

Eclipse Jewelry Corp. v Heber
2005 NY Slip Op 30562(U)
October 24, 2005
Supreme Court, New York County
Docket Number: 108600/05
Judge: Barbara R. Kapnick
Cases posted with a "30000" identifier, i.e., 2013 NY Slip Op <u>30001</u> (U), are republished from various state and local government websites. These include the New York State Unified Court System's E-Courts Service, and the Bronx County Clerk's office.
This opinion is uncorrected and not selected for official publication.

9

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK: IAS PART 12

-----X
ECLIPSE JEWELRY CORP.,

Plaintiff,

-against-

LEVI HEBER, HAROUTIOU N. MOURADIAN,
JEWELRY 2000, INC. and H. LEVI & CO.,

Defendants.

-----X
BARBARA R. KAPNICK, J.:

DECISION/ORDER

Index No. 108600/05
Motion Seq, No. 005

This is an action for breach of duty (first cause of action),
conversion (second cause of action), unfair competition (third
cause of action) and injunctive relief, (fourth cause of action).

Defendants Levi Heber and Jewelry 2000, Inc., now move by
Order to Show Cause for an order:

- (1) dismissing this action for lack of subject matter jurisdiction;
- (2) staying all further proceedings in this action pending adjudication of this motion; or, in the alternative,
- (3) directing plaintiff to post an undertaking in an amount to be determined by this Court.

Defendants argue in essence that the federal copyright laws preempt plaintiff's causes of action pursuant to 17 U.S.C. § 301 and that this Court's jurisdiction is preempted by the Federal Courts pursuant to 13 U.S.C. § 1338. They claim that the gravamen of plaintiff's action rests on the allegations that the defendants

have stolen plaintiff's jewelry designs together with the molds for these designs, and that the protection of artistic designs, including jewelry, is an area of law expressly reserved under Federal law. See, Editorial Photocolor Archives, Inc. v. Granger Collection, 61 N.Y.2d 517, 521-522 (1984) which held that

[t]hose rights asserted in plaintiffs' complaint and sought to be protected by the preliminary injunction are equivalent to the exclusive rights of use and reproduction given by the copyright laws. The transparencies and photographs at issue are within the subject matter of copyright (US Code, tit 17, § 102, subd [a], par [5]) and the exclusive rights to display, reproduce, distribute, sell, rent or license such transparencies are within the general scope of copyright protection (US Code, tit 17, § 106, subds [1], [3]. [5]).

Plaintiff argues in opposition to the motion that the doctrine of preemption does not apply to the facts alleged in its Verified Complaint because its claims contain 'extra elements' which make them 'qualitatively different' from copyright infringement claims (Computer Associates International, Inc. v. Altai, Inc., 982 F.2d 693 [2nd Cir. 1992]; see also, Briarpatch Limited, L.P. v. Phoenix Pictures, Inc., 373 F.3d 296 [2nd Cir. 2004]; Mevers v. Waverly Fabrics, 65 N.Y.2d 76 [1985]; Grecco v. Syoma, 284 A.D.2d 234 [1st Dep't 2001]).

Plaintiff correctly notes that the first cause of action for breach of fiduciary duty is not based simply on a claim that plaintiff's designs were improperly copied, but also alleges the "extra element" that defendants Heber and Mouradian abused their positions of trust and their duty of undivided loyalty during the

course of their employment by, inter alia, "performing their own personal work on company time, in the company's offices, and using the company's resources, all for their own benefit and to the detriment of Eclipse and by soliciting and enticing other employees of Eclipse to leave the employ of Eclipse to join their competing enterprise", as well by misappropriating "items of property belonging exclusively to Plaintiff, including customer lists, proprietary customer information, models and casting used to make molds, and other items."

Similarly, the second cause of action for conversion is not based simply on the copying of jewelry, but is also predicated on plaintiff's additional claim that defendants interfered with plaintiff's right to the use and possession of various molds, models, castings, proprietary and confidential customer lists and customer information, along with other items of personal property.

Finally, the third cause of action for unfair competition is not based simply on plaintiff's claim that defendants wrongfully benefitted from the sale of similar products but also on plaintiff's claim that defendants have been unjustly enriched by use of "misappropriated property, technology, trade secrets and other confidential proprietary assets, both tangible and intangible, belonging to Plaintiff", and from the "unauthorized use of the creative, monetary and human resources investment and hard work of Plaintiff."


Accordingly, based on the papers submitted and the oral argument held on the record on October 20, 2005, this Court finds that the claims set forth in plaintiff's Complaint are not preempted under the federal copyright laws. Therefore, that portion of the motion seeking to dismiss this action for lack of subject matter jurisdiction is denied,

That portion of the motion seeking to stay all further proceedings in this action, including the hearing on the preliminary injunction scheduled for October 28, 2005, pending adjudication of this motion is, consequently, denied as moot.

That portion of the motion seeking the imposition of a bond is denied in the discretion of this Court.

This constitutes the decision and order of this Court.

Date: October 24, 2005

FILED
OCT 28 2005
COUNTY CLERK'S OFFICE
NEW YORK

Barbara R. Kapnick
J.S.C.

BARBARA R. KAPNICK
J.S.C.