

iVillage, Inc. v Fox

2004 NY Slip Op 30064(U)

June 30, 2004

Supreme Court, New York County

Docket Number: 0600185/0185

Judge: Charles E. Ramos

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

Charles Edward Ramos

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PRESENT:

PART

Index Number : 600185/2006

VILLAGE

vs

FOX, KELLI

Sequence Number : 001

DISMISS ACTION

C

INDEX NO.

MOTION DATE

MOTION SEQ. NO.

MOTION CAL. NO.

... 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/CASE IS RESPECTFULLY REFERRED TO JUSTICE FOR THE FOLLOWING REASON(S):

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JUL 06 2006

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is decided in accordance with accompanying memorandum decision and order.

Dated:

6/30/06

[Signature]

CHARLES E. RAMOS

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:COMMERCIAL DIVISION

-----X
iVILLAGE, INC, and KNOWLEDGEWEB,
inc. D/B/A Astrology.com

Index No. 600185/06

Plaintiffs,

-against-

KELLI FOX and DAVID FOX,

Defendants.
-----X

Charles Edward Ramos, J.S.C.:

In motion sequence 001, defendants Kelli Fox and David Fox (collectively "the Foxes") move to dismiss plaintiffs iVillage, Inc and KnowledgeWeb's (collectively "the Companies") complaint pursuant to CPLR 3211(a)(4).

Background

The Foxes co-founded their online astrology business KnowledgeWeb, Inc ("KW") in 1995 doing business under the URL www.astrology.net, now www.astrology.com. Ms. Fox was and still is the featured astrologer, her name being used as trademarks on the site to identify and brand the services provided.

iVillage owns and operates a website, www.ivillage.com, with information geared primarily towards women. iVillage has been offering a multitude of services such as advice on parenting, pregnancy, health, fitness since 1995. It has been publicly traded on the NASDAQ exchange since 1999. On February 18, 1999, iVillage acquired KW as a newly formed California subsidiary. iVillage hired both Foxes to work for KW. The acquisition involved several agreements signed between KW, iVillage, and the Foxes, including a Marketing Agreement, a Service Mark Assignment

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Agreement, a Consent of Kelli Fox, and Employment Agreements for the Foxes.

Pursuant to the Service Mark Agreement, the Foxes agreed to assign the Kelli Fox mark to KW as used with respect to "online information services directed primarily towards women and the field of on-line astrological information services." KW, according to the terms of the Service Mark Assignment Agreement, could register the mark Kelli Fox; however, the Foxes were forbidden to do so.

Pursuant to the Marketing Agreement, the Foxes agreed to give iVillage the right and license to use the Kelli Fox mark for a defined royalty. Defendants claim that the Companies breached the Agreement by substantially expanding their use of the Kelli Fox mark beyond what was agreed upon on in the Agreement without paying royalties to the Foxes.

The Foxes worked for the company until March 10, 2003 upon which they executed the Separation Agreements. The Separation Agreements contain releases at Section 4(a) by which the Foxes specifically released claims involving facts which occurred on or prior to the date at which the Agreements were executed. In the event that defendants asserted claims in violation of the Separation Agreements, the Agreements allow plaintiffs to be reimbursed for attorneys' fees incurred defending such claim, a return of consideration paid to the Foxes pursuant to the Agreement and payment of any benefits paid under the Agreement.

Defendants claim that the Companies continued to use Kelly

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Fox's mark, name, likeness, persona, and credentials after the execution of the Separation Agreements. Further, defendants also allege that the Companies continued to use David Fox's name and persona without his consent as if both were still employed by the Companies.

As to jurisdiction, the Separation Agreements, Clause 4(a) provides that "[n]othing contained therein shall interfere with or waive [the Foxes'] right to enforce this Agreement in a court of competent jurisdiction."

Clause 9(c) also states in pertinent part:

This Agreement shall be governed by New York law, and you [the Foxes] hereby submit to the exclusive jurisdiction of the Supreme Court of the State of New York, New York County and the United States District Court for the Southern District of New York over any suit, action, or proceeding involving this Agreement.

The complaint in this action was filed January 19, 2006. Plaintiffs plead one sole cause of action: breach of the Separation Agreement. Plaintiffs allege that in California defendants (1) filed and asserted claims concerning facts which occurred allegedly prior to the date of the Separation Agreement; (2) asserted claims for confusion and dilution expressly prohibited by the parties' agreements; (3) interfered with iVillage's use of the Kelli Fox name and mark; and (4) filed an intent to use application with the United States Patent and Trademark Office for the mark Kelli Fox, despite the prohibition against doing so.

Defendants maintain that this complaint should have been brought as compulsory counterclaims in the California action,

rather than a new action in New York.

Plaintiffs claim breach of the Separation Agreement which they entered into when their employment with iVillage was terminated. Plaintiffs further argue that iVillage's claims in this action concern a breach of the Separation Agreement which was properly brought in a New York Court pursuant to the forum selection clause in the Separation Agreement rather than a counterclaim in the California State action.

Discussion

Defendants contend that the Companies' only grievance under the Separation Agreement actually reveals breaches of the Marketing Agreement and Service Mark Assignment. Defendants argue that this forbids plaintiffs' reliance on the Separation Agreement and in turn, the Agreement's forum selection clause. While some of iVillage's claims may necessarily bear on the Marketing or Service Mark Assignment Agreement, plaintiffs allege breaches of the Separation Agreement in their complaint, not breaches of the Marketing or Service Mark Agreement.¹

As noted above, the Separation Agreement contains a forum selection clause requiring that that the Foxes consent to litigate in the state and federal courts of New York.

¹ Defendants further admit that at least one allegation is a direct breach of the Separation Agreement and does not involve the Marketing or Service Mark Agreement. In this last claim, plaintiffs claim that the Foxes breached the Separation Agreement by asserting claims against the Companies in a letter dated February 18, 2005, regarding iVillage's use of the Kelli Fox mark. The letter allegedly violates Paragraph 4 (a) (iii) of the Separation Agreement as the Foxes allegedly assert facts which predated the 2003 release of iVillage.

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It is well-accepted policy that forum-selection clauses are prima facie valid. In order to set aside such a clause, a party must show that enforcement would be unreasonable and unjust or that the clause is invalid because of fraud or overreaching [...]

British West Indies Guaranty Trust Co. V Banque Internationale A Luxembourg, 172 AD2d 23 (1st Dep't, 1991).

Defendants do not dispute that they agreed to the forum selection clause voluntarily. Further, defendants do not argue that this contractual forum selection clause is unjust or unreasonable.

Rather defendants argue that Clause 4(a) of the Separation Agreement stating that "[n]othing contained herein shall waive [the Foxes'] right to enforce this Agreement in a court of competent jurisdiction" is in direct conflict with the forum selection clause directing parties to submit to New York's exclusive jurisdiction.

This Court does not interpret the Separation Agreement in the same manner as defendants. Clause 4(a) does permit the enforcement of the Separation Agreement in any court of competent jurisdiction, but the Foxes are required to accept the jurisdiction of the New York courts if an action is brought here. The forum selection clause is valid. The forum selection clause does not preclude iVillage from proceeding in California on a claim originating for the Separation Agreement, but that action was dismissed.

It is hereby,

ORDERED that this motion to dismiss the complaint pursuant to CPLR 3211 (a) (4) is denied.

Dated: June 30, 2004



CHARLES E. RAMOS

Counsel are hereby directed to obtain an accurate copy of this Court's opinion from the record room and not to rely on decisions obtained from the internet which have been altered in the scanning process.

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