

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

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02 Civ. 3511 (HB) (S.D.N.Y. Oct 28, 2002)

.

Decided October 28, 2002

ERMENEGILDO ZEGNA CORP. v. ZEGNA

ERMENEGILDO ZEGNA CORP., et at., Petitioners, v. LANIFICIO MARIO ZEGNA, S.p.A., Respondent.

· 02 Civ. 3511 (HB)

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

· October 28, 2002

OPINION ORDER

HAROLD BAER, JR., United States District Judge.

Petitioners, Ermenegildo Zegna Corporation and Lanificio Ermenegildo Zegna E Figli, S.p.A. (collectively "EZC") bring a motion to confirm an arbitration award rendered by a three-arbitrator panel of the American Arbitration Association. Respondent, Lanificio Mario Zegna, S.p.A. ("LMZ"), moves to dismiss the petition to confirm the arbitration award. For the reasons set forth below, EZC's motion to confirm the arbitration award is GRANTED, and LMZ's motion to dismiss is DENIED.

I. BACKGROUND

These proceedings arose from a longstanding trademark dispute between EZC and LMZ in regards to the use of the trademark "ZEGNA." In a case before the Court in 1985, Judge Peter K. Leisure so ordered an agreement and stipulation ("the 1987 agreement") between the parties, which governs the parties' concurrent use of the trademark "ZEGNA." See Affidavit of William Hansen, Esq. in Opposition to Motion for Confirmation of Arbitration Award ("Hansen Aff."), Exhs. A-B. Paragraph 12(a) of the 1987 agreement requires that any disputes between the parties in regards to the interpretation or implementation of the 1987 agreement is to be arbitrated in one of the three places, depending on where the dispute arises. Hansen Aff., Exh. B. In addition, the 1987 agreement contains, inter alia, a "no-

contest" clause to prevent attacks on the validity of the agreement. Hansen Aff., Exh. B, ¶ 11(b).

In 1996, LMZ initiated an arbitration proceeding to modify certain provisions of the agreement in light of recent changes to Italy's trademark laws. EZC responded to LMZ's petition by filing an order to show cause with the Court, seeking to hold LMZ in contempt for allegedly violating the no-contest clause in the 1987 agreement. In his December 12, 1996 Order ("the 1996 Order"), Judge Leisure denied EZC's contempt motion, stayed the proceedings in the Court, and compelled the parties to submit to the arbitration in Italy to resolve the reformation of the 1987 agreement. Hansen Aff., Exh. C (J. Leisure Slip Op.), pp. 18-19.

In October 2000, EZC demanded an arbitration against LMZ for allegedly using fabric labels that violated the 1987 agreement. After a full hearing on the merits of those allegations, a panel of the American Arbitration Association issued an arbitration award on April 10, 2002 ("the April 2002 award"), which requires LMZ to cease and desist in the use of certain fabric labels and hangtags. EZC moves to confirm the arbitration award under the Convention on Recognition and Enforcement of Foreign Arbitral Awards of June 10, 1958 ("the Convention"), reprinted at 9 U.S.C. § 201 et seq. LMZ cross-moves to dismiss EZC's petition to confirm the arbitration award.

II. DISCUSSION

Generally, "the confirmation of an arbitration award is a summary proceeding that merely makes what is already a final arbitration award a judgment of the court." Yusuf Ahmed Alghanim Sons, W.L.L. v. Toys "R" Us, Inc., 126 F.3d 15, 23 (2d Cir. 1997) (quoting Florasynth, Inc. v. Pickholz, 750 F.2d 171, 176 (2d Cir. 1984)). According to 9 U.S.C. § 207, "[t]he court shall confirm the [arbitration] award unless it finds one of the grounds for refusal or deferral of recognition in the said [sic] Convention." None of the parties dispute that the Convention is applicable to the instant case. Article V(1) of the Convention sets forth some of the grounds for refusing to recognize or enforce an arbitral award:

(a) The parties to the agreement . . . were . . . under some incapacity, or the said agreement is not valid under the law . . . ; or

(b) The party against whom the award is invoked was not given proper notice of the appointment of the arbitrator or of the arbitration proceedings . . . ; or

(c) The award deals with a difference not contemplated by or not falling within the terms of the submission to arbitration, or it contains decisions on matters beyond the scope of the submission to arbitration . . . ; or

(d) The composition of the arbitral authority or the arbitral procedure was not in accordance with the agreement of the parties . . . ; or

(e) The award has not yet become binding on the parties, or has been set aside or suspended by a competent authority of the country in which, or under the law of which, that award was made.

9 U.S.C. § 201 note. In addition, a court may also refuse to enforce an arbitration award if "[t]he subject matter of the difference is not capable of settlement by arbitration," or if "recognition or enforcement of the award would be contrary to the public policy of the country in which recognition or enforcement is sought." *Id.* These seven grounds are the only bases enumerated by the Convention for refusing to enforce an award when an action for enforcement is brought. *Yusuf*, 126 F.3d at 19,23.

LMZ does not contend that the arbitration award should be set aside or vacated because it is invalid. Rather, it contends the arbitration award should not be confirmed solely because the Court's 1996 Order purportedly stayed all legal proceedings before the Court between the parties in connection with the 1987 Agreement. Memorandum of Law in Opp. to Motion for Confirm. of Arbitration Award, p. 5. By petitioning this Court to confirm the April 2002 award, LMZ asserts that EZC is violating Judge Leisure's 1996 stay order and that if EZC wishes to confirm the award, the stay must first be lifted. *Id.* None of the caselaw cited by LMZ supports its position nor does it preclude me from confirming an arbitration award issued years later on unrelated matters.¹ Moreover, LMZ fails to specify, which, if any, grounds under the Convention permit this Court to refuse enforcement of the arbitration award in the instant case. I find that none of the grounds enumerated by Article V of the Convention are applicable here and none are raised by the LMZ.

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Notably, when Judge Leisure was referred this case as possibly related to the lawsuit that was before him in 1985, he declined to hear the case. Had Judge Leisure concluded that the instant case implicated his 1996 Order, as LMZ contends, he presumably would have accepted the case as related.

III. CONCLUSION

For the reasons discussed above, EZC's motion to confirm the arbitration award is GRANTED, and LMZ's motion to dismiss the petition to confirm the arbitration award is DENIED. The arbitration award (attached as Exhibit 1 to EZC's Affidavit) is hereby CONFIRMED. The Clerk of the court is directed to close any pending motions, close this case and remove it from my docket.