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SHORT FORM ORDER

**SUPREME COURT : STATE OF NEW YORK
COUNTY OF NASSAU**

PRESENT:

**HON. IRA B. WARSHAWSKY,
Justice.**

TRIAL/IAS PART 20

RUDOLPH SAMPIERI, INC.
d/b/a SAMPIERI DIAMONDS,

Plaintiff,

INDEX NO.: 010202/2001
MOTION DATE: 09/12/2003
MOTION SEQUENCE: 001

- against -

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JOHN J. SAMPIERI, INC. and JOHN J. SAMPIERI,

Defendants.

The following papers read on this motion:

Notice of Motion, Statement Pursuant to Rule 19-A, Affidavit & Exhibits Annexed.....	1
Plaintiff's Statement Pursuant to Rule 19-A, Affidavit, Memorandum of Law & Exhibits Annexed.....	2
Defendants' Reply Affidavit.....	3
Defendants' Memorandum of Law in Support.....	4
Defendants' Reply Memorandum of Law in Support.....	5

This motion by defendants John J. Sampieri, Inc. and John J. Sampieri pursuant to CPLR 3212 for summary judgment dismissing the complaint is determined as follows.

Plaintiff commenced this action for a permanent injunction enjoining defendant from operating his business under the name "Sampieri Diamonds."

Rudolph and John Sampieri are brothers who were formerly sole shareholders of Sampieri Brothers Inc. (SBI). SBI was engaged in the retail and wholesale diamond and jewelry business. In June of 1993, the shareholder brothers and SBI entered into an agreement to permit the two shareholders to conduct separate businesses (the Agreement).

The Agreement provided for a transfer structure which effected a tax free reorganization, created a new corporate subsidiary of SBI, NewCo Inc., and transferred certain assets to NewCo. At closing SBI transferred all of NewCo's shares to Rudolph in exchange for Rudolph's shares of SBI. The goal was to create parity between the shareholders in their new businesses. The Agreement contemplated that Rudolph was to become the sole shareholder of NewCo, which would be named Rudolph Sampieri Inc., and John was to become the sole shareholder of SBI which would change its name to John J. Sampieri Inc. Portions of the Agreement that are relevant to the use of Sampieri Diamonds follows.

Paragraph "1" of the Agreement addresses the partial transfer of assets and liabilities to NewCo, and, as stated above, subparagraph "1(a)" provides that on or before the closing date "SBI shall cause Newco to be organized as a New York Corporation, to be named Rudolph Sampieri, Inc."

Paragraph "7" of the Agreement concerns representations made and warranties given by John and SBI, and paragraph "8" concerns the representations and warranties made by Rudolph. John's warranties and representations include subparagraph "7(i)" which states "[p]romptly after the Closing Date, SBI agrees to change its name to John J. Sampieri, Inc. . . .", and subparagraph "7(k)" which states "[n]either SBI nor John shall conduct any business or operate any other corporation . . . engaged in the business of retail or wholesale jewelry in New York City under a name or names so similar to the name of NewCo as to cause confusion to the public in respect of the operations of NewCo."

With respect to Rudolph's representations and warranties subparagraph "8(e)" states "[n]either Rudolph nor NewCo shall conduct business or operate any other corporation . . . engaged in the business of retail or wholesale jewelry within New York city under a name or names which will cause confusion to the public in respect of the operations of SBI".

The Agreement is ambiguous with respect to whether the prohibition against public confusion applies to the names NewCo and SBI, as specifically recited, or to the names later to be adopted by those entities, Rudolph Sampieri, Inc. and John Sampieri, Inc. respectively. Common sense dictates that it would apply to either. However, there is no language in the agreement that prohibits either firm from operating under a “doing business as” name. Although defendant claims there is, he has not identified any textual support for the claim.

In July of 1993 Rudolph Sampieri, Inc., with an address at 86 Bowery, New York, New York, registered with the Department of State to do business as “Sampieri Diamonds”. For a period of eight years thereafter Rudolph Sampieri, Inc. conducted its business under the assumed and registered name Sampieri Diamonds, admittedly with the knowledge of John Sampieri, Inc., and its principle and without its objection.

According to the complaint, John Sampieri, Inc., with an address at 74 Bowery, recently listed its business on the internet Verizon yellow pages as “Sampieri Diamonds” and has caused confusion in violation of the Agreement. Several of plaintiff’s customers have inadvertently been in touch with the corporate defendant rather than the plaintiff due to defendants’ listing as Sampieri Diamonds. Said name is identical to the registered name of plaintiff Rudolph Sampieri, Inc. located a few doors away at 86 Bowery.

Defendants here seek summary judgment averring that the Agreement required each shareholder of SBI to include his first name in the name of his separate corporation to avoid confusion, and that plaintiff Rudolph Sampieri, Inc.’s trade name claim to “Sampieri Diamonds” is prohibited as a violation of the Agreement. Defendants also claim that the word “diamond” is generic and plaintiff may not prevent them from using same. Defendant claims that it does not use “Sampieri Diamonds”, although there is evidence that it does, and, finally, that a merger clause prevents oral modification of that term of the Agreement requiring use of the parties individual names.

Plaintiff counters that defendants were aware that Rudolph Sampieri, Inc. has

been doing business as Sampieri Diamonds since July of 1993, just after the Agreement was entered into, and that defendants orally agreed to such use. Plaintiff claims that prior to the closing of the Agreement it incorporated as Sampieri Diamonds, Inc. and sought to have the assets of NewCo transferred to that entity at closing. Plaintiff avers that the closing documents had all been prepared for Rudolph Sampieri, Inc. and instead of aborting the closing of the Agreement, it instead registered to do business under the name Sampieri Diamonds, with defendants' knowledge and approval.

Defendants rely heavily upon the body of law that holds that where there is an oral agreement, as plaintiff alleges, a party is precluded from contradicting the written Agreement by a merger clause.

It is a fundamental tenet of contract law that "the intent of the parties must be found within the four corners of the contract, giving a practical interpretation to the language employed and the parties' reasonable expectations". AFBT-II, LLC. v. Country Village on Mooney Pond, ___ AD2d ___, 759 NYS2d 149, 150-151. Here the Agreement is silent with respect to imposing a requirement upon the shareholders to use their first names, to avoid public confusion or for any other reason. The subparagraphs of the Agreement addressed to public confusion (the no confusion clause) require only that each party refrain from operating a jewelry business "under a name or names which will cause confusion to the public" with respect to the other.

Equally as importantly, even if the Agreement was read to require such a result, section 15-301 of the General Obligations Law takes the oral agreement out of the Statute of Frauds. While such an agreement cannot be changed orally by an executory agreement unless it is in writing, if the modification is performed in a manner that is directly referable to the oral agreement, it is executed, not executory and is not within that provision of law.

Plaintiff's use of the name Sampieri Diamonds has, uncontrovertably on this record, continued since the Agreement was signed. If the Agreement required plaintiff to

operate his business as Rudolph Sampieri Inc., the court finds there has been an oral modification of the contract which is enforceable without any question of fact. Defendant's conduct in permitting plaintiff to use the name for 8 years is directly referable to plaintiff's contention that it was agreed upon at the time of executing the Agreement. Calica v Reisman, Peirez & Reisman, LLP., 744 A.D.2d 495 (2d Dept 2002). In sum, plaintiff's use of the name Sampieri Diamonds does not violate an obligation to use the name Rudolph under the Agreement, as no term explicitly obligated him to include his first name in the trade name of his business, and if it did there has been an oral modification of that term by plaintiff's partial performance.

The only prohibition with respect to the business name of plaintiff was that it not cause confusion with either the name Sampieri Brothers, Inc. or John Sampieri, Inc. Defendants have notably failed to submit evidence of such confusion in support of their summary judgment motion. However, to the extent that defendants have used the name Sampieri Diamonds, they violated the clear provision of the Agreement prohibiting confusion.

Turning to defendants alternate argument, that the generic word diamonds is not subject to trademark protection, the court finds such argument irrelevant to the issues here. Defendants' brief states "assuming . . . that John J. Sampieri, Inc. occasionally uses the word 'diamonds' (and does so only with his (and the corporation's) full name - John J. Sampieri), that cannot, as a matter of law, give rise to a claim by Rudolph - or anyone else." The issue here is not defendants' use of the word "diamonds" or "John J. Sampieri Diamonds". The issue is defendants' use of the name "Sampieri Diamonds". Accordingly, the authority presented is not relevant (see, e.g., David B. Findlay, Inc. v. Findlay, 18 NY2d 12, 19 ["present trend of the law is to enjoin the use even of a family name when such use tends or threatens to produce confusion in the public mind"]; see also, Tri-County Funeral Service v. Eddie Howard Funeral Home, Inc., 330 Ark. 789, 800 ["Because it may become a trade name subject to the rule of priority in order to prevent

deception of the public, one has no absolute right to use one's own name, even honestly, as the name of a business”]; Maison Prunier v. Prunier's Restaurant & Café, 159 Misc. 551 [Supreme Court, New York County]).

Insofar as this is a motion for summary judgment, and pursuant to CPLR 3212(b) the court is permitted to search the record and grant summary judgment to the non-moving party, it is the decision of the court that defendant’s motion is denied, that summary judgment is granted in favor of plaintiff, and it is

ORDERED AND ADJUDGED that plaintiff have judgment for the injunctive relief demanded in the complaint and defendant John J. Sampieri, Inc. and John J. Sampieri are permanently enjoined from using the name Sampieri Diamonds in the conduct of its business. It is further

ORDERED that so much of plaintiff’s complaint as seeks punitive damages and attorney fees is dismissed.

Dated: October 9, 2003


J.S.C.

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ENTERED

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NASSAU COUNTY
COUNTY CLERK'S OFFICE