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UNITED STATES DISTRICT COURT  
DISTRICT OF OREGON  
(PORTLAND DIVISION)

**KAWHI LEONARD.,**

Civil No. 3:19-cv-01586-MO

Plaintiff Counterclaim-Defendant,

v.

**NIKE, INC.,**

Defendant Counterclaimant.

**DEFENDANT AND  
COUNTERCLAIMANT NIKE,  
INC.'S MOTION FOR JUDGMENT  
ON THE PLEADINGS**

**ORAL ARGUMENT REQUESTED**

NIKE'S MOTION FOR JUDGMENT ON THE PLEADINGS

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## MOTION

Defendant and Counterclaimant NIKE, Inc. (“NIKE”) moves for judgment on the pleadings pursuant to Federal Rule of Civil Procedure 12(c) (“Motion”). NIKE’s Motion is based on: (1) the Complaint’s factual allegations and Plaintiff Counterclaim-Defendant Kawhi Leonard’s (“Leonard”) admissions in his Answer to NIKE’s Counterclaims; (2) the Men’s Pro Basketball Contract between NIKE and Leonard (“Contract”) referenced in the pleadings and annexed to NIKE’s counterclaims; and (3) well-settled copyright principles governing ownership of original works of authorship and authorized derivative works. No discovery is necessary to resolve NIKE’s Motion.

As detailed in the accompanying memorandum, as a matter of contract and copyright law NIKE exclusively owns the copyright in and to NIKE’s federally registered “Claw Design” (Reg. No. VA0002097900) (the “NIKE Copyright Registration”). The Court should therefore dismiss Leonard’s sole claim for relief, which seeks a judicial declaration that: (1) Leonard is the “sole author” of the Claw Design, (2) Leonard’s use of the Claw Design does not infringe any of NIKE’s intellectual property rights, and (3) NIKE defrauded the Copyright Office by registering the Claw Design.

In addition, because NIKE is the sole owner of the Claw Design, the Court should enter judgment in NIKE’s favor on NIKE’s: (1) First Claim for Relief, by declaring that NIKE owns the copyright in and to the Claw Design; (2) Second Claim for Relief, by finding that Leonard has infringed NIKE’s copyright in the Claw Design, which he admits to have reproduced without NIKE’s permission; (3) Third Claim for Relief, by cancelling Leonard’s fraudulent copyright registration covering NIKE’s Claw Design; (4) Fourth Claim for Relief, by finding that Leonard breached Paragraph 8 of the Contract by refusing to recognize NIKE’s ownership of the Claw



Design and by applying for federal trademark and copyright registrations covering the Claw Design; and (5) Fifth Claim for Relief, by finding that Leonard breached Paragraph 13(b) of the Contract by using, and asserting his intent to continue using, the Claw Design on unauthorized third-party merchandise.

Moreover, as the transferring court has resolved NIKE's Sixth Claim for Relief for breach of the Contract's forum selection clause as a result of Leonard's initiation of this litigation outside of Oregon, NIKE respectfully submits that a liability judgment be entered in its favor on this claim as well (with the extent of NIKE's damages to be determined, including, for example, NIKE's additional attorney's fees necessitated by Leonard's filing in the improper forum). *Digimarc Corp. v. Verance Corp.*, Civ. No. 10-1489-JE, 2011 WL 7077315, at \*12 (D. Or. Sept. 19, 2011), *adopted*, 2012 WL 183425 (D. Or. Jan. 23, 2012) ("If [Plaintiff] can establish that [Defendant] breached the Agreement by filing its action in Delaware, and that this breach caused it damages, I see no reason to deny recovery....In addition, as [Plaintiff] correctly notes, the record before the court includes evidence indicating that the filing of an action in Delaware required [Plaintiff] to engage additional counsel that would not have been needed if the action had been filed in Oregon.")

Pursuant to L.R. 7-1, NIKE's undersigned counsel certifies that she has conferred with Leonard's counsel before making this Motion, who indicated that Leonard will oppose it. In support of this Motion, Nike submits the following Memorandum of Points and Authorities.

## MEMORANDUM OF POINTS AND AUTHORITIES

### I. INTRODUCTION

This dispute turns on one simple fact: NIKE, not Kawhi Leonard, is the exclusive owner of a copyrighted work that NIKE created and used in connection with an endorsement deal between the company and the NBA player. The path to NIKE's ownership of that work, known as the "Claw Design," is straightforward. In 2011, NIKE and Leonard entered into a "Men's Pro Basketball Contract," which ran with extension from October 2011 through September 2018 (the "Contract"). The Contract, which Leonard signed, sets forth in unambiguous terms Leonard's acknowledgement of NIKE's ownership of all intellectual property created in connection with the Contract, whether created by Leonard or by NIKE. In connection with that Contract, NIKE's designers created the Claw Design that NIKE subsequently registered with the United States Copyright Office, referenced (but not imaged) in Leonard's Complaint (Compl. ¶¶ 20-29, Dkt. 1) and seen in NIKE's Counterclaims and below:

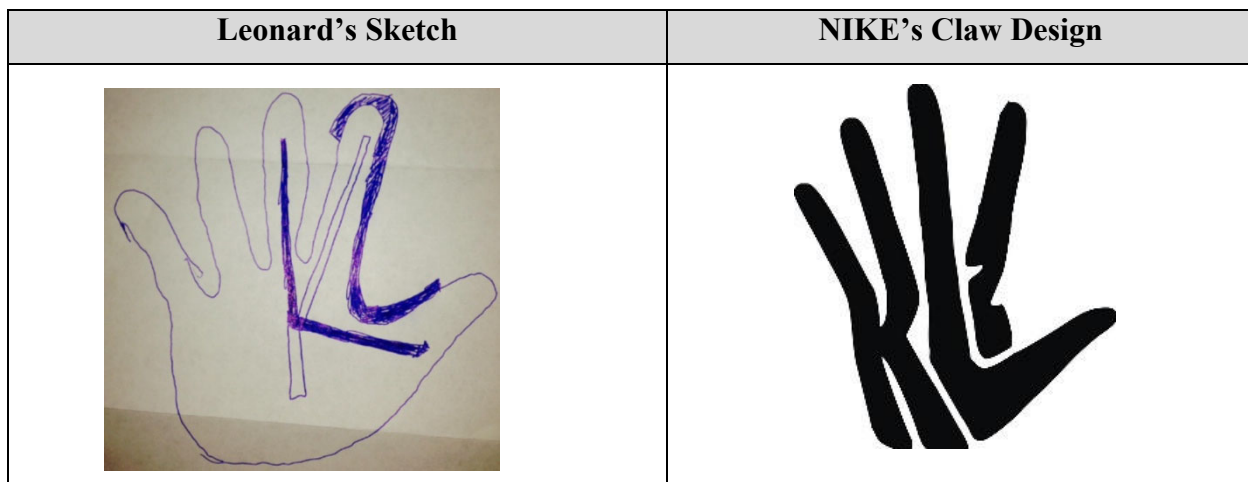


Because the parties agreed in the Contract that NIKE owns the Claw Design (*i.e.*, intellectual property created in connection with the Contract), and because NIKE's designers created it, the work belongs to NIKE as a matter of contract and copyright law.

Leonard nevertheless asserts that the Claw Design belongs to him and created a media sideshow during the NBA playoffs by suing NIKE for a declaration of copyright ownership and a finding that NIKE committed fraud on the Copyright Office. From the allegations in the

Complaint, it appears that Leonard believes his creation of a rough sketch communicating to NIKE an idea for the Claw Design somehow creates an ownership right in NIKE's work and allows him to disregard the Contract. As a matter of law, Leonard is wrong.

While Leonard did not create the Claw Design, NIKE does not dispute that he shared with NIKE during the design process his own sketch that incorporated a hand, the initials "KL", and the number "2," again referenced in but omitted from the Complaint, shown in NIKE's Counterclaim, and replicated on the left-hand side below:



Leonard purposefully conflates these two very distinct works, referring to both of them in his complaint as the "Leonard Logo." But the two images are obviously distinct, and this dispute is only about the Claw Design, not Leonard's sketch seen above – indeed, Leonard filed his own copyright application for the Claw Design after commencement of this dispute.

Registration activity aside, the facts alleged and admitted in Leonard's pleadings, the intellectual property ownership clause in the Contract, and well-settled principles of copyright law all conclusively demonstrate NIKE's ownership of the Claw Design. Because NIKE (not Leonard) exclusively owns all rights, title and interest in the Claw Design pursuant to the Contract and U.S. copyright law, Leonard's declaratory judgment claims seeking a declaration of

copyright ownership, noninfringement, and fraud in procuring the NIKE Copyright Registration must be dismissed. For the same reasons, the Court should enter judgment in NIKE’s favor on NIKE’s Counterclaims, by declaring that NIKE owns the copyright in the Claw Design and determining that Leonard has infringed NIKE’s copyright and breached the Contract by using the Claw Design on third-party merchandise without NIKE’s permission. The Court should also order cancellation of Leonard’s fraudulent copyright registration, and rule as a matter of law that Leonard breached the Contract by filing this suit and pursuing federal copyright and trademark registrations for the Claw Design, despite expressly acknowledging that NIKE exclusively owns all copyrights and logos created by NIKE *or* Leonard in connection with their endorsement deal.

## II. FACTUAL SUMMARY

The facts summarized below and relevant to this Motion are taken from Leonard’s Complaint (Dkt. 1), NIKE’s Answer and Counterclaims and the documents annexed thereto (Dkt. 16), and Leonard’s Answer to Defendant’s Counterclaims (Dkt. 26).

### A. The Parties’ Contract.

On October 26, 2011, NIKE entered into the Contract with Kawhi Leonard, LLC and its exclusive employee, Leonard. (*See* Compl. ¶ 20; Countercl. Ex. A.<sup>1</sup>) The Contract generally related to NIKE’s “use of [Leonard]’s personal services and expertise in the sport of professional basketball and [Leonard]’s endorsement of the NIKE brand and use of NIKE products.” (Countercl., Ex. A; *see* Compl. ¶ 22.) The “Contract Period” originally ran from October 1, 2011

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<sup>1</sup> NIKE’s Counterclaims attached the Contract as Exhibit A in redacted form. Redacted portions of the Contract include highly confidential and sensitive financial and commercial terms irrelevant to the instant Motion. The publicly filed, redacted version discloses the portions of the Contract relevant to the instant Motion and discussed therein. However, NIKE can file under seal or provide to the Court *in camera* an unredacted version of the Contract, should the Court wish to review the entire Contract in considering this Motion. NIKE is also in the process of drafting a proposed protective order.

to September 30, 2014. (Countercl., Ex. A § A; Compl. ¶ 21.) The Contract was subsequently extended and ultimately expired on September 30, 2018. (Compl. ¶ 21.)

The Contract annexed and incorporated NIKE's Standard Terms and Conditions ("Standard Terms"). (See Countercl., Ex. A.) Paragraph 8 of the Standard Terms, "Ownership of NIKE Marks, Designs, and Creatives," establishes NIKE as the sole owner of all logos and designs created by NIKE *or* Leonard in connection with the Contract. (*Id.* ¶ 8.) Specifically, in Paragraph 8 Leonard expressly "acknowledge[d] that NIKE exclusively owns all rights title and interest in and to the NIKE Marks and that NIKE shall exclusively own all rights, title and interest in and to any logos, trademarks, service marks, characters, personas, copyrights, shoe or other product designs, patents, trade secrets or other forms of intellectual property created by NIKE (and/or its agents), [Kawhi Leonard, LLC] or [Leonard] in connection with this Contract...". (*Id.* ¶ 8(a).) Paragraph 8 further obligates Leonard to "completely cooperate with NIKE in its efforts to obtain and maintain protection for such right, title and interest,...". (*Id.* ¶ 8(b).)

Through the Standard Terms, Leonard also "represent[ed], warrant[ed] and covenant[ed]" that "[n]either [Kawhi Leonard, LLC] nor [Leonard] shall permit, or authorize, any third-party licensee of theirs to use any NIKE Marks or condone any licensee's unauthorized use thereof." (*Id.* ¶ 13(b).) The Standard Terms define "NIKE Marks" as "the NIKE name, the Swoosh Design, the NIKE AIR Design, the Basketball Player Silhouette ('Jumpman') Design or any other trademarks or brands...now or hereafter owned and/or controlled by NIKE." (*Id.* ¶ 1(d).)

The Standard Terms also include an "Entire Contract" clause, which provides: "This Contract shall constitute the entire understanding between CONSULTANT and NIKE and may not be altered or modified except by a written agreement, signed by both parties." (*Id.* ¶ 22.)

Finally, the Standard Terms contain a choice of law and forum selection clause, which states that the “Contract shall be governed and construed in accordance with the laws of the State of Oregon and..., any suit or action arising hereunder shall be filed in a Court of competent jurisdiction within the State of Oregon.” (*Id.* ¶ 21.)

**B. NIKE’s Creation and Development of the Claw Design.**

Leonard alleges that “[s]ince at least his college years [he] contemplated and conceived of ideas for a personal logo” and that he “refined” this so-called “Leonard Logo” during the contract term “[i]n late December 2011 or January 2012.” (Compl. ¶¶ 17-18; *see* Countercl., Ex. A at § A.) Leonard further alleges that he “forwarded to [NIKE] the Leonard Logo.” (Compl. ¶ 25.) While Leonard does not provide an image of the Leonard Logo in his complaint, NIKE’s counterclaims included an image of the work that Leonard forwarded to NIKE during the Contract term, which Leonard admitted: (Countercl. ¶ 26; Countercl. Answer ¶ 26):



According to Leonard, NIKE “modified” the Leonard Logo he provided to NIKE, and NIKE produced multiple rounds of design proposals reflecting such modifications in Spring and Summer 2014. (Compl. ¶¶ 26-28.) Leonard alleges that, in June 2014, he ultimately “accepted” one of NIKE’s design proposals “based upon the Leonard Logo.” (*Id.* ¶ 29.) Furthermore, Leonard admits that NIKE affixed the Claw Design to NIKE merchandise that Leonard wore and endorsed in connection with the Contract. (Countercl. ¶ 29; Countercl. Answer ¶ 29.)

On or around October 29, 2014, sneaker industry publication *Nice Kicks* published an article relating to a reveal of the Claw Design on Jordan Brand goods. (*See* Countercl., Exs. C, D.) This article, which, as per Leonard, “speaks for itself” (Countercl. Answer ¶ 34), attributes to Leonard the following interview statements (*see* Countercl. ¶ 34, Exs. C, D):

I came up with the idea of incorporating my initials in this logo ... I drew up the rough draft, sent it over and they (Jordan Brand) made it perfect ... I give the Jordan Brand team all the credit because I’m no artist at all ... They refined it and made it look better than I thought it would ever be, and I’m extremely happy with the final version.<sup>2</sup>

Despite all of the facts alleged and admitted by Leonard, Leonard also alleges in conclusory fashion that the NIKE Copyright Registration for the Claw Design covers the “Leonard Logo” he provided to NIKE. (*See* Compl. ¶¶ 18, 37.) Leonard thus conflates in his pleading the rough, hand-drawn sketch that Leonard “forwarded to NIKE” (*id.* ¶ 25) and the Claw Design that NIKE developed in connection with the Contract (and subsequently registered for copyright), by referring to both as the “Leonard Logo.” (*Id.* ¶¶ 18, 39-41, 56.) This is intentionally misleading. The Claw Design is the work created by NIKE and protected by the NIKE Copyright Registration. The “Leonard Logo” is Leonard’s rough, hand-drawn sketch. These designs are not one and the same, and Leonard’s sweeping use of the term “Leonard Logo” to capture both is demonstrably false and contradicted by Leonard’s own allegations that NIKE “modified” the rough sketch he provided, that NIKE produced multiple rounds of design proposals reflecting such modifications, and that Leonard ultimately “accepted” one such design proposal in June 2014 “*based upon* the Leonard Logo” (but *not* the so-called “Leonard Logo” itself). (*Id.* ¶¶ 24-29 (emphasis added).) In any event, Leonard admits that the “Rough Sketch”

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<sup>2</sup> While Leonard did not expressly deny that he made the statements that appeared in the *Nice Kicks* article annexed to NIKE’s pleading, NIKE is not relying on those comments in connection with this Motion.

shown above is the image he provided to NIKE and that the “modified” Claw Design is what NIKE ultimately affixed to NIKE merchandise that Leonard wore and endorsed. (Countercl. ¶¶ 26, 29; Countercl. Answer ¶¶ 26, 29.)

**C. The Parties’ Registration Activities.**

On May 11, 2017, NIKE applied for and obtained the NIKE Copyright Registration for the Claw Design. (Countercl., Ex. B.) Despite Leonard’s express acknowledgement in the Contract that NIKE owns all intellectual property rights in the designs and logos created by NIKE *or* Leonard in connection with the Contract (*id.* at Ex. A ¶ 8), and the fact that Leonard did not create the Claw Design, Leonard filed trademark and copyright applications to register the Claw Design in his name. For example, on or around November 9, 2017, Leonard filed a trademark application for the Claw Design with the United States Patent and Trademark Office (“USPTO”), which issued as Registration No. 5,608,427 (the “‘427 Reg.”) on or around November 13, 2018.<sup>3</sup> (Countercl. ¶ 37; Countercl. Answer ¶ 37.) In addition, on or around June 3, 2019, Leonard filed an application with the U.S. Copyright Office to register a work titled “Kawhi Leonard Logo,” which has been granted registration as Reg. No. VA0002153704 (the “Leonard Copyright Registration”). (*See* Countercl. ¶¶ 37-41; Countercl. Answer ¶¶ 37-41.) The Leonard Copyright Registration covers the exact same Claw Design covered by the NIKE Copyright Registration. (Countercl. ¶ 41; Countercl. Answer ¶ 41.)

**D. Leonard’s Claims and NIKE’s Counterclaims.**

On June 3, 2019, several months after the parties exchanged pre-suit correspondence,

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<sup>3</sup> While not germane to the Motion but to apprise the Court on registration-related activity, on July 17, 2019, NIKE petitioned to cancel Leonard’s ‘427 Reg. Leonard defaulted on his answer, and the USPTO granted NIKE’s petition on November 4, 2019 and ordered Leonard’s ‘427 Reg. cancelled on November 25, 2019.



Leonard filed his Complaint against NIKE in the Southern District of California. (*See* Compl.; Countercl. ¶¶ 44-45; Countercl. Answer ¶¶ 44-45.) Through the Complaint, Leonard seeks the following judicial declarations: (i) Leonard is the sole author of the Claw Design; (ii) Leonard’s use of the Claw Design does not infringe any of NIKE’s intellectual property rights; and (iii) NIKE committed fraud on the Copyright Office in registering the Nike Copyright Registration covering the Claw Design. (Compl. ¶ 56.) In the Complaint, Leonard also asserts that he “intends in the near future to use the [Claw Design] on apparel and footwear that he is actively developing and intends to bring to market and to affix on items he intends to distribute in connection with sports camps and charity events, and to affix on other products to be determined.” (Compl. ¶¶ 44, 4.)

On July 17, 2019, NIKE filed its Answer and Counterclaims, seeking a declaration that NIKE, not Leonard, is the exclusive owner of the registered Claw Design created in connection with the Contract. (Countercl. ¶¶ 49-56.) NIKE also counterclaims for willful copyright infringement and breach of Paragraph 13(b) of the Contract, based on Leonard’s unauthorized reproduction of NIKE’s registered Claw Design and his manifest intent to commercially exploit NIKE’s Claw Design on third-party merchandise without NIKE’s permission. (*Id.* ¶¶ 58-63, 81-86, Ex. A ¶ 13(b).) In addition, NIKE counterclaims for breach of Paragraph 8 of the Contract, based on Leonard’s refusal to recognize NIKE’s ownership rights in the Claw Design that he expressly acknowledged and pursuing copyright and trademark registrations for the Claw Design. (Countercl. ¶¶ 74-79, Ex. A ¶ 8.) Finally, Nike counterclaims for cancellation of the Leonard Copyright Registration, due to Leonard’s knowingly false and fraudulent representation to the Copyright Office that he authored NIKE’s Claw Design (*See id.*, ¶¶ 68-72.)

Leonard filed his Answer to NIKE’s Counterclaims on August 28, 2019. (Dkt. 26.)

**E. Transfer to this Forum.**

On July 17, 2019, NIKE moved to transfer this action from the Southern District of California to this District, based on the Contract’s Oregon forum selection clause. (Dkt. 17.) The California district court granted NIKE’s transfer motion on October 3, 2019, and the action was reassigned to this Court. In granting NIKE’s motion, Judge Bashant reasoned:

[T]he dispute is clearly over the use and ownership of the finalized copyrighted logo....[T]he Court finds that this suit ‘arises under’ the Nike Agreement, as the whole point of the Complaint is to seek a declaration as to who owns the copyrighted logo, which was ultimately created and copyrighted during the term of the Nike Agreement. Leonard is disputing that Nike had the right to copyright the logo, and Nike believes it had the right per the Nike Agreement. This dispute cannot be resolved without reference to the Nike Agreement and its intellectual property provision.

(Dkt. 30-1 at 6.)

**III. LEGAL STANDARD FOR RULE 12(C) MOTIONS**

Fed. R. Civ. P. 12(c) governs motions for judgment on the pleadings and provides that “[a]fter the pleadings are closed—but early enough not to delay trial—a party may move for judgment on the pleadings.” Fed. R. Civ. P. 12(c). “Judgment on the pleadings is proper when the moving party clearly establishes on the face of the pleadings that no material issue of fact remains to be resolved and that it is entitled to judgment as a matter of law[.]” *Hal Roach Studios, Inc. v. Richard Feiner & Co.*, 896 F.2d 1542, 1550 (9th Cir. 1989).

A Rule 12(c) “motion for judgment on the pleadings faces the same test as a motion under Rule 12(b)(6).” *McGlinchy v. Shell Chem. Co.*, 845 F.2d 802, 810 (9th Cir. 1988). The allegations of the non-moving party are credited as true, while those allegations of the moving party which have been denied are deemed false for purposes of the motion. *Hal Roach Studios*, 896 F.2d at 1550; *e-Tool Dev., Inc. v. Maxim Integrated Prod., Inc.*, No. 17-cv-720-PK, 2018

WL 2209787, at \*7 (D. Or. Jan. 11, 2018), *adopted*, 2018 WL 2208428 (D. Or. May 14, 2018). However, where documents relied on contradict allegations in the non-movant’s pleading, the documents control. *Stackman v. Hart Brewing, Inc.*, 143 F.3d 1293, 1295-96 (9th Cir. 1998) (“[W]e are not required to accept as true conclusory allegations which are contradicted by documents referred to in the complaint.”). Thus, judgment on the pleadings is appropriate where the moving party is entitled to judgment as a matter of law assuming the truth of all admitted allegations and of undisputed facts contained in documents incorporated by reference into the pleadings. *Id.* (citing *Hal Roach Studios*, 896 F.2d at 1550).

“It is well-settled that materials properly attached as exhibits to the complaint and matters that are subject to judicial notice may ... be considered in evaluating a motion for judgment on the pleadings.” *Thomas v. Fin. Recovery Servs.*, No. 12-1339 PSG, 2013 WL 387968, \*2 (C.D. Cal. Jan. 31, 2013) (citing *Amfac Mortg. Corp. v. Ariz. Mall of Tempe, Inc.*, 583 F.2d 426, 429–30 & n. 2 (9th Cir. 1978)). Moreover, courts may resolve issues of contract interpretation on a Rule 12 motion when the contract has been made part of the pleadings and is determined to be clear and unambiguous. *Ellsworth v. U.S. Bank, N.A.*, 908 F. Supp. 2d 1063, 1084 (N.D. Cal. 2012); *Monaco v. Bear Stearns Residential Mortg. Corp.*, 554 F. Supp. 2d 1034, 1040 (C.D. Cal. 2008).

#### IV. ARGUMENT

##### A. NIKE is the Sole Owner of the Copyright in the Claw Design.

(Leonard’s and NIKE’s First Claims For Relief)

NIKE and Leonard seek competing declarations concerning ownership of the Claw Design. The Declaratory Judgment Act, 28 U.S.C. § 2201 “may be employed to determine the rights and liabilities of the parties to an existing contract and to procure a judicial interpretation

of the provisions thereof as applicable to the parties.” *Western Ass’n of Lumbermen & Loggers v. Krug*, 79 F. Supp. 344, 347 (D. Or. 1948). The Court has discretion to enter a declaratory judgment if it “will serve a useful purpose in clarifying and settling the legal relations between the parties, and whether it will terminate the controversy.” *Los Angeles County Bar Ass’n v. EU*, 979 F.2d 697, 703-04 (9th Cir. 1992).

**1) The Contract’s Interpretation is a Question of Law.**

Under Oregon law, which governs the Contract, the interpretation of a contract is initially a question of law for the court. *U.S. Fid. & Guar. Co. v. Stanley Contracting, Inc.*, 396 F. Supp. 2d 1157, 1168 (D. Or. 2005) (citing *Hoffman Construction Co. v. Fred S. James & Co.*, 313 Or. 464, 469, 836 P.2d 703 (1992)). “To interpret a contractual provision, ... [f]irst, the court examines the text of the disputed provision, in the context of the document as a whole.” *Yogman v. Parrott*, 325 Or. 358, 361, 937 P.2d 1019 (1997). “If the provision is clear, the analysis ends.” *Id.* In making this determination, courts inquire whether the provision at issue is ambiguous. *Id.* Whether contract terms are ambiguous is a legal question. *Id.* Absent any ambiguity, the court construes the words of a contract as a matter of law. *Id.* A contract or term is unambiguous if it has only one sensible and reasonable interpretation. *U.S. Fid. & Guar. Co.*, 396 F. Supp. 2d at 1168; *D & D Co. v. Kaufman*, 139 Or. App. 459, 462, 912 P.2d 411 (1996).

**2) NIKE Owns the Claw Design Under the Contract’s Unambiguous Terms.**

In Paragraph 8 of the Contract Leonard agreed that NIKE owns the Claw Design:

OWNERSHIP OF NIKE MARKS, DESIGNS & CREATIVES. [Kawhi Leonard, LLC] (a) acknowledges that NIKE exclusively owns all rights, title and interest in and to the NIKE Marks and that NIKE shall exclusively own all rights, title and interest in and to any logos, trademarks, service marks, characters, personas, copyrights, shoe or other product designs, patents, trade secrets or other forms of intellectual

property created by NIKE (and/or its agents), [Kawhi Leonard, LLC] or [Kawhi Leonard] in connection with this Contract;...

(Countercl., Ex. A ¶ 8.) The above contractual language is open to only one reasonable and logical interpretation: if a logo or copyright, like the Claw Design, was created by NIKE *or* Leonard “in connection with” the Contract, then NIKE exclusively owns it.

As the transferring court already recognized, the Claw Design was created during the Contract term, and the pleadings conclusively establish that the Claw Design was created “in connection with [the] Contract.” (*See* Dkt. 30-1 at 6.) Leonard alleges that he prepared the “Leonard Logo” sent to NIKE “[i]n late December 2011 or January 2012,” indisputably during the Contract term. (Compl. ¶ 18.) Leonard also alleges that he “forwarded to Nike the Leonard Logo” in connection with NIKE’s “discussions with Leonard about creating a unique logo to affix to merchandise to be sold under the [Contract].” (*Id.* ¶¶ 23, 25.) Leonard further admits to sending NIKE the following image, “[d]uring the term of the Contract”:



(Countercl. ¶ 26; Countercl. Answer ¶ 26.)

Leonard asserts that NIKE “modified” the sketch that Leonard forwarded to NIKE (referring to it as the “Leonard Logo”), and that NIKE submitted to Leonard several design proposals between Spring and Summer of 2014. (Compl. ¶¶ 26-29.) Leonard alleges that he “accepted” one of NIKE’s June 2014 design proposals “*based* upon the Leonard Logo” (but not the so-called “Leonard Logo” itself). (*Id.* ¶ 29) (emphasis added.)

Leonard further alleges that this “accepted” design was affixed “on NIKE merchandise during the term of the [Contract].” (*Id.*; *see* Countercl. Answer ¶ 29.) By Leonard’s own admission, the image shown below—not Leonard’s “rough draft” reproduced above—was the logo affixed to NIKE merchandise during the Contract term (*id.* ¶ 29; Countercl. Answer ¶ 29):



By Leonard’s own allegations, there is no factual dispute that the Claw Design affixed to NIKE merchandise was created in connection with the Contract. Accordingly, NIKE exclusively owns the copyright in and to the Claw Design under Paragraph 8’s unambiguous intellectual property ownership provisions, and NIKE has “clearly establishe[d] on the face of the pleadings that no material issue of fact remains to be resolved and that it is entitled to judgment as a matter of law” on its copyright ownership claim. *Hal Roach Studios*, 896 F.2d at 1550; *Crafty Prods., Inc. v. Fuqing Sanxing Crafts Co.*, No. 15-cv-719-BAS, 2016 WL 5720682, at \*5 (S.D. Cal. Sept. 29, 2016) (rejecting allegations of copyright ownership in conflict with an annexed IP ownership agreement).

For this reason alone, NIKE owns the Claw Design. Even absent the Contract, however, NIKE is the rightful owner of the Claw Design as a matter of copyright law.

**3) NIKE Exclusively Owns the Claw Design as a Matter of Copyright Law, Even Absent the Contract’s Unambiguous Ownership Terms.**

**1. NIKE, not Leonard, Originally Authored the Claw Design.**

“[C]opyright ownership ‘vests initially in the author or authors of the work,’ which is generally the creator of the copyrighted work.” *U.S. Auto Parts Network, Inc. v. Parts Geek, LLC*, 692 F.3d 1009, 1015 (9th Cir. 2012) (quoting 17 U.S.C. § 201(a)). Aside from its author, a copyrightable work may be owned by those who employ or commission qualified works-made-for-hire, or an assignee or exclusive licensee of the copyright. *See Warren v. Fox Family Worldwide, Inc.*, 328 F.3d 1136, 1140 (9th Cir. 2003) (“[I]f the work is made for hire, ‘the employer or other person for whom the work was prepared is considered the author ..., and, unless the parties have expressly agreed otherwise in a written instrument signed by them, owns all the rights in the copyright.’”) (quoting 17 U.S.C. § 201(b)); *Fathers & Daughters Nevada, LLC v. Lingfu Zhang*, 284 F. Supp. 3d 1160, 1164 (D. Or. 2018) (“an owner of a copyright can transfer ownership of a copyright via an assignment or an exclusive license and both constitute a transfer of copyright ownership”) (internal quotations and citation omitted).

Leonard does not, and cannot, allege to have authored the Claw Design embodied in the NIKE Copyright Registration, but rather alleges that he created the rough draft that he “forwarded” to NIKE in connection with the iterative logo development process. (*See* Compl. ¶ 25; Countercl. ¶ 26; Countercl. Answer ¶ 26.) By Leonard’s own admissions, and putting aside Leonard’s intentional conflation of his rough sketch with the Claw Design, the Claw Design created by NIKE and affixed to NIKE merchandise was not authored by Leonard and shared with NIKE; in fact, the opposite is true. (Compl. ¶¶ 25-29; Countercl. ¶¶ 26, 29; Countercl. Answer ¶¶ 26, 29.) Leonard thus does not own the Claw Design as a result of authorship in the work; NIKE does.

**2. The Claw Design Does Not Borrow Any Protectable Elements of Expression from the Leonard Sketch.**

Should Leonard attempt to avoid judgment on copyright authorship by claiming that the Claw Design belongs to him because, while created by NIKE, it copied elements from his rough sketch, any such argument would be futile.

Accepting the Complaint’s allegations as true for the purposes of this Motion, Leonard at best conveyed to NIKE a rough sketch communicating an idea for the Claw Design, and exercised some approval rights over the final logo in performance of the Contract. (*See* Compl. ¶¶ 25-29.) But these alleged facts cannot establish Leonard as the “sole author,” let alone a co-owner, of the expressive work covered by the NIKE Copyright Registration. *See S.O.S., Inc. v. Payday, Inc.*, 886 F.2d 1081, 1087 (9th Cir. 1989) (recognizing that to qualify as a copyright joint author and co-owner, one must supply “more than mere direction or ideas”).

It is black-letter law that copyright only protects a particular *expression* of an idea, and not the idea itself. *Mattel, Inc. v. MGA Entm’t, Inc.*, 616 F.3d 904, 913 (9th Cir. 2010) (“Assuming that Mattel owns Bryant’s preliminary drawings and sculpt, its copyrights in the works would cover only its particular expression of the bratty-doll idea, not the idea itself... Otherwise, the first person to express any idea would have a monopoly over it.”); *Shaw v. Lindheim*, 919 F.2d 1353, 1356 (9th Cir. 1990) (“Copyright law protects an author’s expression; facts and ideas within a work are not protected”); *Herbert Rosenthal Jewelry Corp. v. Kalpakian*, 446 F.2d 738, 741 (9th Cir. 1971). Leonard cannot credibly dispute that NIKE’s design team created the particular artistic expression embodied in the NIKE Copyright Registration, and Leonard’s alleged creation of the rough sketch referred to loosely as the “Leonard Logo” does not create an issue of fact with respect to Leonard’s alleged rights to the final Claw Design. This is because any purported similarities between NIKE’s registered Claw Design and Leonard’s



rough draft “flow directly from the basic premise” of a hand incorporating the letters “K” and “L” and number “2.” *Shame on You Prods, Inc. v Banks*, 120 F. Supp. 3d 1123, 1150 (C.D. Cal. 2015), *aff’d* 690 F. App’x 519 (9th Cir. 2017). In other words, Leonard’s “rough draft” sketch “does not confer a monopoly on that general ‘idea’ or ‘concept,’” and Leonard cannot prohibit others from designing a hand comprised partially of a “K,” “L” and “2.” *Rentmeester v. Nike, Inc.*, 883 F.3d 1111, 1121 (9th Cir. 2018) (“The two photos are undeniably similar in the subject matter they depict: Both capture Michael Jordan in a leaping pose inspired by ballet’s *grand jeté*. But Rentmeester’s copyright does not confer a monopoly on that general ‘idea’ or ‘concept’; he cannot prohibit other photographers from taking their own photos of Jordan in a leaping, *grand jeté*-inspired pose.”); *Mattel*, 616 F.3d at 913; *see Mattel, Inc. v. MGA Entm’t, Inc.*, 782 F. Supp. 2d 911, 948 (C.D. Cal. 2011) (“The oversized head, protrusive lips, and diminished nose found in Bryant’s sketches are not original elements.”).

As evidenced by the above side-by-side comparison (*see* Section I), the Claw Design does not share any of Leonard’s “creative choices in the selection and arrangement of the elements” contained in his rough draft sent to NIKE. *Rentmeester*, 883 F.3d at 1121. Some of the substantial dissimilarities between NIKE’s Claw Design and Leonard’s rough draft include the shape of each hand, the dimensions of each hand, and the fact that in the Claw Design the “outline” of the hand is not one complete line drawing as it is in Leonard’s rough sketch but is rather broken down into three discrete components. In particular:

- In the Claw Design, the “K” is created out of the pinky and ring fingers; in Leonard’s rough sketch, the “K” is draw onto the palm;

- In the Claw Design, the “L” is created out of the middle finger and thumb; in Leonard’s rough sketch, the “L” is created by darkening two lines of the “K” that is drawn onto the palm;
- In the Claw Design, the index finger is shaped as an abstract “2”; in Leonard’s rough sketch, the “2” is superimposed on the outline of the index finger and thumb.

NIKE’s design team thus “made choices regarding selection and arrangement that produced an image unmistakably different from [Leonard’s sketch] in material details.” *Id.* at 1122.

Accordingly, NIKE’s Claw Design is a work of entirely different expression that shares only a similar underlying and unprotectable idea with the image Leonard sent to NIKE. This shared idea cannot be the basis for a copyright ownership claim.

### **3. Even If The Claw Design Were Deemed A Derivative Of The Leonard Logo, Ownership Would Vest With NIKE.**

Finally, any argument that the Claw Design belongs to Leonard because it is derivative of the Leonard Logo would also fail. A “derivative work” is “a work based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, condensation, or any other form in which a work may be recast, transformed, or adapted.” 17 U.S.C. § 101. NIKE’s Claw Design is not a derivative of Leonard’s rough sketch because, as discussed in the preceding section, the only similarities between the two images derive from the use of an unprotectable idea. *See Mestre v. Vivendi Universal U.S. Holding Co.*, No. 04-cv-442 MO, 2005 WL 1959295, at \*6 (D. Or. Aug. 15, 2005) (“Similarities derived from the use of common ideas cannot be protected.”); *see also, e.g., Ets-Hokin v. Skyy Spirits, Inc.*, 225 F.3d 1068, 1071 (9th Cir. 2000) (“[T]he district court erred in analyzing this case through the lens of derivative copyright. The

photographs at issue cannot be derivative works because the vodka bottle-the alleged underlying work-is not itself subject to copyright protection.”).

But even assuming *arguendo* that the Claw Design qualifies as a derivative work, Leonard’s pleading establishes that NIKE’s Claw Design was fully authorized by Leonard after he shared his sketch. (*See* Compl. ¶¶ 25-29.) Specifically, Leonard alleges that NIKE’s design team “modified” the “Leonard Logo” with Leonard’s knowledge and permission to create the Claw Design during the Contract term. (Compl. ¶¶ 23-29.) Leonard further alleges that NIKE’s design proposal that he ultimately “approved” was “based on the Leonard Logo.” (*Id.* ¶ 29.) These allegations entirely refute Leonard’s contention that he authored the Claw Design (*see id.* at ¶ 56), and, at the most, establish that the Claw Design is an authorized derivative work.

While “[a] copyright owner also has the exclusive right to ‘authorize others to prepare derivative works based on their copyrighted works,’” the creator of an authorized derivative work has a copyright claim to the original, non-trivial aspects of the work that the derivative creator contributed. *DC Comics v. Towle*, 802 F.3d 1012, 1023 (9th Cir. 2015) (quoting *Lewis Galoob Toys, Inc. v. Nintendo of Am., Inc.*, 964 F.2d 965, 967 (9th Cir. 1992)); *see U.S. Auto Parts*, 692 F.3d at 1019. Accordingly, even if the Claw Design were considered derivative of the rough sketch “Leonard Logo,” NIKE would own the non-trivial, “original aspects” that NIKE contributed to the Claw Design. *See U.S. Auto Parts*, 692 F.3d at 1019. As discussed in the previous section, NIKE’s artistic contributions to the Claw Design as compared to the rough sketch “Leonard Logo” were substantial and non-trivial. NIKE thus owns its creative contributions embodied in the Claw Design, such as the distinctive design, shape, style, angle and arrangement the hand and fingers, the letters “K” and “L,” and the number “2”.

In sum, even if NIKE's registered Claw Design were deemed a derivative work of Leonard's rough draft, NIKE indisputably created such derivative work with Leonard's authorization. The last path to Leonard's ownership claim is therefore foreclosed.

**B. Leonard Admits To Infringing NIKE's Copyright in the Claw Design.**

(Leonard's First Claim for Relief and NIKE's Second Claim For Relief)

To succeed on its copyright infringement claim, NIKE must prove (1) ownership of a valid copyright; and (2) unauthorized copying of protectable material. *See Feist Publ'ns, Inc. v. Rural Tel. Serv. Co., Inc.*, 499 U.S. 340, 361 (1991). As detailed herein, NIKE indisputably owns the NIKE Copyright Registration. (*See* Compl. ¶¶ 36-38; Countercl. ¶¶ 5, 35 Ex. B; Countercl. Answer ¶ 35.) And there is no dispute that the registered Claw Design is sufficiently original to qualify for copyright protection. (Countercl. ¶ 35, Ex. B; Countercl. Answer ¶ 35.) To the contrary, Leonard himself pursued a copyright registration for the exact same Claw Design. (Countercl. Answer ¶¶ 40-41.)

NIKE's sole ownership of the registered Claw Design coupled with Leonard's allegations that he is actively using and plans to make additional and imminent use of the Claw Design conclusively resolves NIKE's claim for copyright infringement. *See Morris v. Young*, 925 F. Supp. 2d 1078, 1084 (C.D. Cal. 2013) (finding copyright infringement as a matter of law where "no material dispute of fact exists as to [Plaintiff's] ownership of a valid copyright" and Defendant's admissions "show[] that Defendant copied the [copyrighted work]."); *Societe Civile Succe v. Beseder Inc.*, 2:03-cv-01310 (D. Ariz. Sep. 8, 2005), Order at 10-11 (ECF. No. 291) ("find[ing] that Plaintiff has established a claim for copyright infringement" as a matter of law where "Plaintiff's Complaint allege[d] that Defendants have reproduced, displayed and sold copies of the copyright-protected [work]" and where "Defendants [did] not den[y] these

allegations,” but rather raised meritless arguments concerning copyright ownership and validity); *see also Rogers v. Koons*, 960 F.2d 301, 308 (2d Cir. 1992) (“Because of [Defendants’] extensive use of the same expression of the idea that [Plaintiff] created, it was properly held that he ‘copied’ the protected features of the original. No genuine issue of material fact exists with respect to this finding.”)

In particular, Leonard has admittedly “use[d] the [Claw Design] on non-Nike goods, including apparel and merchandise used for basketball camps, appearances and charity events.” (Compl. ¶ 34.) Moreover, Leonard “intends to use the [Claw Design] on clothing lines, footwear and on other products and, among other things, in connection with sports camps and charity functions.” (*Id.* ¶ 4.) Leonard further asserts that he “intends in the near future to use the Leonard Logo on apparel and footwear that he is actively developing and intends to bring to market and to affix on items he intends to distribute in connection with sports camps and charity events, and to affix on other products to be determined.” (*Id.* ¶ 44.)

Given Leonard’s admitted use of the Claw Design on third-party manufactured merchandise without NIKE’s authorization, as well as his active efforts and manifest intent to continue doing so, there is no genuine dispute that Leonard directly copied NIKE’s registered Claw Design or that the work Leonard has reproduced and continues reproducing without authorization on non-NIKE goods is substantially similar to NIKE’s registered Claw Design—they are exactly the same. *See Michael Grecco Prods., Inc. v. Valuwalk, LLC*, 345 F. Supp. 3d 482, 502 (S.D.N.Y. 2018) (“There is no material issue of fact on the issue of [Defendant’s] infringement because a reasonable jury comparing the works ‘could only reach one inescapable conclusion: the images are substantially similar because they are exact copies.’”) (quoting *Jackson v. Odenat*, 9 F.Supp.3d 342, 352 (S.D.N.Y. 2014)). Moreover, “[Leonard’s] answer

makes no claim that [NIKE] ever authorized [Leonard] to use the copyrighted [Claw Design]” after the Contract term. *Jackson*, 9 F. Supp. 3d at 352. To the contrary, soon after the Contract’s September 30, 2018 expiration, Leonard admits that, in December 2018, NIKE notified Leonard that his continued use of the Claw Design on non-NIKE merchandise was unauthorized. (See Countercl. Answer ¶ 44.) NIKE accordingly is entitled to judgment as a matter of law on its copyright infringement claim. *See Morris*, 925 F. Supp. at 1078; *Michael Grecco Prods.*, 345 F. Supp. 3d at 502; *Jackson*, 9 F. Supp. 3d at 352; *see also Playboy Enterprises, Inc. v. Starware Pub. Corp.*, 900 F. Supp. 433, 438 (S.D. Fla. 1995) (concluding based on undisputed facts that Defendant’s “unauthorized distribution and reproduction of [Plaintiff’s] copyrighted material is copyright infringement as a matter of law”).

Relatedly, Leonard’s request for a declaration that his use of NIKE’s registered Claw Design does not infringe any rights of NIKE must be dismissed, and the only remaining issue to resolve on NIKE’s copyright infringement claim is NIKE’s damages.

**C. The NIKE Copyright Registration is Valid and Leonard’s Fraudulent Claw Design Registration Should be Cancelled.**

(Leonard’s First Claim for Relief and NIKE’s Third Claim For Relief)

Because NIKE is the exclusive owner of the Claw Design under both the Contract and Copyright Act (*see* Section IV.A, *supra*), the NIKE Copyright Registration is valid and was not procured by fraud. Because Leonard’s fraud claim is premised on his purported ownership of the Claw Design, the claim fails, and must be dismissed. *See Societe Civile Succe, supra*, ECF No. 291 at 10 (ruling as a matter of law that Plaintiff’s “copyrights were not obtained by fraud on the copyright office” where allegedly false statement was found to be accurate).

Leonard, on the other hand, cannot avoid a judicial declaration invalidating his fraudulently procured registration. The pleadings establish that Leonard knowingly

misrepresented to the Copyright Office that he authored the Claw Design in obtaining the Leonard Copyright Registration, as Leonard admits that he entered into the Contract acknowledging NIKE's exclusive ownership rights and that the work he allegedly created and forwarded to NIKE is *not* the Claw Design created by NIKE's designers, ultimately affixed to NIKE Merchandise, and registered by NIKE. (Compl. ¶¶ 20-21, 25-29; Countercl. ¶¶ 26, 29, Ex. A ¶ 8; Countercl. Answer ¶¶ 26, 29). Thus, there is no question that Leonard knew that he was not, in fact, the author of the Claw Design, but knowingly lied to the Copyright Office in order to obtain a registration anyway. The Court should therefore find that, by Leonard's own admissions, the Leonard Copyright Registration was fraudulently obtained and is therefore invalid. *See Sorenson v. Wolfson*, 96 F. Supp. 3d 347, 364 (S.D.N.Y. 2015) (“[A]uthorship is a *sine qua non* for any claim of copyright.... Had the Copyright Office known that Ernst prepared and created the plans...the Copyright Office would not have granted Sorenson a copyright registration.”) (internal citation omitted); *R. Ready Prods., Inc. v. Cantrell*, 85 F. Supp. 2d 672, 691–92 (S.D. Tex. 2000) (“The Court finds that Ready's employment with Presidential and his access to the prior works of both The Ritz Corporation and Presidential leads inescapably to a finding that Ready knowingly failed to advise the Copyright Office of material facts. This constitutes inequitable conduct that invalidates Plaintiffs' copyrights.”)

Fraud aside, the Leonard Copyright Registration must be declared invalid since NIKE, not Leonard, owns and originally authored the Claw Design (for all the reasons explained in Section IV.A above). The “error” in Leonard's application, identifying himself as the author of the Claw Design, is not a minor clerical error made by mistake. *Gold Value Int'l Textile, Inc. v. Sanctuary Clothing, LLC*, No. 16-cv-00339, 2017 WL 3477746, at \*11 (C.D. Cal. May 12, 2017) (“when a mistake is inadvertent, a clerical error or made in good faith, *i.e.*, when an error is made

without knowledge that it was inaccurate, then it will not result in the invalidation of the registration, absent a showing of fraud on the Copyright Office.”) Rather, this inaccuracy is a fundamental registration error that Leonard made knowingly, which, “if known, would have caused the Register of Copyrights to refuse registration.” *Id.* (quoting 17 U.S.C. § 411(b)(1)). Leonard cannot dispute that he knowingly provided this authorship misinformation. Indeed, he filed his copyright application on or around the same day as his Complaint, in which Leonard admits that NIKE’s design team authored the Claw Design that Leonard sought to register. (Compl. ¶¶ 25-29; *see also* Countercl. Answer ¶ 41.) Because this was not a “minor technical error,” the Leonard Copyright Registration’s invalidity can be “appropriately dealt with by ascertaining whether the registration should have issued in the first place, and that analysis does not require a showing of fraud.” *Family Dollar Stores, Inc. v. United Fabrics Int’l, Inc.*, 896 F. Supp. 2d 223, 233 (S.D.N.Y. 2012) (citing *L.A. Printex Indus., Inc. v. Aeropostale*, 466 F. App’x. 590 (9th Cir. 2012)).

**D. Leonard Breached the Contract By Subverting NIKE’s Ownership Rights in the Claw Design.**

(NIKE’s Fourth Claim For Relief)

To succeed on its breach of contract claims under Oregon law, NIKE must prove “the existence of a contract, its relevant terms, [NIKE’s] full performance and lack of breach[,] and defendant’s breach resulting in damages to plaintiff.” *Hull v. Wells Fargo Bank, N.A.*, No. 15-cv-01990, 2016 WL 1271675, at \*5 (D. Or. Mar. 28, 2016) (citing *Slover v. Or. State Bd. of Clinical Soc. Workers*, 927 P. 2d 1098, 1101 (Or. Ct. App. 1996)) (quotation omitted).

There is no dispute that NIKE and Leonard entered into a valid and enforceable written Contract. (Compl. ¶¶ 20-22; Countercl., Ex. A.) Moreover, Leonard’s Answer to NIKE’s Counterclaim asserts no facts contesting NIKE’s full performance of its obligations under the



Contract.<sup>4</sup> In contrast, the pleadings conclusively establish that Leonard violated his obligations under Paragraph 8 of the Agreement, by claiming copyright ownership over and seeking federal registrations for the Claw Design.

As detailed in Sections II.A above, the Contract includes a provision that governs the ownership of logos and copyrights created in connection with the Contract. (Countercl. Ex. A ¶ 8.) Specifically, pursuant to Paragraph 8, Leonard “acknowledge[d] that NIKE...shall exclusively own all rights, title and interest in and to any logos, trademarks, service marks, characters, personas, copyrights...or other forms of intellectual property created by NIKE (and/or its agents), [Kawhi Leonard, LLC] or [Leonard] in connection with this Contract...”. (*Id.* ¶ 8(a).) The Contract also requires that Leonard “completely cooperate with NIKE in its efforts to obtain and maintain protection for such right, title and interest,...”. (*Id.* ¶ 8(b).)

As set forth more fully in Section IV.A.2 above, Leonard’s allegations and admissions establish that the Claw Design subject to the NIKE Copyright Registration (as well the Leonard Copyright Registration and Leonard’s trademark applications) was created “in connection with the Contract.” (Compl. ¶¶ 25-29; Countercl. ¶¶ 26-27, 40-41; Countercl. Answer ¶¶ 26-27, 40-41.) Thus, by asserting copyright ownership over the Claw Design in this action and before federal government agencies, Leonard has admittedly breached Paragraph 8. In similar situations, Ninth Circuit courts have granted Rule 12(c) motions in a breach of contract claimant’s favor where, like here, the non-movant/defendant fails to adequately allege any facts to rebut the elements of the movant’s breach of contract claim. *See H & C Glob. Supplies SA DE CV v Pandol Assoc. Mktg., Inc.*, No. 13-cv-0827 AWI SKO, 2013 WL 5954812, at \*1 (E.D. Cal.

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<sup>4</sup>Leonard’s Sixth Affirmative Defense only contains the conclusory assertion that “[a]ny harm suffered by NIKE is the result of its own conduct and/or non-performance.” (Dkt. 26.)

Nov. 6, 2013) (granting Rule 12(c) judgment in breach contract plaintiff's favor where "[t]he admitted facts constitute a breach of contract claim in favor of Plaintiff"); *Polo v Shwiff*, No. C 12-04461 JSW, 2013 WL 1797671, at \*2-3 (N.D. Cal. Apr. 29, 2013) ("grant[ing] Plaintiff's motion for judgment on the pleadings on the breach of contract claim").

**E. Leonard Breached the Contract by Permitting Use of the Claw Design on Third-Party Merchandise.**

(NIKE's Fifth Claim For Relief)

The facts alleged and admitted in Leonard's pleadings also establish an indisputable breach of Paragraph 13(b), wherein Leonard "represent[ed], warrant[ed] and covenant[ed]" that "[n]either [Kawhi Leonard, LLC] nor [Leonard] shall permit, or authorize, any third-party licensee of theirs to use any NIKE Marks or condone any licensee's unauthorized use thereof." (Countercl., Ex. A ¶ 13(b).) By definition, "NIKE Marks" include any "trademarks or brands...now or hereafter owned and/or controlled by NIKE." (*Id.* ¶ 1(d).) Because Paragraph 8 clearly and unambiguously provides that NIKE owns all logos and designs created by NIKE or Leonard in connection with the Contract, and because the registered Claw Design indisputably was created in connection with the Contract, the registered Claw Design is a trademark or brand "owned and/or controlled by NIKE." (*Id.* ¶ 8; Compl. ¶¶ 25-29; Countercl. ¶¶ 26, 27, 29; Countercl. Answer ¶¶ 26, 27, 29.) Therefore, the registered Claw Design is a "NIKE Mark" subject to Paragraph 13(b)'s restrictions on third-party unauthorized usage.

By Leonard's own allegations, he has used the Claw Design on "non-Nike goods" and "he is actively developing" "apparel and footwear" that he intends to bring to market and distribute in connection with various non-NIKE goods and services the near future. (Compl. ¶¶ 34, 44, 4.) Because the Claw Design is owned by NIKE, Leonard has admitted to a breach of

Paragraph 13(b). NIKE thus is entitled to judgment in its favor on its claim for breach of Paragraph 13(b). *See H & C*, 2013 WL 5954812, at \*1; *Polo*, 2013 WL 1797671, at \*2-3.

Finally, as with NIKE's copyright infringement claim, the only remaining issues to resolve with respect to NIKE's breach of contract claims are the extent of Leonard's violations within the applicable statute of limitations period and NIKE's damages<sup>5</sup> resulting from Leonard's breaches—which include but are not limited to NIKE's expense in pursuing cancellation of Leonard's improper federal registrations covering the Claw Design.

## V. CONCLUSION

For the reasons set forth above, Nike respectfully requests that the Court enter judgment on the pleadings in NIKE's favor, and as a result, order discovery to proceed only on NIKE's damages as a result of Leonard's copyright infringement and breach.

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<sup>5</sup> “[G]enerally, in contract actions actual damages are not an element of the cause of action because nominal, rather than compensatory, damages can be recovered for a breach.” *Schafer v. Fraser*, 206 Or. 446, 487, 290 P.2d 190, 208 (1955).

Dated: December 16, 2019

Respectfully submitted,

/s/ B. John Casey

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**NIKE, Inc.**

**CERTIFICATE OF SERVICE**

I hereby certify that I served the foregoing: NIKE, INC.'s MOTION FOR JUDGMENT ON THE PLEADINGS on the following counsel of record:

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- by electronic means through the Court's Case Management/Electronic Case File system on the date set forth below;
- by sending via email, addressed to the email addresses above.
- by sending a copy thereof via overnight courier in a sealed, prepaid envelope, addressed to each attorney's last-known address on the date set forth below; and/or

by concurrently electronically mailing this document in Word format to each attorney's last-known email address on the date set forth below.

DATED: December 16, 2019

**STOEL RIVES LLP**

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