

<b>Ralph Lauren Retail Inc. v 888 Madison LLC</b>
2022 NY Slip Op 31380(U)
April 25, 2022
Supreme Court, New York County
Docket Number: Index No. 652718/2021
Judge: Barry R. Ostrager
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SUPREME COURT OF THE STATE OF NEW YORK NEW YORK COUNTY

PRESENT: HON. BARRY R. OSTRAGER PART IAS MOTION 61EFM

Justice

RALPH LAUREN RETAIL INC. and RALPH LAUREN CORPORATION,

Plaintiffs,

- v -

888 MADISON LLC,

Defendant.

Table with 2 columns: INDEX NO., MOTION DATE, MOTION SEQ. NO. and values: 652718/2021, (blank), 001

DECISION + ORDER ON MOTION

HON. BARRY R. OSTRAGER

The Court heard oral argument on April 25, 2022 on the motion by defendant 888 Madison LLC, the Landlord of the subject premises, for an Order pursuant to CPLR 3211(a)(7) dismissing the action commenced by Ralph Lauren Retail Inc. and Ralph Lauren Corporation (“the Tenant” or “Ralph Lauren”) for failure to state a cause of action. The motion is granted in part and denied in part.

This dispute relates to a lease renewal for the third and fourth floors of Ralph Lauren’s flagship store located at Madison and 72nd Street. The original lease was dated August 15, 1991 (NYSCEF Doc. No. 10). At issue is the Third Lease Modification Agreement effective December 1, 2020, and signed during the height of the pandemic (“the Modification Agreement”, NYSCEF Doc. No. 9). Ralph Lauren commenced this action seeking rescission or reformation of the Modification Agreement, alleging that the Modification Agreement does not reflect the parties’ meeting of the minds and the terms of any actual agreement. The Landlord has vigorously opposed the motion, asserting, among other things, that Ralph Lauren’s counsel drafted the three-page Modification Agreement which was then signed by two of the company’s top executives.

The Court denies dismissal of the First Cause of Action seeking rescission based on mistake or, in the alternative, reformation to reflect the terms of any actual agreement. Accepting the allegations in the Complaint as true, and giving plaintiff the benefit of every favorable inference, Ralph Lauren has sufficiently alleged unilateral mistake resulting in the unjust enrichment of the defendant Landlord at the expense of the Tenant Ralph Lauren, or mutual mistake on the ground that the Third Modification Agreement as written did not reflect the parties' meeting of the minds. Indeed, counsel for the Landlord conceded during oral argument that the parties were negotiating, but had not agreed to, a potential rent reduction during the pandemic. It is therefore illogical, but possible, that Ralph Lauren would have agreed to exercise a lease renewal long before the time Ralph Lauren had to exercise the renewal option at a higher rent. Ralph Lauren is entitled to conduct discovery on its claims for rescission or, in the alternative, reformation.

The Court grants defendant's motion to dismiss the Second Cause of Action for declaratory relief. The cause of action is entirely duplicative of the other causes of action.

The Court grants defendant's motion to dismiss the Third Cause of Action seeking rescission or reformation of the Third Lease Modification Agreement based on fraud in the inducement. Ralph Lauren has failed to allege any affirmative misrepresentation by the defendant Landlord to support a claim of fraud. At best, the Landlord did not advise counsel for Ralph Lauren (who had drafted the Agreement) that the Modification Agreement did not reflect any terms to which the parties had agreed. Passing the issue whether the Landlord's counsel had any ethical obligation to point out to Ralph Lauren through its counsel any alleged mistake made by Ralph Lauren's in house legal counsel, the Landlord had no legal duty to disclose that information to opposing counsel, particularly since the Ralph Lauren executives who signed the

Lease Modification Agreement could have readily ascertained the contents of the two-page document by reading it. Further, the allegations do not support the requisite fraud element of reasonable reliance. Ralph Lauren is solely responsible for the conduct of its attorney who drafted the Agreement and its executives who signed the Agreement. The Agreement was a simple three-page document (with only signatures on the third page). Thus, no cause of action for fraudulent inducement has been stated.

The Landlord has cited various cases to support its argument that the Tenant's surviving claim should be barred by Ralph Lauren's own negligence, such as *U.S. Legal Support, Inc. v. Eldad Prime, LLC*, 125 AD3d 486 (1st Dep't 2015). However, the cases are all fact-intensive, and Ralph Lauren has both distinguished the Landlord's cases and cited other cases that support Ralph Lauren's position. *See, e.g., Gessin Elec. Contrs., Inc. v 95 Wall Assoc., LLC*, 74 AD3d 516 (1st Dep't 2010); *Hellenic Imperial Airways S.A. v Gulf Air Company, G.S.C.*, 2016 WL 164041 (Sup. Ct., NY Co. 2016) (Scarpulla, J.); *Cox v Lehman Bros., Inc.*, 15 AD3d 239 (1st Dep't 2005). Therefore, the Court declines to dismiss the First Cause of Action at the pleading stage for failure to state a cause of action after applying the liberal pleading standard articulated in *Leon v Martinez*, 84 NY2d 83, 87-88 (1994).

Defendant 888 Madison LLC shall Answer the remaining claim by May 25, 2022. The parties shall thereafter meet and confer to agree upon the terms of a proposed Preliminary Conference Order using the form available on the Part 61 website. A preliminary conference is scheduled for June 30, 2022 at 11:30 a.m. via a dial-in number to be provided in a letter efiled

with the Proposed Preliminary Conference Order by June 13, 2022. Mediation is urged.

Dated: April 25, 2022

  
BARRY R. OSTRAGER, J.S.C.

CHECK ONE:

CASE DISPOSED

GRANTED

SETTLE ORDER

INCLUDES TRANSFER/REASSIGN

DENIED

NON-FINAL DISPOSITION

GRANTED IN PART

SUBMIT ORDER

FIDUCIARY APPOINTMENT

OTHER

REFERENCE

APPLICATION:

CHECK IF APPROPRIATE: