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IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF CALIFORNIA

KEITH STAFFORD, an individual,	)	
	)	CIV. S-04-47 GEB PAN
Plaintiff,	)	
	)	
v.	)	
	)	<u>ORDER</u>
UNITED TREASURES, INC., a	)	
Washington corporation,	)	
	)	
Defendant.	)	
_____	)	

Pending are cross motions for summary judgment or for summary adjudication. The motions were heard April 18, 2005. At this hearing, the parties agreed that no genuine issues of material fact exist preventing decision on the liability issues involved in the motions. Therefore, each party was requested to file a prevailing party proposed order. On May 2, 2005, proposed orders were filed, and responses thereto were filed on May 9, 2005.

The pending motions involve copyright, trademark and issues arising out of an alleged breach of a licensing agreement. The following facts are undisputed.<sup>1</sup>

<sup>1</sup> Local Rule 56-260 obligates the parties to "cite the particular portions of any pleading, affidavit, deposition, interrogatory answer, admission or other document relied upon to

(continued...)



1 1. Keith Stafford ("Stafford") and United  
2 Treasures, Inc. ("UTI") entered a license  
agreement dated August 1, 1999.

3 \*\*\*

4 15. Following the execution of the License  
5 Agreement, Stafford submitted two-dimensional  
artwork to UTI to use to make polyresin figurines.

6 \*\*\*

7 18. Stafford in fact exercised control and  
8 approval over the quality of the GOODS during the  
process of developing them.

9 19. Stafford came up with the name ANGELS OF  
10 INSPIRATION and instructed UTI on the proper  
trademark to use.

11 20. UTI's own agents and representatives have  
12 admitted they understood Stafford was the owner of  
the trademark ANGELS OF INSPIRATION.

13 \*\*\*

14 22. On or about September 28, 2001 United  
15 Treasures filed an application for, and ultimately  
obtained, federal registration of the mark ANGELS  
16 OF INSPIRATION.

17 \*\*\*

18 24. The name of Keith Stafford and Stafford's  
Ethnic Collectibles was prominently and regularly  
19 featured in United Treasures' advertisements for  
ANGELS OF INSPIRATION.

20 25. The label attached that was originally  
21 attached by United Treasures to its angel  
figurines said "Angels of Inspiration by Keith  
22 Stafford" and continued to do so until 2004.

23 \*\*\*

24  
25 \_\_\_\_\_  
26 <sup>1</sup>(...continued)  
27 establish [a] fact" asserted to be undisputed or disputed. Although  
28 UTI asserts Stafford's Undisputed Facts Nos. 15, 17, 18, 20, and 33  
are disputed, UTI's evidence and argument do not constitute specific  
facts establishing a genuine issue of material dispute as to any of  
these facts.

1 28. Stafford owns the copyrights in the two-  
2 dimensional artwork for Kente Claus and the Angels  
of Inspiration that was submitted to UTI in 1999.

3 29. Stafford obtained federal registration of his  
4 COPYRIGHTS in (a) the 2-dimensional artwork he  
submitted to United Treasures, (b) the figurines  
5 that UTI had made reproducing his artwork, and (c)  
the 2-dimensional artwork for the second series of  
6 angels in 2001.

7 \*\*\*

8 32. From the first sale of the figurines until  
2004 the only copyright used by United Treasures  
9 on the figurines themselves was ©1999 Keith &  
Shereen Stafford.

10 33. During the process of developing figurines,  
Stafford was intimately involved in review of  
11 sculptural changes and in providing specific  
design suggestions over the telephone with Colleen  
12 Melott.

13 \*\*\*

14 45. Stafford owns the copyright in the two-  
dimensional artwork for the Angels of Inspiration  
15 and Kente Claus, which were submitted to UTI and  
upon which the UTI figurines were based.

16 46. Stafford has registered his copyrights in the  
17 two-dimensional artwork he submitted and in the  
finished figurines for the original seven angels,  
18 and in just the two-dimensional artwork for the  
second series of three angels.

19 (Def.'s Resp. to Pl.'s Separate Statement of Undisputed Material Facts  
20 in Supp. of Mot. for Summ. Adjudication.)

21 BACKGROUND<sup>2</sup>

22 Plaintiff Keith Stafford began making ethnic figurines and  
23 artwork in 1994, when he started the business Stafford's Ethnic  
24 Collectibles with his wife, Shereen. Beginning in 1994 Stafford sold  
25 a line of African angel dolls, and his sales grew. In 1995, Stafford

26 \_\_\_\_\_  
27 <sup>2</sup> This background is substantially quoted from Plaintiff's  
Proposed Order on Motions for Summary Judgment filed May 2, 2005.  
28 Except as otherwise indicated, no genuine issue of material fact  
exists as to the facts stated in this Order.

1 developed the figure of Kente Claus, an African Santa Claus ornament.  
2 Stafford ultimately developed, and through a series of license  
3 relationships, marketed and sold, a series of products based upon his  
4 angel and Kente Claus designs.

5 In early 1999 Stafford's agent, Anmarie Linsley, owner of an  
6 agency firm, Public Image Consultants, met representatives of UTI at a  
7 trade show in Los Angeles, California. They saw samples of Stafford's  
8 work and expressed interest in negotiating a license deal for his  
9 work. Linsley sent one of the representatives, Matt Lord, a  
10 confirming letter. Thereafter, the parties negotiated the terms of a  
11 license agreement ("Licensing Agreement"), pursuant to which UTI would  
12 manufacture and sell polyresin figurines based upon artwork provided  
13 by Stafford. At the time the Licensing Agreement was entered, the  
14 artwork upon which the polyresin figurines were to be based did not  
15 exist. In July 1999 Stafford entered a work for hire agreement with  
16 an illustrator named Thomas Blackshear, who was to prepare  
17 illustrations to submit to UTI based upon Stafford's Kente Claus  
18 figure. Blackshear prepared artwork, and Stafford submitted it to  
19 UTI. Stafford also retained another artist named Robert Grist, who,  
20 under the terms of a work made for hire agreement, prepared  
21 illustrations for seven African angel figurines based upon Stafford's  
22 recommendations. There is some dispute about exactly what artwork  
23 Stafford provided to UTI after executing the Licensing Agreement.  
24 Stafford testified that in the fall of 1999 he submitted to UTI  
25 two-dimensional line drawings and color artwork for seven angel  
26 figurines, which Stafford had individually named Joy, Unity, Peace,  
27 Happiness, Love, Faith, and Mercy. UTI admits Stafford submitted  
28

1 two-dimensional artwork that was used to make the figurines, but its  
2 account is somewhat different.

3           After Stafford submitted his artwork, UTI, working with  
4 artists located in China, manufactured eight painted polyresin  
5 figurines, seven of which were based upon Stafford's Joy, Unity,  
6 Peace, Happiness, Love, Faith, and Mercy designs, and one of which was  
7 based upon his Kente Claus design. Photographs of these were e-mailed  
8 to UTI's customer service representative, Colleen Melott, and to  
9 Stafford. Melott and Stafford then talked on the telephone to discuss  
10 changes to be made to the figurines. Melott was Stafford's main  
11 contact for UTI for the development of the figurines. Melott sought  
12 Stafford's approval on changes and design recommendations.

13           Although the parties dispute some of the details and the  
14 legal consequences of their respective contributions to the  
15 development of the figurines following the submission of Stafford's  
16 two-dimensional artwork, the crucial material facts concerning the  
17 development of the figurines are undisputed: first, Stafford  
18 contributed copyrightable artwork in the form of two-dimensional  
19 illustrations and line drawings for the express purpose of  
20 incorporating the artwork into three-dimensional figurines; second,  
21 Stafford was involved, through telephone conversations with Colleen  
22 Melott, in reviewing, proposing, and authorizing changes to the color  
23 and form of the figurines during the sculpting process; and, third,  
24 UTI was contractually obligated to seek Stafford's approval, and  
25 throughout the development process did seek and obtain Stafford's  
26 approval, for the design of the figurines.

27           As was required of UTI under the terms of the Licensing  
28 Agreement, UTI sought and obtained Stafford's approval for the

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