

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

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URBANI TARTUFI S.N.C.,

Plaintiff,

REPORT AND
RECOMMENDATION
AND ORDER

-against-

03-CV-1214 (SJF)(RML)

ROSARIO'S EPICUREO LTD.,
d/b/a Urbani Truffles USA, and
d/b/a Urbani Truffles and Caviar USA;
ROSARIO SAFINA; and ANDREW SAFINA,

Defendants.
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LEVY, United States Magistrate Judge:

Presently before the court is plaintiff's consolidated motion to enforce a settlement agreement over which the court retained jurisdiction and to hold defendants in contempt of court. The consolidated motion is based on a number of previously submitted motions and applications by plaintiff, all of which alleged that defendants were in violation of the settlement agreement reached by the parties in April and "so ordered" by the Honorable Allyne R. Ross, United States District Judge, on April 21, 2003. ("Settlement Agreement Constituting Judgment and Order of Court," dated Apr. 21, 2003 ("Settlement Agreement," "Agreement," "Agmt.") (Compiled Exhibit ("Comp. Ex.")¹ 1).) By order dated August 26, 2003, Judge Ross referred all outstanding issues to me. (See Order, dated Aug. 26,

¹ At a status conference held on September 26, 2003, plaintiff submitted four binders compiling all of the previously submitted papers, transcripts, and exhibits in support of the instant consolidated motion. The court refers to these exhibits as "Comp. Ex. ___." In deciding the motion, the court has relied on these binders except where the photographic exhibits contained therein appear in clearer form in the originally submitted versions.

2003 (endorsing Letter of Raymond S. Fersko, Esq., dated Aug. 20, 2003) (“8/26/03 Order”) (Comp. Ex. 35-A)².) The issues sub judice, which were clarified at a September 26, 2003 status conference, are whether: (1) defendants’ use of a logo containing a “dog and digger” violates the Agreement; (2) defendants are entitled to refer in promotional material to defendant Rosario Safina’s prior association with plaintiff; (3) defendants are entitled to distribute products with either the “La Truffe Royale” label or the “Scent of Wood” label; (4) defendants are entitled to use certain allegedly copyrighted pictures of truffles; (5) plaintiff is entitled under the Agreement to attorney’s fees and costs as a result of defendants’ numerous alleged violations of the Agreement; and (6) the court should hold defendants in contempt and issue appropriate sanctions. (See Transcript of Conference, dated Sept. 26, 2003 (“9/26/03 Tr.”), at 3-4, 7.) The context and procedural history of these issues are discussed immediately below. For the reasons discussed herein, I respectfully recommend that plaintiff’s consolidated motion be denied in part and granted in part. Additionally, I order defendants, if they have not already done so, to pay plaintiff \$1,000 in inspection costs no later than February 13, 2004.

BACKGROUND

On March 12, 2003, plaintiff, Urbani Tartufi s.n.c. (“plaintiff” or “Urbani”), filed a complaint against defendants, Rosario’s Epicureo Ltd. d/b/a Urbani Truffles USA and d/b/a Urbani Truffles and Caviar USA (“Rosario’s”), Rosario Safina (“Rosario”), and Andrew Safina (“Andrew”) (collectively “defendants”), alleging causes of action for false designation of origin and unfair competition under § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), cybersquatting under § 43(d) of

² The endorsed order is the second of two exhibits marked “A” in plaintiff’s compiled exhibit 35.

the Lanham Act, 15 U.S.C. § 1125(d), and trademark dilution under § 43(c) of the Lanham Act, 15 U.S.C. § 1125(c), as well as related claims under New York law. (See generally Complaint, dated Mar. 11, 2003 (Comp. Ex. 4-G).) Plaintiff is an Italian company that exports truffles and related specialty foods; defendants were the longstanding U.S. distributors of products sold under plaintiff's trademarks. The gravamen of the complaint is that defendants continued to use the Urbani trademarks despite having lost their authorization to do so.

On April 3, 2003, plaintiff moved for a temporary restraining order and preliminary injunction. Judge Ross denied the motion for lack of proper service, set an expedited schedule for the preliminary injunction motion, and referred the case to me for settlement. (See Order, dated Apr. 3, 2003.) After extensive negotiations over the course of several days, the parties reached an agreement. The parties executed the Settlement Agreement, titled "Settlement Agreement Constituting Judgment and Order of Court," as well as a stipulation of dismissal. (Stipulated Order of Dismissal, dated Apr. 21, 2003 ("4/21/03 Order") (Comp. Ex. 1-I).) Although the Agreement and the stipulated dismissal both provide for the court's continuing jurisdiction to enforce compliance with the terms of the Agreement, no injunction was entered. (Agmt. ¶ 23; 4/21/03 Order, at 2.)

Since May 10, 2003, the effective date of most of the terms of the Agreement, plaintiff has filed several motions and written innumerable letters to the court alleging a variety of violations of the Agreement by defendants. This court has met with the parties numerous times in order to mediate the disputes, and, where a negotiated compromise was not possible, to clarify the issues requiring a legal ruling. The specific violations alleged, and the actions taken by the court in response, are discussed in detail below. On August 26, 2003, Judge Ross confirmed that all outstanding issues were

referred to me. (8/26/03 Order (Comp. Ex. 35-A).) As mentioned, I held a conference on September 26, 2003, to clarify what those issues are. This Report and Recommendation contains my recommended disposition of these issues, including my recommendations regarding appropriate relief. The Report also contains factual findings that were necessary for the resolution of several aspects of plaintiff's motion.

DISCUSSION

I. Alleged Ongoing Violations

A. "Dog and Digger" Logo

Several of plaintiff's trademarks contain an image of a truffle-hunting dog and human truffle "digger." (Agmt., Exs. D-G.) Plaintiff asks the court to find that defendants' use of a label containing a "dog and digger" logo³ violates the Agreement. (See, e.g., Letter of Raymond S. Fersko, Esq., dated July 30, 2003 ("Fersko 7/30/03 Ltr.") (Comp. Ex. 28), at 2 (summarizing pending issues); Plaintiff's Reply Memorandum of Law, dated July 18, 2003 ("Pl. 7/18/03 Mem.") (Comp. Ex. 19), at 2-3 .) The Agreement provides, in relevant part, that "ROSARIO'S shall cease all use of the URBANI MARKS . . . or any term or symbol that is confusingly or deceptively similar to the URBANI MARKS or dilutes said URBANI MARKS."

³ Defendants' dog and digger logo is attached as an exhibit to defendants' July 25, 2003 letter to the court. (Letter of Kevin D. Szczepanski, Esq., dated July 25, 2003 ("Szczepanski 7/25/03 Ltr."), at 1.) The logo can also be found, in somewhat modified form, on a package of dried porcini submitted by plaintiff with its October 22, 2003 letter. (Letter of Raymond S. Fersko, Esq., dated Oct. 22, 2003 ("Fersko 10/22/03 Ltr."), unmarked exhibit (package of da Rosario porcini).) Except as noted, all references to defendants' dog and digger apply equally to both forms of the mark.

(Agmt. ¶ 1(a).)⁴ In the alternative, plaintiff asks the court to determine “whether defendant’s [sic] mark infringes Urbani’s mark under US trademark law.” (Fersko 7/30/03 Ltr. at 2.) Because it is clear that the mark violates the Agreement, the court need not determine whether the mark infringes Urbani’s mark under the Lanham Act.

1. Who should decide the issue?

In their July 25, 2003 letter, defendants assert, as a threshold matter, that the court should not address the issue of whether the defendants’ “dog and digger” mark is confusingly similar to Urbani’s “dog and digger” mark. (Szczepanski 7/25/03 Ltr. at 1.) Because defendants’ mark is the subject of an intent-to-use application that Rosario has filed with the United States Patent and Trademark Office (“PTO”), defendants contend, the “PTO should have the opportunity to review” it. (Id.)

Defendants’ contention is baseless. In the stipulated order of dismissal, agreed to and signed by counsel for both parties, the court expressly retained jurisdiction “to enforce compliance with any aspect of the . . . Agreement.” (4/21/03 Order at 2.) The Agreement itself represents the “judgment and order of [the] court.” (Agmt at 1.) Thus, this court does have the authority to determine

⁴ Plaintiff also appears to suggest that defendants’ application to register the dog and digger mark violates paragraph 1(d) of the Agreement, which provides that “ROSARIO’S will not seek to register as trademarks or service marks or domain names any of the URBANI MARKS.” (Letter of Raymond S. Fersko, Esq., dated July 29, 2003 (“Fersko 7/29/03 Ltr.”) (Comp. Ex. 25), at 2.) This suggestion finds no support in the Agreement, which by its plain terms forbids only attempted registration of the Urbani marks themselves – marks that were unregistered at the time the lawsuit was filed and that were being used by defendants, who claimed some rights in them. (Agmt. at 2 (fourth “Whereas” clause).) Whether or not defendants’ dog and digger is confusingly similar to Urbani’s dog and digger, it is self-evidently not an “Urbani mark” as defined under the Agreement. (Agmt. at 2 (first “Whereas” clause), Exs. A-I (images of the marks).)

whether particular conduct, in this case defendants' use of a certain trademark, violates the terms of the Agreement. Defendants do not offer any legal authority for the extraordinary proposition that Rosario's unilateral application with the PTO effectively abrogates the Settlement Agreement and divests the court of the jurisdiction it has expressly retained.

Indeed, even in cases where an alleged infringer has not consented to the court's jurisdiction over the subject matter of the parties' dispute, the court may not stay its exercise of jurisdiction under federal trademark law on the grounds that an application has been filed with the PTO. See Goya Foods, Inc. v. Tropicana Prods., Inc., 846 F.2d 848, 853 (2d Cir. 1988) (district court may not stay trademark infringement litigation pending the outcome of proceedings before the PTO). In Goya, the court held that the doctrine of "primary jurisdiction" did not warrant a stay of a trademark lawsuit seeking a declaration of noninfringement because "the legal question in trademark registration proceedings – particularly those involving opposition on the grounds of consumer confusion – is within the conventional competence of the courts, and the judgment of a technically expert body is not likely to be helpful in the application of these standards to the facts of th[e particular] case." Id. (citing Nader v. Allegheny Airlines, 426 U.S. 290, 305-06 (1976)). The Second Circuit further found that in an action concerning trademark infringement – as opposed to one involving solely the issue of whether a mark is entitled to registration – the "interest in prompt adjudication far outweighs the value of having the views of the PTO. . . . [A] litigant . . . seeking to halt an alleged infringement . . . is entitled to have the infringement issue resolved promptly so that it may conduct its business affairs in accordance with the court's determination of its rights." Id. at 853-54.

In this case, plaintiff's interest in a prompt adjudication by this court of the alleged violation is even greater than that of a plaintiff filing a lawsuit in the first instance. Here, plaintiff has not only filed a lawsuit but reached a court-ordered settlement agreement, the terms of which expressly define the parties' rights and obligations with respect to plaintiff's trademarks. (Agmt. at 3-4.) Among the other rights secured to plaintiff under the Agreement, a right also enjoyed by defendants, is the right to return to this court to enforce violations of the Agreement. Under both the Agreement and the authority of Goya, then, this court not only can but must address plaintiff's allegation that defendants' dog and digger mark constitutes such a violation. I therefore respectfully recommend that the court reach the merits of this issue and reject defendants' unsupported assertion to the contrary.

2. Applicable Legal Standard

In determining whether defendants' mark violates the Agreement, the court need only determine whether, upon inspection, the mark is "confusingly or deceptively similar" to plaintiff's mark. (Agmt. ¶ 1(a).) The court need not, and indeed should not, apply the familiar Polaroid standard to determine likelihood of confusion. See Wella Corp. v. Wella Graphics, Inc., 37 F.3d 46, 48 (2d Cir. 1994) (citing Polaroid v. Polarad Elec. Corp., 287 F.2d 492 (2d Cir. 1961)). As the Second Circuit explained in Wella, the so-called Polaroid factors,⁵ "are applied in making the initial determination of trademark infringement." Id. However, where, as here, a party is seeking to enforce a judgment prohibiting one party's use of any mark "confusingly similar" to a protected mark, the court's inquiry is

⁵ "The *Polaroid* factors include 'the strength of [the] mark, the degree of similarity between the two marks, the proximity of the products, the likelihood that the prior owner will bridge the gap, actual confusion, and the reciprocal of defendant's good faith in adopting its own mark, the quality of defendant's product, and the sophistication of the buyers.'" Wella, 37 F.3d at 48 (quoting Polaroid, 287 F.2d at 495).

limited to just that – a determination of

whether the marks are in fact confusingly similar. See id.; see also Krinos Foods, Inc. v. Sirob Imports, Inc., No. 93 CV 5483 (RJD), 1995 WL 428689, at *1 (E.D.N.Y. July 5, 1995) (“[T]he job the Court is called on to do . . . is examine plaintiff’s label and the defendant’s current label (as well as the proposed label) and decide whether the defendant’s labels are confusingly similar to plaintiff’s label”). As the Second Circuit explained in Wella, a prohibition against the use of similar marks “would be of questionable value if enforcement against every alteration of the infringing mark required relitigation of the *Polaroid* factors.” Wella, 37 F.3d at 48; see also Wolfard Glassblowing Co. v. Vanbragt, 118 F.3d 1320, 1322 (9th Cir. 1997) (“[T]he issue here is not whether Zodiac infringed Wolfard's trademark. The issue is whether Zodiac violated a consent judgment”).⁶

⁶ In both Wella and Wolfard Glassblowing the injunction sought to be enforced was predicated in part on a finding of infringement by the defendants. See Wella, 37 F.3d at 48 (default judgment had been entered finding defendant’s use of mark constituted infringement); Wolfard Glassblowing, 118 F.3d at 1321 (in consent judgment, defendant stipulated that plaintiff’s mark was valid and that defendant had infringed on that mark). In determining the applicable standard for enforcement, which “impose[s] a heavier burden on an infringing party with a redesigned mark than is imposed on a newcomer with a similar mark,” Wella, 37 F.3d at 48, both courts relied in part on the fact that a party who has previously been adjudicated an infringer may justifiably be required to bear such a burden. See id.; see also Wolfard Glassblowing, 118 F.3d at 1321 (“[A trademark infringer] should have its conduct carefully scrutinized in future use and should not be allowed to claim the same leniency accorded to a good faith user who starts use of the mark which the enjoined defendant has shifted to”)(citing *McCarthy on Trademarks & Unfair Competition* § 30.13[1] (1996)).

Here, the judgment contains neither a finding nor a stipulation that defendants previously infringed plaintiff’s marks. Nevertheless, the fundamental rationale for not requiring *de novo* litigation of the issue of whether defendants’ new mark infringes remains. As the Ninth Circuit explained in Wolfard Glassblowing, “[plaintiff] would have had no incentive to settle its infringement case if the resulting injunction could not be enforced without renewed litigation of all of the elements of its original infringement claim.” Wolfard Glassblowing, 118 F.3d at 1322. Defendants voluntarily assumed the burdens imposed by the Settlement Agreement for their own

(continued . . .)

3. Application

Examining the two marks, the court concludes that defendants' dog and digger is confusingly similar to plaintiff's. Both marks consist of a black-and-white image of a man in the woods with a dog. The three essential elements of each image are thus identical – a man (wearing a hat), a dog, and trees. The scale and composition of both images are also highly similar. In both images the man is situated in the left foreground and is depicted with roughly the same level of detail, and in both images the man and the dog occupy nearly the same proportion of the total frame. Although minor differences between the images exist, the “general impression” left on the viewer is highly similar. See Frank Brunckhorst Co. v. G. Heileman Brewing Co., 875 F. Supp. 2d 966, 978 (E.D.N.Y. 1994) (court must examine whether “the impression which the infringing product makes is such that he is likely to believe the product is from the same source as the one he knows under the trade-mark”) (citing McGregor-Doniger, Inc. v. Drizzle, Inc., 599 F.2d 1126, 1134 (2d Cir. 1979)); Philip Morris, Inc. v. Star Tobacco Corp., 879 F. Supp. 379, 386 (S.D.N.Y. 1995) (although Marlboro cowboy was photographic image, and was “clean-shaven, wholesome-appearing, and unarmed,” and defendant

(continued . . .)

perceived benefit, including the avoidance of “the time and expense of litigation.” (Agmt. at 3.) That defendants undertook these obligations of their own accord, rather than by order of the court, has no bearing on the force of the obligations themselves, which now represent the “judgment and order” of the court.

Even assuming, arguendo, that at the time they signed the Agreement, defendants did not merit the “heavier burden” that is placed on a prior infringer, Wella, 37 F.3d at 48, their numerous subsequent violations of the Agreement, many of which would also constitute trademark infringement under the Lanham Act, do warrant the imposition of the greater burden. These violations are discussed in Section II, infra.

Finally, the court notes that defendants themselves do not argue that the Polaroid factors should govern. Rather, defendants (like plaintiff) do not clearly indicate what standard they believe court should apply.

cigarette manufacturer's cowboy was artist's sketch, and was "slit-eyed [and] messily unshaven, brandishe[d] a rifle, and project[d] an air of menace," these differences held not to "materially detract from the overall similarity of the trade dresses"); see also Application of Calgon Corp., 435 F.2d 596, 597 (C.C.P.A. 1971) ("Considering the fact that both of the marks here involved basically consist of a representation of a girl in a bathtub and that the goods on which such marks are used are in part identical, it must be concluded that there would be a likelihood of confusion").

Defendants insist that its mark must be viewed not as a "design mark" but as a "composite mark." (Szczepanski 7/25/03 Ltr. at 3.) That is, defendants argue that the court must not look only to the image of a dog and digger in its mark, but also to the text and border that accompany that image. As a matter of law, the court fully agrees that in determining similarity, "courts appraise the overall impression created by the logos and the context in which they are found and consider the totality of factors that could cause confusion among prospective purchasers." Streetwise Maps, Inc. v. VanDam, Inc., 159 F.3d 739, 744 (2d Cir. 1998) (citation and internal quotation marks omitted). As a factual matter, however, the court disagrees that the differences to which defendants point sufficiently counteract the overall impression of similarity. That defendants' image is elliptical and not circular, for example, or that it is surrounded by a banner-like frame containing text (the word "Tartufasti"),⁷ does not diminish the likely confusion created by the dog and digger image, which, literally and figuratively, is

⁷ Defendants' dried porcini label contains neither of these allegedly distinguishing characteristics. That label, which is never addressed by defendants, is virtually identical to plaintiff's label. Defendants' arguments about the "composite" nature of its mark, which are meritless when applied to the oval version of the mark, actually support plaintiff's position with respect to the dried porcini version of the mark. Defendants' creation of such a blatant copy of plaintiff's label provides further justification for "hemming in" their future conduct.

the central feature of the mark. Cf. Bear U.S.A., Inc., v. A.J. Sheepskin & Leather Outerwear, Inc., 909 F. Supp. 896, 905 (S.D.N.Y. 1995) (“Whatever the differences between the two marks . . . , the main impression left on the viewer in each case is of a manufacturer named ‘Bear’”); Brunckhorst, 875 F. Supp. at 978 (numerous similarities “produce[] an impression of similar source which is not entirely dispelled by the fact that the Boar’s Head Beer label includes in white and gold the ‘Weinhard’s’ trade name”); Dreyfus Fund, Inc. v. Royal Bank of Canada, 525 F. Supp. 1108, 1117 (S.D.N.Y. 1981) (“The overall impression of the Bank’s ad, however, does remind one strongly of the Dreyfus ads. The Bank’s simultaneous use of its logo, and of its name, are useful in avoiding the possibility of confusion, but they are relatively insignificant elements in defendant’s advertisements. The lion predominates, as the Bank intended”). Indeed, the inclusion in defendants’ mark of the term “Tartufasti” – the meaning of which the parties dispute (Szczepanski 7/25/03 Ltr. at 2; Fersko 7/29/03 Ltr. at 4 n.3) – may increase rather than lessen the likelihood of confusion with plaintiff’s mark, inasmuch as plaintiff’s mark also contains an Italian term, “marca di fabrica.” See Brunckhorst, 875 F. Supp. at 978 (“The fact that the producers of the two products both bear Germanic names, Brunckhorst and Weinhard’s, further adds to a likelihood of confusion”); cf. Grotrian, Helfferich, Schulz, Th. Steinweg Nachf. v. Steinway & Sons, 523 F.2d 1331, 1340 (2d Cir. 1975) (upholding finding of similarity between trade names “Grotrian-Steinweg” and “Steinway”). In sum, I find that the differences in the two marks, though perceptible upon careful inspection, simply do not outweigh their similarities and the likelihood of confusion resulting therefrom. As another court has recognized, “courts are regularly called upon to decide whether to enjoin the use of similar marks where a recognized form of confusion might be resolved by close customer scrutiny or attention to distinguishing words or phrases.” Dreyfus Fund,

525 F. Supp. at 1122; see also McCarthy on Trademarks § 23:41 (4th ed. 2003) (“It is the overall impression created by the mark from the ordinary shopper’s cursory observation in the marketplace that will or will not lead to a likelihood of confusion, not the impression created from a meticulous comparison as expressed in carefully weighed analysis in legal briefs”).

Defendants also argue that “the use of a truffle-hunting dog and its digger is a common image in the truffle industry.” (Szczepanski 7/25/03 Ltr. at 4.) Such widespread third-party use, defendants contend, “show[s] that if Urbani’s mark is entitled to any protection at all, that protection would be limited.” (Id.) This argument fails for several reasons.

First, the Settlement Agreement itself precludes the contention that the Urbani marks, including the dog and digger, are entitled to little or no protection. The Agreement expressly states, under the heading “No Challenges,” that “ROSARIO’S agrees that it will not challenge or object to the use, registration or validity of the URBANI MARKS in any manner or in any forum, including in any subsequent action or proceeding to enforce this Agreement.” (Agmt. ¶ 4.) The next paragraph of the Agreement provides that “ROSARIO’s acknowledges and recognizes the validity of the URBANI MARKS.” (Agmt. ¶ 5.) On their face, these two paragraphs prohibit defendants from arguing that the dog and digger may not be entitled to “any protection.” (Szczepanski 7/25/03 Ltr. at 4.) These terms of the Agreement also undermine, if not expressly preclude, the contention that the dog and digger logo is entitled to only “limited” protection. (Id.) The contractual acknowledgment that the Urbani marks are valid, and representation that defendants will not challenge the marks “in any manner” (Agmt. ¶ 4), would be rendered largely meaningless if defendants retained the right to argue against the mark’s enforceability in practice.

Second, defendants' argument that Urbani dog and digger is entitled to little protection is irrelevant in light of defendants' agreement to avoid using marks that are "confusingly or deceptively similar" to the Urbani marks. (Agmt. ¶ 1.) Quite apart from its acknowledgment of the validity of the Urbani marks, the Agreement's prohibition against the use of confusingly similar marks obviates the need for Urbani to show, as a threshold matter, that its marks are valid and enforceable. As described above, Urbani need only show confusing similarity, and need not present evidence going to each of the Polaroid factors, including the strength of its mark. Indeed, the strength of plaintiff's mark has no bearing on the question of whether defendants' mark is confusingly similar to it.

Although the foregoing reasons bar defendants' attack on the enforceability of the Urbani dog and digger, the court notes, in any event, that defendants' argument is totally unsubstantiated. Defendants assert that "truffle-hunting dogs and their diggers are common elements" of trademarks in the truffle industry, and that this allegedly widespread third-party usage of images similar to plaintiff's dog and digger weakens the protection to which plaintiff's mark is entitled. (Szczepanski 7/25/03 Ltr. at 4.) The sole evidence proffered in support of this claim consists of several printouts from Web pages of foreign truffle companies, and an article by a New York City restaurant about truffle-hunting dogs. (Id., Exs. C-F.) Among these submissions, the only image remotely similar to plaintiff's dog and digger is the mark from the Italian company Poddi Tartufi that depicts a dog and a digger in the woods. (Id., Ex. C.) Yet, as plaintiff points out, defendant has offered no evidence that products employing this mark have ever been marketed or sold in the United States (other than via the proffered Internet pages themselves), of the amount of time the mark has been in existence, or other probative facts. Without any such evidence, the mere existence of a single web site containing an image

similar to plaintiff's hardly lessens the protection to which plaintiff's mark is entitled. See J&J Snack Foods Corp. v. Nestle USA Inc., 149 F. Supp. 2d 136, 146 (D.N.J. 2001) (Internet search results of allegedly similar marks, without "trade press or national sales report references," insufficient to establish generic nature of mark at issue). Moreover, plaintiff has submitted uncontroverted evidence that other than Rosario's trademark application, no other registered trademark or trademark application on file with the PTO depicts a dog and digger in any form. (Declaration of Marina Shepelsky, Esq., dated July 17, 2003 (Comp. Ex. 20), ¶ 11.) Indeed, defendants' application for trademark registration for their own dog and digger mark belies their assertion that "Urbani cannot claim trademark protection for images so widely-known and used." (Szczepanski 7/25/03 Ltr. at 4.)⁸ In sum, defendants' assertion that plaintiff's mark is so diluted as to merit scant protection, besides being precluded by the Settlement Agreement, fails on the merits.

Accordingly, I respectfully recommend that the defendants be enjoined from using the dog and digger mark. I recommend that this injunction apply equally to the mark submitted to the PTO and to the mark as it appears on the porcini packaging, and to redesigned forms of the mark that merely change the surrounding graphic elements. The issue of relief is discussed more fully in Section III, infra.

B. References to Rosario's Association with Urbani

⁸ The assertion is also belied by Defendants' previous claims of rights in the Urbani marks themselves, claims memorialized in and waived by the Settlement Agreement. (Agmt. at 2 ("ROSARIO'S alleges that . . . it has rights in the URBANI MARKS and concomitant goodwill based on the use of the URBANI MARKS").)

Also before the court is the issue of whether defendants may refer in marketing materials to Rosario's past association with Urbani. (Fersko 7/30/03 Ltr. at 2 (clarifying pending issues).) Judge Ross has already ruled that the Settlement Agreement forbids Rosario from asserting that his company was "formerly known as Urbani USA" or stating that Urbani has "changed its name to da Rosario." (Transcript of Telephone Conference before Judge Ross, dated June 30, 2003 ("6/30/03 Tr.")(Comp. Ex. 14), at 5.) Judge Ross found that these statements, which were contained in literature for distribution at the Fancy Foods Show in June, violated the paragraph of the Agreement prohibiting Defendants' from "mak[ing] . . . public statements that imply or suggest Plaintiff's or the Urbani family's association, sponsorship or approval of ROSARIO'S or its products." (*Id.*, citing Agmt. ¶ 1(c).)⁹ These adjudicated violations form part of the basis for Urbani's motion for contempt and sanctions, which is discussed below. The only remaining substantive issue before the court is whether defendants may, in their own marketing materials, refer to Rosario Safina's history with Urbani. Specifically, plaintiff asks the court to find that defendants' promotional literature touting Rosario's achievements "[a]s President of Urbani USA" violates the Settlement Agreement. (Pl. 7/18/03 Mem. at 4-6; Letter of Stephen A. Aschettino, Esq., dated July 15, 2003, at 1, unmarked exhibit (brochure containing reference at issue).)¹⁰

⁹ By indicating that da Rosario is a successor to the Urbani company, these statements imply just such an association or sponsorship. They also create the false impression that a truffle company named "Urbani" no longer exists. *Cf. Cuisinarts, Inc. v. Robot-Coupe, Int'l, Corp.*, 509 F. Supp. 1036, 1043 (S.D.N.Y. 1981) (enjoining Robot-Coupe's use of phrase "ROBOT-COUPÉ IT'S PRONOUNCED ROBO-COOP (It Used To Be Pronounced Cuisinart)" where Cuisinart, which had previously distributed Robot-Coupe products under Cuisinart mark, was still in existence).

¹⁰ The biography in question also appears on the da Rosario website. (Declaration of Raymond S. Fersko, Esq., dated July 18, 2003 ("Fersko 7/18/03 Decl.") (Comp. Ex. 17), ¶ 15, Ex. B; Letter of

The promotional literature in question begins, “For over 20 years, chefs at the finest restaurants have relied on one person to bring them the highest quality truffles and truffle products: Rosario Safina.” The next sentence states, “As President of Urbani USA, Rosario became the driving force behind the popularization of truffles, and their transformation from elite luxury to everyday staple for millions of food lovers across the country.” The text then catalogs Rosario’s “groundbreaking product introductions and innovations” over the past twenty years, then states that Rosario is now “embarking on a personal journey” with the launch of da Rosario. As stated, the Agreement provides that “ROSARIO’S will make no public statements that imply or suggest Plaintiff’s or the Urbani family’s association, sponsorship or approval of ROSARIO’S or its products.” (Agmt. ¶ 1(c).) The Agreement also provides that “ROSARIO’S shall cease all use of the URBANI MARKS, either alone or together, as a mark, trade/company name, [or] indication of association with the Urbani family” (Agmt. ¶ 1(a).) Further, the Agreement expressly recognizes defendants’ assignment to plaintiff of “any and all rights that [Rosario’s] may have acquired in the URBANI MARKS, including any goodwill associated therewith.” (Agmt. ¶ 2; see also id., Ex. H (instrument assigning such rights).)

Plaintiff objects to the phrase “As President of Urbani USA,” contending that it violates both the paragraph of the Agreement prohibiting Rosario from “all use of the Urbani marks” and the

Raymond S. Fersko, Esq., dated Nov. 3, 2003, at 3.) As plaintiff correctly notes, defendants had agreed at the June 26, 2003 conference to supply an example of a proposed biography, which plaintiff, and if necessary, the court, would then review. (Minute Entry, dated June 26, 2003 (“6/26/03 Min. Entry”) (Comp. Ex. 9) (“By 7/18/03 defendants shall provide plaintiff with a draft exemplar of statements proposed to be placed on Da Rosario’s web site and/or in promotional literature...”); Transcript of Conference, dated June 26, 2003 (“6/26/03 Tr.”) (Comp. Ex. 8) at 82.) Defendants’ unilateral decision to bypass an agreed upon procedure is troubling, and provides still further justification for placing them under the yoke of a rigid and strictly enforced injunction.

paragraph assigning to plaintiff all goodwill Rosario may have acquired in the Urbani marks. (Pl. 7/18/03 Mem. at 4.) Although the court finds the language of the Agreement ambiguous with respect to plaintiff's first contention, the court agrees that the biographical reference in question impermissibly trenches on Urbani's goodwill.

It is true that the Agreement prohibits "all use" of the Urbani marks, which are defined to include the word mark and trade name "Urbani" (Agmt. at 2 (first "Whereas" clause)), this prohibition extends only to use "as a mark, trade/company name, indication of association with the Urbani family" (Agmt. ¶ 1(a)), and other uses not relevant here. Plaintiff asserts that "*all* means just that," and thus reads this language as precluding "*all* references [to Urbani], past, present or future." (Pl. 7/18/03 Mem. at 5 (emphases in original).) This reading strains the language of the Agreement, which prohibits only specific, albeit broad, categories of use of the marks. The Agreement does not contain language that expressly prohibits any use of marks whatsoever. Therefore, the biographical passage in question violates the Agreement only if it constitutes or contains use of the Urbani name as a trademark, trade name, or indication of association with the Urbani family. As to the first two proscribed uses, it is clear that the promotional material is not using the Urbani name "as" a trademark or trade name; that is, the passage in question refers to the Urbani mark, but does not use that mark to identify defendants' company or products. See Madrigal Audio Labs., Inc. v. Cello, Ltd., 799 F.2d 814, 822 (2d Cir. 1986) (trademark "is a word, name, symbol or device 'adopted and used by a manufacturer or merchant to identify his goods and distinguish them from those manufactured or sold by others'"; trade names are "used by manufacturers . . . and others to identify their business'") (citing 15 U.S.C. § 1127) (emphasis omitted).

The prohibition against using the mark “as an indication of association with the Urbani family” is somewhat more ambiguous. On one hand, the biographical reference falls within this prohibition, inasmuch as it does indicate that Rosario was associated with Urbani USA, which, of course, drew its name from the company founded by and currently run by members of the Urbani family. On the other hand, the text of the Agreement contains at least two ambiguities. First, it is uncertain whether “association” means past association or current association. Second, the term “Urbani family” is ambiguous, inasmuch as the Agreement does not specify who or what is meant by this denotation. Although it might seem reasonable to assume that this prohibition extends to indications of association with plaintiff itself (*i.e.*, Urbani Tartufi s.n.c.), it is curious that the language of the Agreement does not expressly state this. Indeed, elsewhere in the same paragraph, the Agreement does distinguish between plaintiff and the Urbani family. (Agmt. ¶ 1(c) (“ROSARIO’S will make no public statements that imply or suggest Plaintiff’s or the Urbani family’s association, sponsorship or approval of ROSARIO’S or its products”).)¹¹ The court thus finds that it is unclear from the language of the Agreement itself whether the biographical reference in question violates paragraph 1(a).

The court need not resolve this ambiguity, however, because it is clear that the reference in question violates paragraph 2 of the Agreement. As indicated, in this paragraph Rosario’s assigns “any and all rights” it may have had in the Urbani marks, including any goodwill appurtenant to those marks. (Agmt. ¶ 2.) The paragraph refers to separate documents, executed by defendants,¹²

¹¹ Plaintiff does not appear to argue, and the court would not in any event agree, that the biographical reference in question violates this provision

¹² Both Rosario and Andrew executed a document of assignment on their own behalf, and Rosario executed a third document on behalf of Rosario’s Epicureo, Ltd. (Agmt., Ex. H1-3.)

assigning to plaintiff “all right, title and interest in and to any and all rights that ROSARIO’S might have in” ten specified marks and trade names, alone or in combination, “including any good will associated therewith.” (Agmt., Ex. H.) The trademarks and names include “the word Urbani” and “the words Urbani USA.” (Id.) The documents of assignment acknowledge defendants’ receipt of one dollar and other “good and valuable consideration” in exchange for the assignment. (Id.) Likewise, the Settlement Agreement contains an acknowledgment of mutual consideration, which includes the parties’ relinquishment of their claims and possible counterclaims in the litigation. (Agmt. at 3 (second and third “Whereas” clauses); id. ¶ 3.)

Manifestly, the foregoing assignments divest defendants of all rights in the Urbani name and in related permutations of that name such as “Urbani USA.” In exchange for the assignments, defendants received legally sufficient consideration – most notably, plaintiff’s abandonment of its legal claims against them. By these assignments, then, defendants unambiguously forfeited the right to exploit the Urbani name and goodwill for their own commercial advantage. The question thus is whether the biographical reference represents an improper attempt on the part of defendants to take back what it has clearly given away. The court finds that it does.

“When a business purchases trademarks and goodwill, the essence of what it pays for is the right to inform the public that it is in possession of the special experience and skill symbolized by the name of the original concern, and of the sole authority to market its products.” Levitt Corp. v. Levitt, 593 F.2d 463, 468 (2d Cir. 1979). As the Second Circuit further explained in Levitt,

Although the compendium of exhibits compiled by plaintiff does not contain a copy of the document executed by Andrew, this document has been separately submitted to the court.

[t]he value of goodwill obviously becomes diluted and sales lost if confusion arises in the mind of the public over the source of the reputable goods or services. To protect the property interest of the purchaser, then, the courts will be especially alert to foreclose attempts by the seller to keep for himself the essential thing he sold, and also keep the price he got for it. And if the district court finds that the seller has attempted to arrogate to himself the trade reputation for which he received valuable consideration, broad remedies may be effected to restore to the plaintiff the value of his purchase.

Id. (citations and internal quotation marks omitted).

Levitt involved a situation closely analogous to that in the case at bar. In Levitt, the founder of Levitt and Sons developers, the builders of the famous “Levittown” communities in New York and elsewhere, sold all rights to the company, including the goodwill, trademarks, and trade names associated therewith. Id. at 465. By an additional agreement, the founder, William Levitt, acknowledged that he did not have the right to use the name “Levitt” “as a corporate title, trademark, or trade name in the construction business.” Id. at 466.

Despite these agreements, Mr. Levitt announced that he planned to build a “Levittown” in Florida. To promote the project, Mr. Levitt purchased advertisements bearing the name “Levittown Florida,” among others, and referring to “Levitt and Sons” and to “Levitt’s Engineering and Planning Department.”¹³ Id. “Most significantly,” according to the Second Circuit, Mr. Levitt identified himself as the founder of the company that had built the original Levittowns in the Northeast. Id.

The Second Circuit upheld the district court’s prohibitions not only against Mr. Levitt’s

¹³ The company that had purchased the Levitt name, Levitt Corporation, had its own plans to develop residential projects in Florida. The company hoped to capitalize on the goodwill associated with the Levitt name, which it believed was particularly strong among “residents of the Northeast who [we]re approaching retirement age” in the mid-1970s, the time the lawsuit arose. Levitt, 593 F.2d at 466.

use of the name Levittown and the related names, but also, most relevant for our purposes here, against Mr. Levitt's attempts to call attention to his achievements as founder of Levitt and Sons. Id. at 469. The court approved of the district court's conclusion that "any attempt to call public attention to Mr. Levitt's achievements as President of Levitt and Sons would inevitably connect his name to the 'spectacular success' of that firm. Moreover, publicly associating Mr. Levitt with the corporate history would create confusion with the marks of Levitt Corporation [the purchaser of Levitt marks], resulting in the dilution of the goodwill purchased by plaintiffs." Id. As the Second Circuit reasoned, "[t]o permit Mr. Levitt to proclaim his 'track record' by recounting his stewardship of Levitt and Sons would, perforce, free him to link his name to those marks and profit from the ensuing confusion." Id. at 470.

Levitt dictates the outcome of this case. To allow Rosario to promote his past achievements "as President of Urbani USA" would result in precisely the same confusion identified by the court in Levitt. By placing his achievements under the rubric of his tenure at Urbani USA, Rosario links himself to the Urbani company and to the very goodwill he assigned to plaintiff. Even if it is true that Rosario was "the driving force" behind the "groundbreaking . . . innovations" that he proclaims, to the extent these accomplishments took place under the Urbani name, the resulting goodwill now resides entirely in the Urbani company. To permit Rosario to invoke the Urbani name and then claim its accomplishments for himself would in effect allow him to "arrogate to himself the trade reputation for which he received valuable consideration." Id. at 468; see also Timm Med. Techs., Inc. v. SOMA Blue, Inc., No. 99-2011, 2002 WL 64456, at *5 (D. Minn. Jan. 15, 2002) (defendant, developer of popular medical device who sold the company bearing his name, including all rights to its trade name

and trademarks, was “not entitled to use the ‘Osbon’ or ‘Osbon Medical Systems’ trademark to recount Julian Osbon’s personal history with Osbon Medical Systems or the history of Osbon Medical Systems when he owned it”); cf. Madrigal Audio Labs., 799 F.2d at 823 (defendant, designer of audio equipment who sold the right to use his personal name as a trade name, was not subsequently prohibited from “taking advantage of his individual reputation (as opposed to the reputation of the company which bore his personal name as a trade name) by establishing a company which competes against the purchaser of the trade name”) (emphasis added).

Rosario’s objection that the biography states that he has launched his own line of products, and thus implicitly disclaims any present association with Urbani, misses the point. As the Second Circuit, answering the same objection from the defendant in Levitt, explained, “a disclaimer of any current relationship between Mr. Levitt and the corporation will not protect plaintiff’s rights, for the effect of such a statement would be to inform the public that the achievements to which Levitt Corporation justly lays claim really are attributable to the efforts of someone else, now in business for himself.” Levitt, 593 F.2d at 470 n.12.

For these reasons, I find that the reference to Urbani USA in Rosario Safina’s biography violates the Agreement, and respectfully recommend that the court order defendants to discontinue use of any advertising materials containing this reference, and enjoin defendants from issuing any other press release, brochure, advertising, or publicity mentioning Rosario’s prior association with plaintiff. I find that such an injunction is “necessary to prevent confusion and to protect the value of plaintiff’s goodwill,” id. at 470, and thus necessary to enforce the Settlement Agreement.

C. Use of Certain Photos and of the La Truffe Royale Trademark

Plaintiff also asks the court to decide the following two issues: whether (1) defendants may sell or distribute products under the label “La Truffe Royale,” a mark to which plaintiff claims exclusive rights (Pl. 7/18/03 Mem. at 6; Letter of Raymond S. Fersko, Esq., dated July 28, 2003 (Comp. Ex. 24), at 5; Fersko 7/30/03 Ltr. at 2)¹⁴; and (2) defendants have the right to use certain photographs of truffles, images to which plaintiff claims it owns the copyright. (Letter of Sedesh Doobay, Esq., dated Oct. 3, 2003 (“Doobay 10/3/03 Ltr.”).)

As defendants point out, the Settlement Agreement contains no reference to La Truffe Royale. (Szczepanski 7/25/03 Ltr. at 5.) The Agreement also lacks any reference to proprietary pictures of truffles. Nor does the complaint in this action contain any mention of, much less assert a cause of action based upon, either of these matters. Although plaintiff’s October 3, 2003 submission concerning the copyrighted pictures states that defendants’ alleged use of these pictures constitutes a “blatant . . . violation[] of the So-Ordered Settlement Agreement” (Doobay 10/3/03 Ltr. at 3), plaintiff nowhere identifies what provision of that Agreement the alleged infringement offends. Similarly, plaintiff’s numerous letters to the court regarding the alleged impropriety of defendants’ use of the Truffe Royale mark do not specify any provision of the Agreement that prohibits this use. In fact, other

¹⁴ In connection with this application, plaintiff also asks the court to rule on whether defendants have the right to sell products bearing the label “Scent of Wood Sunflower Seed Oil Infused with Black Truffles.” (Letter of Raymond S. Fersko, Esq., dated July 23, 2003 (“Fersko 7/23/03 Ltr.”) (Comp. Ex. 23), at 5); Fersko 7/30/03 Ltr. at 2.) The facts relevant to my recommended disposition of the “Scent of Wood” matter are identical to those, discussed below, that inform my recommendation concerning La Truffe Royale and the copyrighted photos. Accordingly, although I do not discuss the Scent of Wood matter separately, my findings and recommendation in this section apply equally to plaintiff’s application regarding this matter.

than a single statement in an affidavit from Paul Urbani that the use of La Truffe Royale impermissibly suggests an association with the Urbani family in violation of paragraph 1 of the Agreement (Affidavit of Peter Urbani, sworn to June 30, 2003 (“Peter Urbani 6/30/03 Aff.”) (Comp. Ex. 11), ¶ 19),¹⁵ plaintiff does not argue that the use of La Truffe Royale violates the Agreement at all. Rather, plaintiff’s argument is that defendants’ use of La Truffe Royale violates trademark law, just as the gravamen of plaintiff’s claim regarding the truffle photographs is that defendants’ use of them violates copyright law.

Whether or not plaintiff’s trademark and copyright claims have merit, these issues are not properly before the court. As discussed above, this case has settled, and the only issues the court need or may decide are those concerning the parties’ compliance with the court-ordered Settlement Agreement. It is perfectly clear, and plaintiff makes no real argument to the contrary, that neither the copyright claim nor the Truffe Royale trademark claim are founded on this Agreement. Even if plaintiff’s references to the Agreement could be construed as a suggestion that relief on these claims was necessary to effectuate the purposes of the Settlement Agreement, this argument would fail.

“Settlement agreements are contracts and must therefore be construed according to general principles of contract law.” Red Ball Interior Demolition Corp. v. Palmadessa, 173 F.3d 481, 484 (2d Cir.

1999). Accordingly, “courts must take care not to alter or go beyond the express terms of the agreement, or to impose obligations on the parties that are not mandated by the unambiguous terms of

¹⁵ Plaintiff’s counsel nowhere adopts this assertion, which, to the extent plaintiff may nevertheless be advancing it, is meritless. Although the Agreement prohibits the use of certain specified marks “as an indication of association with the Urbani family” (Agmt. ¶ 1(a)), La Truffe Royale is not one of those marks. Further, the bare assertion that “people in the industry” would perceive “La Truffe Royale” as a suggestion of the Urbani family’s approval or sponsorship of defendants’ products is too conclusory and speculative to prove a violation of the Settlement Agreement. (Peter Urbani 6/30/03 Aff. ¶ 19.)

the agreement itself.” Id.; cf. Firefighters Local Union No. 1784 v. Stotts, 467 U.S. 561, 574 (1984) (“The scope of a consent decree must be discerned within its four corners, and not by reference to what might satisfy the purposes of one of the parties to it”). Plaintiff’s claims are simply beyond the scope of the Agreement, and the court is powerless to reach them.

Moreover, the mere fact that both claims arise under federal law does not mean that the court should decide them. To obtain relief for any claim not embodied in the Settlement Agreement, plaintiff must comply with the strictures of the Federal Rules of Civil Procedure – which require proper pleadings, reciprocal discovery, and so forth. The court-ordered Agreement did not waive these requirements, nor did it transform the court into a one-stop tribunal for summary disposition of all future disputes between the parties. Just as defendants may not now avoid the terms of the Agreement by raising defenses they might have raised in the underlying lawsuit, so plaintiff may not avoid the consequences (or purposes) of entering into the Agreement, one of which is the termination of the underlying litigation. Had plaintiff not settled the lawsuit, it might have amended its complaint to include the copyright claim and the additional trademark claim. However, it voluntarily chose to end the underlying litigation, in exchange for the rights obtained in the Agreement. Although plaintiff does not argue that this Agreement should be voided and the case reopened, that is what its assertion of new claims would require. Plaintiff, who is seeking in other respects to secure the benefits of the Agreement, cannot have it both ways. See Murphy v. Bd. of Educ. of the Rochester City Sch. Dist., 79 F. Supp. 2d 239, 242 (W.D.N.Y. 1999) (plaintiff cannot seek “both to enforce the settlement agreement, which contains a material term requiring dismissal of the pending lawsuit, and also to reopen the cause of action”); see also Lucille v. City of Chicago, 31 F.3d 546, 548 (7th Cir. 1994) (although in

theory “a party aggrieved by a breach of a settlement agreement could seek to annul the settlement and reactivate the original case . . . , rescission would require [the litigant] to tender at least the [monetary settlement award], which [in this case] he has not offered to do”).

For the foregoing reasons, I find that the copyright claim and the La Truffe Royale and Scent of Wood trademark claims are not properly before the court. I therefore respectfully recommend that the court decline to rule on the merits of these issues, without prejudice to plaintiff’s raising them in a new civil action.

II. Past Violations

Since the effective date of the Settlement Agreement, plaintiff has returned to court numerous times to remedy alleged violations of the Agreement. Virtually all of these applications have raised meritorious grievances. Although defendants finally appear to be in substantial compliance with the Agreement, with the exception of the ongoing violations identified above, a survey of their noncompliance up to this point is necessary to evaluate plaintiff’s applications for attorney’s fees and for a finding of contempt. For reasons discussed in Section III, *infra*, I do not yet recommend a finding of contempt. However, defendants’ recalcitrance, as detailed in this section, makes clear that plaintiff is entitled under the Agreement to its attorney’s fees and costs in securing defendants’ belated compliance. (Agmt. ¶ 26 (“If legal action is commenced to enforce or defend any rights under this Agreement, the prevailing party shall be entitled to recover reasonable attorney’s fees and costs”).)

The following discussion, which contains the factual findings and legal conclusions of the court, is based upon evidence in the record that is undisputed or, if disputed, unopposed by competent evidence. The court has not made credibility determinations. The court notes that it gave both parties

the opportunity to supplement the factual record, through an evidentiary hearing or otherwise. Both parties declined the invitation, stating that the record as it stood provided a sufficient basis upon which to determine all outstanding issues. (9/26/03 Tr. at 7, 16-17;¹⁶ see also Transcript of Conference, dated July 18, 2003 (“7/18/03 Tr.”) (Comp. Ex. 21), at 38 (statement from the court that as to past violations, “there will have to be a hearing . . . or else it can be done on the papers”).) Thus, where only one party has submitted competent evidence of a particular fact, the court has considered the fact to be established, even where opposing counsel indicates (in the absence of personal knowledge) that the fact is disputed.

A. Change of Corporate Name and Ticker Symbol

On May 14, 2003, pursuant to paragraph 9 of the Settlement Agreement, defendants submitted a report detailing their purported compliance with the terms of the Agreement. (Defendants’ Report and Statement of Compliance as of May 10, 2003 Pursuant to the Settlement Agreement Dated April 10, 2003, sworn to by Andrew and Rosario Safina on May 13 and May 14, 2003, respectively (“Safina 5/14/03 Aff.”) (Comp. Ex. 2).) In certain respects, the affidavit contained implicit admissions that defendants had not complied with the Settlement Agreement. As to the cessation of use of the UBNI ticker symbol and the change of defendants’ corporate name, Urbani Holdings, Inc. – both of which were required by the Settlement Agreement to have been completed by May 10, 2003 (Agmt. ¶¶ 1, 9) – defendants affirmed not that they had complied with these obligations but merely that they had “taken corporate action” to effectuate compliance. (Safina 5/14/03 Aff. ¶¶ 6, 9.)

¹⁶ The court indicated that, if plaintiff prevailed on one or more of the claims sub judice, plaintiff’s counsel could supplement the record with materials relating to his fees. (9/26/03 Tr. at 21.)

With regard to the name change, defendants attached to the affidavit a letter from Arthur S. Marcus, a corporate attorney for Urbani Holdings (who was not the attorney of record in this litigation), stating that Rosario had instructed him to “take the necessary steps” to change the name of Urbani Holdings. (Id., Ex. C.) The letter indicated, however, that under Colorado law the change could not occur until the next corporate shareholders’ meeting, which would take place “within ninety days.” (Id.) In response, plaintiff contested the necessity of the delay, noting that Colorado law permits special shareholders’ meetings on ten days’ notice, and that Rosario, as the majority shareholder of the corporation, had sufficient votes himself to approve the name change. (Plaintiff’s “Memorandum of Defendants’ Non-Compliance,” dated May 16, 2003 (“Pl. 5/16/03 Mem.”) (Comp. Ex. 3), ¶ I (citing Colo. Rev. St. Ann. § 7-107-105).) A cursory review of the statute cited suggests that plaintiff’s objections are well founded. In any event, defendant never responded to the substance of plaintiff’s objections, despite seeking an opportunity to do so. (6/26/03 Tr. at 15-16 (defense counsel agrees that use of “Urbani Holdings” name past May 10 was “clear and unambiguous” violation of agreement, but seeks leave to supplement record to substantiate claim that there was impediment to name change).)¹⁷

¹⁷ In fact, the record contains an indication that the only “impediment” was the instruction of Rosario Safina himself. In a declaration dated June 25, 2003, one of plaintiff’s attorneys reports a conversation with Mr. Marcus, Urbani Holdings’ corporate counsel, in which Mr. Marcus asserted that the name change could have been effected within thirty days but that Rosario had directed him not to take action to do so. (Declaration of Sedesh Doobay, dated June 25, 2003 (“Doobay 6/25/03 Decl.”) (Comp. Ex. 5), ¶ 2.) Given that Mr. Marcus, who had earlier written to the court on his client’s behalf, was apparently authorized to speak for Rosario, Mr. Marcus’s statement represents the admission of a party, and is therefore not hearsay. Of greater concern as an evidentiary matter is whether the discussion between counsel constituted “compromise negotiations,” thereby precluding plaintiff from

Even assuming, arguendo, that there were an impediment to effectuating the name change before May 10, 2003 – an assumption for which no factual or legal support has been supplied – defendants’ failure to do would remain inexcusable. The Agreement clearly provides that defendants must cease use of the Urbani name by May 10, 2003, and does not make this obligation contingent upon the scheduling of defendants’ next shareholders meeting or anything else. If defendants perceived practical or legal difficulties complying with this term of the Agreement, they should have bargained for more time to effectuate compliance, and, failing that, should not have signed the Agreement. The court notes that the sole rationale advanced for defendants’ noncompliance – the scheduling of defendants’ next shareholders’ meeting – was certainly foreseeable at the time the Agreement was signed.

Not until July 15, 2003, after plaintiff had repeatedly brought this issue to the court’s attention (see, e.g., Emergency Declaration of Raymond S. Fersko, Esq., dated June 26, 2003 (“Fersko 6/26/03 Decl.”)(Comp. Ex. 4), at 17; Fersko 7/23/03 Ltr. at 6), did defendants cease use of the corporate name “Urbani Holdings.” (Fersko 7/29/03 Ltr. at 6.) Because defendants unconditionally agreed to cease using this name by May 10, 2003, the untimely name change constitutes a violation of the Settlement Agreement.

offering Mr. Marcus’s statements. Fed. R. Evid. 408. That said, it is worth noting that defendants have not raised any argument disavowing Mr. Marcus’s statements or suggesting they are not competent evidence.

By contrast, the affidavit of Alexander M. Urbani, relating conversations with a Mr. Ted Koryn, is rank hearsay and has not been considered by the court. (See generally Affidavit of Alexander M. Urbani, sworn to May 30, 2003 (Comp. Ex. 5).) Mr. Urbani relates that Mr. Koryn, an alleged intermediary between plaintiff and defendants, told him that Rosario had stated, in essence, that he had no intention of complying with the Agreement. (Id. ¶¶ 4, 8-9.)

With respect to the termination of its use of the UBNI ticker symbol, defendants also failed to comply with the terms of Agreement. Although this change, like the name change, was to have been effectuated by May 10, 2003 it was not in fact made until late July (Szczepanski 7/25/03 Ltr. at 7 (stating that Rosario would be requesting change of ticker symbol “[w]ithin a few days”)), and only after plaintiff had repeatedly raised this issue with the court. (See, e.g., Pl. 5/16/03 Mem. ¶ L; Fersko 6/26/03 Decl. ¶ 38.) Defendants have not provided any justification for the delay. Accordingly, I find that the untimely change of the ticker symbol constitutes another violation of the Agreement.¹⁸

B. Purchase of Additional Insurance

Paragraph 12 of the Agreement required Rosario to procure insurance on behalf of Urbani and Urbani U.S.A. for all Urbani goods sold by defendants during the thirty- and ninety-day periods described in paragraph 1 of the Agreement. (Agmt. ¶ 12.) In their May 14, 2003 affidavit, Rosario and Andrew Safina swore that “Urbani” had been added as an additional insured. (Safina 5/14/03 Aff. ¶ 10.) Plaintiff objected to the affidavit on the grounds that it did not specify that the two particular corporate entities named in the Agreement were added as insureds, and did not provide a

¹⁸ Plaintiff also raised several issues concerning statements it found objectionable in defendants’ filings with the Securities and Exchange Commission (“SEC”). (See, e.g., Fersko 6/26/03 Decl. ¶¶ 18, 31-40; Fersko 7/23/03 Ltr.at 6-7.) Although it is not clear that the alleged misstatements actually violated the Settlement Agreement (as opposed to federal securities regulations, as plaintiff also suggests), plaintiff’s primary objection – defendants’ filing of reports under the name Urbani Holdings, Inc., after May 10, 2003 – is, of course, a valid one. While derivative of defendants’ failure to change its corporate name in a timely fashion, the SEC filings under the Urbani name nonetheless constitute independent violations of the Agreement. After numerous applications to the court and much discussion on the record, plaintiff received the relief it requested, a Form 8-K filing that clarified certain issues identified by plaintiff. (Transcript of Telephone Conference, dated July 30, 2003 (“7/30/03 Tr.”) (Comp. Ex. 27), at 10-11; 9/26/03 Tr. at 13.)

certificate of insurance to verify the Safinas' assertion. (Pl. 5/16/03 Mem. ¶ L.)

Again, plaintiff made repeated applications to the court to secure defendants' compliance with the insurance provision. (See, e.g., *id.*; Fersko 6/26/03 Decl. ¶¶ 19-20.) Not until sometime in August 2003 did defendants fully and finally comply with this obligation.¹⁹ (9/26/03 Tr. at 13.) Defendants' untimeliness in this respect constitutes another violation of the Agreement.

C. Sales of Urbani Products and Other Uses of the Urbani Marks

1. May 14, 2003 sales

On May 14, 2003, two separate individuals answering the telephone at defendants' Long Island City headquarters told a retail caller that she could purchase Urbani Truffles from the warehouse.²⁰ (Affidavit of Stacey Michelle Fersko, sworn to May 15, 2003 ("Stacey Fersko Aff."))

¹⁹ Although defendants submitted a certificate of insurance in July, the dates of coverage on the certificate did not conform with those provided for in the Settlement Agreement. (Szczepanski 7/25/03 Ltr., Ex. I; 7/30/03 Tr. at 8-9.) It therefore took an additional month before the terms of the Agreement were followed. (9/26/03 Tr. at 13.) However, the coverage is retroactive (7/30/03 Tr. at 8-9), and thus plaintiff suffered no damage from the delay, other than the expense of making repeated applications to the court. The issues of damages and attorneys fees are taken up in Section III, *infra*.

The court notes that the terms of the two certificates defendants submitted to the court in July 2003 are identical to those of two certificates submitted by plaintiff itself in its June 26, 2003 application, and that are dated May 13 and May 16, 2003, respectively. (Compare Szczepanski 7/25/03 Ltr., Ex. I, *with* Fersko 6/26/03 Decl., Ex Z.) The earlier-dated certificates appear to undermine plaintiff's assertion that defendants never took efforts to comply with the insurance provisions until late July. It is thus curious that defendants, in the face of plaintiff's repeated mention of their purported noncompliance with the insurance provision, never brought this to the court's attention. Regardless, defendants' failure until August to obtain coverage for the proper time period, whether or not an "oversight," as defense counsel asserts (7/30/03 Tr. at 9), constitutes a violation of the Agreement requiring intervention by plaintiff's attorneys and therefore warranting an award of attorney's fees.

²⁰ This statement is not hearsay, inasmuch as it is relevant not to show that Urbani truffles were in fact on offer, but to demonstrate that representatives of defendants were holding da Rosario out to the public as a purveyor of Urbani goods, a violation separate and apart from any actual sales of such

(Comp. Ex. 5), ¶ 1.) Upon the customer’s arrival at the warehouse, she observed that the front door of defendants’ Long Island City warehouse contained the word “Urbani” in large letters. (Id. ¶ 3, Ex. A.) Around the interior of the office – which, by the customer’s admittance therein, was apparently open to retail consumers from the public at large – were Urbani paraphernalia, including a wall poster with one of the Urbani marks. (Id. ¶¶ 4, 7.) In the office, salespeople confirmed that they were providing the individual with Urbani truffles. (Id. ¶ 7.) The invoice, though on letterhead with a da Rosario logo depicting a leaf, contained an additional reference to Urbani, stating, “Visit us on the Web @ urbaniusa.com.”²¹ (Id. ¶ 7, Ex. B.) Further, the invoice also stated that “any discrepancies must be notified [sic] to Urbani within 8 hours of receipt.” (Id.) As it turned out, the truffles purchased were packaged in a can with the da Rosario leaf label. (Id. ¶ 5, Ex. C.)

The forgoing sales of goods purported to be Urbani goods, the public display of the Urbani name and trademarks, and the references to Urbani on the invoice all constitute clear violations of the Agreement. The Agreement required defendants to cease all sales of Urbani goods (except for dried porcini) by May 10, 2003. (Agmt. ¶ 1(a), (c).) In their affidavit of compliance as of May 10, 2003, both Rosario and Andrew Safina swore that this obligation had been complied with. (Safina 5/14/03 Aff. ¶ 2.) The sale of truffles that defendants’ representatives repeatedly stated were Urbani truffles – irrespective of the fact that, upon post-sale inspection, the truffles turned out to be packaged

goods. Indeed, the purchaser eventually received truffles labeled “da Rosario.” (Stacey Fersko Aff. ¶ 5.)

²¹ Even if, per paragraph 6 of the Agreement, the domain name had been transferred by this time to Urbani, and the website was no longer active, the use on the invoice of the Urbani name itself constitutes a violation of paragraph 1 of the Agreement, by suggesting an association with Urbani.

in a da Rosario label – plainly runs afoul of this obligation. The other usages of the Urbani name encountered by the undercover shopper also clearly violated defendants’ duty under the Agreement, which they swore they were complying with, not to use the Urbani name or marks to suggest an affiliation with plaintiff. (Id. ¶ 4.)

2. Use of the phrase “formerly known as Urbani”

As of June 25, 2003, the 1-800 number listed on the da Rosario website, www.shopdarosario.com, contained an outgoing recorded message stating, “Hello. You’ve reached da Rosario, formerly known as Urbani Truffles. Along with our caviar, smoked fish, wild game, mushrooms, and meats, we also carry a full line of truffle products.” (Doobay 6/25/03 Decl. ¶ 4.) As Judge Ross later held with respect to brochures containing a similar message (6/30/03 Tr. at 5), the identification of da Rosario as “formerly known as Urbani Truffles” constitutes a violation of the Agreement. By suggesting plaintiff’s association with da Rosario, and by appropriating the goodwill associated with the Urbani name,²² this message violates paragraphs 1 and 2 of the Agreement, respectively.²³

²² In the latter respect, the assertion that da Rosario was formerly known as Urbani operates in much the same way as Rosario’s touting his achievements as president of Urbani USA.

²³ In connection with its June 26, 2003 application, plaintiff attempted to submit an affidavit from Toni Sparacino. (“Affidavits of Stacey Fersko, Toni Sparacino, and Alexander Urbani, Declaration of Sedesh Doobay” (Comp. Ex. 5).) Apparently, the affidavit refers to a similar assertion on defendants’ website that the company was formerly known as Urbani. (Plaintiff’s Supporting Memorandum of Law, dated June 26, 2003 (“Pl. 6/26/03 Mem.”) (Comp. Ex. 7), at 2 (referring to Sparacino affidavit).) However, both the original binder of affidavits submitted to the court in June, and the copies submitted in September, contained only the cover page of this affidavit, and not the affidavit itself. Nevertheless, attached to the June 26, 2003 declaration of plaintiff’s counsel is a printout from the da Rosario website containing the offending statement. (Fersko 6/26/03 Decl., Ex. B.)

The Sparacino affidavit also apparently referred to the sale of Urbani products on defendants’

3. Fancy Food Show

On June 26, 2003, plaintiff filed an emergency application “for immediate compliance with the Court’s order of April 21, 2003 and for an order to show cause to hold defendants in contempt of said order and to punish defendants.” (Fersko 6/26/03 Decl. at 1.) In light of the violations described above, which plaintiff documented in its submissions, plaintiff was concerned that defendants would engage in further use of the Urbani name and marks in connection with an upcoming trade show. (Id. ¶¶ 6-8; 6/26/03 Tr. 3-4 (summarizing plaintiff’s concerns).) The show, the International Fancy Food and Confection Show (“Fancy Food Show”), is “one of the most prestigious” events in the specialty food industry, and was expected to draw over 30,000 attendees. (Peter Urbani 6/30/03 Aff. ¶ 4.) Plaintiff sought an order directing the defendants “to stop violating the [Settlement Agreement], provid[ing] for a monitor of [d]efendants’ compliance at the Fancy Food Show this weekend at the Javits Center, set[ting] forth a monetary penalty for [d]efendants to pay for each day [they] continue to be in violation of the [Settlement Agreement] and conditionally put[ting] Rosario Safina on notice that he will be jailed for civil contempt if does not comply with such an Order.” (Pl. 6/26/03 Mem. at 12.)

As it had on May 16, 2003 in response to plaintiff’s earlier submissions regarding violations, the court conducted lengthy negotiations between the parties in an attempt to bring

website. (Id. ¶¶ 5, 17.) Although the pictures attached to Mr. Fersko’s declaration are not clear enough to show either the Urbani name or trademark (id., Ex B), defense counsel conceded at the June 26, 2003 conference that Urbani products were still being sold on defendants’ website. (6/26/03 Tr. at 58-59.) Regardless of whether these sales were yet another “oversight,” as counsel reported (id.), they nevertheless constituted a violation of the Settlement Agreement requiring plaintiff to seek relief from the court.

defendants into compliance with the Agreement. (6/26/03 Tr.) At the conference, defense counsel asserted that there was “no good faith basis to believe that statements that counsel says he is concerned about are going to be taking place at th[e] Fancy Food Show.” (Id. at 13.) After extensive discussion, defendants consented on the record to a variety of measures to redress the violations brought before the court. As memorialized in the court’s calendar entry for the conference, the parties agreed that

(1) Defendants shall complete the conversion of the Da Rosario website by removing all photographs with the name Urbani or the Urbani logo by the close of business on 6/27/03. (2) Defendants shall correct all invoices by the close of business today to remove the name Urbani. Defendants guarantee that no invoice bearing the name Urbani will be sent to customers or any other individuals in connection with the food show which begins in New York on June 29, 2003. (3) Defendants will not represent that Gianluca Urbani is associated in any way with the Urbani truffle family. (4) Defendants shall make diligent efforts to change as quickly as possible the name of the holding company and the ticker symbol to remove all references to the Urbani name and shall submit a written report to plaintiff’s counsel and the court by 7/18/03 describing the nature and status of its efforts and the date the changes were or are anticipated to be completed. (5) All recorded messages at all Da Rosario business telephone numbers shall be changed to remove any reference to Urbani. No person answering the telephone at such a number shall refer [sic] mention the Urbani name unless asked. (6) By 7/18/03 defendants shall provide plaintiff with a draft exemplar of statements proposed to be placed on Da Rosario’s web site and/or in promotional literature explaining that Rosario Sofina formerly represented Urbani in America. Defendants will not assert that Da Rosario or any other related business enterprise formerly distributed Urbani products.

(6/26/03 Min. Entry.)²⁴

Notwithstanding the foregoing, upon arrival at the Fancy Food Show two days later, a

²⁴ The foregoing was introduced by the statement “The parties agree that:” (id.); that is, it was not framed as an order but as a record of the agreement the parties reached at the June 26, 2003 conference.

representative of plaintiff discovered that defendants had registered for the show under the Urbani name. (Peter Urbani 6/30/03 Aff. ¶ 5.) The official show directory contained a listing for “Urbani Truffles and Caviar” stating that this company represented “da Rosario” and was represented by, among others, Rosario Safina. (Id., Ex. A.) The listing, which also contained the web address www.shopdarosario.com, referred to the booth number where defendants were stationed.²⁵ (Id. ¶¶ 5, 9, Ex. A.) Additionally, the directory contained an advertisement for da Rosario stating that the company was formerly known as Urbani USA. (Id. ¶ 9, Ex. B.)

In addition to the foregoing facts, which are undisputed, plaintiff also contends that at the show, defendants were distributing literature containing references to Urbani. (Id. ¶ 9; Emergency Declaration of Raymond S. Fersko, Esq., dated June 30, 2003 (Comp. Ex. 10), ¶¶ 7, 12.) In an emergency telephone conference, Judge Ross ruled that several of these brochures contained statements and images prohibited by the Settlement Agreement. Specifically, Judge Ross said that the statement in the directory advertisement that da Rosario was “formerly known as Urbani USA” violated the Agreement (6/30/03 Tr. at 5 (referring to Peter Urbani 6/30/03 Aff., Ex. B.)); that a press release announcing that “Urbani Truffles & Caviar Changes Its Name to Da Rosario” violated the Agreement (id. (referring to Peter Urbani 6/30/03 Aff., Ex. C)); that a brochure containing pictures of Urbani products under the heading Urbani Dried Mushrooms, and stating that “our company has changed its name ... from Urbani to da Rosario” violated the Agreement (id. (referring to Peter Urbani 6/30/03 Aff., Ex. D)); and that a brochure containing images of Urbani dried porcini contained similar

²⁵ Plaintiff was not listed in the directory, apparently as a result of the da Rosario listing. (Peter Urbani 6/30/03 Aff. ¶ 5.)

impermissible references (id. (referring to Peter Urbani 6/30/03 Aff., Ex. E).)²⁶ Of course, Judge Ross also found that defendants' registration under the Urbani name constituted a violation of the Agreement, a point defendants conceded. (Id. at 4-5.)²⁷

At the conference before Judge Ross, defense counsel contended that his client had assured him that the presence of these brochures at the show was a mistake, and that Rosario had never intended to distribute any of the brochures and never in fact did so. (Id. at 8-9, 13.) In response to Peter Urbani's affidavit alleging that the brochures were freely available in the press room and at defendants' booth, counsel stated that his client denied this, and suggested that Mr. Urbani or another representative of plaintiff must have retrieved the brochures out of a trash can. (Id. at 9.) Judge Ross made no factual findings, but stated that distributing the brochures would be a violation of the Settlement Agreement, and ordered defendants not to do so. (Id. at 10, 12, 14.)²⁸

Since the June 30, 2003 conference before Judge Ross, defendants have not submitted any response to plaintiff's June 26, 2003 application. Accordingly, the record is devoid of competent

²⁶ Judge Ross did not address plaintiff's contentions concerning "La Truffe Royale" and defendants' newly designed dog and digger mark. (6/30/03 Tr. at 10.)

²⁷ Defendants attempted to justify the registration by stating that they had registered for the show six months earlier, before the Agreement was in place. (6/30/03 Tr. at 6.) However, as Judge Ross pointed out, given that there was a three-month lag between the Settlement Agreement and the show, the "onus" was on defendants to rectify the situation. (Id. at 7.) Further, as plaintiff pointed out, the company da Rosario referred to in the directory did not exist until April 2003. (Id.) I note in addition that defendants' failure to disclose the registration during the lengthy June 26, 2003 conference, which was devoted almost exclusively to resolving plaintiff's concerns about the use of the Urbani name at the trade show, is troubling, to say the least.

²⁸ The nature of Judge Ross's order is discussed in Section III, infra.

evidence to refute the factual assertions in Peter Urbani's affidavit. In particular, defendants have not submitted evidence or requested a hearing to contest the allegations that the violative brochures were available to the press and to the public at large at the Fancy Food Show. Accordingly, the court deems these factual allegations admitted and concludes, in keeping with Judge Ross's legal determinations, that they constitute additional violations of the Settlement Agreement.²⁹

4. July 11, 2003 sale

The Agreement provides that within ninety days of the date of the Agreement, defendants "shall file and serve a report indicating that the Dried Porcini labeled with the URBANI MARKS has all been sold or relabeled consistent with the terms of this Agreement." (Agmt. ¶ 9.) On July 11, 2003, Rosario and Andrew Safina submitted a joint affidavit stating that as of July 9, 2003, defendants had sold or relabeled all dried porcini products bearing the Urbani marks "such that no Urbani labeled products will be sold by Rosario's after July 9, 2003." (Defendants' Report and Statement of Compliance as of July 9, 2003 Pursuant to the Settlement Agreement Dated Apr. 10, 2003, sworn to by Andrew and Rosario Safina on July 10 and July 9, 2003, respectively (Comp. Ex. 15), ¶ 1.)³⁰

Notwithstanding the foregoing representation, an undercover shopper purchased

²⁹ It is worth noting, on the other hand, that there is no evidence that any of the literature was distributed after Judge Ross's order, either at the show or elsewhere.

³⁰ The copy of the affidavit submitted in the compiled-exhibits binder does not contain Rosario's signature. However, the version containing Rosario's signature has been submitted to the court.

porcini with the Urbani label and trademark from defendants' Long Island City warehouse on July 11, 2003. (Affidavit of Berta Hajos, sworn to July 14, 2003 (Comp. Ex. 18), ¶¶ 2-7, Ex C.) Counsel for defendants later represented in a letter to the court that the "low-level da Rosario employee who intakes telephone orders" assured him that the order was received on July 9, 2003. (Letter of Stephen A. Aschettino, Esq., dated July 16, 2003 ("Aschettino 7/16/03 Ltr."), at 1.) Defense counsel further stated that he was told that orders from non-regular customers are never processed on the same day, and that the undercover shopper's allegation that she both ordered and picked up the truffles on July 11, 2003 could therefore not be true. (Id.)³¹ Counsel's assertion, as plaintiff correctly points out, is pure hearsay, and has never been supported by competent evidence. Accordingly, the court relies on the affidavit of Ms. Hajos and takes the allegations therein as proven.³² Plaintiff has thus demonstrated that defendants sold Urbani-labeled porcini after July 10, 2003, in violation of the Settlement Agreement and contrary to their sworn assurance that they would not.

5. July 15, 2003 sale

The record is uncontested that on July 15, 2003, Richard Urbani, a representative of plaintiff, purchased da Rosario products at a gourmet food shop in San Mateo, California. (Declaration

³¹ His letter does not make clear if it was the low-level employee or someone else who told him this. (Aschettino 7/16/03 Ltr.)

³² As additional proof of these allegations, plaintiff submitted, *inter alia*, telephone records from Verizon demonstrating that the only telephone call from plaintiff's office to defendants' warehouse during the relevant period was on July 11 and not July 9, the date

(continued . . .)

(continued . . .)

defendants contend the sale took place. (Letter of Raymond S. Fersko, Esq., to Robert M. Levy, dated Aug. 20, 2003 ("Fersko-Levy 8/20/03 Ltr.") (Comp. Ex. 35), at 6-7, Ex. E.)

of Richard Urbani, dated July 25, 2003 (Comp. Ex. 23-A), ¶ 5.) The products, though labeled “da Rosario,” were packaged in plastic packs with Urbani marketing material. (Id. ¶¶ 5-9, Exs. B-E.) This sale constitutes an obvious violation of the Settlement Agreement.

6. Improperly labeled goods in warehouses

On July 18, 2003, in response to plaintiff’s justifiable concern that sales of prohibited goods might be ongoing, the court ordered defendants to make their warehouses in Long Island City and Los Angeles available to plaintiff for inspection. (Order, dated July 18, 2003; see also 7/18/03 Tr., passim.) The inspection of the Long Island City facility revealed numerous products with one infringing iteration of the Urbani name or another. (Declaration of Taras Outas, dated July 24, 2003 (Comp. Ex. 23-C), ¶ 53.) Many products, although containing a da Rosario label, also contained a statement that they were distributed by or imported by Urbani Holdings. (See, e.g., id. ¶¶ 15-16, 33.) Other da Rosario products were packaged with “Urbani USA” recipe books and other Urbani promotional material. (See, e.g., id. ¶¶ 8, 12, 14.) The inspection of the Los Angeles facility also revealed a substantial quantity of infringing goods. Plaintiff’s inspector observed and recorded many products containing the same forbidden references to Urbani discovered in the Long Island City warehouse, as well as products bearing Urbani visual marks. (Declaration of Dorna Khazeni, submitted 7/23/03 (“Khazeni 7/23/03 Decl.”)³³ (Comp. Ex. 23-D).)

In light of this revelation of large quantities of goods containing violations of the

³³ The declaration is not signed, but contains a representation that the original signature page is “en route from California and will be filed with the court as soon as it arrives.” (Khazeni 7/23/03 Decl. at unnumbered page after page 11.) The court has not received this page, and directs plaintiff to file it immediately upon receipt of this Report and Recommendation.

Settlement Agreement, the court held another lengthy conference with the parties on July 29 and 30, 2003. At the conference, defense counsel conceded that there were “problems” with some of the labels (Transcript of 7/29/03 Telephone Conference (“7/29/03 Tr.”) (Comp. Ex. 26), at 16),³⁴ and assured the court that all references to Urbani were being removed from all of defendants’ inventory, and that this process would be complete within fifteen (15) business days of August 6, 2003. (7/30/03 Tr. at 36, 39.) To ensure compliance with this representation – which, of course, was no more than an agreement to adhere to the Settlement Agreement – the parties agreed that plaintiff would be entitled to inspect defendants’ warehouses on three separate occasions over the next few weeks. (Id. at 53-54; Fersko 7/30/03 Ltr. at 1.) The court ordered defendants to pay plaintiff \$1,000 to defray the cost of the inspections. (7/30/03 Tr. at 54; Fersko 7/30/03 Ltr. at 1.)

Over the course of the next fifteen days, plaintiff submitted declarations and videotapes from the inspectors recording the results of their inspections. (Declaration of Dorna Khazeni, dated Aug. 12, 2003 (“Khazeni 8/12/03 Decl.”) (Comp. Ex. 30); Declaration of Taras Outas, dated Aug. 13, 2003 (Comp. Ex. 31); Declaration of Dorna Khazeni, dated Aug. 30, 2003 (Comp. Ex. 33); Declaration of Dorna Khazeni, dated Aug. 25, 2003 (“Khazeni 8/25/03 Decl.”) (Comp. Ex. 34).)

³⁴ Defense counsel stated that his client told him that the labels stating “imported by Urbani,” though concededly prepared after the Settlement Agreement (but before the name change), were made under the belief that the labels had to be truthful, which, given defendants’ untimely name change, they were. (7/29/03 Tr. at 16.) Of course, as defense counsel himself all but conceded, this is not an acceptable excuse. (Id. at 17.) Whatever duty defendants were under to be truthful, they were also, as of May 10, 2003, under a duty not to use the Urbani name. To the extent these two duties were for a certain period irreconcilable, this dilemma was entirely of defendants’ own making. Under the circumstances, the only legitimate option available to defendants was to take more diligent steps to effectuate the name change, and, if necessary, to cease operations until such time as it could create packaging that was both truthful and in compliance with the Agreement.

Given that both parties agreed that defendants would have fifteen business days to complete the relabeling, the court finds the value of these submissions to be minimal.³⁵ The court also is at a loss to understand plaintiff's vehement objection to Andrew Safina's alleged statement to an inspector that defendants had fifteen days from August 6, 2003 to finish the relabeling. In an August 20, 2003 letter to the court, plaintiff wrote, "It is breathtaking that defendant Andrew Safina said he was going to comply in 15 days from August 6 – when the Order signed on April 10 required compliance by May 10!" (emphasis in original). (Fersko-Levy 8/20/03 Ltr. at 3.) Although it is true that the Settlement Agreement took effect on May 10, 2003 and that defendants' labels violated the Agreement, the August inspections were premised on these very circumstances and were designed to bring defendants into compliance as quickly as possible. Plaintiff explicitly agreed to the fifteen-day timetable. (Fersko 7/30/03 Ltr. at 1; 7/30/03 Tr. at 39.) Ultimately, under plaintiff's watchful eye, defendants substantially complied with the relabeling process. In his letters of August 20 and September 5, 2003, plaintiff's counsel noted that, with a few isolated exceptions that were seemingly remedied upon discovery, defendants had no more wrongly labeled goods in their possession.³⁶ (Fersko-Levy 8/20/03 Ltr. at 1-2, 3; Letter of Raymond S. Fersko, Esq., dated 9/5/03 ("Fersko 9/5/03 Ltr.") (Comp. Ex. 38), at 3.)

³⁵ This is not to say that the inspections themselves were unnecessary; in light of defendants' possession of massive amounts of infringing goods, they clearly were.

³⁶ During the course of the inspections of the Long Island City and Los Angeles warehouses, plaintiff learned that defendants had three additional warehouses. (Fersko-Levy 8/20/03 Ltr. at 1.) Plaintiff was entitled to, and did, inspect these facilities, at which no mislabeled goods were uncovered. (Id. at 2; Fersko 9/5/03 Ltr. at 3; Khazeni 8/25/03 Decl.) Plaintiff did report to the court that at the Newark cold storage facility, "the company listed in the warehouse records was 'Urbani' and had not been changed." (Fersko 9/5/03 Ltr. at 3.) Although it is not entirely clear what plaintiff is describing, the situation, in any event, was brought to defendants' attention and apparently remedied.

Notwithstanding defendants' substantial, if belated, compliance, plaintiff has presented the court with evidence of several improper sales. The July 30, 2003 agreement – and, of course, the Settlement Agreement itself – forbid defendants from selling any mislabeled products during the inspection period or afterward. (7/30/03 Tr. at 38.) Plaintiff's inspections uncovered evidence of one such sale during the inspection period, an August 7, 2003 shipment of "Urbani Moulard Foie Gras." (Khazeni 8/12/03 Decl. ¶¶ 66-69, Exs. 14-17.) The sale of a product under this name constitutes another violation of the Agreement.³⁷ Of greater concern, a representative of plaintiff purchased two blatantly infringing products at two separate Manhattan specialty stores in October 2003. (Fersko 10/22/03 Ltr at 1-2; Affidavit of Julia Solis, sworn to Oct. 22, 2003 ("Solis 10/22/03 Aff."), ¶¶ 1-9, exhibits (two bottles of truffle oil marked by date and place of purchase).)³⁸ These products, two bottles of truffle oil, though bearing the da Rosario label, are packaged with an insert containing numerous references to Urbani.³⁹ One of the packages also contains a recipe book containing the Urbani dog and digger mark. Needless to say, these sales violate the Settlement Agreement and represent extreme carelessness at best and, at worst, willful disregard of defendants' legal obligations.

³⁷ Actually, the inspection revealed evidence only of the use of the Urbani name on the packing slip enclosed with the shipment. (Id.) There is no evidence that the product itself was improperly labeled. Of course, the use of the Urbani name on the packing slip is itself a violation, albeit arguably a less egregious one than the sale of a mislabeled product would be, given defendants' July 30, 2003 representation that no such products would be shipped.

³⁸ Plaintiff's representative reports that an employee at one of the stores told her that the product in question had been shipped in the last couple weeks. (Solis 10/22/03 Aff. ¶ 7.) Although hearsay, this report has not been challenged by defendants.

³⁹ The offending inserts are the same as those identified by Richard Urbani in connection with his purchase of truffle oil in July 2003.

In either case, they must cease immediately. As discussed below, I recommend that any future sales of such goods be treated with potent sanctions, including an award of profits.

7. Alleged “bait and switch” scheme with caviaria.com

On August 4, 2003, a representative of plaintiff called the phone number listed on the website www.caviaria.com and ordered Urbani products that she had seen displayed on the site. (Affidavit of Julia Solis, sworn to Aug. 12, 2003 (Comp. Ex. 29), ¶¶ 1-2.) The person answering the telephone stated that his company was the “number one distributor” of Urbani products. (*Id.* ¶ 3.) Although plaintiff’s representative had specifically requested Urbani goods, the products that she received contained da Rosario’s labeling and a da Rosario packing slip. (*Id.* ¶¶ 9-10.) Plaintiff asserts that this sale demonstrates that defendants are evading the Settlement Agreement by conducting a “bait and switch” scheme through a third party. (Fersko-Levy 8/20/03 Ltr. at 6.) If proven, this would constitute a serious violation of the Agreement. However, there is no evidence in the record to prove that defendants exercised control over any aspect of Caviaria or its website, or to disprove defense counsel’s assertion that Caviaria, upon receiving the customer’s order, placed an order in turn with da Rosario. (9/26/03 Tr. at 36.) Accordingly, plaintiff’s grievance, to the extent it has not been resolved,⁴⁰ appears to be with Caviaria itself.

8. Additional violations

On October 27, 2003, the da Rosario website contained a reference to Urbani, stating, under a picture of smoked tuna, that “Urbani offers a wide range of smoked fish. . . .” (Letter of

⁴⁰ At the September 26, 2003 conference, the court asked that both parties contact the individual who appears to be the principal of Caviaria and tell him to stop displaying Urbani goods and otherwise representing that he had them for sale. (9/26/03 Tr. at 38-39.)

Raymond S. Fersko, Esq., dated Oct. 27, 2003, at 1.) Obviously, this reference, although presumably the result of mere carelessness, nevertheless constitutes an additional violation of the Settlement Agreement.

As of September 5, 2003, defendants apparently were still using business checks with the name “Rosario’s Epicureo Ltd. dba Urbani Truffles USA.” (Fersko 9/5/03 Ltr. at 2-3.) The evidence of this is the check defendants submitted to pay for their share of the arbitration with plaintiff in the two related cases.⁴¹ (Id.) The use of such checks, although less serious than some of the foregoing violations of the Agreement, constitutes a violation nonetheless.

III. Relief

In addition to an order requiring immediate cessation of acts violating the Agreement, plaintiff seeks an award of attorney’s fees and costs incurred in enforcing compliance, as well as a ruling holding defendants in contempt and imposing sanctions. (See, e.g., Fersko 7/30/03 Ltr. at 2 (clarifying pending issues, including “sanctions, fees and costs plaintiff is entitled to as a result of defendants’ continued contempt of the Court’s orders”).) These remedies are discussed in turn.

A. Contempt

Although plaintiff has repeatedly described defendants’ various violations of the Settlement Agreement as acts of “contempt,” the propriety of this description is doubtful. While it is true that the Settlement Agreement indicates that it constitutes the “judgment and order of [the] court” (Agmt. at 1), nowhere does the Agreement contain mandatory language in the form of a decree from

⁴¹ These cases are Cibo Vinum Import SARL v. Rosario's Epicureo, Ltd., No. 03 CV 160 (SJF)(RML) (E.D.N.Y. filed Jan. 10, 2003), and Nuova Casa Del Fungo E Del Tartufo Srl. v. Rosario's Epicureo, Ltd., No. 03 CV 515 (SJF)(RML)(E.D.N.Y. filed Jan. 31, 2003).

the court. Other than its designation as a “judgment and order” – which, in conjunction with other provisions, ensures the court’s continuing jurisdiction – the Agreement is a private settlement between the parties. Similarly, the stipulated order of dismissal does not contain an injunction setting forth the parties’ obligations under the Agreement; the court merely “orders” that the parties remain subject to its jurisdiction, and repeats the designation of the Agreement as the “judgment and order of the court.”

(4/21/03 Order at 2-3.) Under virtually identical circumstances, the Seventh Circuit has found a “so ordered” settlement agreement insufficient to warrant a finding of contempt in the first instance. See D. Patrick, Inc. v. Ford Motor Co., 8 F.3d 455, 460 (7th Cir. 1993) (“[T]he district court never entered an order spelling out the parties' rights and obligations . . . ; only the settlement agreement purports to do that. Standing alone, a settlement agreement is nothing more than a contract; the imprimatur of an injunction is required to render it a consent decree enforceable through contempt”); see also H. K. Porter Co. v. Nat’l Friction Prods. Corp., 568 F.2d 24, 26-28 (7th Cir. 1978) (“The failure of the equity court to spell out in a decree's text the specific obligations resting upon the defeated litigant is fatal to any contempt proceeding”). The Seventh Circuit reasoned that Rule 65(d), which governs the form of injunctive orders,⁴² “requir[es] that the provisions of a settlement agreement be expressly set forth in a judicial order before they may be enforced in a civil contempt proceeding.” D. Patrick, 8

⁴² Rule 65(d) provides, in pertinent part, “Every order granting an injunction and every restraining order shall set forth the reasons for its issuance; shall be specific in terms; [and] shall describe in reasonable detail, and not by reference to the complaint or other document, the act or acts sought to be restrained. . . .” Fed. R. Civ. P. 65(d). Although neither party has cited this rule, the court has a duty to raise the issue of compliance therewith *sua sponte*. See Marseilles Hydro Power LLC v. Marseilles Land & Water Co., 299 F.3d 643, 647 (7th Cir. 2002) (“[B]ecause injunctions impose continuing responsibilities on courts and frequently have effects on third parties, courts have an independent responsibility for assuring the ready administrability of injunctions”).

F.3d at 455. In a different context, the Second Circuit has agreed that “the civil contempt power, in cases involving a restraint on activity, should be exercised only when an ‘operative command’ which complies with Fed. R. Civ. P. 65(d) has been violated.” See Erhardt v. Prudential Group, Inc., 629 F.2d 843, 846 (2d Cir. 1980) (citing Int’l Longshoremen’s Ass’n, Local 1291 v. Philadelphia Marine Trade Ass’n, 389 U.S. 64, 74 (1967)). Further, the Erhardt court cited with approval H.K. Porter, another case in which the Seventh Circuit held that a settlement agreement adopted as the “judgment” of the court could not be the basis for contempt proceedings. See Erhardt, 629 F.2d at 846-47 (“The finding of contempt, however, cannot stand in the absence of a violation of a directive spelled-out in the order of notice. Paramount interests of liberty and due process make it indispensable that the invocation of the contempt power ... be grounded upon a direct infraction of a specific command of the court”) (citing H.K. Porter, 568 F.2d at 26-28).⁴³

Of course, the court’s continuing jurisdiction over the Agreement implies the power, upon a party’s breach, to issue a subsequent order enforceable by contempt. D. Patrick, 8 F.3d at 461 (“[W]hen enforcement problems arise, courts do retain the discretion to amend their decrees to include express commands sufficient to support future contempt proceedings”). In this regard, the Second Circuit has stated, “[T]he court at most would need to take an extra step by first ordering

⁴³ The court notes that the Second Circuit recently appeared to revisit this issue in Roberson v. Giuliani, 346 F.3d 75 (2d Cir. 2003) in which it stated that it is an “open question in this circuit whether a district court could enforce an agreement through its contempt power” in the case of a settlement agreement over which the court has retained jurisdiction for enforcement purposes. Id. at 83 n.9. However, the court did not overrule its previous holdings in this area, only stating that in such a case, “the court at most would need to take an extra step by first ordering specific performance and then, if a party does not comply, finding that party in contempt.” Id. at 83.

specific performance and then, if a party does not comply, finding that party in contempt.” Roberson, 346 F.3d at 83. Although the Second Circuit stated that this is the “most” a court would have to do to invoke its contempt powers, it did not specify the “least” that the court would have to. However, as discussed, Erhardt clearly holds that the minimum required for a contempt finding is an injunction fully compliant with Rule 65(d). See Erhardt, 629 F.2d at 846-47. In any event, irrespective of the form of the order, a party moving for contempt must establish, inter alia, that “the order the contemnor failed to comply with is clear and unambiguous.” Perez v. Danbury Hosp., 347 F.3d 419, 420 (2d Cir. 2003) (citation and internal quotation marks omitted).

Here, the orders issued subsequent to the Agreement were not clearly and unambiguously “orders,” much less injunctions in compliance with Rule 65(d). The June 26, 2003 “order,” which plaintiff refers to as “Order II” (see, e.g., Pl. 6/30/03 Mem. at 3-4), is in fact a minute entry summarizing the agreement of the parties on the record. (6/26/03 Min. Entry (“The parties agree that . . .”).) Neither this minute entry nor the record of the June 26, 2003 proceedings themselves contains imperative language amounting to an edict of the court.⁴⁴ Similarly, the June 30, 2003 telephone conference before Judge Ross, held in response to plaintiff’s emergency application with respect to the Fancy Food Show, did not result in a definite and clear-cut decree. Although Judge Ross, in response to plaintiff’s question at the close of the conference, agreed that her “comments ha[d] the effect of an order” (6/30/03 Tr. at 14), this remark hardly constitutes a clear and unambiguous order for contempt purposes specifically describing the conduct to be prohibited. See Altman v.

⁴⁴ Indeed, as a magistrate judge, I would have had no authority to issue such an order without the express, written consent of the parties. See 28 U.S.C. § 636(b)(1)(A)-(B), (c)(1).

Bedford Cent. Sch. Dist., 245 F.3d 49, 81 (2d Cir. 2001) (order punishable by contempt “must ‘describe in reasonable detail . . . the act or acts sought to be restrained’”) (citing Fed. R. Civ. P. 65(d)).⁴⁵

Under the circumstances, I conclude that although plaintiff has shown significant noncompliance with the Settlement Agreement, it has not shown a violation of a clear and specific command of the court. Because contempt is a “potent weapon” not to be used where its propriety is in doubt, Perez, 347 F.3d at 425, I recommend that the court deny plaintiff’s motion for contempt. For the same reasons, however, I respectfully recommend that the court now enter a proper injunction that strictly complies with Rule 65(d), that specifically and unambiguously spells out defendants’ obligations, and that places defendants on clear notice that noncompliance therewith will result in contempt sanctions.⁴⁶ Recommended terms of the injunction are discussed below.

⁴⁵ Moreover, to the extent Judge Ross’s “comments” can be construed as an order, plaintiff has not demonstrated noncompliance with this order, which pertained only to the distribution of offending literature at the Fancy Food Show. (6/30/03 Tr. at 4-6.) As mentioned, nothing in the record indicates that defendants subsequently distributed this literature at the show or elsewhere.

⁴⁶ To the extent plaintiff’s periodically expressed request for an accounting of defendants’ profits is based upon plaintiff’s motion for contempt, it follows that this too should be denied. It is unclear, however, what legal basis plaintiff relies on in making this request. In his letter to me dated August 20, 2003, plaintiff’s counsel, in a footnote, appears to rely on ordinary trademark law (as opposed to the law governing contempt sanctions) as the basis for its request. (Fersko-Levy 8/20/03 at 7 n.8.) Although plaintiff has occasionally included the claim for an accounting in previous declarations and proposed orders (see, e.g., Order to Show Cause (unsigned), submitted 6/26/03 (Comp. Ex. 6), at 4-5; Fersko 7/18/03 Decl. ¶ 3), the only legal authority ever cited in support of the request was in this footnote in August 2003. The propriety of an accounting was thus never discussed in any formal brief or in any of counsel’s voluminous letter briefs. Indeed, the request was only sporadically raised at all. I therefore conclude that this issue has not been fairly presented to the court in a manner adequate to provide defendants with notice and an opportunity to respond, and I recommend that it be denied on that basis.

B. Injunction Prohibiting Ongoing Violations

As plaintiff has demonstrated, defendants' compliance with the Settlement Agreement has been "erratic at best." Smith v. Schermerhorn, No. 85 C 07372, 1989 WL 13252, at *1 (N.D. Ill. Feb. 13, 1989). Based on this history, I find there to be a "cognizable danger of recurrent violation" of the Agreement, Hard Rock Cafe Int'l (U.S.A.), Inc. v. Morton, No. 97 Civ. 9483 (RPP), 1999 WL 701388, at *4 (S.D.N.Y. Sept. 9, 1999) (citing United States v. W.T. Grant, 345 U.S. 629, 633 (1953)), and further find that plaintiff will be irreparably harmed if the violations continue. See id. I therefore respectfully recommend that the court, in the exercise of its equitable powers, modify its previous judgment to include an injunction requiring compliance with the terms of the Settlement Agreement. See Roberson, 346 F.3d at 83; D. Patrick, 8 F.3d at 461. In accordance with Rule 65(d) and the caselaw discussed above, I recommend that the injunction specifically recite defendants' obligations under the Agreement, rather than incorporate them by reference. The primary restriction, of

In any event, even if I were to make a factual finding of "bad faith" or "willful infringement" – a finding that I have not made, but that would be necessary to sustain an award of profits under trademark law, see George Basch Co. v. Blue Coral, Inc., 968 F.2d 1532, 1540 (2d Cir. 1992) – I would still recommend against such an award. Notwithstanding a finding of willfulness, an award of profits remains subject to equitable principles. See id. ("Having stated that a finding of willful deceptiveness is necessary in order to warrant an accounting for profits, we note that it may not be sufficient"). Among the factors guiding the court's discretion, and those which I find most relevant here, are "the availability and adequacy of other remedies." Id. As discussed below, plaintiff is entitled to attorney's fees for nearly all of the massive efforts it has undertaken to enforce compliance with the Agreement. Given that defendants are apparently unable to pay their own legal fees (on November 26, 2003, I granted defense counsel's motion to withdraw, which was based in part on nonpayment of fees), the imposition of what is likely to be six figures of additional fees will be a significant if not overwhelming burden. The award of fees will also serve as an effective deterrent, along with the injunction, from any future acts of noncompliance. Finally, reimbursement of its fees and costs will also compensate plaintiff for the only damages it has shown – namely, the expense it has incurred to enforce the Agreement.

course, will be the prohibition of any use of the Urbani trademarks and trade name on any materials distributed by defendants, including product labels, packaging, and inserts, as well as press releases, brochures, and other advertising and publicity materials, whether in print, on the Internet, or in some other medium.

As discussed in Section I, I also recommend that the court order defendants to discontinue use of any advertising materials containing the biographical reference to plaintiff, and to enjoin defendants from making any other public representation, whether in print, on the Internet, or otherwise, mentioning Rosario's prior association with plaintiff.

As also discussed in Section I, I recommend that defendants be enjoined from using their dog and digger mark in any form. The injunction should apply to the use of the dog and digger image regardless of the surrounding graphic context – that is, defendants should be prohibited from using the dog and digger mark as it appears on the dried porcini packaging submitted to the court, as it appears in defendants' trademark registration form, and as it might appear in a redesigned label accompanied by different banners, wording, or other elements. As to the latter prohibition, I find such "hemming in" to be warranted by both the Agreement and by the necessity of keeping defendants "well away" from plaintiff's mark. Wolfard Glassblowing, 118 F.3d at 1323 (party found to have infringed "should not then be able to make minimal changes in its product in order to test the outer boundaries" of the injunction); see also Oral-B Labs., Inc. v. Mi-Lor Corp., 810 F.2d 20, 24 (2d Cir. 1987) (party that has infringed must keep "safe distance" from the line drawn by the injunction).⁴⁷

⁴⁷ Indeed, the court's findings herein and the injunction will place defendants on notice that any label containing a dog and digger, however depicted, will be viewed with the strongest suspicion.

C. Attorney's Fees

Plaintiff seeks an award of costs and attorney's fees incurred in connection with its extensive efforts to secure compliance with the Agreement. The Agreement provides, in relevant part, that "[i]f legal action is commenced to enforce or defend any rights under this Agreement, the prevailing party shall be entitled to recover reasonable attorney's fees and costs." (Agmt. ¶ 26.)

It is clear that plaintiff is entitled under this paragraph to an award of almost all of its fees and costs over the last approximately seven months. With respect to both the ongoing and the past violations identified above, plaintiff is a prevailing party. The court has now ruled on the merits of plaintiff's numerous claims and, with limited exceptions, found in plaintiff's favor. These numerous adjudicated violations form the basis of the recommendation of injunctive relief. Cf. Roberson, 346 F.3d at 83 (under 42 U.S.C. § 1988, "prevailing party" is party that has secured "court-ordered change[s] in the legal relationship between the [parties]") (citation and internal quotation marks omitted). To the extent certain violations were remedied by agreement, it is clear that defendants' compliance came about only as a result of plaintiff's monitoring and its applications to the court. Under these circumstances, defendants' "voluntary" compliance does not disentitle plaintiff to an award of attorney's fees. Cf., e.g., Cody v. Hillard, 304 F.3d 767, 774 (8th Cir. 2002) (awarding fees under § 1988 for actions taken to protect consent decree, including "reasonable postjudgment monitoring" and negotiation of subsequent settlement agreement on "issues 'inextricably intertwined' with the issues in the consent decree").

Other than the Caviaria claim, the copyright claim, and the La Truffe Royale and Scent

of Wood trademark claims, the grievances plaintiff has raised with the court since May 10, 2003 – the effective date of the Agreement – have been meritorious. Accordingly, other than expenses incurred in connection with the few unsuccessful claims, plaintiff is entitled to an award of reasonable attorney’s fees and costs for all of its efforts to secure compliance with the Agreement since May 10, 2003.⁴⁸ I am aware that these fees will likely be substantial (Fersko 7/29/03 Ltr. at 2 (fees and costs to date were over \$100,000)); however, I find that they are warranted by defendants’ equally substantial disregard of their obligations under the Agreement. I therefore recommend that the court award such fees upon plaintiff’s submission of appropriate documentation.⁴⁹ Plaintiff is hereby directed to submit a copy of such documentation to the chambers of Judge Feuerstein no later than February 27, 2004.⁵⁰

D. Inspection Fees

Finally, I order defendants, if they have not already done so, to pay the previously discussed \$1,000 in inspection costs no later than February 13, 2004. Because this issue regards a nondispositive matter, this aspect of the opinion is an order rather than a report and recommendation,

⁴⁸ Of course, plaintiff is entitled to attorney’s fees only for work performed on this case, and not on either of the two related cases.

⁴⁹ The documentation shall include at a minimum, (1) an affidavit containing a list of the attorneys for whom compensation is sought together with their professional experience and hourly rates; (2) an affidavit setting forth the prevailing rates for attorneys in this legal community with comparable experience; and (3) the amount sought, including an explanation of hours and costs that were excluded. The court notes that plaintiff is under an obligation to exercise reasonable business judgment and to avoid duplication where numerous attorneys worked on a single matter.

⁵⁰ Plaintiff should also, of course, serve a copy on defendants and file the original with the Clerk of Court. The court reminds both parties that this procedure must be followed with respect to every submission to the court.

and therefore is effective immediately and not upon adoption by Judge Feuerstein.

CONCLUSION

For the foregoing reasons, I respectfully recommend that plaintiff's motion for contempt be denied. I also respectfully recommend that the court dismiss the copyright claim and the La Truffe Royale and Scent of Wood trademark claims, without prejudice to plaintiff's raising these claims in a new civil action. I further recommend, based on my factual findings and legal conclusions, that the court grant plaintiff's motion to enforce the Settlement Agreement and issue an injunction (1) prohibiting defendants from use of their dog and digger mark; (2) directing defendants to discontinue making references to Rosario Safina's prior association with plaintiff; and (3) ordering defendants to cease all use of the name Urbani and the Urbani marks, and to otherwise comply with their obligations under the Settlement Agreement. I also recommend that plaintiff be awarded its reasonable attorney's fees and costs in an amount to be determined following submission of appropriate documentation within thirty (30) days of this Report, with deductions for the limited exceptions described above, for its efforts enforcing compliance with the Agreement since May 10, 2003. Finally, I order defendants, if they have not already done so, to pay plaintiff \$1,000 in inspection costs no later than February 13, 2004 and plaintiff to submit appropriate documentation of its reasonable attorney's fees and costs.

Any objections to this Report and Recommendation must be filed with the Clerk of Court, with courtesy copies to Judge Feuerstein and to my chambers, within ten (10) business days of the date of entry. Failure to file objections within the specified time waives the right to appeal the district court's order. See 28 U.S.C. § 636(b)(1); Fed. R. Civ. P. 72, 6(a), 6(e).

Dated: Brooklyn, New York
January 30, 2004

_____/s/_____
ROBERT M. LEVY
United States Magistrate Judge