

Borsuk v BI-KIY LLC
2022 NY Slip Op 31150(U)
April 5, 2022
Supreme Court, Kings County
Docket Number: Index No. 505143/2022
Judge: Leon Ruchelsman
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SUPREME COURT OF THE STATE OF NEW YORK
 COUNTY OF KINGS : CIVIL TERM: COMMERCIAL 8

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 PASHA BORSUK, CLUBFOREIGN LLC,
 POSH CLOTHING LLC, AND BIG BIZ RECORDS, LLC,
 Plaintiffs,

Decision and order

- against -

Index No. 505143/2022

BI-KIY LLC, NICKWON ARVINGER, AND
 DAVID WEEKS,

Defendants,

April 5, 2022

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 PRESENT: HON. LEON RUCHELSMAN

The plaintiffs have moved seeking to enjoin the defendants from continuing to infringe upon the plaintiffs' license agreements and from selling any merchandise that bears any registered trademarks licensed to Plaintiffs' through various websites and Instagram pages. Further, the plaintiffs seek to enjoin the defendants from transferring in any way or from selling the licensing rights of the plaintiffs pursuant to license agreements and to further enjoin them from making any false or malicious statements about plaintiffs or from making any statements that can interfere with the plaintiff's business. The defendants oppose the motion. Papers were submitted by the parties and arguments held. After reviewing all the arguments this court now makes the following determination.

As the plaintiff's assert they are "engaged in the business of obtaining various licensing agreements with renowned and reputable companies which gives Plaintiffs' the right to use various trademarks, service marks, designs, and copyright intellectual property ("Marks") to sell, advertise, distribute, or otherwise use

the Marks to sell pre-approved merchandise bearing the Marks" (Memorandum of Law in Support, page 2). Thus, the plaintiffs assert they have various licensing agreements with different entities and have the exclusive right to sell those marks of those entities. On January 1, 2020 the plaintiff ClubForeign LLC entered into an agreement with the defendants whereby the defendants would help design merchandise bearing the marks the plaintiff is authorized to license and would be sold subject to the consent of the licensor. The plaintiffs allege that on May 5, 2021 the defendants represented to various distributors they had licenses to sell certain merchandise bearing certain marks. Specifically, the plaintiffs assert the defendants sold certain Dodge marks and other merchandise with marks on Instagram accounts and on various websites without plaintiff's consent and without any authority to do so. Indeed, the actual licensors informed the defendants they were not authorized to sell any such merchandise with the marks on them and specifically informed them that without plaintiff they could not continue these sales. The plaintiffs have now moved seeking an injunction enjoining the defendants from selling any merchandise with any marks for which they do not maintain a license. As noted the defendants oppose the motion arguing an injunction is not warranted.

Conclusions of Law

In relevant part, CPLR §6301 allows the court to issue a preliminary injunction "in any action...where the plaintiff has demanded and would be entitled to a judgment restraining defendant from the commission or the continuance of an act, which, if committed or continued during the pendency of the action, would produce injury to the plaintiff" (id).

It is well settled that to obtain a preliminary injunction the moving party must demonstrate: (1) a likelihood of success on the merits; (2) an irreparable injury absent the injunction; and (3) a balancing of the equities in its favor (Volunteer Fire Association of Tappan, Inc., v. County of Rockland, 60 AD3d 666, 883 NYS2d 706 [2d Dept., 2009]). To establish a likelihood of success on the merits the movant must demonstrate a clear right to relief from the undisputed facts (Cooper v. Board of White Sands Condominium, 89 AD3d 669, 931 NYS2d 696 [2d Dept., 2011]). Thus, the party seeking the drastic remedy of a preliminary injunction has the burden of proving each of the above noted elements "by clear and convincing evidence" (Liotta v. Mattone, 71 AD3d 741, 900 NYS2d 62 [2d Dept., 2010]). Further, even assuming the plaintiff has satisfied the likelihood of success prong, it must likewise satisfy the remaining prongs as well. Therefore, concerning irreparable injury, any economic loss which can be compensable by money damages is not irreparable injury (DiFabio v. Omnipoint Communications Inc., 66

AD3d 635, 887 NYS2d 168 [2d Dept., 2009]).

Considering the first prong, establishing a likelihood of success on the merits, the plaintiff must prima facie establish a reasonable probability of success (Barbes Restaurant Inc., v. Seuzer 218 LLC, 140 AD3d 430, 33 NYS3d 43 [2d Dept., 2016]). In this case the basis for the injunction is the fact the defendants are selling marked merchandise without a license to do so.

The plaintiff has produced significant evidence that the defendants and specifically Arvinger and By Kiy LLC have been selling marked goods without a license to do so infringing upon the business and goodwill of the plaintiff. Although the actual contracts have been redacted to the point they do not say anything at all, there is no dispute the plaintiff maintains exclusive contract rights to sell the marked merchandise that is being sold by the defendants. Thus, the numerous emails from counsel of the licensors demanding the defendants cease selling such goods is irrefutable evidence the defendants have engaged in improper selling of such goods. Thus, the plaintiff has satisfied the first prong seeking an injunction.

To establish the second prong of irreparable harm it must be demonstrated that monetary damages are insufficient (Autoone Insurance Company v. Manhattan Heights Medical P.C., 24 Misc3d 1229(A), 899 NYS2d 57 [Supreme Court Queens County 2009]). Thus, harm to one's business reputation is a sufficient harm seeking an

injunction (see, Klein, Wagner & Morris v. Lawrence A. Klein P.C., 186 AD2d 631, NYS2d 424 [2d Dept., 1992]). In addition "it is well settled in New York that the loss of the business relationship which ostensibly took time and money to cultivate, constitutes irreparable harm that cannot be compensated by money damages" (see, Liberty Ashes, Inc., v. Taormina, 43 Misc3d 1213(A), 988 NYS2d 523 [Supreme Court Nassau County 2014]). The plaintiff's business model is based upon its exclusive relationship with licensors to sell merchandise with the licensor's marks on them. Any usurpation of that relationship surely undermines the goodwill and reputation of the plaintiffs. Therefore, the second prong has been satisfied.

Regarding the third and final prong, namely the balancing of the equities, it is true that this is a subjective test. The Second Department has stated that in balancing the equities, it "must be shown that the irreparable injury to be sustained...is more burdensome [to the plaintiff] than the harm caused to defendant through imposition of the injunction" (McLaughlin, Piven, Vogel, Inc., v. W. J. Nolan & Co., 114 AD2d 165, 498 NYS2d 146 [2d Dept., 1986]). The harm caused to the plaintiff is readily apparent. On the other hand, any harm caused to the defendant through the imposition of the injunction is hard to quantify. This is especially true since the defendants have no real legitimate claim to the licenses involved. Thus, the motion seeking an injunction is granted.

Concerning the parameters of the injunction, the plaintiff further asserts that the defendant's or their agents or employees have uttered slanderous statements against them and seek to enjoin them in the future. While of course slander is a tort and can be damaging and embarrassing it is generally well settled that an injunction prohibiting the spread of slander is improper (see, De Wick v. Dobson, 18 AD 399, 46 NYS 390 [2d Dept., 1897]). More recently courts have consistently upheld this rule. Thus, in Hammer v. Trendl, 2002 WL 32059751 [E.D.N.Y. 2002] the court held, citing earlier authority that "because ordinarily libels may be remedied by damages, equity will not enjoin a libel absent extraordinary circumstances" (*id.*). Again in Brummer v. Wey, 166 AD3d 475, 89 NYS3d 11 [1st Dept., 2018] the court noted that prior restraints are not permissible to enjoin libel or slander absent a showing such statements pose a "true threat" to the defendant. In this case no such threat has been demonstrated. Consequently, the defendant's motion seeking an injunction enjoining any future slander is denied.

However, as noted, based on the foregoing, the injunction seeking to stop the defendants from engaging in any sales of any merchandise where the plaintiffs maintain a license is granted. Thus, the defendants are enjoined from selling merchandise bearing registered trademarks licensed to plaintiffs through websites, Instagram pages, and pop-up shops or any other manner and are

enjoined from transferring, assigning, soliciting, negotiating, contracting or selling with any third-party licenses rights granted to plaintiffs pursuant to their licensing agreements.

So ordered.

ENTER:

DATED: April 5, 2022
Brooklyn N.Y.

Hon. Leon Ruchelsman
JSC


