

Five Towns Ventures, Inc. v Seper
2011 NY Slip Op 31778(U)
June 16, 2011
Supreme Court, Nassau County
Docket Number: 005032-11
Judge: Timothy S. Driscoll
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**SUPREME COURT-STATE OF NEW YORK
SHORT FORM ORDER**

Present:

HON. TIMOTHY S. DRISCOLL
Justice Supreme Court

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**FIVE TOWNS VENTURES, INC., THE FIVE
TOWNS.COM,**

**TRIAL/IAS PART: 20
NASSAU COUNTY**

Plaintiffs,

**Index No: 005032-11
Motion Seq. No. 1
Submission Date: 6/13/11**

- against -

**KARL SEPER, a.k.a, CHAIM SEPER,
PATRICIA GORINSTEIN, THEFIVETOWNS.INFO
THE FIVE TOWNS - FAR ROCKAWAY
JEWISH COMMUNITY NEWS SERVICE,**

Defendants.

-----X

The following papers have been read on this motion:

- Order to Show Cause.....X**
- Affirmation in Support.....X**
- Affidavit in Support and Exhibits.....X**
- Affidavit in Opposition and Exhibits.....X**
- Supplemental memorandum of Law in Support.....X**
- Declaration in Support and Exhibits.....X**
- Answer to Supplemental Memorandum of Law.....X**
- Answer to Supplemental Memorandum of Law Exhibits....X**

This matter is before the Court for decision on the Order to Show Cause filed by Plaintiffs on April 8, 2011 and submitted on June 13, 2011. For the reasons set forth below, the Court denies Plaintiffs' Order to Show Cause.

BACKGROUND

A. Relief Sought

Plaintiffs move for an Order restraining and enjoining Defendants, *pendente lite*, from 1) using the term “THEFIVETOWNS.INFO” as part of its corporate name or in connection with its business, either alone or in conjunction with other words; 2) engaging in its business under any name or any combination of words; 3) using the words “THEFIVETOWNS” alone or as a part or phase or trademark; 4) purchasing or attempting to purchase merchandise under the name “THEFIVETOWNS” or “THEFIVETOWNS.INFO;” 5) selling or offering for sale any advertising, goods, wares or merchandise under the name of “THEFIVETOWNS.INFO;” 6) exposing to any public view any signs or business cards, or advertising or distributing any written or printed material containing the name “THEFIVETOWNS.INFO” or such similar names; and 7) using these names in any website, newsletter, letter, bill, contract, receipt, note, draft, bill, exchange, or any other paper or writing.

Defendants oppose Plaintiffs’ application.

B. The Parties’ History

The Summons describes the nature of this action as one seeking an injunction, and alleging unfair competition. The Verified Complaint (“Complaint”) alleges as follows:

Plaintiff Five Towns Ventures, Inc. (“Plaintiff Five Towns”) does business under the domain name of THEFIVETOWNS.COM (“Plaintiff Website”). Plaintiffs’ principal business is providing information about the Long Island towns of Inwood, Cedarhurst, Lawrence, Woodmere and Hewlett (the “Five Towns”) as well as world news, and seeking revenue from vendors for advertising on the Plaintiff Website. Plaintiffs allege that their business has expanded throughout New York and into other countries, and that they have expended significant resources in advertising and other forms of promotion.

Defendants allegedly began doing business as THEFIVETOWNS.INFO (“Defendant Website”) in late 2010. Plaintiffs allege that Defendants developed the Defendant Website to provide identical information and advertising opportunities as those provided by the Plaintiff Website. Plaintiffs allege that the name of the Defendant Website is similar enough to the Plaintiff Website that the public and vendors will confuse the two, and Defendants will be able to capitalize on Plaintiffs’ goodwill and reputation.

Plaintiffs further allege that Defendants Karl Seper (“Seper”) and his wife Defendant Patricia Gorinstein (“Gorinstein”) attend the same synagogue as Lenore Davis (“Davis”), the President of Plaintiff Five Towns. Plaintiffs contend that Seper was aware of the Plaintiff Website, although he denied any involvement in the Defendant Website. Plaintiffs allege that the Defendant Website allegedly “hides its owner’s identity through the use of a straw corporation” (Compl. at ¶ 18).

Plaintiffs allege that, prior to the commencement of this action, they asked Defendants to cease use of the Defendant Website, but Defendants refused that request. Plaintiffs provide copies of letters (Exs. A and B to Compl.) that they sent to Defendants reflecting those requests. Plaintiffs maintain that they will be damaged by Defendants’ diversion of customers and use of a similar website name. Plaintiffs seek the following relief in the Complaint: 1) an Order forever restraining Defendants from using the term “TheFiveTowns” as part of its corporate name or in connection with its business; 2) an Order requiring Defendants and their agents to remove their Website name from their offices, stationery and other designated locations; 3) an Order forever restraining Defendants and their agents from making representations to the public suggesting that the Defendant Website is the business of the Plaintiff; 4) an Order directing Defendants to provide Plaintiffs with an accounting of all business conducted by it under its Website name, and requiring Defendants to pay damages to Plaintiff; and 5) a preliminary injunction providing Plaintiffs with the requested injunctive relief, *pendente lite*.

In her Affidavit in Support, Davis affirms that the Plaintiff Website was built on decades of trust and goodwill that she developed during her residence in the Five Towns. As a result of Davis’ efforts, the Plaintiff Website “has become so well recognized that people refer to it as the ‘five towns’ website” (Davis Aff. in Supp. at ¶ 8). In November of 2010, Plaintiffs became aware of the Defendant Website, which uses the same font, informational layout and coloring as the Plaintiff Website. Davis contends that Seper and Gorinstein, whom she sees regularly at religious services, were aware of the Plaintiff Website. Davis submits that Defendants developed their Website in an effort to profit from Plaintiffs’ reputation and goodwill.

Davis also avers that she has received numerous calls from readers, advertisers and vendors who expressed confusion over the two Websites, and several customers complained about the “sales tactics” (Davis Aff. in Supp. at ¶ 18) used by Defendants. She provides

[* 4]

affidavits of Elazar Aryeh (“Aryeh”) and Yaakov Brach (“Brach”) (Ex. A to Davis Aff. in Supp.). Aryeh affirms, *inter alia*, that 1) she uses the Plaintiff Website and finds it helpful; 2) she viewed the Defendant Website and “was confused into thinking that [it] was [the Plaintiff Website]” (Aryeh Aff. at ¶ 5); 3) the coloring, button placement and weather symbol of the two Websites are similar; and 4) the confusion as to the two Websites is attributable to the similarity of their names, and their engagement in substantially similar businesses. Brach affirms that he is the owner of a business in the Five Towns, and advertised on the Plaintiff Website because of Davis’ positive reputation in the community and his belief that the Plaintiff business would develop and bring customers into his store. Brach avers that the Defendant Website looks like the Plaintiff Website, and attributes the confusion between the two to “the similarity of their names and the fact that they are engaged in substantially similar businesses” (Brach Aff. at ¶ 5).

In opposition, Seper affirms, *inter alia*, that 1) Plaintiffs are not entitled to the requested relief because Defendants purchased the domain name to their Website; 2) Defendants have communicated to vendors the differences between the Websites; 3) the Defendant Website provides news, announcements and other information to the community, while the Plaintiff Website is “basically a directory” (Seper “Continuation of Explanation” at p. 2); 4) Plaintiffs are unfairly attempting to stifle competition; 5) Defendants did not intend that their Website resemble the Plaintiff Website, and it was Plaintiffs who changed their Website in an effort to create an issue for litigation; and 6) certain vendors are advertising on the Defendant Website because they believe that Defendants have integrity and the Website helps their business.

In his “Declaration” in Support, counsel for Plaintiffs provides numerous exhibits, including 1) a printout of the Defendant Website’s homepage dated April 11, 2011, 2) the Facebook page of the Plaintiff Website allegedly reflecting Seper’s efforts to direct readers to the Defendant Website, and 3) numerous cases addressing relevant issues, including preliminary injunctions and trademark infringement.

In reply, Plaintiffs, *inter alia*, dispute Seper’s assertions that the two Websites are not substantially similar and reaffirm their claim that Seper sought to misappropriate Plaintiffs’ efforts and redirect readers to the Defendant Website. Plaintiffs contend that the Defendant Website is “clearly a commercial venture” (Supp. Memorandum of Law at p. 17), and that Defendants’ claim to the contrary is “preposterous” (*id.*).

[* 5]

C. The Parties' Positions

Plaintiffs submit that injunctive relief is necessary to prevent Defendants' use of their Website, which Defendants allegedly created with the intent to confuse vendors and readers into believing was the Plaintiff Website. Plaintiffs argue that the similarities between the Websites, including the names, type set, colors and layout scheme, have created that confusion. Plaintiffs submit that they have no adequate remedy law, and that injunctive relief is appropriate to prevent the irreparable harm that will result if Defendants are permitted to continue to use their substantially similar Website.

Defendants oppose Plaintiffs' application, submitting that 1) the name "Five Towns" is the name of a geographical area in Long Island that is not entitled to the protection that Plaintiffs seek; 2) as reflected by emails provided (Ex. E to Answer to Supp. Memorandum of Law Exhibits), the public is aware of the existence of both websites, which undermines Plaintiffs' allegation that there is a danger of confusion; 3) there are other websites containing the name "Five Towns" or some variation thereof, as reflected by documentation provided; and 4) Plaintiffs are improperly attempting to create a monopoly in the Five Towns.

RULING OF THE COURT

A. Standards for Preliminary Injunction

A preliminary injunction is a drastic remedy and will only be granted if the movant establishes a clear right to it under the law and upon the relevant facts set forth in the moving papers. *William M. Blake Agency, Inc. v. Leon*, 283 A.D.2d 423, 424 (2d Dept. 2001); *Peterson v. Corbin*, 275 A.D.2d 35, 36 (2d Dept. 2000). Injunctive relief will lie where a movant demonstrates a likelihood of success on the merits, a danger of irreparable harm unless the injunction is granted and a balance of the equities in his or her favor. *Aetna Ins. Co. v. Capasso*, 75 N.Y.2d 860 (1990); *W.T. Grant Co. v. Srogi*, 52 N.Y.2d 496, 517 (1981); *Merscorp, Inc. v. Romaine*, 295 A.D.2d 431 (2d Dept. 2002); *Neos v. Lacey*, 291 A.D.2d 434 (2d Dept. 2002). The decision whether to grant a preliminary injunction rests in the sound discretion of the Supreme Court. *Doe v. Axelrod*, 73 N.Y.2d 748, 750 (1988); *Automated Waste Disposal, Inc. v. Mid-Hudson Waste, Inc.*, 50 A.D.3d 1073 (2d Dept. 2008); *City of Long Beach v. Sterling American Capital, LLC*, 40 A.D.3d 902, 903 (2d Dept. 2007); *Ruiz v. Meloney*, 26 A.D.3d 485 (2d Dept. 2006).

[6]

Proof of a likelihood of success on the merits requires the movant to demonstrate a clear right to relief which is plain from the undisputed facts. *Related Properties, Inc. v. Town Bd. of Town/Village of Harrison*, 22 A.D.3d 587 (2d Dept. 2005); see *Abinanti v. Pascale*, 41 A.D.3d 395, 396 (2d Dept. 2007); *Gagnon Bus Co., Inc. v. Vallo Transp. Ltd.*, 13 A.D.3d 334, 335 (2d Dept. 2004). Thus, while the existence of issues of fact alone will not justify denial of a motion for a preliminary injunction, the motion should not be granted where there are issues that subvert the plaintiff's likelihood of success on the merits to such a degree that it cannot be said that the plaintiff established a clear right to relief. *Advanced Digital Sec. Solutions, Inc. v. Samsung Techwin Co., Ltd.*, 53 A.D.3d 612 (2d Dept. 2008), quoting *Milbrandt & Co. v. Griffin*, 1 A.D.3d 327, 328 (2d Dept. 2003); see also CPLR § 6312(c). The existence of a factual dispute, however, will not bar the imposition of a preliminary injunction if it is necessary to preserve the status quo and the party to be enjoined will suffer no great hardship as a result of its issuance. *Melvin v. Union College*, 195 A.D.2d 447, 448 (2d Dept. 1993).

A plaintiff has not suffered irreparable harm warranting injunctive relief where its alleged injuries are compensable by money damages. See *White Bay Enterprises v. Newsday*, 258 A.D.2d 520 (2d Dept. 1999) (lower court's order granting preliminary injunction reversed where record demonstrated that alleged injuries compensable by money damages); *Schrager v. Klein*, 267 A.D.2d 296 (2d Dept. 1999) (lower court's order granting preliminary injunction reversed where record failed to demonstrate likelihood of success on merits or that injuries were not compensable by money damages).

B. Unfair Competition

The essence of an unfair competition claim under New York law is that the defendant misappropriated the fruit of plaintiff's labors and expenditures by obtaining access to plaintiff's business idea either through fraud or deception, or an abuse of a fiduciary or confidential relationship. *Dayton Superior Corp. v. Marjam Supply Co., Inc.*, 2011 U.S. Dist. LEXIS 17221, * 46 (E.D.N.Y. 2011), quoting *Telecom International v. AT&T Corp.*, 280 F.3d 175, 197 (2d Cir. 2001). A claim for unfair competition has been broadly described as encompassing any form of commercial immorality, or simply as endeavoring to reap where one has not sown; it is taking the skill, expenditures and labors of a competitor, and misappropriating for the

commercial advantage of one person, a benefit or property right belonging to another. *Id.*, quoting *Roy Exp. Co. Establishment of Vaduz, Liechtenstein v. Columbia Broad. Sys., Inc.*, 672 F.2d 1095, 1105 (2d Cir. 1982).

The New York Court of Appeals has set forth two long-recognized theories of common-law unfair competition: 1) “palming off”, which refers to the sale of the goods of one manufacturer as those of another, and 2) “misappropriation,” which encompasses the principle that one may not misappropriate the results of the skill, expenditures and labors of a competitor. *Dayton Superior Corp.*, 2011 U.S. Dist. LEXIS 17221 at * 47-48, citing *ITC Ltd. v. Punchgini, Inc.*, 9 N.Y.3d 467, 476-77 (2007), quoting *Electrolux Corp. v. Val-Worth, Inc.*, 6 N.Y.2d 556, 567-68 (1959).

C. Application of these Principles to the Instant Action

The Court denies Plaintiffs’ application for injunctive relief, based on its conclusion that Plaintiffs have not demonstrated a likelihood of success on the merits. Given the conflicting affidavits regarding the similarities of the two Websites at issue, and the extent to which Defendants knowingly used aspects of the Plaintiff Website in creating the Defendant Website, the Court concludes that Plaintiffs have not demonstrated a clear right to relief which is plain from the undisputed facts. The Court cannot conclude, based on the submissions, that Defendants’ use of the expression “Five Towns,” which is a well-known geographical reference to specific towns in Nassau County, New York, represents the misappropriation of the skill, expenditures and labors of Plaintiffs, or an effort to mislead the public into believing that the Defendant Website is, in fact, the Plaintiff Website. The Court is mindful that Plaintiffs have noted other similarities between the two Websites, including the type set and colors, but concludes that Plaintiffs have not demonstrated a clear right to relief in light of the factual disputes regarding the similarities of the Websites, and the extent to which those similarities deserve protection from the courts.

[* 8]
The Court also denies Plaintiffs' application based on its conclusion that Plaintiffs' injury, if any, is compensable by money damages. Thus, Plaintiffs have not established irreparable harm warranting the requested injunctive relief.

All matters not decided herein are hereby denied.

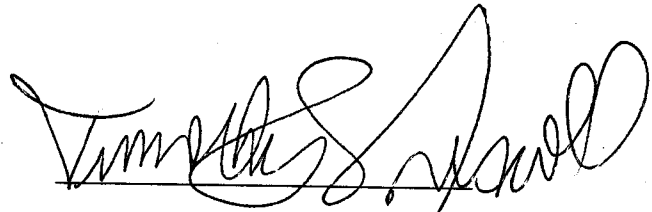
This constitutes the decision and order of the Court.

The Court directs counsel for the parties to appear before the Court for a Preliminary Conference on July 26, 2011 at 9:30 a.m.

ENTER

DATED: Mineola, NY

June 16, 2011



HON. TIMOTHY S. DRISCOLL

J.S.C.

ENTERED
JUN 23 2011
NASSAU COUNTY
COUNTY CLERK'S OFFICE