

**Waterscape Resort, L.L.C. v 70 W. 45th St. Holding
LLC**

2015 NY Slip Op 31255(U)

July 17, 2015

Supreme Court, New York County

Docket Number: 652124/2014

Judge: Saliann Scarpulla

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SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK: PART 39

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WATERSCAPE RESORT, L.L.C.

Plaintiff,

Index No. 652124/2014
Motion Seq. No. 001

- against -

70 WEST 45TH STREET HOLDING LLC AND
WATERSCAPE RESORT II, LLC,

DECISION AND ORDER

Defendants.

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SALIANN SCARPULLA, J.:

In this action for, *inter alia*, infringement, plaintiff Waterscape Resort, L.L.C. (“Waterscape”) moves by order to show cause for a preliminary injunction enjoining defendants 70 West 45th Street Holding LLC and Waterscape Resort II, LLC (“70 West”) from continuing to use its alleged trademark during the course of this action.

Waterscape owned the premises located at 70 West 45th Street, for the purpose of operating a hotel, residences and restaurant, called “Cassa NY Hotel and Residences.” Waterscape filed a certificate of assumed name for the trade name “Cassa Hotel & Residences” and “Cassa NY” with the State of New York. According to Waterscape, it adopted the names “Cassa NY” and “Cassa Hotel & Residences” as trade names to carry out its business, and has used those names extensively in marketing and advertising campaigns. However, Waterscape did not have a federally registered trademark. In or about August 2010, Waterscape commenced operation of the hotel, but in April 2011, Waterscape filed for Chapter 11 bankruptcy.

As part of its Chapter 11 bankruptcy plan, Waterscape sold the Cassa Hotel to 70 West in January 2012. Waterscape and 70 West entered into a license agreement dated January 20, 2012, whereby Waterscape licensed to 70 West use of the name “Cassa Hotel” and related and derived marks and names (“Mark”), for six months from the date of the agreement. The license agreement terminated on July 20, 2012. Waterscape and 70 West had allegedly been negotiating 70 West’s continued use of the Mark after that date, but were unable to reach an agreement.

Waterscape commenced this action in or about July 2014, alleging that 70 West continued to use the name Cassa Hotel after the termination of the license agreement, without permission from Waterscape. It asserted causes of action for infringement, dilution, unjust enrichment, conversion, unauthorized use of its trade name, consumer fraud, and breach of contract.

Waterscape now moves, by order to show cause, for an order enjoining and restraining 70 West from using the Mark during the pendency of this action. In support of its order to show cause, it argues that 70 West is a holdover licensee who continues to use the Mark without permission. According to Waterscape, there was no implied or oral agreement for 70 West to continue using the Mark.

It maintains that 70 West’s continued use of the Mark without authorization irreparably harms Waterscape’s reputation and goodwill and is likely to cause consumer confusion. It explains that it has common law rights to the Mark in the State of New

York, and has been using the Mark since at least March 2009, earlier than any other party's application to trademark the term "Cassa."¹

Waterscape also refers to Section 3(b) of the license agreement, which provides, in relevant part,

"licensee hereby acknowledges the validity of the licensed mark and the exclusive ownership of the licensed mark by licensor, whether or not registered or recorded. Licensee agrees that it will not, at any time during the term of the License or thereafter, directly or indirectly challenge, contest or aid in challenging or contesting the validity or ownership by Licensor of the Licensed Mark, or the title or registration thereto or recording thereof, whether now existing or hereafter obtained."

It also refers to Section 9(a) and (b) of the license agreement, which provide, in relevant part,

"(a) upon the termination of the license...neither licensee nor any of its affiliates nor any other owner, operator or occupant of the hotel shall have the right, by virtue of this agreement or otherwise to continue using any licensed mark in the name of the hotel, in the operation, management or promotion of the hotel, or otherwise, and licensee and such other persons immediately shall cease and desist from any such use. Licensor shall have the right, at licensee's expense, to remove from the hotel any signs or other indicia of any connection with the licensor or with the licensed mark.

(b) Licensor shall have the right (which right shall survive the termination of the license) to seek injunctive or other relief as may be available at law or in equity in a court of competent jurisdiction to enforce the provisions of this section and its other rights under this agreement."

In opposition, 70 West argues, as an initial matter, that the alleged Mark is not registered and Waterscape has not proven that it prevailed in a first use of the Mark. It

¹ According to Waterscape, there is an opposition action ongoing in the Trademark Office to stop another party, Solutions Group, from trying to register "Cassa," which applied for use of that term in April 2013.

also contends that the generic nature of the term “Cassa” warrants denial of the order to show cause. Next, it maintains that, in any event, although the license agreement ended, an oral or implied license was granted through discussions and negotiations with Waterscape’s manager Salim Assa for 70 West to continue using the Mark.

It further argues that Waterscape’s claims are barred by the doctrine of estoppel and acquiescence because it delayed in bringing this action for two years after the license agreement ended, and 70 West had been using the term “Cassa Hotel” for that time period without any action taken by Waterscape. Finally, it maintains that Waterscape failed to establish irreparable harm or that the equities were in its favor, in light of the course of dealings between the parties over the past two years.

Discussion

A party seeking a preliminary injunction must clearly demonstrate a likelihood of success on the merits, the prospect of irreparable harm or injury if the relief is withheld, and a balance of the equities in its favor. C.P.L.R. §6301; *Nobu Next Door, LLC v. Fine Arts Hous., Inc.*, 4 N.Y.3d 839 (2005). With respect to likelihood of success on the merits, the threshold inquiry is whether the proponent has tendered sufficient evidence demonstrating ultimate success in the underlying action. *1234 Broadway LLC v West Side SRO Law Project, Goddard Riverside*, 86 A.D.3d 18, 23 (1st Dept. 2011).

However, the party seeking a preliminary injunction need not tender conclusive proof beyond any factual dispute establishing ultimate success in the underlying action. *See Ying Fung Moy v. Hohi Umeki*, 10 A.D.3d 604, 605 (2nd Dept. 2004); *Four Times Square*

Assocs., L.L.C. v. Cigna Invs., Inc., 306 A.D.2d 4 (1st Dept. 2003); *Sau Thi Ma v. Xuan T. Lien*, 198 A.D.2d 186, 187 (1st Dept. 1993).

"[T]o satisfy the irreparable harm requirement, [the moving party] must demonstrate that absent a preliminary injunction [it] will suffer an injury that is neither remote nor speculative, but actual and imminent, and one that cannot be remedied if a court waits until the end of trial to resolve the harm (internal citations omitted)."

Passlogix, Inc. v. 2FA Tech., LLC, 2010 U.S. Dist. LEXIS 61463, *23 (S.D.N.Y. 2010).

Delay in seeking a preliminary injunction may also negate a showing of irreparable harm because "the failure to act sooner undercuts the sense of urgency that ordinarily accompanies a motion for preliminary relief." *Habitat for Horses v. Salazar*, 745 F. Supp. 2d 438, 449 (S.D.N.Y. 2010).

To establish trademark infringement, a plaintiff must establish that: (1) its mark is protectable, used in commerce and is being used without authorization; and (2) defendant's use of the mark is likely to cause confusion, deceive or result in mistake. *McDonald's Corporation v. Robertson*, 147 F.3d 1301, 1307 (11th Cir., 1998).

Here, with the foregoing principles in mind, I find that Waterscape has failed to establish its entitlement to a preliminary injunction. Waterscape alleges that it has a common law trademark of "Cassa Hotel" and related and derived names, and has been using the term earlier than any other party. However, it has not provided sufficient evidence supporting these allegations to demonstrate ultimate success in its underlying infringement claim.

Moreover, Waterscape has not demonstrated that it would suffer irreparable injury that is actual and imminent if injunctive relief is withheld at this point, especially in light of its failure to commence this action until two years after the license agreement terminated. 70 West has openly been using the term “Cassa Hotel” for that time period without any legal action taken by Waterscape. While Waterscape correctly notes that the license agreement provides that it is entitled to seek injunctive relief, the license agreement does not provide that it is automatically entitled to obtain injunctive relief.

Waterscape points out that 70 West contractually acknowledged Waterscape’s “ownership” of the Mark, and agreed to stop using the Mark upon termination of the license agreement. This contractual language does not constitute sufficient evidence that “Cassa Hotel” is indeed trademarked to Waterscape, that a trademark infringement likely occurred, or that Waterscape has suffered irreparable harm. Rather, Waterscape may have a sound breach of contract claim against 70 West (I note that 70 West claims that there was an oral/implied agreement for it to continue using the “Cassa Hotel” name after the license agreement term expired), and Waterscape may be able to pursue monetary damages from any such breach. The parties’ contractual language, however, is not dispositive of Waterscape’s request for a preliminary injunction.

In accordance with the foregoing, it is hereby

ORDERED that plaintiff Waterscape Resort, L.L.C.'s order to show cause for a preliminary injunction is denied.

This constitutes the decision and order of the court.

Dated: New York, NY

July 17, 2015

ENTER:

A handwritten signature in black ink, consisting of a large, stylized 'S' and 'C' intertwined, enclosed within a circular scribble.

J.S.C. **HON. SALIANN SCARPULLA**