. *Id.* Further, the court in *North Jersey Media Group* did not *only* consider the impact on the licensing program for the photograph; it also considered the “very real danger that other such media organizations will forego paying licensing fees for the Work,” an impact that went beyond “simply the loss of licensing revenues from this one-time use.” 74 F. Supp. 3d at 623.

At this stage, Plaintiff has alleged a harm to the market for his products in the form of the loss of royalties for this specific LEGO Jacket, the harm to the exclusivity and consumer view of his products, and the future harm because of the risk that other companies will follow Defendant's lead and use his products in different markets without paying licensing fees. Plaintiff is not required to have predictively pled his complaint to meet Defendant's affirmative defense, and will be given the chance to develop the record to enable the Court to weigh this factor on a motion for summary judgment.

e. Overall Assessment Weighing the Fair Use Factors

Weighing the factors in their totality, the Court denies the motion to dismiss based on a finding of fair use but will consider this defense on a summary judgment record.

....

IV. Conclusion

Defendant LSI and LSAS' motion to dismiss [Doc. # 35] is DENIED. The parties are directed to file an amended 26(f) Report in 14 days.