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Cold Spring Harbor Constr., Inc. v Cold Spring Bldrs., Inc.
2014 NY Slip Op 51688(U)
Decided on November 20, 2014
Supreme Court, Suffolk County
Whelan, J.
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Decided on November 20, 2014

Supreme Court, Suffolk County

Cold Spring Harbor Construction, Inc., Plaintiff
against
Cold Spring Builders, Inc., Defendant.

067283/2014

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Thomas F. Whelan, J.

Upon the following papers numbered 1 to 1-10 read on this motion *by the plaintiff for preliminary injunctive relief*; Notice of Motion/Order to Show Cause and supporting papers 1-4; Notice of Cross Motion and supporting papers; Answering papers 5-7; Reply papers 8-10 ; Other; (and after hearing counsel in support and opposed to the motion) it is,

ORDERED that this motion (No.001) by the plaintiff for an order granting it injunctive relief restraining and enjoining defendant, Cold Spring Builders Inc., from using and employing the trade name Cold Spring Builders in any fashion in connection with the defendant's business and from representing to any business supplier or associate or to any customer that the defendant is associated or affiliated in any way with the plaintiff and from advertising on any media, print and/or the internet with the trade name Cold Spring Builders and directing the defendant to discontinue all advertising in which it uses the name Cold Spring Builders, is considered under CPLR 6311 and is granted upon the conditions set forth below.

The plaintiff commenced this action to enjoin the defendant, a newly formed competitor, from using its trade name upon the grounds that such use constitutes trade name dilution and unfair competition. The following three causes of action are advanced in the complaint filed by the plaintiff: 1) summary relief in the form of a permanent injunction pursuant to GBL § 133; 2) permanent injunctive relief due to trade name dilution pursuant to GBL § 360-*l*; and 3) injunctive relief under doctrines of common law of unfair competition. By the instant motion, the plaintiff seeks preliminary injunctive relief, both prohibitory and mandatory in nature of the kind described above. The defendant vigorously opposes the plaintiff's request for injunctive relief of any kind to which the defendant replied.

To prevail on a motion for preliminary injunctive relief, the movant must clearly demonstrate a likelihood of success on the merits, the prospect of irreparable harm or injury if the relief is withheld and that a balance of the equities favors the movant's position ([*see Nobu Next Door, LLC v Fine Arts Hous., Inc.*, 4 NY3d 839](#), 800 NYS2d 48 [2008]; *Aetna Ins. Co. v Capasso*, 75 NY2d 860, 862, 552 NYS2d 918 [1990]; *Greystone Staffing, Inc. v Warner*, 106 AD3d 954, 2013 WL 2228792 [2d Dept 2013]; *Wheaton/TMW Fourth Ave., LP v New York City Dept. of Bldgs.*, 65 AD3d 1051, 886 NYS2d 41 [2d Dept 2009]; *Pearlgreen Corp. v Yau Chi Chu*, 8 AD3d 460, 778 NYS2d 516 [2d Dept 2004]). Injunctive relief is available to a plaintiff claiming injury to business reputation and/or trademark dilution under GBL § 360-*l*. Colloquially referred to as the anti-dilution statute, GBL §360-*l* protects registered and non-registered trade names against dilution (*cf.*, GBL § 360-*k*, which protects only registered trade marks or names from infringement). GBL § 360-*l* provides that a "[l]ikelihood of injury to business reputation or of dilution of the distinctive quality of a mark or trade name shall be a ground for injunctive relief in cases of infringement of a mark, registered or not registered, or in cases of unfair competition, notwithstanding the absence of competition between the parties or the absence of actual confusion as to the source of goods or services. To succeed on such claim, the proponent thereof must establish the defendant's use of the trademark is likely to cause confusion or mistake about the source of the allegedly infringing product (*see Allied Maintenance Corp. v Allied Mech. Trades, Inc.*, 42 NY2d 538, 543, 399 NYS2d 628 [1977]). The proponent must further establish that it possesses a strong mark—one which has a distinctive

quality or has acquired a secondary meaning"— such that "the trade name has become so associated in the public's mind with the claimant that it identifies goods sold by that entity as distinguished from goods sold by others and a likelihood of dilution by either blurring or tarnishment" (*Fireman's Ass'n of State of New York v French Am. School of New*, 41 AD3d 925, 839 NYS2d 238 [3d Dept 2007][internal citations omitted]).

Here, the moving papers sufficiently demonstrated a likelihood that the plaintiff will succeed on the merits of its claims for injunctive relief pursuant to GBL § 360-1, for which, no proof of bad faith nor fraudulent intent is required (*see Allied Maintenance Corp. v Allied Mech. Trades, Inc.*, 42 NY2d 538, 543, *supra*; *Adirondack Appliance Repair, Inc. v Adirondack Appliance Parts, Inc.*, 148 AD2d 796, 538 NYS2d 118 [3d Dept 1989]). Such papers included proof that the defendant's conduct in adopting a trade name similar to that of the plaintiff and the use thereof has caused public confusion and mistake and a likelihood of injury to the business reputation of the plaintiff and the dilution of its trade name in the future. In addition, the moving papers established irreparable harm or injury would be sustained by the plaintiff if the injunction were denied as a sufficient showing was made that the that the plaintiff's good will is at risk and that its control over the reputation of its trade name has or will be lost (*see Alside Div. of Assoc. Materials Inc. v Leclair*, 295 AD2d 873, 743 NYS2d 898 [3d Dept. 2002]; *Adirondack Appliance Repair, Inc. v Adirondack Appliance Parts, Inc.*, 148 AD2d 796, *supra*; [Fifteenth Ave. Food Corp. v Sibstar Bread Inc.](#), 16 Misc 3d 1102[A], 841 NYS2d 826 [Sup. Ct. Kings County, 2007]). Finally, the court finds that a balance of the equities tips in its favor, as the record contains due proof of actual public confusion and mistakes have occurred by reason of the defendant's use of its name rather than just the mere likelihood of such confusion and mistake. While proof of actual confusion is not necessary, it is the best evidence of a likelihood of confusion (*see Gasoline Heaven at Commack, Inc. v Nesconset Gas Heaven, Inc.*, 191 Misc 2d 646, 743 NYS2d 825 [Sup. Ct. Suffolk County 2002]). The plaintiff's demonstration of its entitlement to the requested injunctive relief was not sufficiently controverted by the opposing papers of the defendant.

In addition, the plaintiff further established a likelihood of success on its common-law cause of action sounding in unfair competition by reason of the defendant's

conduct. The essence of an unfair competition claim under New York's common law is that the defendant assembled a product or provides a service which bears a striking resemblance to the plaintiff's product or service that the public will be confused as to the identity of the products (*see Shaw v Time-Life Records*, 38 NY2d 201, 379 NYS2d 390 [1975]; *Parekh v Cain*, 96 AD3d 812, 948 NYS2d 72 [2d Dept 2012]; *see also Ahead Realty LLC v India House, Inc.*, 92 AD3d 424, 938 NYS2d 17 [1st Dept 2012]). It is rooted in the bad faith misappropriation of the labors and expenditures of another, likely to cause confusion or to deceive purchasers as to the origin of the goods or services (*see Forschenr Group Inc. v Arrow Trading Co., Inc.*, 124 F3d 402 [2d Cir. 1997]; *Johnson & Johnson v Azam Intern. Trading*, 2013 WL 4048295 EDNY 2013]). "[T]o prevail in an unfair competition case, the plaintiff may prove either: (1) that the defendant's activities have caused confusion with, or have been mistaken for, the plaintiff's activities in the mind of the public, or are likely to cause such confusion or mistake; or (2) that the defendant has acted unfairly in some manner" (104 NY Jur 2d, Trade Regulation § 196; *see Kg2, LLC v Weller*, 105 AD3d 1414, 966 NYS2d 298 [4th Dept 2013]). The bad faith misappropriation of a commercial advantage belonging to the plaintiff by the infringement or dilution of a trademark or trade name or by the exploitation of proprietary information and/or trade secrets are both actionable (*see Out of Box Promotions, LLC v Koschitzki*, 55 AD3d 575, 866 NYS2d 677 [2d Dept 2008]; *Beverage Mktg. USA, Inc. v South Beach Beverage Co., Inc.*, 20 AD3d 439, 799 NYS2d 242 [2d Dept 2005]; *Eagle Comtronics, Inc. v Pico Prods., Inc.*, 256 AD2d 1202, 682 NYS2d 505 [4th Dept 1998]).

Claims of unfair competition under New York's common law may thus be premised upon claims that the defendant misappropriated a commercial advantage belonging exclusively to the plaintiff by the exploitation of proprietary information and/or trade secrets, or upon claims of trademark infringement or dilution (*see Beverage Mktg. USA, Inc. v South Beach Beverage Co., Inc.*, 20 AD3d 439, *supra*; *see also LoPresti v Massachusetts Mut. Life Ins. Co.*, 30 AD3d 474, 820 NYS2d 275 [2d Dept 2006]). Where the unfair competition claim is grounded upon the defendant's injurious use of the plaintiff's trade mark or name, the defendant's conduct must be found to have "constituted an unfair appropriation or exploitation of a special quality attached to plaintiff's name" (*V.S. Distrib. v Emkay Trading Corp.*, 1 AD3d 350, 766

NYS2d 601 [2d Dept 2003]; quoting *Buffalo Packaging Corp. v Buff—Pac, Inc.*, 155 AD2d 877, 878, 547 NYS2d 714 [4th Dept 1989]; *Telford Home Assistance, Inc. v TPC Home Care Servs., Inc.*, 211 AD2d 674, 621 NYS2d 636 [2d Dept 1995]), thereby resulting in a misappropriation of a commercial advantage belonging exclusively to the plaintiff ([see *LoPresti v Massachusetts Mut. Life Ins. Co.*, 30 AD3d 474, supra](#)). Irrespective of the base predicate, the key to stating a non-statutory, common law claim of unfair competition is that the defendant charged with actionable conduct displayed some element of bad faith in misappropriating the plaintiff's labor, skill, expenditures, proprietary information or trade secrets (*see Parekh v Cain*, 96 AD3d 812, 948 NYS2d 72 [2d Dept 2012]; [see also *Ahead Realty LLC v India House, Inc.*, 92 AD3d 424](#), 938 NYS2d 17 [1st Dept 2012; *bad-faith misappropriation of a commercial advantage necessary to state a claim for unfair competition*]; *Camelot Assoc. Corp. v Camelot Design & Dev. LLC*, 298 AD2d 799, 750 NYS2d 155 [3d Dept 2002]).

The plaintiff's claim here rests upon the defendant's purported misuse of the plaintiff's trade name and its submissions included sufficient proof of the existence of the elements of such claim including confusion due to the misappropriation of the special qualities attached to the plaintiff's trade name and bad faith on the part of the defendant. Such bad faith may be inferred from the absence of justification that arises here by the defendant's conduct in cashing a check payable to the plaintiff that was delivered or mis-delivered to its office and its publication of a disclaimer of association only after the commencement of this law suit. A likelihood of success on the merits of the plaintiff's third cause of action was thus established together with irreparable harm as a sufficient showing that the plaintiff will lose control over the reputation of its trade name pending trial was made ([see *Fifteenth Ave. Food Corp. v Sibstar Bread Inc.*, 16 Misc 3d 1102\[A\]](#), 841 NYS2d 826 [Sup. Ct. Kings County, 2007]). In addition, the court finds that a balance of the equities tips in favor of the plaintiff under the circumstances.

In contrast, the plaintiff's first cause of action, which is one in the nature of a summary claim for permanent injunction pursuant to GBL § 133, does not support a claim for preliminary injunctive relief as it calls for a summary adjudication of a claim

for a permanent injunction by the court upon conclusive proof of a *criminal* intent to deceive or mislead the public by the assumption, adoption or use of a corporation, assumed or trade name or any part thereof for purposes of advertising or of trade (*see Association of Contr. Plumbers of City of New York v Contracting*, 302 NY 495, 99 NE2d 542 [1951]; *cf.*, *Playland Holding Corp. v Playland Ctr., Inc.*, 1 NY2d 300, 135 NE2d 202 [1956]). Neither a demand for a summary adjudication of the plaintiff's first cause of action nor proof of the requisite criminal intent was included in the moving papers submitted by the plaintiff on this motion.

In view of the foregoing, the instant motion (#001) by the plaintiff is granted as the plaintiff demonstrated its entitlement to the preliminary injunctive relief which arises from its Second and Third causes of action. The preliminary injunction granted is, however, subject to the posting of an undertaking by the plaintiff, within 30 days of the date of this order, in the amount of \$25,000.00 in the form required by the provisions of CPLR 2502 and the filing and service of proof thereof and of any affidavit as required by CPLR 2505. The failure to file the undertaking shall cause the preliminary injunction herein granted to expire on the thirty-first day after the issuance of this order.

Accordingly, the defendant, Cold Spring Builders, Inc., its agents and employees are hereby enjoined and restrained from using and employing the trade name "Cold Spring Builders" or Cold Spring Builders, Inc., in any fashion in connection with the defendant's business and from representing to any business, supplier or associate or to any customer that the defendant is associated or affiliated in any way with the plaintiff. The defendant is further precluded from advertising on any media, print and/or the internet with the trade name Cold Spring Builders, or Cold Spring Builders, Inc., during the pendency of this action and the defendant, Cold Spring Builders, Inc., shall cease employing its name, making such representations and shall take immediate action to discontinue all ads and advertising content in which it uses the name Cold Spring Builders, upon plaintiff's notification to defendant's counsel of the uploading of this order into the court's electronic filing system [NYS UCS e-filing].

DATED: November 20, 2014_____

THOMAS F. WHELAN, J.S.C.

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