

**PUBLIC VERSION**

**UNITED STATES INTERNATIONAL TRADE COMMISSION**

**Washington, D.C.**

**In the Matter of**

**CERTAIN TOY FIGURINES AND TOY SETS  
CONTAINING THE SAME**

**Inv. No. 337-TA-948**

**ORDER NO. 21: INITIAL DETERMINATION GRANTING JOINT MOTION TO  
TERMINATE INVESTIGATION AS TO LAROSE INDUSTRIES,  
LLC D/B/A CRA-Z-ART BASED ON SETTLEMENT  
AGREEMENT AND CONSENT ORDER**

(August 26, 2015)

On July 9, 2015, Complainants LEGO A/S, LEGO System A/S and LEGO Systems, Inc. (“LEGO”) and Respondent LaRose Industries, LLC d/b/a Cra-Z-Art (“LaRose”) filed a joint motion (948-009) to terminate the Investigation as to LaRose based on a consent order stipulation, proposed consent order, and a settlement agreement. On July 22, 2015, the Commission Investigative Staff (“Staff”) filed a response in conditional support of the motion to terminate, provided that LEGO and LaRose submit a revised version of the public version of the settlement agreement. The parties complied on August 24, 2015.<sup>1</sup>

In accordance with Commission Rule 210.21(c)(1)(ii), LEGO and LaRose have entered into a “Consent Order Stipulation” and a proposed “Consent Order,” attached hereto as Exhibit 1. 19 C.F.R. § 210.21(c)(1)(ii). Commission Rule 210.21(c)(3) sets forth certain requirements for the contents of a consent order stipulation. 19 C.F.R. § 210.21(c)(3). The Consent Order

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<sup>1</sup> On July 31, 2015, the undersigned ordered the parties to file a revised version of the public settlement agreement to remove some of the redactions. (Order No. 18.) On August 10, 2015, the parties submitted a revised version. Because the parties continued to redact large portions of the Settlement Agreement, the undersigned directed the parties to submit a further revised version of this document. (Order No. 20.) The undersigned further ordered the parties to “submit an explanation to the undersigned as to why the information qualifies as confidential business information pursuant to Commission Rule 201.6.” (*Id.*) The parties’ August 24, 2015 submission provides such an explanation.

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Stipulation submitted by the parties complies with the requirements of Commission Rule 210.21(c)(3). (See Staff Resp. 5-7.)

Specifically, LaRose agrees that upon entry of the Consent Order:

LaRose agrees not to sell for importation, import, or sell after importation in the United States, toy figures and toy sets containing the same that infringe one or more of the Asserted Patents or the Asserted Copyrights (the 'Subject Articles'), directly or indirectly, and will not aid, abet, encourage, participate in, or induce the sale for importation, the importation, or the sale after importation of the Subject Articles, except as permitted by the Settlement Agreement.

(Consent Order Stip. ¶ 4). Pursuant to Commission Rule 210.21(c)(3)(i), LaRose also agrees to:

- (1) admit that the Commission has *in rem* jurisdiction over the subject matter of this Investigation, and *in personam* jurisdiction over LaRose (see Consent Order Stip. ¶ 3);
- (2) expressly waive all rights to seek judicial review or otherwise challenge or contest the validity of the Consent Order (*id.* at ¶ 6);
- (3) cooperate with and not seek to impede by litigation or other means the Commission's efforts to gather information under Subpart I of the Commission's Rules of Practice and Procedure (*id.* at ¶ 7); and
- (4) the enforcement, modification, or revocation of the Consent Order being carried out pursuant to Subpart I of Part 210 of 19 C.F.R. § 210 (*id.* at ¶ 8).

Because this is an intellectual property-based investigation and in accordance with Commission Rule 210.21(c)(3)(i)(B), the Consent Order Stipulation also states that:

- (1) the Consent Order shall not apply with respect to any Asserted Copyright or claim of the Asserted Patents that has expired or been found or adjudicated invalid or unenforceable by the Commission or a court or agency of competent jurisdiction, provided that such finding or judgment has become nonreviewable (*id.* at ¶ 11); and
- (2) LaRose will not seek to challenge the validity or enforceability of the Asserted Patents or the Asserted Copyrights in any administrative or judicial proceeding to enforce the Consent Order (*id.* at ¶ 12).

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Additionally, Commission Rule 210.21(c)(4) sets forth certain requirements for the contents of the consent order. 19 C.F.R. § 210.21(c)(5). The Consent Order submitted by the parties complies with the requirements of Commission Rule 210.21(c)(4). (*See* Staff Resp. at 7-9.)

LEGO and LaRose have also entered into a Settlement Agreement. A copy of the Settlement Agreement is attached hereto as Exhibit 2. Consistent with 19 C.F.R. § 210.21(b)(1), LEGO and LaRose state that “[a]side from the Consent Order Stipulation and Settlement Agreement, there are no other agreements, written or oral, express or implied, between [LEGO] and LaRose concerning the subject matter of the Investigation.” (Mot. at 2; *see also* Mem. at 2.)

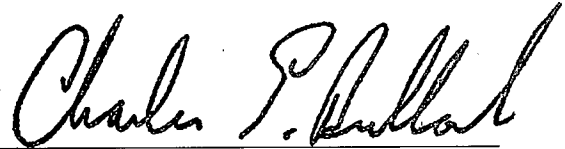
In any initial determination terminating an investigation by settlement agreement or consent order, the administrative law judge is directed to consider and make appropriate findings regarding the effect of the proposed settlement on the public health and welfare, competitive conditions in the United States economy, production of like or directly competitive articles in the United States, and United States consumers. 19 C.F.R. § 210.50(b)(2). LEGO, LaRose, and Staff believe that granting the joint motion would not be contrary to the public interest. (Mem. at 2-3; Staff Resp. at 9-10.) The undersigned agrees that termination of this Investigation does not impose any undue burdens on the public health and welfare, competitive conditions in the United States economy, production of like or directly competitive articles in the United States, or United States consumers.

Accordingly, for good cause shown, it is the undersigned’s Initial Determination that the joint motion (948-009) to terminate this Investigation with respect to LaRose be granted. The undersigned further finds that service of the confidential settlement agreement should be limited to LEGO, LaRose, and Staff.

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This Initial Determination, along with supporting documentation, is hereby certified to the Commission. Pursuant to 19 C.F.R. § 210.42(h), this Initial Determination shall become the determination of the Commission unless a party files a petition for review of the Initial Determination pursuant to 19 C.F.R. § 210.43(a), or the Commission, pursuant to 19 C.F.R. § 210.44, orders, on its own motion, a review of the Initial Determination or certain issues, herein.

**SO ORDERED.**

A handwritten signature in black ink, appearing to read "Charles E. Bullock". The signature is written in a cursive style with a horizontal line underneath it.

Charles E. Bullock  
Chief Administrative Law Judge

# **EXHIBIT 1**

PUBLIC VERSION

UNITED STATES INTERNATIONAL TRADE COMMISSION  
WASHINGTON, DC

Before the Honorable Charles E. Bullock  
Chief Administrative Law Judge

IN THE MATTER OF

CERTAIN TOY FIGURINES AND TOY  
SETS CONTAINING THE SAME

INVESTIGATION No. 337-TA-948

**CONSENT ORDER STIPULATION  
BY LAROSE INDUSTRIES, LLC d/b/a CRA-Z-ART**

WHEREAS, Complainants LEGO A/S, LEGO System A/S and LEGO Systems, Inc. (“Complainants”) filed a Complaint before the United States International Trade Commission (the “Commission”) on February 15, 2015;

WHEREAS, the Commission has instituted the above-captioned investigation under Section 337 of the Tariff Act of 1930 as amended (19 U.S.C. § 1337), based upon the allegations in the Complaint filed by Complainants;

WHEREAS, Complainants and Respondent LaRose (as defined below) have executed a Settlement Agreement and, pursuant to which, LaRose agrees to the entry of a Consent Order by the Commission in the form attached hereto as Exhibit A;

NOW THEREFORE, pursuant to Commission Rule 210.21(c)(1)(ii) and (c)(3), LaRose stipulates and agrees as follows in connection with the parties’ Joint Motion to Terminate the Investigation as to LaRose Industries, LLC d/b/a Cra-Z-Art based on the Settlement Agreement and the Consent Order:

1. The Respondent covered by this Consent Order Stipulation is LaRose Industries, LLC d/b/a Cra-Z-Art, formed under the laws of New Jersey with its principal place of business at 1578 Sussex Turnpike, Randolph, New Jersey 07869 (“LaRose”).

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2. The asserted intellectual property rights include United States Patent Nos. D682,367, D678,432, and D689,568 (the "Asserted Patents"), and United States Copyright Registration Nos. VA 1-876-291, VA 1-876-279, VA 1-876-378 and VA-1-876-373 (the "Asserted Copyrights").

3. The Commission has *in rem* jurisdiction over the Subject Articles and *in personam* jurisdiction over LaRose solely for purposes of the Consent Order, and subject matter jurisdiction over this Investigation.

4. LaRose agrees not to sell for importation, import, or sell after importation in the United States, toy figurines and toy sets containing the same that infringe one or more of the Asserted Patents or the Asserted Copyrights (the "Subject Articles") directly or indirectly, and will not aid, abet, encourage, participate in, or induce the sale for importation, the importation, or the sale after importation of the Subject Articles, except as permitted by the Settlement Agreement.

5. LaRose agrees to the entry of a Consent Order by the Commission in the form attached hereto as Exhibit A.

6. LaRose expressly waives all rights to seek judicial review or otherwise challenge or contest the validity of the Consent Order.

7. LaRose will cooperate with and will not seek to impede by litigation or other means the Commission's efforts to gather information under Subpart I of the Commission's Rules of Practice and Procedure, 19 C.F.R. Part 210.

8. Enforcement, modification, or revocation of the Consent Order will be carried out pursuant to Subpart I of the Commission's Rules of Practice and Procedure, 19 C.F.R. Part 210, which is incorporated by reference herein.

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9. The signing of this Consent Order Stipulation is for settlement purposes only and does not constitute an admission by LaRose of infringement of any or all of the Asserted Patents and/or the Asserted Copyrights by LaRose or that any unfair act has been committed by LaRose.

10. The Consent Order shall have the same force and effect and may be enforced, modified, or revoked in the same manner as is provided in section 337 of the Tariff Act of 1930 and 19 C.F.R. Part 210 for other Commission actions, and the Commission may require periodic compliance reports pursuant to Subpart I of 19 C.F.R. Part 210 to be submitted by LaRose.

11. The Consent Order shall not apply with respect to any Asserted Copyright or claim of the Asserted Patents that has expired or been found or adjudicated invalid or unenforceable by the Commission or a court or agency of competent jurisdiction, provided that such finding or judgment has become nonreviewable.

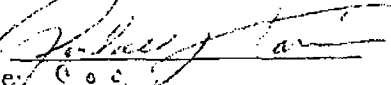
12. LaRose will not seek to challenge the validity or enforceability of the Asserted Patents or the Asserted Copyrights in any administrative or judicial proceeding to enforce the Consent Order, except as provided by the Settlement Agreement.

I declare under penalty of perjury under the laws of the  
United States of America that the foregoing is true and correct.

**IT IS SO STIPULATED.**

Dated: 7-9-15

LaRose Industries, LLC d/b/a Cra-Z-Art  
1578 Sussex Turnpike  
Randolph, New Jersey 07869

By:   
Title: C. O. O.



# **EXHIBIT A**

PUBLIC VERSION

UNITED STATES INTERNATIONAL TRADE COMMISSION  
WASHINGTON, DC

Before the Honorable Charles E. Bullock  
Chief Administrative Law Judge

IN THE MATTER OF

CERTAIN TOY FIGURINES AND TOY  
SETS CONTAINING THE SAME

INVESTIGATION No. 337-TA-948

CONSENT ORDER

The International Trade Commission (the "Commission") has instituted the above-captioned investigation under Section 337 of the Tariff Act of 1930 as amended (19 U.S.C. § 1337), based upon the allegations contained in the Complaint filed by Complainants LEGO A/S, LEGO System A/S and LEGO Systems, Inc. ("Complainants") which alleges violations of Section 337 by LaRose Industries, LLC d/b/a Cra-Z-Art ("LaRose").

Solely to resolve the disputes between the Parties, and pursuant to a Settlement Agreement with Complainants ("Settlement Agreement"), LaRose has executed a Consent Order Stipulation, to which this Consent Order is attached, in which it agrees to the entry of this Consent Order and to all waivers and other provisions as required by the Commission's Rules of Practice and Procedure.

NOW, THEREFORE, the Commission issues the following Consent Order:

1. The Complainants in this Investigation are LEGO A/S and LEGO System A/S, which are corporations incorporated under the laws of Denmark, having their principal place of business at Aastvej 1, DK-7190, Billund, Denmark, and LEGO Systems, Inc., a corporation incorporated under the laws of Delaware with its principal place of business at 555 Taylor Road, Enfield, Connecticut 06082 (collectively, as also defined above, "Complainants").

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2. The Respondent covered by this Consent Order is LaRose Industries, LLC d/b/a Cra-Z-Art, formed under the laws of New Jersey with its principal place of business at 1578 Sussex Turnpike, Randolph, New Jersey 07869.

3. The subject articles are toy figurines and toy sets containing the same that Complainants allege infringe one or more of United States Patent Nos. D682,367, D678,432, and D689,568, and United States Copyright Registration Nos. VA 1-876-291, VA 1-876-279, VA 1-876-378 and VA 1-876-373 (the "Subject Articles").

4. In their Complaint, Complainants allege that LaRose imports, sells for importation and/or sells after importation in the United States the Subject Articles in violation Section 337 of the Tariff Act of 1930 as amended (19 U.S.C. § 1337) by reason of infringement of one or more of United States Patent Nos. D682,367, D678,432, and D689,568 (the "Asserted Patents"), and United States Copyright Registration Nos. VA 1-876-291, VA 1-876-279, VA 1-876-378 and VA 1-876-373 (the "Asserted Copyrights").

5. LaRose has executed a Consent Order Stipulation and stipulates to the entry of this Consent Order.

6. LaRose shall not sell for importation, import, or sell after importation the Subject Articles, directly or indirectly, and shall not aid, abet, encourage, participate in, or induce the sale for importation, the importation, or the sale after importation of the Subject Articles, except as permitted by the Settlement Agreement.

7. LaRose shall be precluded from seeking judicial review or otherwise challenging or contesting the validity of the Consent Order.

**PUBLIC VERSION**

8. LaRose shall cooperate with and shall not seek to impede by litigation or other means the Commission's efforts to gather information under Subpart I of the Commission's Rules of Practice and Procedure, 19 C.F.R. Part 210.

9. LaRose and its officers, directors, employees, agents and any entity or individual acting on its behalf and with its authority shall not seek to challenge the validity or enforceability of any of the Asserted Patents or the Asserted Copyrights in any administrative or judicial proceeding to enforce the Consent Order, except as provided by the Settlement Agreement.

10. When an Asserted Patent or an Asserted Copyright expires, this Consent Order shall become null and void as to each such expired patent or copyright.

11. If any Asserted Copyrights or any claim of the Asserted Patents are held invalid or unenforceable by a court or agency of competent jurisdiction or as to any articles that have been found or adjudicated not to infringe any Asserted Copyrights or any claim of the Asserted Patents in a final decision, no longer subject to appeal, this Consent Order shall become null and void as to such invalid or unenforceable Copyrights or claim.

12. This Investigation is hereby terminated with respect to LaRose; provided, however, that enforcement, modification, or revocation of this Consent Order shall be carried out pursuant to Subpart I of the Commission's Rules of Practice and Procedure, 19 C.F.R. Part 210.

Dated: \_\_\_\_\_

BY ORDER OF THE COMMISSION

\_\_\_\_\_  
Lisa Barton  
Secretary

## **EXHIBIT 2**

This Confidential Settlement Agreement, Release, and Covenant not to Sue ("Settlement Agreement") is made by and among LEGO A/S, LEGO System A/S, each incorporated under the laws of Denmark, and LEGO Systems, Inc., a Delaware Corporation (collectively, "LEGO"), on the one hand, and LaRose Industries LLC d/b/a Cra-Z-Art, formed under the laws of New Jersey ("LaRose"), on the other. (LEGO and LaRose are each a "Party," and are sometimes collectively referred to herein as the "Parties.") This Settlement Agreement shall become effective on the date last signed by the Parties (the "Effective Date").

#### **RECITALS**

**WHEREAS**, following LEGO's Complaint to the International Trade Commission to institute an Investigation entitled *In the Matter of Certain Toy Figurines and Toy Sets Containing Same*, on March 6, 2015, Investigation No. 337-TA-948 was instituted (the "ITC Investigation"), and LEGO also filed an action in United States District Court, District of Connecticut, in a case currently docketed as *LEGO A/S v. LaRose Industries LLC d/b/a/ Cra-Z-Art.*, No. 3:14-cv-00350 (RNC) (the "Action"), in which LEGO alleged infringement of certain patents and copyrights, and LaRose raised non-infringement, invalidity and certain other defenses and counterclaims;

**WHEREAS**, each Party denies the respective claims and defenses asserted by the other;

**WHEREAS**, the Parties have reached an amicable settlement of their respective claims as set forth in the ITC Investigation and the Action in accordance with the terms and conditions of this Settlement Agreement;

**NOW, THEREFORE**, in consideration of the mutual covenants contained in this Settlement Agreement and good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties agree to settle all disputes between them on a worldwide basis, including those alleged in the ITC Investigation and the Action on the following terms:

**Article I – Certain Definitions**

1.1 The term “Asserted Intellectual Property” and the term “LEGO Friends IP” are each defined as U.S. Des. Pat. Nos. D682,367, D672,411, D672,412, D678,432, D689,567, D689,568, D672,413, D675,682, D675,683, D675,684, D675,685, D682,369, and D672,410, and all applications, parent applications thereof, applications claiming priority to any such parent applications, child applications, applications claiming priority to any such child applications, continuations, divisionals, continuations-in-part, reissues, reexaminations, and any related patents (U.S. and foreign counterparts) and/or any patents claiming priority to U.S. and foreign counterparts thereto, and U.S. Copyright Registration Nos. VA 1-876-291, VA 1-876-279, VA 1-876-378, and VA 1-876-373 and any other worldwide LEGO intellectual property rights in and to the LEGO Friends figurines, including, without limitation, trademark and trade dress rights.

1.2 “LITE BRIX toy figurines” shall mean all figurines contained in LaRose’s LITE BRIX construction toy product line, from its inception to the Effective Date, including without limitation the LITE BRIX and the LITE BRIX

1.3

**Article II -**

2.1 . LaRose agrees that, on or before December 1, 2015, it and anyone acting in concert with it

2.2 LaRose has a  
in the U.S. and any foreign country the LITE BRIX toy figurines and any sets  
containing such figurines to



**Article III – Settlement Proceeds:**

3.1 \_\_\_\_\_ the sum of \_\_\_\_\_  
within five (5) business days of the Effective Date, which

3.2 \_\_\_\_\_

**Article IV – Termination, Consent Order Stipulation and Stipulated Dismissal:**

4.1 **Consent Order Stipulation and Proposed Consent Order.** Within five (5) business days of the execution of the Settlement Agreement, LaRose will sign a mutually agreeable Consent Order stipulation and the Parties will file a motion to terminate the ITC Investigation (which motion shall include the Consent Order stipulation and a mutually agreeable proposed Consent Order) as to LaRose.

4.2 **Dismissal.** Within five (5) business days of the execution of the Settlement Agreement, the Parties shall file a stipulated dismissal, with prejudice, of the Action against LaRose, and LaRose will dismiss without prejudice its counterclaims against LEGO in the Action.

**Article V—Mutual Releases:**

5.1 LEGO hereby releases LaRose and each of its parents, affiliates, subsidiaries and predecessors and successors in interest and each of their respective officers, directors, employees, agents, attorneys, auditors, representatives, and partners, and LaRose's customers and their subsidiaries and affiliates, distributors, suppliers, manufacturers, end users and their affiliates ("LaRose Released Parties") from any and all past, present or future rights, interests, claims, actions, causes of actions, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, extents, executions, claims and demands whatsoever, in law, admiralty, or equity, that it ever had, now has, or hereafter can, shall or may have, that were asserted or could have been asserted prior to the date of the Settlement Agreement in connection with the LITE BRIX toy figurines or the Asserted Intellectual Property on a worldwide basis.

5.2 LaRose hereby releases LEGO and each of their respective officers, directors, employees, agents, attorneys, auditors, representatives, partners, affiliates and predecessors and successors in interest ("LEGO Released Parties") from any and all past, present or future rights, interests, claims, actions, causes of actions, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, extents, executions, claims and demands whatsoever, in law, admiralty, or equity, that it ever had, now has, or hereafter can, shall or may have, related to any claims, counterclaims, and affirmative defenses that were or could have been asserted in the ITC Investigation or the Action, except any such claims, counterclaims, and affirmative defenses challenging validity or enforceability of the LEGO Friends IP solely in the event that LEGO or any of its successors, heirs, assigns and affiliates initiates any action asserting the LEGO Friends

IP against LaRose and its customers, distributors, suppliers, manufacturers, end users and their subsidiaries and affiliates.

5.3 Each Party shall bear its own legal fees, costs and expenses incurred in connection with the ITC Investigation, the Action, the Term Sheet between the Parties, and the Settlement Agreement.

**Article VI – Covenant Not to Sue:**

6.1 LEGO and its successors, heirs, assigns, and affiliates agree and covenant not to sue, on a worldwide basis, LaRose, its successors, heirs, assigns, subsidiaries, and affiliates, customers and their affiliates and subsidiaries, distributors, suppliers, manufacturers, end users and their affiliates for infringement of the Asserted Intellectual Property

6.2 U.S. Customs and Border Protection.

6.3 Validity and Enforceability Challenges. Subject to Article 8.3 of this Settlement Agreement, LaRose agrees that it will not challenge the validity or enforceability nor assist any individual or entity in any way to challenge the validity or enforceability of the LEGO Friends IP, *except* in the event that LEGO or any of its successors, heirs, assigns and affiliates initiates any action asserting the LEGO Friends IP against LaRose. Notwithstanding the foregoing, a proceeding that seeks to compel compliance with the Settlement Agreement will not count as an assertion of the LEGO Friends IP, unless such compliance seeks injunctive relief on the basis of any of the LEGO Friends IP.

**Article VII – Confidentiality:**

The Parties agree that the terms of the Term Sheet and the Settlement Agreement are strictly confidential and that no Party, without the written consent of the other Party, may individually, jointly, or through its agents or other representatives or those acting on its behalf, in any manner publish, publicize, disclose or otherwise make known or permit or cause to be made known to any third person, other than parents, subsidiaries, corporate affiliates, attorneys, accountants, tax preparers, bankers, auditors or insurers of the Parties who have a need to know and are bound by obligations of confidentiality, the terms and conditions of the Settlement Agreement. Nothing in this paragraph shall be construed to prohibit the disclosure, to the extent necessary, by the Parties of matters generally known in the public or available to the public, or of such information as may be required by law, or by judicial, administrative or government rule,

procedure, process or order, or as is necessary to enforce the provisions of the Settlement Agreement. The Parties agree that the only press statement, including in response to a press inquiry, any Party may make with respect to the ITC Investigation, the Action, the Term Sheet and/or the Settlement Agreement shall be: "We can confirm that the Parties have amicably resolved their disputes at the ITC and in District Court. We have no further comment concerning the matter." If a Party breaches the foregoing confidentiality provision by making a statement beyond the agreed-upon press statement, the non-breaching Party will be allowed to issue a curative statement consistent with the agreed upon press statement. Either Party may direct inquiring third parties to the docket relating to the ITC Investigation or the Action.

#### **Article VIII – Remedies for Breach**

8.1 The Parties agree that this Settlement Agreement will be construed and enforced in accordance with the laws of the State of New York without reference to the conflicts of law provisions thereof.

8.2 In the event of a material breach of the Settlement Agreement by either Party, the rights and obligations set forth under the Settlement Agreement shall continue. Prior to seeking any relief from a Court or the U.S. International Trade Commission, including, without limitation, relief under the Consent Order, the Party alleging a breach shall first provide written notice to the allegedly breaching party of the alleged breach (in the form of written correspondence pursuant to Article 11.9 of this Settlement Agreement), and upon receipt of such notice, the allegedly breaching party shall have a period of thirty (30) days to cure the breach or reach agreement with the other Party regarding satisfactory steps to resolve the alleged breach. If the Parties are unable to resolve the dispute within this thirty (30) day time period, the Party alleging breach may initiate mediation, to which the other Party must submit. If the Parties are unable to resolve

the dispute by mediation within thirty (30) days from the date on which the last mediation conference (either in person or telephonic) was conducted, then, prior to seeking any relief from a Court or the U.S. International Trade Commission, including, without limitation, relief under the Consent Order, the Party alleging the breach must file a demand for arbitration with the American Arbitration Association (“AAA”) pursuant to the then-applicable AAA Commercial Arbitration Rules (“Rules”) and simultaneously serve a copy on the other Party. The place of arbitration shall be New York, NY. The Party alleging breach must initiate the mediation process described above prior to filing any demand for arbitration. There shall be three (3) arbitrators, one selected by each Party and a third appointed by AAA in accordance with the Rules as soon as reasonably practicable. Any arbitrator appointed by AAA shall be an attorney (or retired judge), with experience as an arbitrator of cases relating to intellectual property settlement agreements.

8.3 Notwithstanding Article 6.3 of this Settlement Agreement, each Party shall have and may assert any and all available rights and defenses during the mediation and arbitration proceedings, including, without limitation, LaRose’s rights to allege non-infringement of the Asserted Intellectual Property and the right to challenge the validity and/or enforceability of the Asserted Intellectual Property. Should the arbitration proceeding result in a decision of invalidity and/or unenforceability of a particular Asserted Intellectual Property, LEGO shall not assert such Asserted Intellectual Property against LaRose, its customers, distributors, suppliers, manufacturers, end users, and their affiliates for any reason.

8.4 The Parties agree that

, if applicable, except that, if the arbitrators find a willful breach of the Settlement Agreement or a willful violation of the Consent

Order,

8.5 The prevailing party, as determined by the arbitrators, in the arbitration shall

It is

understood agreed that the arbitrators may determine that there is no prevailing party or that

**Article IX – Integration and Construction:**

This Settlement Agreement represents the entire agreement and understanding between the Parties regarding the subject matter contained in it and supersedes all prior and contemporaneous agreements, representations and understandings, whether written or oral, of the Parties with respect to such subject matter, including the Term Sheet. This Settlement Agreement may not be modified or canceled in any manner except by a writing signed by all of the Parties to this Settlement Agreement. This Settlement Agreement shall not be construed against any Party, but instead shall be construed as if both Parties jointly prepared the Settlement Agreement and any uncertainty shall not on that ground be interpreted against any one Party.

**Article X – Representations and Warranties:**

10.1 Each Party represents and warrants that:

(a) all necessary corporate actions have been taken to approve this Settlement Agreement and authorize its execution, that the person executing this Settlement Agreement on its behalf is fully authorized to do so, and that such person has the authority to bind it and to settle and release the

released claims on behalf of such Party and its releasing parties, and each Party hereby waives any claim that its signatory was not so authorized;

(b) it has not sold, assigned, conveyed, transferred, encumbered or otherwise disposed of, in whole or in part, voluntarily or involuntarily, by operation of law or otherwise any released claim, and no third-party has any right, title or interest in any released claim; and,

(c) within sixty (60) days of the Effective Date, in compliance with Paragraph 14 of the Protective Order in the ITC Investigation, each Party will destroy any Confidential Business Information ("CBI") of the other Party, with the exception of work product documents containing abstracts or summaries made therefrom which shall be maintained only by outside counsel pursuant to the continuing duty of non-disclosure, and counsel shall certify the destruction of the CBI material to counsel for the disclosing Party.

10.2

**Article XI – Miscellaneous:**

11.1 Assignment. Except as provided above, this Settlement Agreement is personal to each Party and no rights or obligations may be assigned by either Party without the prior written consent of the other Party. Notwithstanding the foregoing, each Party may assign this Settlement Agreement in its entirety without the other Party's consent in connection with a Change of Control event, provided that the assignee executes and delivers to the other Party a written agreement confirming that the terms and conditions of this Settlement Agreement shall be binding upon such assignee. In the event of an assignment in accordance with this provision, all releases and covenants granted by the assigning Party: (i) will continue and remain valid and



fully enforceable after the effective date of the assignment; (ii) shall run with the rights of the Party being assigned and shall be binding on any assignee; and (iii) shall remain binding on the assigning Party notwithstanding such assignment. For the purposes of this Settlement Agreement, "Change of Control" shall mean with respect to a Party, any merger or other transaction or series of transactions (i) which results in the holders of voting securities of the Party outstanding immediately prior thereto failing to continue to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than fifty percent (50%) of the combined voting power of the voting securities of the Party or such surviving entity outstanding immediately after such merger or transaction or series of transactions, (ii) in which the Party becomes a subsidiary of a third party, or (iii) in which a third party acquires all or substantially all of the Party's business, capital stock outstanding, or assets to which this Settlement Agreement applies, whether by merger, acquisition, sale, or otherwise.

11.2 Severability. If any provision of this Settlement Agreement is found to be unenforceable, all other provisions will remain fully enforceable, including, without limitation, any specific provision of Article VIII of this Settlement Agreement.

11.3 Waiver. Any failure by a Party to exercise any right hereunder shall not be construed as a waiver of such right or of any other rights hereunder by that Party on such occasion or on any subsequent occasion. No provision hereof shall be deemed waived and no breach consented to unless such waiver or consent is in writing and signed by the Party claimed to have waived or consented.

11.4 Counterparts. This Settlement Agreement may be executed in counterparts, and such execution may be evidenced by signatures delivered by facsimile or electronic transmission

(including PDF or TIFF images), and each counterpart shall have the same force and effect as an original and shall constitute an effective, binding agreement on the part of each of the Parties hereto.

11.5 Acknowledgement. The Parties acknowledge and represent that they negotiated, drafted and are executing this Settlement Agreement jointly, knowingly and voluntarily and with a full understanding of its terms and their rights and obligations thereunder. The Parties further acknowledge and represent that they have been advised of their right to consult with counsel prior to executing this Settlement Agreement, that they have had the opportunity to consult, and have consulted, with attorneys of their own choosing to assess whether to execute this Settlement Agreement, and that in deciding to execute this Settlement Agreement, they have relied on their own judgment and the advice of legal counsel. Nothing contained herein shall be construed as a waiver of the attorney-client privilege.

11.6 Cooperation. To the extent that the Parties are required to execute any documents to effectuate any provision of this Settlement Agreement, the Parties shall cooperate in good faith promptly to prepare and execute such documents.

11.7 Modification. Nothing modifying this Settlement Agreement shall be binding unless made in writing and signed by a duly authorized representative of the Party to be bound.

11.8 Headings. The headings and captions in this Settlement Agreement are for the convenience of the Parties only, and do not modify this Settlement Agreement.

11.9 Notice. Any notice to be provided pursuant to this Settlement Agreement shall be made in writing, by electronic and certified mail, upon the following:

If to LEGO:

General Counsel  
LEGO A/S  
DK-7190  
Koldingvej 2  
Billund  
Denmark

With a copy to:

Elizabeth A. Alquist, Esq.  
Day Pitney LLP  
242 Trumbull Street  
Hartford, CT 06103  
Electronic Mail: [eaalquist@daypitney.com](mailto:eaalquist@daypitney.com)

If to LaRose:

Mr. Lawrence Rosen  
LaRose Industries, LLC  
1578 Sussex Turnpike  
Randolph, New Jersey 07869

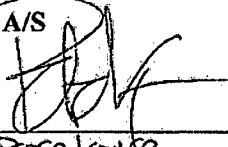
With a copy to:


Ralph W. Selitto, Jr., Esq.  
Joseph Agostino, Esq.  
Greenberg Traurig, LLP  
200 Park Avenue  
P.O. Box 677  
Florham Park, New Jersey 07932  
Electronic Mail: [selittor@gtlaw.com](mailto:selittor@gtlaw.com); [agostinoj@gtlaw.com](mailto:agostinoj@gtlaw.com)

**IN WITNESS WHEREOF**, the Parties hereto have executed this Agreement on the  
respective dates set forth below.

**(remainder of this page left intentionally blank)**

**LEGO A/S**

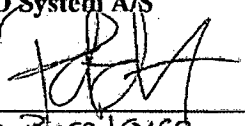
By 

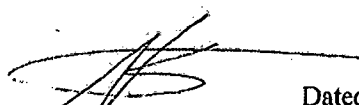


Dated: 9 July 2015

Name: PETER KNIER      NIKOLAJ KNUDSEN  
Title: PROCURATION HOLDERS

**LEGO System A/S**

By 



Dated: 9 July 2015

Name: PETER KNIER      NIKOLAJ KNUDSEN  
Title: PROCURATION HOLDERS

**LEGO Systems, Inc.**

By \_\_\_\_\_  
Name:  
Title:

Dated: \_\_\_\_\_

**LaRose Industries LLC d/b/a Cra-Z-Art.**

By \_\_\_\_\_  
Name:  
Title:

Dated: \_\_\_\_\_

**LEGO A/S**

By \_\_\_\_\_  
Name:  
Title:

Dated: \_\_\_\_\_

**LEGO System A/S**

By \_\_\_\_\_  
Name:  
Title:

Dated: \_\_\_\_\_

**LEGO Systems, Inc.**

By Robin L. Smith  
Name: Robin L. Smith  
Title: VP, Brand Corporate Secretary

Dated: 7/9/15

**LaRose Industries LLC d/b/a Cra-Z-Art.**

By \_\_\_\_\_  
Name:  
Title:

Dated: \_\_\_\_\_

LEGO A/S

By \_\_\_\_\_  
Name:  
Title:

Dated: \_\_\_\_\_

LEGO System A/S

By \_\_\_\_\_  
Name:  
Title:

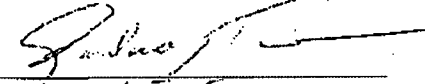
Dated: \_\_\_\_\_

LEGO Systems, Inc.

By \_\_\_\_\_  
Name:  
Title:

Dated: \_\_\_\_\_

LaRose Industries LLC d/b/a Cra-Z-Art.

By   
Name: Russell J. LaRose  
Title: CEO

Dated: 7/9/15

**SETTLEMENT AGREEMENT  
EXHIBIT A**

**REDACTED IN FULL**

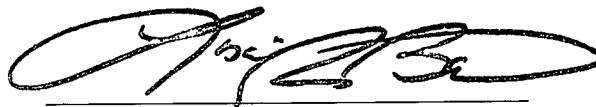
**SETTLEMENT AGREEMENT  
EXHIBIT B**

**REDACTED IN FULL**



**PUBLIC CERTIFICATE OF SERVICE**

I, Lisa R. Barton, hereby certify that the attached **PUBLIC VERSION ORDER NO. 21** has been served by hand upon the Commission Investigative Attorney, **Monisha Deka, Esq.**, and the following parties as indicated, on **August 26, 2015**.



Lisa R. Barton, Secretary  
U.S. International Trade Commission  
500 E Street, SW, Room 112  
Washington, DC 20436

**On Behalf of Complainants LEGO A/S, LEGO System A/S  
and LEGO Systems Inc.:**

Michael L. Doane, Esq.  
**ADDUCI, MASTRIANI & SCHAUMBERG, LLP**  
1133 Connecticut Avenue, NW 12<sup>th</sup> Floor  
Washington, DC 20036

- Via Hand Delivery
- Via Express Delivery
- Via First Class Mail
- Other: \_\_\_\_\_

**On Behalf of Respondent MEGA Brands Inc.:**

Gary M. Hnath  
**MAYER BROWN LLP**  
1999 K Street, NW  
Washington, DC 20006

- Via Hand Delivery
- Via Express Delivery
- Via First Class Mail
- Other: \_\_\_\_\_

**On Behalf of Respondent LaRose Industries LLC  
d/b/a CRA-Z-ART:**

Mark G. Davis  
**GREENBERT TRAUIG, LLP**  
2101 L Street, NW, Suite 1000  
Washington, DC 20037

- Via Hand Delivery
- Via Express Delivery
- Via First Class Mail
- Other: \_\_\_\_\_