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United States District Court,
S.D. New York.

JEWEL SOURCE, INC., Plaintiff,

v.

PRIMUS JEWELS, LLC, Defendant.

No. 11 Civ. 3941(JSR). | Oct. 3, 2011.

Opinion

MEMORANDUM ORDER

JED S. RAKOFF, District Judge.

*1 In this case, Jewel Source, Inc. (“Jewel”) sues Primus Jewels, LLC (“Primus”) for (1) copyright infringement, (2) unfair competition, (3) fraudulent misrepresentation, (4) tortious intentional interference with business relations, (5) prima facie tort, and (6) tortious interference with prospective business relations. On July 8, 2011, Primus filed a motion to dismiss Jewel’s complaint in its entirety under Federal Rule of Civil Procedure 12(b)(6). The Court granted that motion, dismissing Jewel’s complaint with prejudice. This Memorandum explains the reasons for the Court’s decision and directs the entry of final judgment.

To survive a motion to dismiss for failure to state a claim under Rule 12(b)(6), “a complaint must contain sufficient factual matter, accepted as true, to ‘state a claim to relief that is plausible on its face.’” *Ashcroft v. Iqbal*, — U.S. —, —, 129 S.Ct. 1937, 1949, 173 L.Ed.2d 868 (2009) (quoting *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570, 127 S.Ct. 1955, 167 L.Ed.2d 929 (2007)). Mere conclusory statements in a complaint and “formulaic recitation[s] of the elements of a cause of action” are not sufficient to withstand a motion under Rule 12(b)(6). *Id.* (quoting *Twombly*, 550 U.S. at 555).

According to the bare-bones complaint, Jewel designs and manufactures “distinctive” jewelry, which it sells to wholesalers and retailers. Cmpl. ¶ 4. Without any factual details, the complaint alleges that Primus purchased pieces of plaintiff’s merchandise bearing its trademark, took photographs of that merchandise, sent those photographs to wholesalers and retailers, including plaintiff’s customers, and claimed that it had manufactured and designed the

merchandise. *Id.* ¶ 7. The customers that Primus contacted informed Jewel of Primus’s attempt to sell its products, presumably because they realized that Jewel had created the merchandise. *Id.* ¶ 8. In addition to claiming that Primus tried to sell pieces of merchandise that Jewel manufactured, Jewel also alleges, again without providing any factual support, that Primus is “intentionally copying a significant number of plaintiff’s jewelry designs” and is selling copied pieces that it has produced. *Id.* ¶ 18–19.¹

¹ Perhaps realizing that its complaint contained insufficient factual matter, Jewel submitted an affidavit from one Sarju Shah on July 29, 2011, inviting the Court to convert the motion to dismiss into one for summary judgment. *See Gurary v. Winehouse*, 190 F.3d 37, 43 (2d Cir.1999) (describing Court’s ability to convert “a motion to dismiss pursuant to Rule 12(b)(6) into one for summary judgment and [to] consider[] matters outside the pleading”). According to Shah’s affidavit, in early February 2011, Jewel sold overstock jewelry, which it had designed for QVC, to GB Gems. Shah Aff. of July 28, 2011 ¶ 5. GB Gems then sold the entire quantity to Primus at a trade show in Arizona. *Id.* ¶ 7. Primus sent an email to QVC that included pictures of the merchandise, which it claimed to have produced, and offered to provide it at a low price. *Id.* ¶ 8. When QVC responded that it had already purchased such items from another supplier, Primus replied, “I know. That is precisely our point.” *Id.* In another email, Primus indicated that it had “long carefully studied and made product for [QVC’s] existing vendors.” *Id.* ¶ 9. QVC refused to deal with Primus, stating that it is “protective of [its] vendor community.” *Id.* exh. A. QVC then contacted Jewel to alert it to Primus’s attempt to supplant its relationship with QVC. *Id.* ¶ 6. The Court declines to convert Primus’s motion from one to dismiss into one for summary judgment. Accordingly, the Court does not consider any of the factual details provided by Shah’s affidavit. Nonetheless, the Court notes that, had the complaint contained the allegations advanced in the Shah affidavit, the Court would still grant Primus’s motion to dismiss for the reasons stated in this Memorandum.

The Court considers each of Jewel’s claims in turn. First, Jewel’s copyright claim must fail because Jewel has not alleged that it has any registered copyrights. *See Twentieth Century Fox Film Corp. v. Marvel Enters., Inc.*, 155 F.Supp.2d 1, 23 (S.D.N.Y.2001) (requiring a plaintiff asserting a copyright claim to allege: “(i) which original works are the subject of the copyright claim; (ii) that the plaintiff owns the copyrights in those works; (iii) that the copyrights have been registered in accordance with the

statute; and (iv) by what acts during what time the defendant infringed the copyright”). Jewel argues that it needs no copyrights because the works it seeks to protect are not United States works. *See* 17 U.S.C. § 411(a) (“[N]o civil action for infringement of the copyright in any United States work shall be instituted until preregistration or registration of the copyright claim has been made in accordance with this title.”) (emphasis added). Nonetheless, under the Copyright Act, “United States work” means, in the case of published work, that a work was first published either in the U.S. or simultaneously in the U.S. and another country. 17 U.S.C. § 101. “Publication” means “distribution of copies ... [either] by sale or other transfer ... [or] to a group of persons for purposes of further distribution.” *Id.*

*2 Taking the facts in the complaint as true, the Court concludes that Jewel published its works in the United States. To the extent the complaint contains any factual matter, it asserts that Jewel has its “principal place of business” in New York. Cmpl. ¶ 1. Jewel’s business consists of selling jewelry it has designed “to a wide range of wholesalers and retailers.” *Id.* ¶ 4. Such sale constitutes “distribution” to “a group of persons for purposes of further distribution,” i.e., publication. Because such sale occurs principally in New York, publication occurs in the United States, and Jewel’s works are “United States works.” Thus, since Jewel has not alleged that it holds any registered copyrights, section 411 of the Copyright Act requires dismissal of its copyright claim.

Next, Jewel’s claim for unfair competition fails because, under either New York common law or the Lanham Act, Jewel has failed to adequately allege that Primus’s actions have caused consumer confusion or deceived purchasers. Under New York common law, to show unfair competition, a plaintiff must allege “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.” *Jeffrey Milstein, Inc. v. Greger, Lawlor, Roth, Inc.*, 58 F.3d 27, 34 (2d Cir.1995) (quoting *Rosenfeld v. W.B. Saunders*, 728 F.Supp. 236, 249–50 (S.D.N.Y.1990)). Similarly, under § 43(a) of the Lanham Act, to show unfair competition, a plaintiff must allege: “(1) that the work at issue originated with the plaintiff; (2) that origin of the work was falsely designated by the defendant [as defendant’s own]; (3) that the false designation of origin was likely to cause consumer confusion; and (4) that the plaintiff was harmed by the defendant’s false designation of origin.” *Lipton v. Nature Co.*, 71 F.3d 464, 473 (2d Cir.1995). The complaint fails to provide adequate factual detail concerning why Primus’s actions would likely confuse

consumers. What detail it provides, moreover, leads to the opposite conclusion. Specifically, the complaint alleges that, rather than purchasing merchandise from Primus, customers contacted Jewel to alert it to Primus’s activities. Far from supporting a finding of confusion, this allegation defeats such a finding. Thus, the Court dismisses Jewel’s unfair competition claim.

Jewel’s claim for fraudulent misrepresentation fails for an almost identical reason. To state a claim for fraudulent misrepresentation in New York, “a plaintiff must allege a representation of material fact, the falsity of the representation, knowledge by the party making the representation that it was false when made, justifiable reliance by the plaintiff and resulting injury.” *Lerner v. Fleet Bank, N.A.*, 459 F.3d 273, 291 (2d Cir.2006) (quoting *Kaufman v. Cohen*, 307 A.D.2d 113, 760 N.Y.S.2d 157, 165 (1st Dep’t 2003)). Just as Jewel has failed to allege that Primus’s actions actually confused any customers, it has also failed to allege that anyone justifiably relied on Primus’s representations. Given that customers contacted Jewel, they almost certainly did not rely on Primus’s alleged representation that it had designed the jewelry in question. Thus, the Court dismisses Jewel’s claim for fraudulent misrepresentation.

*3 Similarly, Jewel’s claim for intentional interference with business relations fails because Jewel has not adequately alleged that Primus actually injured any of Jewel’s business relationships. To state a claim for intentional interference with business relations a plaintiff must show that: “(i) the plaintiff had business relations with a third party; (ii) the defendants interfered with those business relations; (iii) the defendants acted for a wrongful purpose or used dishonest, unfair, or improper means; and (iv) the defendants’ acts injured the relationship.” *Lombard v. Booz-Allen & Hamilton, Inc.*, 280 F.3d 209, 214 (2d Cir.2002). Jewel argues that Primus injured its business relationships because its customers “require style exclusivity.” Cmpl. ¶ 26. Nonetheless, Jewel has not adequately alleged that Primus’s conduct caused any of its customers to doubt that Jewel alone produced its styles. Just as Primus confused no customers, it also convinced no one it could manufacture Jewel’s styles. Thus, the Court dismisses Jewel’s claim for intentional interference with business relations.

Jewel’s claim for prima facie tort fails because Jewel has not alleged facts that show that Primus acted from disinterested malevolence. To successfully allege a prima facie tort, a plaintiff must show “(1) intentional infliction of harm,

(2) resulting in special damages, (3) without excuse or justification, and (4) by an act or series of acts that would otherwise be lawful.” *Burns Jackson Miller Summit & Spitzer v. Lindner*, 59 N.Y.2d 314, 332, 464 N.Y.S.2d 712, 451 N.E.2d 459 (1983). To prevail on such a claim, Jewel must allege that Primus acted solely from “disinterested malevolence.” *Id.* at 333, 464 N.Y.S.2d 712, 451 N.E.2d 459. Jewel’s allegations do not begin to meet this high standard. Jewel has provided no basis for believing that Primus had a motive specifically to cause Jewel injury rather than, for example, to turn a profit. Thus, the Court dismisses Jewel’s claim for prima facie tort.

Jewel’s claim for tortious interference with prospective business relations fails for almost exactly the same reason. To adequately plead tortious interference with prospective business relations, a plaintiff must allege that “defendant’s conduct was motivated solely by malice or to inflict injury by unlawful means, beyond mere self-interest or other economic considerations.” *Shared Comm’cns Serv. of ESR, Inc. v. Goldman Sachs & Co.*, 23 A.D.3d 162, 803 N.Y.S.2d 512, 513 (1st Dep’t 2005). Just as Jewel has failed to allege “disinterested malevolence,” it also has failed to allege that malice alone motivated Primus. Thus, the Court dismisses

its claim for tortious interference with prospective business relations.

Finally, the Court denies Jewel’s request for a permanent injunction. To obtain a permanent injunction, a plaintiff must show: “(1) that it has suffered an irreparable injury; (2) that remedies available at law, such as monetary damages, are inadequate to compensate for that injury; (3) that, considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction.” *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 391, 126 S.Ct. 1837, 164 L.Ed.2d 641 (2006). As described above, Jewel has failed to adequately allege that Primus actually injured any of its business relationships. Moreover, had such injury occurred, Jewel has not explained why remedies at law, such as the money damages it seeks, would not adequately compensate it. Thus, the motion for a permanent injunction is denied.

***4** In summation, the Court finds that Jewel has not alleged factual matter sufficient to support any of its claims. Nor could it have. *See supra* note 1. Accordingly, the Court dismisses the complaint in its entirety with prejudice. The Clerk of the Court is hereby ordered to close the case.