SUPREME COURT OF THE STATE OF NEW YORK — NEW YORK COUNTY

PRESENT: HERMAN CAHN PART 49

Index Number : 602702/2006
STUDIO GAIA
VS
TWENTY ONES
Sequence Number : 001
DISMISS

C

INDEX NO. _____
MOTION DATE 1/22/07
MOTION SEQ. NO. 001
MOTION CAL. NO. _____

The following papers, numbered 1 to _____ were read on this motion to/for _____

	PAPERS NUMBERED
Notice of Motion/ Order to Show Cause — Affidavits — Exhibits ...	
Answering Affidavits — Exhibits	
Replying Affidavits	

Cross-Motion: ☐ Yes ☐ No

Upon the foregoing papers, it is ordered that this motion

MOTION IS DECIDED IN ACCORDANCE WITH ACCOMPANYING MEMORANDUM DECISION IN MOTION SEQUENCE . . . . .

FILED
MAR 30 2007
COUNTY CLERK'S OFFICE
NEW YORK

Dated: 3/28/07

HC
J.S.C.

IN ACCORDANCE WITH ACCOMPANYING MEMORANDUM DECISION IN MOTION SEQUENCE NO. 001 IS HEREBY SUBMITTED TO JUSTICE FOR THE FOLLOWING REASON(S):

Check one: ☐ FINAL DISPOSITION ☐ NON-FINAL DISPOSITION

Check if appropriate: ☐ DO NOT POST ☐ REFERENCE

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK: IAS PART 49

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STUDIO GAIA INC.,

Plaintiff,

-against- Index No. 602702/06

TWENTY ONES INCORPORATED, 40/40 A.C. L.L.C., SHAWN CARTER p/k/a JAY-Z and DESIREE GONZALEZ,

Defendants.

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Herman Cahn, J.:

Defendants move to dismiss the second cause of action for quantum meruit, CPLR 3211 (a) (7).

This action involves the alleged improper use of certain designs, materials and concepts created by plaintiff, an interior design company. The designs were developed, pursuant to a contract, for use by defendant Twenty Ones Incorporated ("21 Inc.") in the 40/40 Club sports bar located at 6 West 25th Street, New York, New York. Plaintiff claims that it had a contract with defendant 21 Inc. for use of these designs at the 40/40 Club location in Manhattan, but that defendants, without plaintiff's consent, used the designs and materials at a second 40/40 Club located at "The Walk" in Atlantic City, New Jersey, and are planning on using them at other locations in Los Angeles and Las Vegas.

Plaintiff is an interior architecture and design firm, specializing in the design of restaurants, night clubs, hotels and showrooms (Compl ¶ 7). Defendants Shawn Carter and Desiree Gonzalez are both owners of 21 Inc. (id. ¶ 5).

By letter dated September 4, 2002, plaintiff and defendant 21 Inc. entered into an

agreement in which plaintiff agreed to provide interior design services for the 40/40 Club at 6 West 25th Street in Manhattan (id. ¶¶ 8-13; Compl Ex 1). The Agreement provided for a fixed fee payment of $125,000, payable in connection with three development phases, plus reimbursement of certain expenses (id. ¶ 17). It stated that the scope of the work provided by plaintiff would not include, among other things, "'Architectural Services (Architect of Record, all filing with authorities)'" (id. ¶ 16; Compl Ex 1 § B (2)). The Agreement further provided, in relevant part, that:

> All drawings, specifications, computations, sketches, survey results, photographs, renderings, and other materials particular to the work herein prepared by Studio Gaia ("Documents") are the property of Studio Gaia. All these materials, including those in electronic format, prepared by Studio Gaia are Instruments of Service for use solely with respect to this Project. Studio Gaia shall be deemed the authors and owners of their Instruments of Service and shall retain all common law, Statutory, and other reserved rights including copyrights, except as noted in the annexed rider.
>
> In the event that the Owner wishes to use the design of prototype designed by Studio Gaia for other projects, the terms and conditions of such use should be negotiated before any such use takes place.

Compl Ex 1 § D (3). There was no annexed rider to the contract. The Agreement was signed by defendant Desiree Gonzalez on behalf of 21 Inc. (Compl Ex 1).

The plaintiff alleges that it substantially performed its obligations of developing an original interior design, including furniture design, furniture placement, lighting design, design of seating arrangements, design of various supports for televisions and material selections, for use in the Manhattan 40/40 Club. It alleges that defendants failed to make final payment to it of $7,942.80, which remains due and owing (Compl ¶ 20).

Plaintiff further alleges that, without its permission or authorization, defendants used the "Studio Gaia Look, Documents and Instruments of Service for the 40/40 Club located in Atlantic City at 2120 Atlantic Avenue, Atlantic City, New Jersey" (id. ¶ 21). It asserts that defendants have announced plans to open additional 40/40 Clubs in Los Angeles, Las Vegas and Singapore, and that, upon information and belief, defendants intend to use the "Studio Gaia Look, Documents and Instruments of Service" in connection with those other locations (id. ¶ 22).

The complaint contains three causes of action. The first is for breach of contract. This claim has been dismissed with prejudice by stipulation of the parties as against defendants Shawn Carter, Desiree Gonzalez and 40/40 A.C. L.L.C. Thus, it is now only alleged against defendant 21 Inc. (id. ¶¶ 23-29). The second cause of action is asserted against all defendants and seeks recovery in quantum meruit for defendants' use of the "Studio Gaia Look, Documents and Instruments of Service" in connection with the 40/40 Clubs in Atlantic City, Los Angeles and Las Vegas (id. ¶¶ 30-34). The third claim is for tortious interference with contractual relations, and is asserted against defendants Gonzalez, Carter and 40/40 A.C. L.L.C.

Defendants contend that the second cause of action fails to state a claim for several reasons. First, defendants urge that the quantum meruit claim is insufficient because there is an agreement between the parties governing the subject matter of the claim. Second, defendants argue that there can be no quantum meruit claim against defendants Gonzalez, Carter or 40/40 A.C. L.L.C. because the Agreement makes clear that plaintiff's services were rendered to 21 Inc. only. Third, they urge that this claim is really just a copyright claim and, as such, is preempted by the U.S. Copyright Act.

Plaintiff argues that the claim is sufficient because it seeks compensation for concepts

and designs that are outside the scope of copyright protection. It contends that the Agreement between the parties does not establish terms regarding the defendants' use of the design concepts in clubs other than the Manhattan 40/40 Club – it just precludes such use without plaintiff's permission. Plaintiff further urges that the defendants other than 21 Inc. may be liable on this claim because there is no need for privity of contract, just proof that they unjustly retained the benefits of plaintiff's services.

DISCUSSION

The motion to dismiss the second cause of action is granted only to the extent of dismissing the claim as to defendants Gonzalez, Carter and 40/40 A.C. L.L.C., and otherwise is denied.

With regard to the quantum meruit claim as against defendants Gonzalez, Carter and 40/40 A.C. L.L.C., plaintiff has failed to plead a sufficient claim. To recover in quantum meruit, a plaintiff must allege that it rendered services at the behest of the defendant, and that the defendant benefitted from the services (see Kirell v Vytra Health Plans Long Is., Inc., 29 AD3d 638, 639 [2d Dept 2006] [services must be performed at the defendants' request]; Prestige Caterers v Kaufman, 290 AD2d 295, 295 [1st Dept 2002] [no quantum meruit claim against defendants who benefitted from plaintiff's services, where there was no proof that services were rendered at their behest]; Kagan v K-Tel Entertainment, Inc., 172 AD2d 375, 376 [1st Dept 1991] [it is not enough that defendant benefitted if plaintiff performed the services at the behest of someone other than defendant]). Here, plaintiff alleges that 21 Inc. requested its interior design services for the Manhattan 40/40 Club, and that all the defendants were enriched and benefitted by the use of plaintiff's "Look, Documents and Instruments of Service" in connection with the

40/40 Club locations in Atlantic City, Las Vegas and Los Angeles (Compl ¶¶ 30-32). It fails to allege that services were rendered to Gonzalez, Carter or 40/40 A.C. L.L.C., or that the services were rendered at their behest. Accordingly, this claim is dismissed as against defendants Gonzalez, Carter and 40/40 A.C. L.L.C.

Plaintiff's complaint, however, sufficiently pleads a cause of action for recovery in quantum meruit as against defendant 21 Inc., and the claim is not preempted by copyright law. First, with regard to preemption, the design concepts and ideas for which plaintiff bases its quantum meruit claim are beyond the scope of federal copyright protection. Under Section 301 of the Copyright Act of 1976 (the Act), federal law does not preempt "any rights or remedies under the common law or statutes of any State with respect to . . . subject matter that does not come within the subject matter of copyright" under the Act (17 USC § 301 [b] [2006]). Section 102 provides the criteria of copyrightable subject matter covered under the Act. Section 102 protects "works of authorship," including, among other things, "pictorial, graphic and sculptural works" and "architectural works," as long as the works satisfy the Act's other requirements (17 USC § 102 [a] [5] and [8]). The Act excludes any "useful article," "defined as 'an article having an intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information' – from copyright eligibility" (Chosun Intl., Inc. v Chrisha Creations, Ltd., 413 F3d 324, 327 [2d Cir 2005], citing 17 USC § 101). A design can be considered a "pictorial, graphic or sculptural work" only if it contains such features that can be identified separately from, and can exist independent from, the utilitarian aspects of the article (id. at 328; see also H2O Swimwear, Ltd. v Lomas, 164 AD2d 804, 806 [1st Dept 1990] [aesthetic qualities of clothing can rarely be separable from their utilitarian function]). Architectural works include an

architect's plans and drawings, purely nonfunctional or monumental structures, as well as artistic sculpture, and decorative ornamentation or embellishment on a structure (17 USC § 102 Historical and Statutory Notes). Section 102 (b) clarifies that protection under the Act does not extend to any idea, system, process, procedure, concept, principle or discovery, no matter what form it is described, embodied or explained in the work (id.).

In this case, plaintiff has not alleged that defendant 21 Inc. copied any expression contained in plaintiff's drawings which is or may be copyrighted, or infringed its architectural works. It has not alleged that it is the owner of a valid copyright for its work which has been copied (see Flaherty v Filardi, 388 F Supp 2d 274, 286 [SDNY 2005]). Instead, it seeks relief for defendant 21 Inc.'s unauthorized use of its design concepts and ideas, which appear not to be protected under the federal copyright law (see 17 USC § 102; Flaherty, 388 F Supp 2d at 290-91 [no preemption where the party was seeking protection of ideas rather than copyrightable expression of ideas]). Even if there was some element in plaintiff's work which was protected under the Act, plaintiff is entitled to bring a quantum meruit claim in the alternative in the event it is established that there was no such protection, and that the interior design plaintiff created was not copyrightable (see Flaherty, 388 F Supp 2d at 290 [claims are not preempted to the extent that they are based on notions outside the ambit of copyright law]; Ulloa v Universal Music and Video Distrib. Corp., 2004 WL 840279, *2 [SDNY 2004] [unjust enrichment claim not preempted because it is brought in alternative to copyright infringement claim]). The court notes that defendant itself had recognized, in a letter to plaintiff's counsel dated May 19, 2006, that the design elements which plaintiff claims were copied are not subject to copyright protection, specifically stating that the interior design elements were not interior architecture, and

that the chairs were functional works and useful articles, which were not aesthetically separable, and were not subject to copyright protection (see John C. Ohman Affirm in Opp Ex 1).

Second, the quantum meruit claim is not barred by the parties' Agreement. A quantum meruit claim sounds in quasi contract. While the existence of a valid and enforceable contract governing a particular subject matter generally would bar recovery in quasi contract (see Clark-Fitzpatrick, Inc. v Long Is. R.R. Co., 70 NY2d 382, 388 [1987]; American Tel. & Utility Consultants, Inc. v Beth Israel Med. Ctr., 307 AD2d 834 [1st Dept 2003]), where there is a bona fide dispute as to the existence of the contract, or where it does not cover the dispute at issue, the plaintiff may seek recovery for both breach of contract and in quasi contract (Joseph Sternberg, Inc. v Walber 36th St. Assocs., 187 AD2d 225 [1st Dept 1993]).

Here, the Agreement governs plaintiff's services to 21 Inc. with regard to the 40/40 Club in Manhattan. It specifically provides that if 21 Inc. "wishes to use the design of prototype designed by [plaintiff] for other projects, the terms and conditions of such use should be negotiated before any such use takes place" (Compl Ex 1 § D [3]). Contrary to defendants' contention, this provision does not cover the dispute, i.e., plaintiff's compensation for 21 Inc.'s alleged use of the plaintiff's designs for other projects. Rather, it just indicates that the parties need to negotiate terms of an agreement with regard to such services. Thus, the Agreement does not cover the dispute at issue in the second cause of action, and the plaintiff may seek recovery in quantum meruit.

Accordingly, it is

ORDERED that the motion to dismiss is granted only to the extent of dismissing the second cause of action as against defendants Shawn Carter, Desiree Gonzalez and 40/40 A.C.

L.L.C. and denied as to defendant Twenty Ones Incorporated; and it is further

ORDERED that the defendants are directed to serve an answer to the complaint within 10 days after service of a copy of this order with notice of entry.

Dated: March 28, 2007

ENTER:

J.S.C.