

Siebenberg v Hoffman
2011 NY Slip Op 34252(U)
October 25, 2011
Supreme Court, New York County
Docket Number: 650065/11
Judge: Jeffrey K. Oing
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SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK: IAS PART 48

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BENJAMIN SIEBENBERG,

Plaintiff,

-against-

ASHER HOFFMAN,

Defendant.

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DECISION AND ORDER

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ASHER HOFFMAN and BLACK & BLUE JEWELRY
CO., INC.,

Counterclaim-Plaintiffs,

-against-

BENJAMIN SIEBENBERG, SIEBENBERG
PRODUCTS, INC., CHARLES SIEBENBERG, and
JOHN DOES 1-3,

Counterclaim-Defendants.

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JEFFREY K. OING, J.:

The complaint alleges that in August 2007 plaintiff, Benjamin Siebenberg, and defendant, Asher Hoffman, formed a company together named Black & Blue Jewelry Co., Inc. (the "company"). Plaintiff and defendant each own fifty percent of the company's common shares. Plaintiff and defendant also entered into a Shareholder's Agreement of Black & Blue Jewelry Co., Inc. (the "shareholders agreement"), dated August 14, 2007. The shareholders agreement includes the various provisions governing the relationship between them and includes a provision

addressing circumstances involving a deadlock (the "deadlock provision"). The deadlock provision recognizes the potential for the 50/50 relationship to break down and bring business to a standstill. Article 6 of the shareholders agreement provides that if plaintiff and defendant are unable to resolve a deadlock within fourteen days they "shall be deemed to have voted in favor of the dissolution of the Company pursuant to Article 10 of the New York Business Corporation Law".

Plaintiff alleges that a deadlock occurred between him and defendant beginning in October 2010 when plaintiff proposed an adjustment to the company's administrative fee and defendant refused to approve the adjustment. Plaintiff claims, however, that defendant has denied the existence of the deadlock. As such, plaintiff commenced this action for a judgment declaring that a deadlock has occurred between the parties within the meaning of the shareholders agreement.

Defendant served an answer to the complaint alleging, inter alia, that plaintiff filed the action for a declaratory judgment in a bad faith effort to force defendant to accept plaintiff's proposal to purchase defendant's shares of the company. Defendant asserts thirteen counterclaims against plaintiff and counterclaim defendants Siebenberg Products Inc., Charles Siebenberg, and John Does 1-3.

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Plaintiff moved by order to show cause for a preliminary injunction to prevent defendant from misappropriating Black & Blue Jewelry Co., Inc.'s intellectual property, including its trademark, BLACK & BLUE, its copyrighted jewelry designs, and its internet domain name, www.blackandbluejewelry.com.

On August 10, 2011, this Court granted that branch of plaintiff's motion seeking a temporary restraining order and temporarily enjoined defendant from:

- (i) interfering with Black & Blue Jewelry Co., Inc.'s use in commerce of (a) the trademark BLACK & BLUE, (b) any and all designs for jewelry products that [have] been created and/or sold by Black & Blue Jewelry Co., Inc., or (c) the internet domain name www.blackandbluejewelry.com; or
- (ii) using or preparing to use, other than for the benefit of Black & Blue Jewelry Co., Inc. any of (a) the trademark BLACK & BLUE, (b) any and all designs for jewelry products that [have] been created and/or sold by Black & Blue Jewelry Co., Inc., or (c) the internet domain name www.blackandbluejewelry.com.

Subsequent thereto, plaintiff withdrew that branch of the motion for a preliminary injunction seeking to have defendant transfer the registration of the trademark and domain name from his personal name to the name of the company (Lee Affirm., 9/21/11, ¶ 5). Instead, plaintiff now is "merely seeking to have the restrictions of the TRO maintained pending resolution of the Plaintiff's request for dissolution" (Id.). Thus, "the only matter before this Court on the preliminary injunction

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application is whether to maintain the status quo during the pendency of the dissolution application" and "[p]laintiff's request [for a] preliminary injunction seeks - literally - identical relief to the TRO" (Lee Affirm., 9/21/11, ¶¶ 6 and 7).

Based on the record, and the arguments set forth on the record, plaintiff has demonstrated a likelihood of success on the merits, irreparable injury in the absence of an injunction, particularly given that the only asset of the corporation is the BLACK & BLUE trademark, the copyrighted jewelry designs, and the internet domain name, www.blackandbluejewelry.com, and a balance of equities in his favor (Nobu Next Door, LLC v Fine Arts Housing, Inc., 4 NY3d 839 [2005]). Thus, that branch of plaintiff's motion for a preliminary injunction seeking the identical relief granted in the TRO, dated August 10, 2011, is granted.

Settle order on notice with a recommendation for a suitable undertaking. Counsel are directed to call Part 48 at 646-386-3265 to schedule a status conference.

This memorandum opinion constitutes the decision and order of the Court.

Dated: 10/25/11


JEFFREY K. OING
J.S.C.

HON. JEFFREY K. OING, J.S.C.