

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF NEW JERSEY

FISH KISS LLC & ANNE KLEIN,

Plaintiffs,

v.

NORTH STAR CREATIONS, LLC;  
ROOTED MADE; ROOTEDUSA;  
BERNADETTE GODWIN; ERIC  
BERNSTEIN; and JOHN DOES 1-10,

Defendants.

HONORABLE JEROME B. SIMANDLE

Civil Action No.  
17-8193 (JBS/AMD)

**OPINION**

APPEARANCES:

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**SIMANDLE, District Judge:**

**I. Introduction**

This case arises out of the alleged copyright infringement and breach of contract by Defendants North Star Creations, LLC; Rooted Made; Rooted USA; Bernadette Godwin, and Eric Bernstein. The action was brought by Fish Kiss, LLC, a corporation founded

by Anne Klein who was later added as a plaintiff (collectively, "Plaintiffs"). [Docket Item 14.]

Citing a lack of specificity as to the copyright claim, lack of standing, and lack of an enforceable contract, Defendants moved to dismiss all counts of Plaintiffs' complaint pursuant to Fed. R. Civ. P. 12(b)(6) or in the alternative, for an order requiring Plaintiffs to submit a more definite statement pursuant to Fed. R. Civ. P. 12(e). [Docket Items 13 ("First Motion to Dismiss") and 51 ("Second Motion to Dismiss").] Additionally, Defendants have alternatively moved for summary judgment under Fed. R. Civ. P. 56 with regard to Count 5.

The issues to be decided include whether violation of the scope of an exclusive license can serve as the basis for a breach of contract claim; whether the "first sale" doctrine is applicable to Plaintiffs' copyright infringement claims; whether Plaintiffs have adequately pled their copyright infringement claims; the adequacy of the claims pled against the Individual Defendants; whether Plaintiffs state a claim under the Lanham Act (or whether summary judgment is warranted on that claim); and whether Plaintiffs have standing to pursue a claim under the New Jersey Consumer Fraud Act. For the reasons discussed below, the Court will grant in part and deny in part Defendants' Second Motion to Dismiss.

## II. Background

### A. Factual Background

Plaintiff Anne Klein is the President of Fish Kiss, LLC ("Fish Kiss"). Fish Kiss is a "small lifestyle brand company that specializes in the creation of unique designs and artwork." [Docket Item 45 at 1.] Fish Kiss owns fifty-one artwork designs for which each design is copyrighted (Copyright Registration no. VA 2-049-471). Id. at 2. Bernadette Godwin ("Godwin") and Eric Bernstein ("Bernstein") (collectively, "Individual Defendants") are the owners of North Star, LLC ("North Star"). Id. at 15. North Star LLC is a manufacturer of textile products. The Individual Defendants, North Star, and its subsidiaries, RootedUSA and Rooted Made, are collectively referred to as "Defendants." Id. at 2.

On January 1, 2016, Plaintiffs and Defendants executed a one-year license agreement ("License Agreement") for Fish Kiss Artwork. Id. at 3. The License Agreement granted Defendants the exclusive right to manufacture and sell Christmas stockings, Christmas tree skirts, adult kitchen aprons, cotton tea/dish towels and decorative pillows bearing Fish Kiss artwork ("Licensed Products"). Id. The term of the License Agreement began on January 1, 2016 and continued until January 1, 2017 with no residual sell-off period after termination. Id. Under

the License Agreement, Klein had the right to review and approve new iterations of the Licensed Products for sample approval before they were permitted to be offered for sale. Id. Under the License Agreement, the Licensed Products were to consistently bear Fish Kiss branding, labeling, and packaging. Id. at 4. Under the Schedule of Artwork annexed to the License Agreement, Defendants were to pay Klein royalties of 15% of wholesale cost of Christmas stockings, Christmas tree skirts, adult kitchen aprons, and cotton tea/dish towels, and 20% of wholesale cost of decorative pillows. Id. Defendants were required to remit royalty payments within thirty days of the shipment of Licensed Products to Defendants' customers. Id.

Defendants represented to Plaintiffs that they had total sales in the amount of \$13,895.00 from the Licensed Products from January 1, 2016 to December 31, 2016. Id. Plaintiffs allege that Defendants have willfully misrepresented the amount of sales of Licensed Products to avoid paying Klein appropriate royalties due. Id. at 5. As evidence, Plaintiffs submit that, in May 2016, Defendants requested an order for 1,000 additional wrappers. Id. Defendants sold the wrappers for approximately \$5.50 to \$6.00 each. Id. Plaintiffs allege that the May 2016 sale alone would equal \$5,550 to \$6,000 in sales. Id. Nevertheless, in September 2016, Defendants sent Plaintiffs a proposal for renewal of the license, representing that their

year-to-date sales of Licensed Products through August 31, 2016 amounted only to \$5,408. Id. Plaintiffs also point to an email Klein received in January 2017 from North Star sales representative Dan Kennedy, stating that he alone sold \$11,000 worth of Licensed Products. Id. at 4. Plaintiffs allege that they have discovered an additional \$10,561.50 in sales of Licensed Products unaccounted for in the \$13,895 figure presented by Defendants. [Id.]

Plaintiffs received payments in the amount of \$2,143.65 as royalties for the time period of January 1, 2016 to December 31, 2016. Id. Plaintiffs allege that Defendants did not make royalty payments from sales made in November of 2016 until January 28, 2017, in violation of the License Agreement. Id. at 5.

Plaintiffs allege that one of Defendants' customers, Quaile Connect, LLC, placed orders for Licensed Products on January 6, 2017. Id. at 5. Plaintiffs allege that Defendants sold Licensed Product to ETShops in February 2017. Id. Plaintiffs allege that Defendants posted an unauthorized alteration of a Fish Kiss Christmas Tree Skirt on eBay, id., and that Defendants sold new iterations of Licensed Products on eBay and Amazon without the approval of Plaintiffs. Id. at 6.

#### **B. Procedural Background**

On February 9, 2017, Plaintiffs sent a letter to Defendants alleging that Defendants violated the copyrights and demanded

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