

Thomas v Drifters, Inc.
2009 NY Slip Op 30425(U)
February 11, 2009
Supreme Court, Queens County
Docket Number: 25930/1992
Judge: David Elliot
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Upon the foregoing papers this motion and the cross motions are determined as follows:

In 1992, Charley Thomas and Elsbeary Hobbs commenced this action against Drifters Inc. and Atlantic Recording Corp. to recover royalty payments arising out of Mr. Thomas and Mr. Hobb's membership in a musical group known as "The Drifters." Odessa Hobbs, as the Administratrix of the Estate of Elsbeary Hobbs, was later substituted for her deceased husband, Elsbeary Hobbs, and was represented by Lowell Davis. On January 6, 1999, the parties entered into a stipulation of settlement on the record in open court before the Hon. Thomas Polizzi. With regard to the action by the Estate of Elsbeary Hobbs, the matter was settled in full for the sum of \$40,000. In addition, it was agreed that the Estate would be paid an irrevocable 2½% of the total royalties earned by Ms. Fayrene Treadwell from Atlantic Recording commencing January 1, 1999, and into the future. A schedule of payment was set forth in the settlement. Judge Polizzi stated that defendant's counterclaim was discontinued with prejudice, for the purpose of this litigation and that, while the plaintiffs would get a stipulation of discontinuance from Ms. Treadwell, they would not get a release from Ms. Treadwell, as she may have other claims that the court was not aware of. Judge Polizzi expressly stated that he would not prejudice either party. The defendant's counterclaim had alleged that the Drifters Inc, had "the right to use the name Drifters in connection with the promotion and exploitation of songs at various and sundry times;" that the plaintiffs Charley Thomas and Elsbeary Hobbs have used the name the Drifters without the authority of The Drifters Inc.; that plaintiffs thus violated valuable rights of The Drifters Inc. and sought an accounting and damages.

In 1995 Larry Marshak filed a complaint in the United States District Court for the District of New Jersey entitled Marshak v Treadwell alleging that Ms. Treadwell had infringed and disparaged Marshak's federal trademark registration. Mr. Marshak owned a federal trademark registration for the name "The Drifters" which he acquired through a 1976 assignment from three former Drifters singers, Charlie Thomas, Elsbeary Hobbs, and Dock Green. Since the assignment, Marshak continuously used the mark in connection with his promotion of Drifters performances. The evidence presented in the federal court established that "[o]n December 15, 1976, Thomas Hobbs, and Green executed an assignment of all of their rights to The Drifters mark to Larry Marshak. Two days later, on December 17, 1976, Thomas, Hobbs, and Green, acting through a partnership, filed an application in the United States Patent & Trademark Office to register "The Drifters" as a service mark for use in connection with a musical group. In support of their

application, the registrants signed a declaration certifying that: (1) they believed themselves to be the rightful owners of "The Drifters" mark, and (2) to the best of their knowledge and belief, no other person or company had the right to use "The Drifters" mark in commerce" (Marshak v Treadwell, 58 F Supp 2d 551, 555-556 [D.N.J. 1999]). After a trial and post-trial motions, Judge Nicholas H. Politan upheld the jury's verdict that Marshak and his assignors had never owned any rights to the name "The Drifters," that they had defrauded the Patent and Trademark Office into issuing the trademark, and ordered that Marshak's federally registered mark be canceled. Judge Politan vacated the verdict to the extent that the jury found that Treadwell has abandoned her rights in 1976, and held that as a matter of law there was no abandonment. The court therein further found that "[b]ecause The Drifters mark never passed into the public domain, it is clear that neither Marshak nor his assignors could ever have acquired common law trademark rights" (id. at 575). Judge Politan permanently enjoined Marshak from using the mark in commerce, and required an accounting of all profits received by Marshak for the entire period of his infringement -- viz., from 1970 to 1998. The District Court, thereafter, molded the judgment to reflect that Marshak had infringed Treadwell's Drifters common law rights, issued a permanent injunction and ordered an accounting (Marshak v Treadwell, supra). Marshak appealed and the United States Court of Appeals for the Third Circuit upheld the orders of the District Court insofar as they ordered cancellation of Marshak's federal registration and permanently enjoined Marshak from using "The Drifters" name in commerce, and dismissed the appeal insofar as it contested the order for an accounting of profits on the grounds that it lacked jurisdiction to review that portion of the order (Marshak v Treadwell, 240 F3d 184[2001]).

The District Court, in an order and opinion dated September 7, 2007, found Marshak and others, including Lowell Davis, in contempt of Judge Politan's order, dated August 16, 1999, which permanently enjoined Marshak's use of the name, "The Drifters," or any other name that would be confusingly similar to "The Drifters," in the occurrence, sale, promotion, or advertising of live or recorded musical performances. The court, initially, failed to impose sanctions and, therefore, upon reconsideration issued a supplementary order, dated September 25, 2007, which imposed sanctions on Marshak and others, including Lowell Davis, for their violation of the August 19, 1999, order. The Marshak movants' and Davis' requests for reconsideration of the contempt order was denied by Dickinson R. Debevoise, Senior District Judge of the United States District Court of the District of New Jersey (Marshak v Treadwell, (2008 U.S. Dist. LEXIS 10567 [2008])).

Mr. Davis, thereafter, requested that the District Court "for humanitarian reasons" modify the injunction provision in the Marshak action to permit him to represent the allegedly indigent Odessa Hobbs and the Estate of Elsbeary Hobbs in the within action. Judge Debevoise, in an order dated May 20, 2008 granted Mr. Davis' request and had issued an order which permitted Mr. Davis to represent Odessa Hobbs and the Estate of Elsbeary Hobbs in the within action, "notwithstanding the injunctive provisions now in effect...without being deemed in violation of the outstanding injunctive provisions" (see Marshak v Treadwell, 2008 WL 2875189 [D.N.J]). Upon a motion for reconsideration Judge Debevoise, in an order dated July 22, 2008, vacated the May 10, 2008 order on the grounds that the court lacked jurisdiction to enter said order. Judge Debevoise stated that, as Mr. Davis and others had filed appeals from the contempt orders and injunctive provisions, the court's conclusion that Mr. Davis' representation of Ms. Hobbs would not violate the injunction provision was "inextricably entangled with matters which the Court of Appeals will have to deal" (Marshak v Treadwell (2008 WE 2875189 [D.N.J])).

It is well settled that "[t]he disqualification of an attorney is a matter which rests within the sound discretion of the trial court" (Zutler v Drivershield Corp., 15 AD3d 397 [2005]). In determining whether to disqualify counsel, the court balances several critical factors. Primary is the party's right to be represented by the counsel of his or her choice, "a valued right which should not be abridged absent a clear showing that disqualification is warranted" (see St. Barnabas Hosp. v New York City Health and Hospitals Corp., 7 AD3d 83, 84 [2005]; Springer v Fensterstock & Partners, LLP, 11 Misc 3d 1057A [2006]). The court must also consider whether prejudice would result if it granted a motion to disqualify "and whether the motion is a tactical ploy" (Moorman v Huntington Hosp., 8 Misc 3d 1012A [2005]). This last element comes into play because unfortunately "in the current reality of litigation, disqualification motions are often utilized as a tactical tool" (First Hudson Financial Group, Inc. v Martinos, 11 Misc 3d 394). Finally, because of the above concerns, the party bringing a motion to disqualify an attorney has a high burden of proof (First Hudson Financial Group, Inc., supra). In particular, the movant must make a clear showing that the disqualification of the plaintiff's attorney is warranted "... " (Unger v Unger, 15 AD3d 389, 390 [2005] [internal quotation marks omitted]; see also S & S Hotel Ventures Ltd. Partnership v 777 S. H. Corp., 69 NY2d 437, 446 [1987]). Here, defendant's request to disqualify Mr. Davis from representing Ms. Hobbs is based upon the injunction in the Marshak action and the order of contempt against Mr. Davis. However, Mr. Davis and the defendants' counsel both stated on the record at the September 4, 2008 conference that Mr. Davis has not

been enjoined by the federal court from representing Ms. Hobbs or the Estate of Elsbeary Hobbs in this action. In addition, the contempt order is not related to Mr. Davis' representation of Ms. Hobbs in this proceeding. Finally, the federal court vacated the order granting permission to allow Mr. Davis to appear in this action on jurisdictional grounds and made no determination as to the effect of either the injunction or contempt order on Mr. Davis' appearance in this action. Although Mr. Davis' representation of Ms. Hobbs may ultimately prove to be at his peril, the federal court orders and pending federal appeal do not on their face bar Mr. Davis from representing Odessa Hobbs as the Administratrix of the Estate of Elsbeary Hobbs. Therefore, that branch of defendant Drifters Inc., and its successors Treadwell's Inc., and Treadwell Original Drifters, LLC, cross motion which seeks an order prohibiting Lowell Davis, Esq. from representing plaintiff Odessa Hobbs in the pending motion to enforce the January 6, 1999 stipulation, is denied. That branch of said cross motion which seeks an extension of time in which to submit a response to plaintiff's motion is denied as moot, as the court extended the parties' time to respond at the September 4, 2008 conference.

Defendant Drifters, Inc.'s, and its successors Treadwell's Inc., and Treadwell Original Drifters, LLC, cross motion for an order staying the plaintiff's motion to enforce the January 6, 1996 stipulation, is denied as moot. Defendant and its successors seek a stay based upon the then pending motion in the Marshak action in the Federal Court by Ms. Treadwell for reconsideration of the order granting Mr. Davis permission to appear on Ms. Hobbs' behalf in this action. The District Court has now vacated its order granting Davis permission to appear as counsel for Hobbs in this action, without making any determination as to whether the injunction and contempt order in the Marshak action bars Mr. Davis from representing Ms. Hobbs in the within action.

Turning now to plaintiff's motion, the court has examined the transcript of the parties' January 6, 1999 stipulation of settlement. It reflects nothing more than Treadwell's agreement to make certain royalty payments to former members of "The Drifters." Plaintiff does not allege that she has not been paid royalties pursuant to the terms of the settlement.

Rather, plaintiff asserts that the withdrawal of defendant's counterclaim, with prejudice, entitles her to utilize the name "The Elsbeary Hobbs Drifters" for all lawful purposes and seeks to enjoin the defendant and its successors from interfering with that right. The court finds that, contrary to Hobbs' assertion, neither the defendant, nor its successors, disavowed any rights or claims to the name "The Drifters." The settlement transcript contains no factual

findings or representations of any kind regarding the use of the name "The Drifters" or any other form or combination of said name by either party. CPLR § 5013 provides that "a judgment dismissing a cause of action before the close of the proponent's evidence is not a dismissal on the merits unless it specifies otherwise." Likewise the withdrawal of the counterclaim, with prejudice, was not a determination of the counterclaim on the merits.

At the most, defendant's withdrawal of the counterclaim with prejudice, barred her from re-litigating in this court the specific counterclaim asserted in the May 25, 1993 answer. However, the withdrawal with prejudice did not create any affirmative rights in favor of Ms. Hobbs or the Estate of Elsbeary Hobbs, including a right to utilize the name "The Elsbeary Hobbs Drifters." Furthermore, Ms. Treadwell was not estopped from asserting her rights to the name "The Drifters" in the federal court action (see Marshak v Treadwell, 58 F Supp 2d 551, 563 [1999]). Plaintiff, thus, has failed to demonstrate that the defendant violated the terms of the stipulation and consent judgment so as to be entitled to injunctive relief.

The court further notes that in the federal court action Judge Politan issued an order, dated August 16, 1999, permanently enjoining Marshak, his employees and associates from using the name, "The Drifters," or any other name that would be confusingly similar to "The Drifters," in the occurrence, sale, promotion, or advertising of live or recorded musical performances. Judge Debevoise, in his decision of February 13, 2008, stated that Mr. Marshak and other individuals, including Mr. Davis, who were held in contempt of the August 16, 1999 order, admitted that they knew of the injunction and that, despite their awareness of the order's prohibition of the use of the name "The Drifters" or any name that was confusingly similar, they continued to promote and book a singing group called "The Elsbeary Hobbs Drifters." He found that the contemnors' actions indicated an intentional disregard of the August 16, 1999 order (see Marshak v Treadwell, 2008 U.S. Dist. LEXIS 10567).

Although Ms. Hobbs was not a party to the federal action, she and her counsel Mr. Davis are well aware of the federal court's determination and injunction. Ms. Hobbs' present attempt to utilize the name "The Elsbeary Hobbs Drifters" may also violate the federal injunction. To the extent that Ms. Hobbs argues that she is not subject to said determination and injunction and thus has a common law right to use the name "The Elsbeary Hobbs Drifters", that issue should properly be litigated in the federal court, as this court lacks jurisdiction to make such a determination.

Accordingly, plaintiff's motion and defendant's cross motions are denied in their entirety.

Dated: February 11, 2009

J.S.C.