# UNITED STATES DISTRICT COURT DISTRICT OF CONNECTICUT

	X			
LEGO A/S; LEGO SYSTEMS,	INC.; :			
and LEGO JURIS A/S,	:			
	:			
Plaintiffs,	:			
	:	Cirril No	2.10 2015	
V.	:	CIVII NO.	3:18-cv-2045	(AWI)
	:			
ZURU INC.,	:			
	:			
Defendant.	:			
	x			

#### RULING ON DEFENDANT'S MOTION TO DISSOLVE PRELIMINARY INJUNCTION

Lego A/S, Lego Systems, Inc., and LEGO Juris A/S (collectively, "the LEGO Group") filed suit against defendant Zuru Inc. ("Zuru") alleging infringement of several of the LEGO Group's copyrights, trademarks, and design patents. The court issued a preliminary injunction against Zuru on July 8, 2019, and several months later the court found Zuru in contempt for violating the court's preliminary injunction order. Defendant Zuru now moves to dissolve the court's Ruling on Motion for Preliminary Injunction (ECF No. 86), Preliminary Injunction Order (ECF No. 87), and Ruling on Motion for Contempt (ECF No. 139) on the basis of judicial estoppel and the LEGO Group's alleged lack of candor toward the court. For the reasons set forth below, the defendant's motion is being denied.

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## I. FACTUAL BACKGROUND

Zuru contends that the LEGO Group advanced positions in the preliminary injunction hearing in this case that are contrary to the positions it advanced in another case in this district, so the court should reconsider the preliminary injunction and contempt rulings in favor of the LEGO Group in this case. That other case is <u>Lego A/S v. Best-Lock Construction Toys, Inc.</u>, 3:11-cv-1586 (CSH) (D. Conn.) ("<u>Best-Lock</u>"). Zuru underscores in particular differences between how the LEGO Group characterized MEGA Bloks figurines and KRE-O figurines in <u>Best-Lock</u> and how it has characterized them in this case.

In October 2011, the LEGO Group filed suit against Best-Lock Construction Toys, Inc. and Best-Lock Limited, Hong Kong (collectively, "Best-Lock"), for, <u>inter alia</u>, copyright infringement based on Best-Lock's production, sale, and distribution of a figurine which the LEGO Group contended infringed the LEGO Group's exclusive rights in registered copyrights protecting the LEGO Group's Minifigure figurine.

In response, in February 2012, Best-Lock filed a motion seeking a preliminary injunction against the LEGO Group. In its motion, Best-Lock argued that the LEGO Group was "improperly asserting protection in designs and features that are common in figures of this nature," and it pointed to "numerous similar third party toy blocks and figures, including those sold by

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Hasbro [and] Mega Bloks," among others. Defs.' Mot. for Prelim. Inj. (ECF No. 37-1), <u>Best-Lock</u>, 3:11-cv-1586 (CSH), at 21. Best-Lock contended that "these third parties sell figures that are identical in concept, identical or comparable in their functional features, compatible with others' toy figures, and similar in appearance to Lego's products." <u>Id.</u> In addition, Best-Lock argued that the LEGO Group was equitably estopped from claiming copyright infringement because it "was entirely unaware that Lego would assert a claim." <u>Id.</u> at 14. Best-Lock pointed to figurines by "Hasbro [and] Mega Bloks," among others, as "third party toy figures with configurations that are similar, if not virtually identical, to Lego's figures," <u>id.</u>, but stated that it was "unaware of any action that Lego has pursued against these other manufacturers," id. at 15.

In its memorandum in opposition to Best-Lock's motion for a preliminary injunction, the LEGO Group stated:

The mechanical elements claimed in the '482 Patent can be-and since the patent has expired, have been-used by other manufacturers in a manner that does not capture the overall look and feel of the Minifigure Copyrights. For example, some current MEGA Bloks® and KRE-O® sets contain figurines with recesses in the feet and calves that allow the figurine to stand upright or sit down on a studded base plate, including a genuine LEGO® brand base plate, and use pivotal pins at the hips. (See, e.g., Exhibit 3.) The following photographs of MEGA Bloks®-on the left-and KRE-O® figurines-on the right-show their interoperability with a LEGO® base plate and their different aesthetic features:

[Photographs omitted]

These examples demonstrate that features covered by the claim of the '482 Patent can be accomplished separably, without copying the identical, aesthetic features of the Minifigure Copyrights.

Pls.' Mem. (ECF No. 43), <u>Best-Lock</u>, 3:11-cv-1586 (CSH), at 19-20 (footnote omitted).

On March 8, 2012, the court held a hearing on Best-Lock's motion for a preliminary injunction. During oral argument, the following exchanges occurred between Judge Haight and counsel

for the LEGO Group, Ms. Alquist:

THE COURT: Okay. So, to sum up, behind the LEGO figurine on the right hand side, there are two Hasbro figurines, correct?

MS. ALQUIST: [That is] correct.

THE COURT: And behind the Best-Lock figurine on the left hand side, there are two -- what's the company again?

MS. ALQUIST: MEGA, M-E-G-A.

THE COURT: Two MEGAs, all right. My question is, looking first at the two Hasbro figurines on the right hand side, why isn't LEGO suing Hasbro for infringement?

MS. ALQUIST: Well, that's a charged question, but --

THE COURT: I'm just trying to learn because they look so much alike so I'm trying it figure out -- because I think that, I prefer to think there's some sense to my question. What I'm trying to explore with you is the perception, the rationale, the concepts which inform LEGO's choices in litigation. Do you see what I mean?

MS. ALQUIST: I absolutely do.

THE COURT: I think it's a fair question and whether -well, I hope you agree. I'm going to ask it anyway, but it's prompted in part at least -- you have only yourself to blame -- by this fascinating exhibit you gave me.

MS. ALQUIST: Exactly.

THE COURT: LEGO, who makes the front figure on the base plate on the right, is suing the manufacturer of the front figure on the left but why isn't LEGO suing Hasbro, who made the two figures directly below -- withdrawn -directly behind the LEGO figure?

MS. ALQUIST: And the answer, Your Honor, is because these are not identical. They are not -- they are a particularized expression of an idea and that is different from this one.

THE COURT: Just for the sake of the record, you said that the two, the two Hasbro figures are not identical to the LEGO figure which is in the front row.

MS. ALQUIST: In the front row and, of course, I mean the copyright, but that is derivative work and embodiment of the copyright certainly.

THE COURT: Right.

MS. ALQUIST: The geometry, the look and feel, everything about the LEGO copyright as shown here in this minifigure and the infringing, the accused infringing figure in here are identical. Their shoulders are the same, the hips are the same. Everything, the overall look and fit is the same. These are different geometries, different proportions. They do -- they have a different expression.

THE COURT: You first indicated with your finger, I think, the two Hasbros.

MS. ALQUIST: The two Hasbros, yes, Your Honor, yes.

THE COURT: Okay. Why are you not suing MEGA for infringement, looking now at the two figurines who are behind the accused Best-Lock figurine?

MS. ALQUIST: It's the same reason. The difference in the overall look, feel, shape of the MEGA figurine is a different expression. It's not -- you couldn't put them both in the same mold and come out with the same exact

dimensions and geometry with MEGA as you can with Best-Lock and with the LEGO protected copyright in the toy sculpture.

THE COURT: Okay. All right, good. All right, that's the line of questioning that I had in mind provoked or inspired, whichever word might be correct, by your own exhibit which is now Court Exhibit One for the record.

Tr., Oral Arg. (ECF No. 70), <u>Best-Lock</u>, 3:11-cv-1586 (CSH), at 68:14-71:6. The transcript for this proceeding was docketed on March 26, 2012 and became publicly available on June 24, 2012.

In April 2016, the LEGO Group moved for summary judgment against Best-Lock. In its memorandum in support of summary judgment, the LEGO Group included the following in a footnote:

LEGO explained how easy it would be to create noninfringing figurines that maintain their functionality in its Opposition to Best-Lock's Motion for Preliminary Injunction. (Doc. No. 43 at 19-20.)

Pls.' Mem. (ECF No. 131), <u>Best-Lock</u>, 3:11-cv-1586 (CSH), at 34 n.10. This was a reference by the LEGO Group to the above-quoted passage in its opposition to Best-Lock's motion for a preliminary injunction.

Zuru contrasts these statements with others made in the course of this litigation. Zuru first points to the LEGO Group's characterization of a chart Zuru provided that included KRE-O and MEGA Bloks figurines, <u>see</u> ECF No. 37 at 34, as containing "similarly infringing figurines," ECF No. 47 at 5. Zuru next

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points to the testimony of David Buxbaum, the LEGO Group's corporate designee, during the preliminary injunction hearing in this case. Counsel for Zuru presented Buxbaum with an exhibit which "show[ed] a large collection of minifigures," Ex. 10, Def.'s Mot (ECF No. 253-10), at 21:13, including "a Kre-O figure" as well as "a LEGO figure," id. at 22:1-2. Counsel then asked Buxbaum whether he would "agree that these are all competitive minifigures with the LEGO figure." Id. at 22:5-6. In response, Buxbaum replied, "I believe they are all very similar and frankly, I think they are pretty much all infringing on our intellectual property rights." Id. at 22:7-9. Zuru also points to the testimony of Elizabeth Knight, the LEGO Group's expert witness, during the preliminary injunction hearing. In response to a question about whether "the Kre-O figure is similar to the LEGO figure," Ex. 11, Def.'s Mot. (ECF No. 253-11), at 292:24-25, Knight replied, "Yes. Very much," id. at 293:1. Finally, Zuru points to the LEGO Group's failure, in responses to interrogatories, "to identify the Kre-O figurine as a 'Legocompatible figurine[] that [is] differentiated enough so as to not infringe on [Lego's] intellectual property rights." Def.'s Reply (ECF No. 292) at 3.

Zuru contends that these statements contradict the LEGO Group's representations to the court in <u>Best-Lock</u> and are subject to judicial estoppel, and also that these statements are

misrepresentations that render inequitable the preliminary injunction in this case.

## II. LEGAL STANDARD

"The power of a district court to modify its past injunctive decrees in order to accommodate changed circumstances is well established." Ass'n Against Discrimination in Employment, Inc. v. City of Bridgeport, 710 F.2d 69, 74 (2d Cir. 1983). "While changes in fact or in law afford the clearest bases for altering an injunction, the power of equity has repeatedly been recognized as extending also to cases where a better appreciation of the facts in light of experience indicates that the decree is not properly adapted to accomplishing its purposes." <u>King-Seeley</u> Thermos Co. v. Aladdin Indus., Inc., 418 F.2d 31, 35 (2d Cir. 1969). Although a court may "modify an injunction even in the absence of changed conditions, the power should be sparingly exercised. 'Firmness and stability must no doubt be attributed to continuing injunctive relief based on adjudicated facts and law, and neither the plaintiff nor the court should be subjected to the unnecessary burden of re-establishing what has once been decided."" Id. (quoting System Federation v. Wright, 364 U.S. 642, 647 (1961)).

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#### III. DISCUSSION

Zuru moves to dissolve the preliminary injunction on three separate grounds. First, Zuru maintains that there is a change in the operative facts supporting the injunction because Zuru only recently discovered certain statements made by the LEGO Group in connection with the preliminary injunction hearing in <u>Best-Lock</u>. Second, Zuru maintains that judicial estoppel requires the court to hold the LEGO Group to those statements made in connection with the <u>Best-Lock</u> preliminary injunction hearing and that shifting representations by the LEGO Group allowed it to derive an unfair advantage in this case, which requires the court to dissolve the injunction. Third, Zuru maintains that allowing the preliminary injunction to remain in effect is inequitable in light of what Zuru characterizes as the LEGO Group's misrepresentations in this case.

#### A. Changed Circumstances

Zuru has not identified any "changes in fact or in law" that justify altering the preliminary injunction in this case. <u>King-Seeley Thermos</u>, 418 F.2d at 35 ("Changes in fact or in law afford the clearest basis for altering an injunction."). Zuru contends that "Lego's admissions from <u>Best Lock</u> establish a 'change in the operative facts so that the injunction is no longer justified.'" Def.'s Mem. (ECF No. 251) at 22 (quoting Helmer v. Briody, 721 F.Supp. 498, 505 (S.D.N.Y. 1989)). Zuru

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argues that it could not have presented this information earlier because "those admissions were buried in briefing and a hearing transcript from a separate lawsuit in 2012," "the injunction proceedings were expedited and done without the benefit of any discovery," and "at the time of the injunction proceedings, the case was far broader than it is now." Def.'s Reply at 12.

However, the statements in question by the LEGO Group made during the <u>Best-Lock</u> litigation "have been publicly available on PACER for 10 years, and had already been available for 7 years at the time of this Court's preliminary-injunction ruling." Pls.' Opp. (ECF No. 289) at 14.<sup>1</sup> Thus, Zuru has not identified a change in operative facts or law since the date the preliminary injunction issued that provides a basis for modifying or dissolving the injunction in this case. <u>See Helmer</u>, 721 F.Supp. at 505.

### B. Judicial Estoppel

Zuru also moves to dissolve the preliminary injunction on the basis that "judicial estoppel requires that Lego be held to the positions it took in Best Lock." Def.'s Mem. at 20.

<sup>&</sup>lt;sup>1</sup> Moreover, as pointed out by the LEGO Group, "ZURU's opposition to the preliminary-injunction motion in this case--filed on January 22, 2019--cited Judge Haight's opinion and specifically discussed the functionality analysis in which Judge Haight repeatedly referred to KRE-O and MEGA Bloks figurines. ECF No. 37 at 14 (citing LEGO A/S v. Best-Lock Const. Toys, Inc., 874 F. Supp. 2d 75, 99-102 (D. Conn. 2012))." Pls.' Opp. at 14.

"Judicial estoppel is a doctrine that forbids a party from advancing contradictory factual positions in separate proceedings." <u>AXA Marine and Aviation Ins. (UK) Ltd. v. Seajet</u> <u>Indus. Inc.</u>, 84 F.3d 622, 628 (2d Cir. 1996). Judicial estoppel applies when "1) a party's later position is 'clearly inconsistent' with its earlier position; 2) the party's former position has been adopted in some way by the court in the earlier proceeding; and 3) the party asserting the two positions would derive an unfair advantage against the party seeking estoppel." <u>DeRosa v. Nat'l Envelope Corp.</u>, 595 F.3d 99, 103 (2d Cir. 2010) (quoting <u>New Hampshire v. Maine</u>, 532 U.S. 742, 750-51 (2001)). Judicial estoppel should be invoked only in "situations where the risk of inconsistent results with its impact on judicial integrity is certain." <u>Id.</u> (quoting <u>Uzdavines</u> <u>v. Weeks Marine</u>, Inc., 418 F.3d 138, 148 (2d Cir. 2005)).

Judicial estoppel applies only to "inconsistent factual positions," not to "legal conclusions" advanced by a party, <u>Mulvaney Mech., Inc. v. Sheet Metal Workers Int'l Ass'n, Loc.</u> <u>38</u>, 288 F.3d 491, 504 (2d Cir. 2002), <u>cert. granted</u>, <u>judgment</u> <u>vacated on other grounds</u> 538 U.S. 918 (2003), or "seemingly inconsistent legal positions," <u>Seneca Nation of Indians v. State</u> <u>of New York</u>, 26 F.Supp.2d 555, 565 (W.D.N.Y. 1998). In <u>Cleveland</u> <u>v. Policy Management Systems Corporation</u>, the Supreme Court addressed whether judicial estoppel was applicable with respect

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to a statement made in support of an application for Social Security disability benefits when the plaintiff subsequently brought claims under the Americans with Disabilities Act ("ADA"). The Court held that the plaintiff's statement, "I am too disabled to work," made in order to obtain Social Security benefits, did not inherently conflict with her later statement, "I am not too disabled to work," made in support of her claim under the ADA. Because the case did not "involve directly conflicting statements about purely factual matters, such as 'The light was red/green,' or 'I can/cannot raise my arm above my head, "" the plaintiff's statements were not subject to judicial estoppel. 526 U.S. 795, 802 (1999). See also Bridgeway Corp. v. Citibank, 201 F.3d 134, 141 (2d Cir. 2000) (requiring that the party's prior factual statements be "clearly contradictory to its present position" for judicial estoppel to apply).

Thus, in <u>United States v. West Productions, Ltd.</u>, the court found that judicial estoppel was applicable where in a prior case the party "forcefully told Judge McKenna that she was a general partner of West Productions" but "in this case she tells this Court with equal force that she was not." 168 F.Supp.2d 84, 89 (S.D.N.Y. 2001). Likewise, in <u>Intellivision v. Microsoft</u> <u>Corporation</u>, the court held that "[t]he plaintiffs' current claims directly contradict their representations at every

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previous stage of this case" because the plaintiffs originally described certain patent applications "as Intellivision's property and as assigned by Intellivision" but later claimed that "Intellivision never owned the Patent Applications." 784 F.Supp.2d 356, 362 (S.D.N.Y. 2011).

Here, Zuru cannot show that even the first prerequisite for applicability of judicial estoppel is present here, i.e., Zuru cannot shown that a factual position taken by the LEGO Group in this case is clearly inconsistent with a factual position it took in <u>Best-Lock</u>. Thus, the court does not reach the second and third prerequisites.

Zuru points to four categories of statements which it contends constitute "clearly inconsistent representations": (1) "whether the Kre-O and Mega Bloks figurines are 'infringing' of Lego's asserted minifigure rights," (2) "whether those figurines are 'different expressions' of the minifigure," (3) "whether supposedly 'minor differences' such as those between the Kre-O figurine and the minifigure are relevant in assessing similarity," and (4) "whether Lego's asserted copyrights are limited to protecting against 'identical' copies of the minifigure." Def.'s Mem. at 20. In its reply, Zuru provides a "chart" which "summarizes Lego's starkly inconsistent positions on the same issue." Def.'s Reply at 3. There, Zuru identifies four sets of statements in <u>Best-Lock</u>, the first three of which

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were made during oral argument and/or briefing in connection with the motion for a preliminary injunction in <u>Best-Lock</u> and the last of which was made in support of the LEGO Group's motion for summary judgment in <u>Best-Lock</u>. Zuru pairs each of the four with a statement by the LEGO Group in this case. Zuru contends that judicial estoppel is applicable because it has identified factual positions advanced in different proceedings that clearly, directly, and irreconcilably contradict with one another. The court disagrees.

As a preliminary matter, it is not clear that all of the statements at issue, either in this litigation or in <u>Best-Lock</u>, are "factual positions." <u>AXA Marine</u>, 84 F.3d at 628 (applying judicial estoppel only to "contradictory factual positions").

With respect to statements in <u>Best-Lock</u>, although statements regarding the physical differences between various kinds of figurines described by counsel during oral argument in <u>Best-Lock</u> may be factual positions for purposes of judicial estoppel, statements about the ease of creating "non-infringing figurines that maintain their functionality" are, at most, argument by counsel regarding mixed issues of fact and law as opposed to factual positions. Pls.' Mem. (ECF No. 131), <u>Best-Lock</u>, 3:11-cv-1586 (CSH), at 34 n.10. <u>Cf. Bates v. Long Island</u> <u>R. Co.</u>, 997 F.2d 1028, 1038 (2d Cir. 1993) (judicial estoppel applied where plaintiff "argued that he was permanently disabled

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from physical labor in his previous FELA action, yet now argues that he is not permanently disabled and should be reinstated"); <u>West Productions, Ltd.</u>, 168 F.Supp.2d at 89 ("In the <u>Serino</u> case Corto forcefully told Judge McKenna that she was a general partner of West Productions; in this case she tells this Court with equal force that she was not.").

Also, statements in this case describing the physical similarities between figurines may be factual positions for purposes of judicial estoppel, but the LEGO Group's statements that the figurines are "similarly infringing," ECF No. 47 at 5, or "all infringing on our intellectual property rights," Ex. 10, Def.'s Mot., at 22:8-9, and the LEGO Group's failure to identify KRE-O figurines as non-infringing in response to Zuru's interrogatories, <u>see</u> Def.'s Reply at 3, do not constitute factual positions for purposes of judicial estoppel. <u>Cf.</u> <u>Cleveland</u>, 526 U.S. at 802 (noting how judicial estoppel clearly applies to "directly conflicting statements about purely factual matters, such as 'The light was red/green,' or 'I can/cannot raise my arm above my head'").

However, even assuming that statements identified by Zuru are factual positions for purposes of judicial estoppel, Zuru has not shown that the LEGO Group's position in this litigation is clearly inconsistent with its position in the <u>Best-Lock</u> litigation. See Simon v. Safelite Glass Corp., 128 F.3d 68, 72-

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73 (2d Cir. 1997) ("[T]here must be a true inconsistency between the statements in the two proceedings. If the statements can be reconciled there is no occasion to apply an estoppel."). Moreover, "a court must carefully consider the contexts in which apparently contradictory statements are made to determine if there is, in fact, direct and irreconcilable contradiction." <u>Rodal v. Anesthesia Grp. of Onondaga, P.C.</u>, 369 F.3d 113, 119 (2d Cir. 2004).

Zuru fails to meet the governing standard with respect to showing that there are clearly inconsistent factual positions here for two reasons. First, there are material differences between the nature of the statements at issue and the nature of the statements in, for example, <u>Cleveland</u>, <u>West Productions</u>, or <u>Intellivision</u>. In <u>Best-Lock</u>, the only figurines under discussion were the LEGO Group minifigure and the KRE-O and MEGA Bloks figurines. The Zuru figurines were not even in existence. Thus, to support its position here, Zuru argues:

If the Kre-O figurine is a non-infringing "different expression" of a figurine, . . . then Zuru's figurines cannot be "virtually identical" to the minifigure to the point that no ordinary observer could distinguish it. . . . As is readily apparent, the Zuru figurines are at least as different from the minifigure as the Kre-O figurine.

Def.'s Mem. (ECF No. 251) at 2. Implicit in that statement, of course, is a qualifier, i.e., at least as different in ways that

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matter for purposes of this litigation. In support of this argument, Zuru also relies upon what it refers to as admissions or concessions it got during the deposition in this case of LEGO's expert, Elizabeth Knight. Consequently, the court agrees with the LEGO Group that Zuru is asking the court to make an "inferential leap." Pls.' Opp. at 21. If statements of a factual position by the LEGO Group were clearly inconsistent and irreconcilable, then the court would not have to go outside of the statements themselves to reach the legal conclusion urged by Zuru. As the LEGO Group contends, "[a]t most, statements about whether particular KRE-O or MEGA Bloks figurines do or do not infringe the Minifigure Copyrights 'may be impeaching' and a proper subject for cross-examination." Pls.' Opp. at 23 (quoting <u>Remcor Products Co. v. Scotsman Group, Inc.</u>, 860 F.Supp. 575, 579 (N.D. Ill. 1994)).

Second, there are important differences between the context in which the pertinent statements in <u>Best-Lock</u> were made and the context in which the pertinent statements were made in this case. In those situations where courts have found that there is in fact a direct and irreconcilable contradiction, the context for the statement did not change in any material respect. As illustrated in other cases, "directly conflicting statements about purely factual matters, such as 'The light was red/green,' or 'I can/cannot raise my arm above my head,'" relate to

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contexts that are the same, i.e., whether a specific light was red or green at a given point in time and whether an individual could or could not lift her arm during the relevant period of time. Cleveland, 526 U.S. at 802. But here, as noted above, the Zuru figurine was not even in existence until years after the pertinent statements in Best-Lock were made. As the LEGO Group points out, "ZURU's MAX Figurines and the KRE-O figurines discussed in Best-Lock are not the same product. And at the very least, the available evidence regarding the two figurines is completely different." Id. at 21. In this case, the LEGO Group introduced evidence of actual consumer confusion between its minifigures and the Zuru figurines, and in addition, it has developed expert evidence with respect to the likelihood of confusion. In this case, there is an "evidentiary record specifically directed to ZURU's infringing products," whereas the earlier statements were made about "different figurines that were not the subject of litigation, on a different record." Id. Rather, in Best-Lock, the statements were made in the context of responding to Best-Lock's contention that third parties were selling figures that were "identical in concept, identical or comparable in their functional features," and "compatible with others' toy figures," and thus the LEGO Group was equitably estopped from asserting a claim for copyright infringement against Best-Lock. Pl.'s Opp. at 3 (quoting Defs.' Mot. for

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Prelim. Inj. (ECF No. 37-1), <u>Best-Lock</u>, 3:11-cv-1586 (CSH), at 21). Also, with respect to the statements by counsel for the LEGO Group during oral argument, they all occurred in the context of an explanation, in response to an inquiry by the court, as to why the LEGO Group was not suing Hasbro or MEGA. The focus of that explanation was on the difference between Best-Lock figurines (which were identical) and Kre-O and Mega Bloks figurines (which were not identical), not on the difference between the LEGO Group's minifigures and the Kre-O and Mega Bloks figurines. The focus of the case was on the absence of any difference between the LEGO Group's minifigures and the Best-Lock figurines. Thus, when one carefully considers the context in which the statements were made, there is no irreconcilable contradiction.

Because the LEGO Group's representations to the court in <u>Best-Lock</u> do not irreconcilably contradict its representations in this case, there is no basis for the court to apply judicial estoppel here.

## C. Lack of Candor

Zuru argues that "it is inequitable for the injunction to continue because Lego obtained it based on misleading factual and legal representations and material omissions." Def.'s Mem. at 31. Zuru maintains that "Lego's inconsistent positions create a clear perception that Lego intentionally misled this Court,

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and that Lego has abused the integrity of the judicial process." Id. The court disagrees.

"[E]quitable relief typically will not be granted to an individual who has acted in bad faith with respect to the transaction that has been brought before the court," 11A Fed. Prac. & Proc. Civ. § 2946 (3d ed.), and an "injunction procured by material misrepresentations may not be sustained," <u>qad. Inc.</u> <u>v. ALN Assocs., Inc.</u>, 974 F.2d 834, 837 (7th Cir. 1992) (citing <u>Coastal Corp. v. Texas Eastern Corp.</u>, 869 F.2d 817, 818 (5th Cir. 1989)).

Here, Zuru presents only a conclusory statement that the LEGO Group acted in bad faith in seeking a preliminary injunction against Zuru. Zuru has not offered evidence that the LEGO Group gave the court "sworn testimony and documentary evidence later show[n] to be knowingly false when made," Def.'s Mem. at 30 (citing <u>B.P.G. Autoland Jeep-Eagle, Inc. v. Chrysler</u> <u>Credit Corp.</u>, 799 F.Supp. 1250, 1257 (D. Mass. 1992)), or that the LEGO Group's "presentation at the [Injunction] Hearing was grounded in knowing falsehood," <u>id.</u> at 31 (quoting <u>gad. Inc. v.</u> ALN Assocs., Inc., 974 F.2d 834, 837 (7th Cir. 1992)).

Thus, Zuru has not demonstrated that it should receive equitable relief on this ground.

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# IV. CONCLUSION

Accordingly, Defendant's Motion to Dissolve Preliminary Injunction (ECF No. 252) is hereby DENIED.

It is so ordered.

Dated this 31st day of March 2023, at Hartford, Connecticut.

/s/AWT

Alvin W. Thompson United States District Judge