

# 21-0870-cv

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**United States Court of Appeals**  
*for the*  
**Second Circuit**

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JLM COUTURE, INC.,

*Plaintiff-Counter-Defendant-Counter-Claimant-Appellee,*

JOSEPH L. MURPHY,

*Counter-Defendant-Counter-Claimant,*

— v. —

HAYLEY PAIGE GUTMAN,

*Defendant-Counter-Claimant-Appellant.*

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ON APPEAL FROM THE UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF NEW YORK

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**BRIEF AND SPECIAL APPENDIX FOR  
DEFENDANT-COUNTER-CLAIMANT-APPELLANT**

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RICHARD D. ROCHFORD, JR.  
JOSEPH C. LAWLOR  
HAYNES AND BOONE, LLP  
*Attorneys for Defendant-Counter-  
Claimant-Appellant*  
30 Rockefeller Plaza, 26<sup>th</sup> Floor  
New York, New York 10112  
(212) 659-7300

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## **STATEMENT REGARDING ORAL ARGUMENT**

Appellant Hayley Paige Gutman (“Hayley”) respectfully requests oral argument. The injunction entered by the District Court imposes remarkable restraints and restrictions on an individual: Hayley cannot use her given name in any commercial context, and she is precluded, with no proper limitations in scope, geography or duration, from working in the field in which she has been successful since the age of 25. This appeal also raises a novel legal issue relating to ownership of Hayley’s (a celebrity influencer) million-plus follower Instagram social media account. Oral argument may help the Court address the significant issues raised in this appeal.

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## STATEMENT OF JURISDICTION

The District Court had subject matter jurisdiction over this lawsuit because Plaintiff-Appellee JLM Couture, Inc. (“JLM”) asserts claims for trademark infringement pursuant to the Lanham Act. *See* 15 U.S.C. § 1121, 28 U.S.C. § 1331.

This Court has appellate jurisdiction over this appeal under 28 U.S.C. § 1292(a)(1), because this is an appeal of an order and decision of the United States District Court for the Southern District of New York granting an injunction. Hayley timely filed a notice of appeal on April 5, 2021 within 30 days of the District Court’s entry of its Memorandum Opinion and Order granting Preliminary Injunction on March 4, 2021 (the “PI Order”) and an amended notice of appeal on June 4, 2021 within 30 days of the District Court’s entry of its Memorandum Opinion and Order denying reconsideration and dissolution on June 2, 2021 (the “Dissolution Order”). *See* Fed. R. App. P. 4(a)(1)(A), 26(a)(1).

## ISSUES PRESENTED FOR REVIEW

1. Did the District Court erroneously grant JLM's request for a non-compete enjoining Hayley from holding any job (or "associating" with anyone) relating to bridal wear, formalwear, and "related items," based on, *inter alia*, the District Court's failure to apply the plain language of the parties' agreement and failure to adhere to New York standards governing the proper scope of non-compete provisions?
2. Did the District Court erroneously grant JLM's request for a preliminary injunction enjoining Hayley from using her own birth name, "Hayley Paige" (or "any confusingly similar term"), in commerce based on, *inter alia*, the District Court's failure to apply the plain language of the parties' agreement?
3. Did the District Court erroneously grant JLM a preliminary injunction assigning Hayley's Instagram, TikTok, and Pinterest social media accounts ("Hayley's Accounts") to JLM based on, *inter alia*, the District Court's failure to apply the plain language of the parties' agreement and failure to apply any appropriate legal standard to the novel issue of ownership of a social media influencer's accounts?
4. In the alternative, did the District Court erroneously deny Hayley's motion to dissolve the PI Order despite JLM's failure to meet its own obligations under the agreement that forms the basis for the PI Order?

## INTRODUCTION

Hayley brings this appeal because the District Court entered a remarkably broad and punitive PI Order that improperly enjoins Hayley from earning a living, using her own name, and operating her own social media accounts. The PI Order violates New York law and relies on fundamental misinterpretations of the parties' Employment Agreement, leading to a result the bears no relation to the parties' agreement. That result includes the grievous injury of taking away Hayley's identity. Then, after JLM materially breached the employment agreement, the District Court failed to dissolve the PI Order in contravention of clear election of remedies principles. Because each of the District Court's findings relies on errors of law, the District Court's rulings are entitled to no deference and must be reversed.

Hayley is a celebrity bridal designer and well-known social media influencer. Over the last eight years, Hayley has built a community of over a million social media followers by publicly sharing her love, loss, personality, and life. Hayley is a "mega-influencer" in the social media world. Her Instagram account was worth more than \$25,000 *per post* when Hayley operated the account.

For nine years, Hayley also worked as a wedding dress designer for JLM. Hayley made JLM tens of millions of dollars selling the bridal collections she designed. However, the parties' relationship began to break down when Hayley declined to enter into a new employment agreement that imposed onerous social media responsibilities on her.

Unhappy with Hayley's unwillingness to yield to its demands, JLM waited for over a year before going to court to seek leverage in negotiations. In December 2020, JLM sought a TRO and preliminary injunction requiring Hayley to assign her social media accounts to JLM and prohibiting Hayley from using her own name.

The PI Order entered by the District Court should be reversed for the following reasons:

**The PI imposes an unenforceable non-compete in violation of New York law and inconsistent with the plain language of the parties' agreement:** The District Court's PI Order imposes a non-compete that is unlimited in geography, lasts seventeen months (3-4 bridal seasons), and precludes Hayley from working, or even associating with anyone, in the bridal or evening wear industries. In effect, the PI Order prohibits Hayley from earning a living in the only field she has ever worked in: bridal design. The District Court's PI Order relies on a misreading of a non-compete provision in the parties' Employment Agreement. The District Court improperly held that the agreement's non-compete provision applies for the whole "Term" (a word defined in the agreement), even though the parties did not use the defined word "Term" in the non-compete provision. Instead, that provision plainly sets forth that the non-compete only applies while Hayley is *employed* by JLM. But Hayley is no longer employed by JLM, and, therefore, the provision does not apply. The District Court's non-compete also uses impermissibly vague (and unsupported)

language that prevents Hayley from, *inter alia*, “directly or indirectly” “associating” with anyone involved in marketing “related items” to bridal and evening wear in violation of Rule 65. The effect on Hayley has been crushing—she has been unable to earn any meaningful living since entry of the PI Order.

**Use of Hayley’s own name:** The District Court’s PI Order also improperly restrains Hayley from using her name in commerce or in connection with *any* goods or services. In effect, the PI Order took away Hayley’s identity. The District Court again misapprehended the parties’ Employment Agreement, which states that JLM has rights in Hayley’s name only with respect to the wedding dresses that she designs. The District Court completely ignored that critical proviso and found that JLM owns Hayley’s birth name for all commercial purposes and can completely exclude Hayley from using her own name in commerce, including on social media. The District Court’s prohibition on the use of Hayley’s name is dehumanizing and amounts to a general restraint on Hayley’s ability to work and engage on social media while she has the name “Hayley Paige.” The PI Order is also facially overbroad, indefinite, and vague in violation of Rule 65. This relief is also not tied to any particular irreparable and imminent harm found in the record—JLM did not identify any imminent irreparable harm or even a ripe justiciable controversy relating to Hayley’s use of her own name.

**Ownership of Hayley’s social media accounts:** This case raises a “novel dispute” over whether an employer owns its employee’s personal social media accounts. The District Court ruled that Hayley’s Accounts—her Instagram, TikTok, and Pinterest accounts—belong to her former employer, JLM. The District Court forced Hayley to assign Hayley’s Accounts to JLM based on another flawed reading of the parties’ Employment Agreement—misinterpreting a single mention of an “advertising” obligation in the agreement to mean that JLM owned Hayley’s Accounts. Moreover, while admitting that the issue of social media ownership by an employer is a novel issue, and despite overwhelming record evidence that the accounts belong to Hayley, the District Court failed to elucidate any proper legal framework and ordered that they be transferred to JLM, despite the 8-year *status quo* of Hayley’s control over her accounts.

**If any part of the PI Order survives this Appeal, the Court’s Dissolution Order should be reversed.** The Court’s interpretation of Hayley’s responsibilities under the employment agreement form the basis for the PI Order. And, under black-letter law JLM could either: (1) stop performance and sue for damages only; or (2) continue performance and seek to compel performance by Hayley plus damages. JLM chose option “(1)” and stopped performance of all its obligations under the employment agreement: on March 1, 2021, JLM failed to make Hayley’s major yearly royalty payment for the sale of her gowns during the 2020 fiscal year. JLM



also cut off Hayley’s weekly paycheck and cancelled her health insurance. Hayley sought to dissolve the PI Order, but the District Court found that despite JLM “breaching an obligation to pay additional compensation on March 1, 2021,” Hayley had not shown “materially changed ... circumstances.” The District Court’s ruling is in contravention of black-letter election of remedies principles and should be overturned.

The PI Order is devastating for Hayley. While the District Court’s injunction is “preliminary,” it will likely be in place for years until a final judgment, and its effects on Hayley will be permanent and indelible. She is cut off from the only industry she has ever known. Her career—which should be at its zenith—has come to a grinding halt. She has been (and will continue to be) crushed financially because she cannot not work, and the Dissolution Order gives JLM free rein to withhold all compensation due to her without any consequences. The District Court’s rulings are inequitable, punitive, and, for the reasons set forth herein, based on clear errors of law. On the basis of these errors and abuses of discretion, Hayley appeals and seeks a reversal of the PI and Dissolution Orders in full.

## **STATEMENT OF THE CASE**

### **I. The Parties**

Hayley is a celebrity, social media influencer, and bridal dress designer. After graduating from Cornell University in 2007 with a degree in fiber science and

apparel design, Hayley began working as an apparel designer for Priscilla of Boston—eventually taking over as a lead designer in 2011. Hayley also worked as a freelance styling assistant with high-profile individuals, including celebrities like Pharrell Williams and Ke\$ha. (A2276-2277, ¶¶2-7)

Hayley was an early adopter of social media. In 2004, Hayley opened a personal Facebook account under “Hayley Paige” using the URL “misshayleypaige”—a term of endearment from her mother. (A2277, ¶8) Over the years, Hayley opened other social media accounts under the “Hayley Paige” and “misshayleypaige” monikers, including on Twitter, LinkedIn, Pinterest, Instagram, SnapChat, Spotify, and TikTok. (A2277-2278, ¶9)

Hayley is a “Mega Influencer” and her Instagram is highly valuable, worth more than \$28,500 per post at its peak under her control. (A2730, ¶15) Hayley’s Instagram grew substantially from cross-promotion and tagging celebrities and influential people she knows, including Kaitlyn Bristowe, Chris Pratt, and Jay Glazer. (A2293, ¶32) In early 2017, Hayley’s Instagram reached over one-million followers. (A2293, ¶32) Shortly thereafter, a video of her and her fiancé became her most-viewed video with over 400,000 views. (A2293, ¶32)

JLM is a bridal design company based in New York.

## II. Hayley's Employment With JLM

On July 13, 2011, at twenty-five years old, Hayley signed an employment agreement with JLM ("2011 Agreement"). (A2297, ¶37; A2508-2522) JLM employed Hayley as "a designer of a line of brides and bridesmaids dresses." (A2297, ¶37; A2510, §2) The 2011 Agreement allowed JLM to use Hayley's name for bridal dresses and accessories that she created, and the first "Hayley Paige" collection launched in October 2011. (A2297-2298, ¶41; A2512-2513, §7) On August 1, 2014, Hayley signed an amendment to the 2011 Agreement ("2014 Amendment," collectively with the 2011 Agreement and all other amendments thereto, the "Employment Agreement"), which provided additional compensation for her substantial increase in sales. (A2299, ¶44; A2523-2527)

During her employment with JLM, Hayley served as the head designer for more than ten bridal collections. (A2298, ¶42) Hayley regularly assisted with advertising activities typical of a wedding dress designer, including designing the Lookbook and ad campaign images for her collections; directing bi-annual runway shows; and attending between 10-20 trunk shows each year. (A2299, ¶45)

Around February 12, 2019, JLM extended Hayley's agreement for three years to August 1, 2022 ("2019 Extension"). (A2300, ¶47; A2528-2529) In July 2019, JLM sent Hayley a proposed agreement ("2019 Proposal"). (A2300, ¶48; A2530-2535) The 2019 Proposal sought to impose even more duties and responsibilities on

Hayley, including with respect to social media and Instagram. (A2301, ¶50; A2533, §3(d)) These new proposed social media responsibilities were beyond those of a wedding dress designer, and Hayley rejected JLM’s proposal. (A2301-2302, ¶¶51-53)

When the parties became unable to reach a new agreement, JLM escalated its demands—claiming and seeking ownership over Hayley’s persona and Hayley’s valuable Instagram account. (A2302-2303, ¶56) Hayley responded, stating: “I cannot accept you or JLM making a claim to my personal Instagram account and general persona.” (A2302-2303, ¶56; A2546) Hayley resigned from JLM on December 17, 2020. (A2305, ¶63)

### **III. Procedural History**

#### **A. JLM Files Suit Against Hayley**

JLM brought this lawsuit against Hayley on December 15, 2020, while she was still employed by JLM. At its core, JLM’s Complaint alleges that JLM was entitled to own Hayley’s Accounts. JLM also sought a TRO, by order to show cause, seeking, *inter alia*, (i) to have Hayley’s Accounts assigned to JLM; and (ii) to prevent Hayley from using her own name. At a hearing the morning after filing, the District Court granted the TRO sought by JLM in full.

## **B. The District Court's PI Order**

After submitting briefing and written testimony, a hearing was held on February 4, 2021, during which cross-examination of certain witnesses was taken. The Court also heard closing arguments.

The District Court issued its PI Order on March 4, 2021, granting the relief sought by JLM. (SPA1-57) Specifically, the District Court entered the following preliminary injunction on March 4, 2021:

During the pendency of this action, Ms. Gutman, along with her officers, agents, servants, employees, and attorneys and all other persons who are in active concert or participation with her and them, are enjoined from taking any of the following actions:

1. Making any changes to any of the social media accounts listed in **Addendum 1 hereto** (the "JLM HP Social Media Accounts"), including but not limited to changing the name of the handles on the accounts, posting any new content thereto and/or deleting or altering any content located therein, tagging any other posts, users or accounts, transferring any such accounts or the right to use any such account from Defendant to any other person except to JLM, or communicating with third parties through same for commercial purposes, without the express written permission of Plaintiff's chief executive officer, Joseph L. Murphy;
2. Utilizing, or taking any action to gain exclusive control over, any of the JLM HP Social Media Accounts, without the express written permission of Plaintiff's chief executive officer, Joseph L. Murphy;

3. Breaching the employment Contract, dated July 13, 2011, together with the amendments and extensions thereto, by:

- a. using, or authorizing others to use, “Hayley”, “Paige”, “Hayley Paige Gutman”, “Hayley Gutman”, “Hayley Paige” or any derivative thereof, including misshayleypaige (collectively the “Designer’s Name”), trademarks in the Designer’s Name, including but not limited to the trademarks identified at **Addendum 2 hereto** (collectively, the “Trademarks”), or any confusingly similar marks or names in trade or commerce, without the express written permission of Plaintiff’s chief executive officer, Joseph L. Murphy;
- b. Directly or indirectly, engaging in, or being associated with (whether as an officer, director, shareholder, partner, employee, independent contractor, agent or otherwise), any person, organization or enterprise which engages in the design, manufacture, marketing or sale of: (i) bridal apparel, including bridesmaids’, mother of the bride and flower girls’ apparel and related items; (ii) bridal accessories and related items; (iii) evening wear and related items; and/or (iv) any other category of goods designed, manufactured, marketed, licensed or sold by JLM<sup>1</sup>;
- c. using or authorizing others to use any Designs,<sup>21</sup> or any of the Trademarks or any variations, versions, representations or confusingly similar facsimiles thereof, in trade or commerce for any purpose whatsoever; and

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<sup>1</sup> While the District Court’s non-compete injunction was originally for an unlimited duration, on reconsideration the District Court limited this non-compete to the period through August 1, 2022. (SPA68-69)

4. Using, or authorizing others to use, any of the Designer's Names, Trademarks or any confusingly similar term, name, symbol or device, or any combination thereof, in commerce in connection with any goods or services, including to endorse, advertise or promote the products and/or services of herself or others directly or indirectly, including but not limited to on social media or in television or media appearances, without the express written permission of Plaintiff's chief executive officer, Joseph L. Murphy.

(SPA52-54)

### **C. Motions for Reconsideration and Dissolution**

On March 18, 2021, Hayley timely filed a motion for reconsideration requesting that the District Court reconsider and deny the preliminary injunction in its entirety. On May 4, 2021, Hayley filed a motion to dissolve the preliminary injunction with the District Court on the basis that JLM's breach of the Employment Agreement for, *inter alia*, failure to pay Hayley hundreds of thousands of dollars in royalty compensation on March 1, 2021, precludes enforcement of the Employment Agreement against Hayley. (A2840-2858)

On June 2, 2021, the District Court issued the Dissolution Order, denying Hayley's motions for reconsideration and to dissolve the PI Order.

Hayley timely filed an Amended Notice of Appeal on June 4, 2021. (SPA58-75)

## SUMMARY OF THE ARGUMENT

The District Court's PI Order is flawed in numerous respects and must be reversed for several independent reasons.

*First*, the non-compete ordered by the District Court is based on a flawed reading of the parties' Employment Agreement. The District Court improperly held that the non-compete provision applies for the "Term" of the Employment Agreement, even though the parties did not use the defined word "Term" in the non-compete provision. Instead, that provision plainly sets forth that the non-compete only applies while Hayley is employed by JLM—and Hayley is no longer employed by JLM. The District Court's non-compete order restrains Hayley from working in or associating with any entity or person that designs, sells, manufactures, or markets bridal wear, eveningwear, or related products (the industry Hayley has worked in her whole adult life), with no reasonable limitations, worldwide, for seventeen months. This is the very definition of an unenforceable non-compete under New York law. Moreover, the non-compete is not tailored to any showing by JLM that it will be irreparably harmed in the absence of an injunction, and the language of the injunction is too broad and ambiguous to be enforceable under Rule 65.

*Second*, the prohibition on Hayley's use of her own name in commerce relies on an interpretation of the Employment Agreement that defies its plain meaning. The Employment Agreement sets forth that Hayley granted JLM rights to use



Hayley's name *in connection with bridal products designed by Hayley*. The District Court simply disregards this critical limitation and enjoins Hayley from using her own name in commerce without limitation. The PI Order is also facially overbroad, indefinite, and vague in violation of Rule 65. And, JLM failed to show that any use of Hayley's name is sufficient to rise to the level of a justiciable claim, let alone one that will result in imminent irreparable harm absent injunctive relief.

*Third*, the District Court's order that Hayley must assign Hayley's Accounts to JLM also relies on a flawed interpretation of the parties' Employment Agreement. Hayley's Employment Agreement contains a single reference obligating her to "assist with advertising campaigns" for the dresses she designs. The District Court misinterprets this routine obligation by transforming it into the sole basis for its holding that JLM owns Hayley's social media accounts. The District Court's ruling on the novel issue of social media ownership is also untethered to any legal principles and inconsistent with the handful of prior rulings on this issue and the overwhelming record evidence demonstrating that Hayley's Accounts are Hayley's personal social media accounts. Finally, not only does the District Court's PI Order disrupt the eight-year status quo, it also absolves JLM of a more than one-year-long delay in seeking redress, which should be fatal to its claim of irreparable harm.

The District Court's Dissolution Order is also fatally flawed. It is undisputed that JLM is no longer upholding its end of the bargain in any way: JLM is not paying

Hayley or providing her with any benefits under the Employment Agreement. In this case, JLM has elected its remedies and it can now only seek money damages from Hayley resulting from her alleged breach of the Employment Agreement. However, the District Court is improperly compelling specific performance of the Employment Agreement by Hayley despite JLM's material breach and termination of the Employment Agreement.

For these reasons, the District Court's PI Order must be reversed. And if the PI Order is not reversed in its entirety, the District Court's Dissolution Order must be reversed, and the PI Order dissolved and vacated in its entirety.

## **ARGUMENT**

### **I. Standard of Review**

The District Court's interpretation of the Employment Agreement, like any issue of contractual interpretation, is subject to *de novo* review. *See In re Delta Air Lines, Inc.*, 608 F.3d 139, 145 (2d Cir. 2010). The standard of review for the grant of a preliminary injunction is abuse of discretion. *See, e.g., Faiveley Transport AB v. Wabtec Corp.*, 559 F.3d 110, 116 (2d. Cir. 2009). The district court abuses its discretion when its decision rests on an error of law, when factual findings are clearly erroneous, or when it acts outside the range of permissible decisions within its discretion. *Id.*

## **II. The District Court Erred in Granting an Non-Compete Enjoining Hayley From Holding Any Employment in Her Field.**

The District Court entered a broad non-compete enjoining Hayley from any work in her field (or even “indirectly” “associat[ing]” with anyone in her field), in any geographic location, for seventeen months. Specifically, the District Court ordered that Hayley may not:

Until August 1, 2022 (or such earlier date as may be specified in a further order of the Court), directly or indirectly, engaging in, or being associated with (whether as an officer, director, shareholder, partner, employee, independent contractor, agent or otherwise), any person, organization or enterprise which engages in the design, manufacture, marketing or sale of: (i) bridal apparel, including bridesmaids’, mother of the bride and flower girls’ apparel and related items; (ii) bridal accessories and related items; (iii) evening wear and related items; and/or (iv) any other category of goods designed, manufactured, marketed, licensed or sold by JLM

(SPA53, §3(b), as amended by SPA68-69.)

The District Court’s non-compete must be reversed because it is predicated on several fundamental errors.

*First*, the non-compete is based on the District Court’s incorrect reading of the parties’ Employment Agreement.

*Second*, the District Court failed to consider whether the non-compete meets the heightened scrutiny applicable to such clauses under New York law.

*Third*, the District Court failed to tailor the injunctive relief it entered to any showing of likelihood of success and irreparable harm by JLM.

*Fourth*, the District Court entered an injunction that is too vague and ambiguous to be enforceable.

**A. The District Court Erred in Interpreting the Employment Agreement in a Manner Inconsistent With its Plain Terms.**

The District Court's PI Order conflicts with the Employment Agreement's plain language. The "non-compete" in the Employment Agreement is not a traditional non-compete that extends beyond the period of employment. Instead, it only applies during the period of Hayley's employment with JLM. The District Court's injunction is based on Section 9(a) of the Employment Agreement, which states: "Employee covenants and agrees that *during the period of her employment with the Company*, Employee shall not compete with the Company. . . ." (A2513, §9(a) (emphasis added)) The District Court's PI Order mis-states the language in a critical way, stating that Section 9(a), "provides that Defendant shall not compete with the company directly or indirectly during the *Term* of the Contract." (SPA31 (emphasis added))

Contrary to the District Court's assertion, Section 9(a) does not include the defined word, "Term." (A2513, §9(a)) Section 9(a) applies only "during the period of [Hayley's] employment with [JLM]." (A2513, §9(a)) Elsewhere in the 2011 Agreement, the defined "Term" is used. (*See, e.g.*, A2515-2516, §10(a)) But

critically, “Term” is *not* used in Section 9(a), the section that forms the sole basis for the District Court’s non-compete order. It is undisputed that Hayley is no longer a JLM employee. Thus, Section 9(a) does not apply and there is no basis for the relief granted.

By improperly replacing “during the period of her employment” with the defined word, “Term,” the District Court failed to adhere to fundamentals of contract interpretation under New York law:

*First*, the District Court is required give the words and phrases in Section 9(a) “their plain meaning.” *Certified Multi-Media Sols., Ltd. v. Preferred Contractors Ins. Co. Risk Retention Grp., LLC*, 674 F.App’x 45, 47 (2d Cir. 2017). “[D]uring the period of [Hayley’s] employment” has a clear and unambiguous meaning and should be read as such. *Id.* (“Language whose meaning is otherwise plain does not become ambiguous merely because the parties urge different interpretations in the litigation.”). Courts must interpret a non-compete agreement based on its plain language and must refuse to write into a contract a provision that was not there when it was drafted. *See AM Medica Commc’ns Grp. v. Kilgallen*, 261 F. Supp. 2d 258, 263 (S.D.N.Y. 2003), *aff’d*, 90 Fed. Appx. 10 (2d Cir. 2003).

*Second*, the District Court’s interpretation improperly renders the phrase “during the period of her employment” superfluous. *See Rank Grp. Ltd. v. Alcoa Inc.*, 12-CV-3769, 2018 U.S. Dist. LEXIS 44577, at \*54 (S.D.N.Y. Mar. 19, 2018)

(“[C]ourts should avoid interpretations that would render a term or terms superfluous or meaningless.”). Moreover, parties are “presumed to know how to use parallel construction and identical wording to impart identical meaning when they intend to do so, and how to use different words and construction to establish distinctions in meaning.” *Int’l Fid. Ins. Co. v. Cty. of Rockland*, 98 F. Supp. 2d 400, 412 (S.D.N.Y. 2000). If the parties intended for the non-compete to apply for the “Term” of the Employment Agreement, they would have used that defined term in Section 9(a).

*Third*, under standard principles of contract interpretation, the parties’ choice of “during the period of her employment” rather than “Term,” expresses a clear intent that Section 9(a) *does not* apply for the “Term.” *Id.* at 412-13 (“[Parties are] presumed to be familiar with standard maxims of contract construction, including the *maxim expressio unium est exclusio alterius* (the expression of one thing is the exclusion of another). Thus, the drafters must have acted intentionally when they . . . used different words and sentence structures to describe” different concepts.”).

This error requires reversal of the PI Order with respect to the non-compete.

**B. The District Court Erred Because the Non-Compete Does Not Meet the Heightened Scrutiny Standard Applicable to Such Clauses Under New York Law.**

“Non-compete provisions are enforceable under New York law only if they are (1) reasonable in duration and geographic scope, (2) necessary to protect the employer’s legitimate interests, (3) not harmful to the general public, and (4) not

unreasonably burdensome to the employee.” *Flatiron Health, Inc. v. Carson*, 19-CV-8999, 2020 U.S. Dist. LEXIS 48699, at \*54 (S.D.N.Y. Mar. 19, 2020). (“A violation of any prong renders the [non-compete] invalid”); *see also Heartland Sec. Corp. v. Gerstenblatt*, 99-CV-3694, 2000 WL 303274, at \*5 (S.D.N.Y. Mar. 22, 2000) (citing *BDO Seidman v. Hirshberg*, 93 N.Y.2d 382, 389 (1999)).

“The Second Circuit ‘disfavor[s] restrictive covenants in the employment context,’ enforcing them ‘only to the extent they are reasonable and necessary to protect valid business interests.’” *AM Medica Commc’ns Grp.*, 261 F.Supp.2d at 262 (citing *Lucente v. Int’l Bus. Mach. Corp.*, 310 F.3d 243, 254 (2d Cir. 2002)). Judicial disfavor of non-compete provisions is provoked by “powerful considerations of public policy which militate against sanctioning the loss of a man’s livelihood.” *Reed, Roberts Assocs., Inc. v. Strauman*, 40 N.Y.2d 303, 307 (1976). “Since there are ‘powerful considerations of public policy which militate against sanctioning the loss of a man’s livelihood,’ restrictive covenants which tend to prevent an employee from pursuing a similar vocation after termination of employment are disfavored by the law.” *Columbia Ribbon & Carbon Mfg. Co., Inc. v. A-I-A Corp.*, 42 N.Y.2d 496, 499 (1977).

Under New York law, such restrictions are subject to heightened judicial scrutiny. *See Flatiron Health, Inc.*, 2020 U.S. Dist. LEXIS 48699, at \*53-54 (“Because restrictive covenants in employment agreements may restrain

competition, impinge on individual agency, and restrict an employee's ability to make a living, New York courts subject such covenants to heightened judicial scrutiny.") (internal quotation marks omitted).

The District Court's non-compete order does not meet the "heightened scrutiny" standard; in fact, the District Court did not consider whether the non-compete met the applicable standards *at all*. The District Court's failure to even consider this critical threshold issue violates Fed. R. Civ. P. 65(d)(1), which requires the Court to state the reasons why the injunction issued.

**1. The District Court Failed to Properly Limit the Non-Compete in Duration.**

The PI Order non-compete (and its predecessor TRO) is in effect until August 1, 2022.<sup>2</sup> Bridal design is a seasonal industry with new lines launching in April and October. (A2673) Thus, the PI Order locks Hayley out of at least three seasons (Spring '21, Fall '21, Spring '22). There is no rational justification—or record evidence—that JLM has a legitimate interest to protect that requires excluding Hayley from the industry for three or more seasons. Accordingly, the District Court's order fails to comply with New York's heightened scrutiny test and should be reversed. *See, e.g., Heartland Sec. Corp., v. Gerstenblatt*, 99-CV-3694, 200 WL

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<sup>2</sup> The PI Order originally contained no time limitation at all, which would have restricted Hayley from employment in the covered fields indefinitely. On reconsideration, the District Court limited the non-compete portion of its PI Order to August 1, 2022. (SPA29)



303274, at \*7 (S.D.N.Y. Mar. 22, 2000) (finding non-compete with two-year duration and “limitless geographic scope” “patently unreasonable and unenforceable” and collecting cases holding the same); *Natural Organics, Inc. v. Kirkendall*, 860 N.Y.S.2d 142, 143-44 (2d Dep’t 2008) (finding eighteen-month non-compete provision unenforceable because “plaintiff failed to show that enforcement of the noncompete agreement was necessary to protect the goodwill of its clients, . . . or that [defendant] used or threatened to use any protected trade lists or confidential customer lists,” thus, there was “no legitimate employer interest to protect”).

## **2. The District Court Failed to Limit the Non-Compete in Geography.**

The relief granted by the District Court contains no geographic limitation. *See Silipos, Inc. v. Bickel*, 06-cv-02205, 2006 U.S. Dist. LEXIS 54946, at \*18 (S.D.N.Y. Aug. 8, 2006) (“New York courts rarely find worldwide restrictions reasonable in any context.”); *Garfinkle v. Pfizer, Inc.*, 556 N.Y.S.2d 322, 323 (1st Dep’t 1990) (finding that worldwide restriction was unreasonable); *Jay’s Custom Stringing, Inc v. Yu*, 01-CV-1960, 2001 WL 761067, \*7 (S.D.N.Y. July 6, 2001) (refusing to uphold non-competition clause that, among other things, precluded employee from working worldwide in his profession for two years); *Leon M. Reimer & Co., P.C. v. Cipolla*, 929 F.Supp.154, 160 (S.D.N.Y. 1996) (holding that a non-compete without geographic limitation was unreasonable).

Plus, JLM failed to set forth evidence in the record relating to the geographic scope of its business activities and the scope of potential activities by Hayley that would irreparably harm JLM. JLM's failure to submit evidence relating to the proper geographic scope of a non-compete further compels the conclusion that a worldwide injunction here is unreasonable and should be vacated by this Court.

### **3. The District Court Failed to Limit the Non-Compete in Scope.**

Hayley is a wedding dress designer and holds a bachelor's degree in fiber science and apparel design from Cornell University. She has devoted her adult life and career to designing wedding dresses and evening wear. A non-compete that bars her from the entire bridal industry, evening wear, and "any other category of goods designed, manufactured, marketed, licensed or sold by JLM," is unreasonably burdensome.<sup>3</sup> The scope is so broad as to essentially require Hayley to remain unemployed.

A non-compete may only be enforceable to protect the employer's legitimate interest. For example, a non-compete may be proper to protect confidential information or trade secrets. *See, e.g., Reed, Roberts Assocs., Inc.*, 40 N.Y.2d at 308 (holding that where an employee neither possesses trade secrets nor has knowledge of trade secrets, the employer did not have a legitimate interest in protecting trade

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<sup>3</sup> As discussed in Section II.D, *infra*, these terms are also too vague to be enforceable.

secrets). The District Court did not make any finding that the non-compete was supported by a legitimate interest. Instead, the non-compete is purely punitive—it serves no proper purpose, and “baldly restrain[s] competition because it contain[s] no limitations keyed to uniqueness, trade secrets, confidentiality, or even competitive unfairness.” *Id.* (citing *Columbia Ribbon & Carbon Mfg. Co.*, 369 N.E.2d at 6).

The District Court’s non-compete order is also harmful to the public. Hayley is a public figure and an artist. The non-compete seeks to withhold her expression from the public domain. Moreover, it is “entirely unreasonable and against public policy” to completely bar an individual from working in her chosen field. *Heartland Sec. Corp.*, 2000 WL 303274, at \*9.

The non-compete is also unreasonably burdensome on Hayley. A non-compete is unreasonably burdensome where it locks an employee out of her chosen profession. *Id.*; see also *Random Ventures, Inc. v. Advanced Armament Corp., LLC*, 12-CV-6792, 2014 U.S. Dist. LEXIS 3984, at \*166 (S.D.N.Y. 2014) (holding that non-compete was unreasonably burdensome to an employee who would be barred from an industry he had worked in for many years). There is no dispute that the District Court’s non-compete order locks Hayley out of her chosen profession.

“Courts routinely deem unenforceable non-competes that broadly restrain employees from working for companies that sell goods or services similar to those

of the employer.” *Flatiron Health, Inc.*, 2020 U.S. Dist. LEXIS 48699, at \*58. For example, in *Silipos*, 2006 U.S. Dist. LEXIS 54946, at \*20, the court found a non-compete unenforceable where it “prohibits [employee] from working for anyone ‘directly or indirectly’ engaged in the ‘Business of the Company,’ expansively defined,” which meant effectively “[employee] would be barred from the entire industry.” The District Court’s non-compete order uses the same “directly or indirectly” language rejected in *Silipos* and does not provide Hayley with any reasonable opportunity to earn a living. JLM only sells bridalwear, but the District Court’s vague and broad non-compete prevents Hayley from engaging in a much wider range of activities, as further discussed in subsections (C) and (D) below.

Accordingly, the District Court’s PI Order should also be reversed on this independent ground.

**C. The District Court Erred in Failing to Consider Whether the Non-Compete Was Tailored to the Evidence or JLM’s Showing of Irreparable Harm.**

Compounding its improper and unsupported interpretation of the non-compete contractual provision and its failure to apply New York’s heightened scrutiny standard, the District Court also failed to consider whether JLM established a likelihood of success on a particular claim and irreparable harm commensurate with the broad injunction it entered.

The extraordinary remedy of a preliminary injunction must be limited to the legal violations and irreparable harm demonstrated by the movant. *See Faiveley Transp. Malmo AB v. Wabtec Corp.*, 559 F.3d 110, 119 (2d Cir. 2009) (preliminary injunction must be “narrowly tailored to fit specific legal violations and to avoid unnecessary burdens on lawful commercial activity) (internal quotations omitted); *see also CF 135 Flat LLC v. Triadou SPV N.A.*, 15-CV-5345, 2016 U.S. Dist. LEXIS 82821, at \*30 (S.D.N.Y. June 24, 2016) (preliminary “injunctions should be narrowly tailored to the alleged harm” shown). The District Court may not simply grant JLM all the relief it requests, completely untethered to any showing of irreparable harm.

JLM’s request for a non-compete is based on rank speculation. There is no evidence in the record that Hayley will imminently compete with JLM. Instead, JLM merely speculates that it “appears” Hayley is “competing with JLM, *or about to do so.*” (SPA884, ¶8) The District Court did not make any factual finding that Hayley was preparing to compete with JLM (and that such competition would irreparably harm JLM).

The sole allegation that the District Court discusses as potential “competition” is a scheduled appearance by Hayley, as an engaged woman, at a February 28, 2021 bridal expo in Canada. This is insufficient. First, there is no logical argument that Hayley is prohibited from appearing as an individual at public events. So, this

scheduled “appearance” is not grounds for any injunction. Second, Hayley did not appear at the expo. Third, the District Court concedes that the bridal expo is a moot point since it occurred before the PI Order was even issued. (SPA31, n.15) JLM’s rank speculation of imminent competition, without any basis in fact, cannot support injunctive relief. *See Hancock v. Essential Res., Inc.*, 792 F.Supp. 924, 938 (S.D.N.Y. 1992); *Int’l Home Care Servs. of N.Y., LLC v. People’s United Bank, Nat’l Ass’n*, 20-CV-3358, 2020 U.S. Dist. LEXIS 176084, at \*9-11 (E.D.N.Y. Sep. 24, 2020); *Fung-Schwartz v. Cerner Corp.*, 804 F.App’x 85, 87 (2d Cir. 2020).

Rather than tailor its relief to any showing by JLM (because there was none), the District Court simply entered the overbroad and improper injunction that JLM sought. The District Court’s PI Order does not contain any analysis of whether the broad relief sought is proper or commensurate with any showing of irreparable harm by JLM and should be reversed.

**D. The District Court Erred in Entering Injunctive Relief That is Too Vague and Ambiguous to be Enforceable.**

The District Court’s non-compete order is also impermissibly vague. The District Court’s non-compete order bars Hayley from, among other things, “indirectly” “being associated with” any person or organization involved in, *inter alia*, the marketing or sale of “bridal accessories,” “evening wear,” and “related items.” (SPA53) Hayley was a wedding dress designer, and this language goes well beyond barring her from “competing” in the industry. Instead, she would be in

violation if her fiancé (“indirectly”) is friends with (“associated with”) a store clerk at Target (a “person or organization” who sells “evening wear”).

The number of absurd examples that fit this imprecise and broad language used by the District Court are too numerous to provide herein. Do “related items” include flowers, or hair accessories, or handbags, or wedding invitations? What about shoes that may or may not be worn with wedding dresses? These distinctions are critically important given Hayley’s field of education and experience. But the PI Order provides absolutely no guidance, and JLM did not present any evidence to support relief in any of these categories—the hearing focused exclusively on wedding dresses. Nonetheless, the District Court entered the broad relief that JLM requested word-for-word without any analysis.

The District Court’s use of phrases like “associate with” and “directly or indirectly” are additionally problematic and ill-defined. It is unclear what these phrases mean and the record is bereft of any evidence supporting such broad relief. How will JLM be irreparably harmed if Hayley “indirectly” “associates” “with someone who” “markets” “related apparel”? JLM has not proven this, yet the District Court has prohibited Hayley from engaging in such activities. *See* Section II.C *supra*.

Such vague and broad language fails to provide Hayley with appropriate guidance on what conduct is being restricted and, most importantly, fails to comply

with the requirements of Rule 65. Compliance with a court order cannot be a guessing game. Rule 65(d) requires that “[e]very order granting an injunction . . . be specific in terms” and that it “describe in reasonable detail . . . the act or acts sought to be restrained.” *Cedar Swamp Holdings, Inc. v. Zaman*, 472 F.Supp.2d 591, 596 (S.D.N.Y. 2007).

Because the District Court’s PI Order fails to comply with Rule 65(d), it should be vacated. *See Fonar Corp. v. Deccaid Servs., Inc.*, 983 F.2d 427, 430 (2d Cir. 1993) (vacating injunction that is “too indefinite and ambiguous to permit of enforcement”).

### **III. The District Court Erred in Enjoining Hayley From Using Her Own Birth Name and “Any Confusingly Similar Terms” in Commerce.**

#### **A. The District Court Erred in Interpreting the Employment Agreement Contrary to its Plain Terms.**

“To prevent all use of [a man’s personal name] is to take away his identity; without it he cannot make known who he is to those who may wish to deal with him; and that is so grievous an injury that courts will avoid imposing it, if they possibly can.” *Brennan’s, Inc. v. Brennan’s Rest., L.L.C.*, 360 F.3d 125, 131-132 (alteration in original) (quoting *Societe Vinicole de Champagne v. Mumm*, 143 F.2d 240, 241 (2d Cir. 1944)).

Despite this well-settled principle, the District Court’s PI Order enjoins Hayley from:



using, or authorizing others to use, “Hayley”, “Paige”, “Hayley Paige Gutman”, “Hayley Gutman”, “Hayley Paige” or any derivative thereof, including misshayleypaige (collectively the “Designer’s Name”), trademarks in the Designer’s Name, including but not limited to the trademarks identified at Addendum 2 hereto (collectively, the “Trademarks”), or any confusingly similar marks or names in trade or commerce . . .

(SPA52-53, §3(a))

The District Court erroneously interpreted the Employment Agreement, holding that:

Ms. Gutman also granted Plaintiff “the exclusive world-wide right and license to use her name ‘Hayley’, ‘Paige’, ‘Hayley Paige Gutman’, ‘Hayley Gutman’, ‘Hayley Paige’ or any derivative thereof ([defined] collectively [as] the ‘Designer’s Name’)” for certain purposes during the stated term of the Contract and for two years thereafter. (Contract, §10(a).)

(SPA3) However, the actual language of Section 10(a) shows that Hayley’s grant of rights in the “Designer’s Name” is much more limited than the District Court’s selective quotation and explanation suggests. When the provision is read as a whole in its proper context—as the Court must, *see Luitpold Pharm., Inc. v. Ed. Geistlich Söhne A.G. Für Chemische Industrie*, 784 F.3d 78, 87 (2d Cir. 2015)—the scope of the grant of rights in the Designer’s Name is clearly limited to *bridal products designed by Hayley*:

The Employee hereby grants to the Company the exclusive world-wide right and license to use her name “Hayley”, “Paige”, “Hayley Paige Gutman”, “Hayley

Gutman”, “Hayley Paige” or any derivative thereof (collectively the “Designer’s Name”) **in connection with the design, manufacture, marketing and/or sale of bridal clothing, bridal accessories and related bridal and wedding items**, including any and all good will associated therewith, throughout the Term (including any extension of the Term), plus a two (2) year period following the Term or any extension thereof, **provided Employee has substantially participated in the design or creation of such clothing or related items during her employment by the Company**

(A2515-2516, §10(a) (emphasis added))

Under the Employment Agreement’s plain language, Hayley’s grant of rights in her own name to JLM only applies (i) “in connection” with bridal products and (ii) “provided [Hayley] has substantially participated in the design” of those products during her employment. (A2515-2516, §10(a))

In response to this argument, the District Court reasoned that “the term ‘Designer’s Name’ is defined before the references to bridal and related goods are introduced and thus, grammatically, the limiting references are not part of the defined term.” (SPA22) However, the District Court’s holding improperly conflates the scope of the defined term “Designer’s Name” with the scope of the grant of rights in Section 10(a). It is not in dispute that “Designer’s Name” means “‘Hayley’, ‘Paige’, ‘Hayley Paige Gutman’, ‘Hayley Gutman’, ‘Hayley Paige’ or any derivative thereof.” However, that defined term is not co-extensive with the grant of rights,

since Section 10(a) unambiguously only grants JLM rights in the “Designer’s Name” “in connection with bridal clothing” designed by Hayley. (A2515-2516, §10(a))

The District Court’s reading ignores the plain language of Section 10(a). *See Times Mirror Magazines, Inc. v. Field & Stream Licenses Co.*, 103 F.Supp.2d 711, 723 (S.D.N.Y. 2000). The District Court’s interpretation would also impermissibly render the entirety of Section 10(a) after “Designer’s Name” meaningless and moot. *See Galli v. Metz*, 973 F.2d 145, 149 (2d Cir. 1992).

The District Court further reasons, improperly, that “reading the definition of Designer’s Name to limit JLM’s rights in it to uses within commerce related only to bridal goods designed or created by Defendant is inconsistent with the plain language of Section 10(b), which grants JLM exclusive, perpetual rights in the trademarks it registers in a timely fashion. . . .” (SPA22-23) The District Court’s invocation of 10(b) cannot absolve its erroneous reading of 10(a).

Contrary to the District Court’s holding, 10(b) *is* consistent with the proper interpretation of the grant of rights in 10(a). Trademark rights (the subject of 10(b)) are necessarily limited to use of a mark in connection with particular goods. A federal trademark registration only issues with respect to particular classes of goods and “Trademark” is defined as “to register the Designer’s Name or any derivative(s) thereof as trademarks or service marks.” (A2516, §10(b)) Thus, “Trademarks” only include registered marks which are necessarily tied to goods—the District Court

even references those registrations and the classes in which they are registered in the PI Order. (SPA57)

Therefore, rather than undermine Hayley’s argument—as the District Court states—Section 10(b) highlights that JLM’s rights in these terms are tied to particular goods. Thus, Section 10(b) is consistent with the plain language of 10(a): the grant of use of Designer’s Names was limited to bridal products that Hayley designed, and JLM was permitted to seek trademark registrations for the use of marks *on those* products. Because the District Court’s PI Order is contrary to the unambiguous plain meaning of the Employment Agreement, it should be reversed.

**B. The District Court Failed to Consider Whether JLM Has Established a Justiciable Claim and Irreparable Harm with Respect to Hayley’s Use of Her Own Name.**

To be justiciable, JLM’s claims must be ripe and “present a real, substantial controversy, not a mere hypothetical question.” *See, e.g., Nat’l Org. for Marriage, Inc. v. Walsh*, 714 F.3d 682, 687 (2d Cir. 2013) (internal quotations omitted). The injunctive relief granted by the District Court is not supported by any proper legal claim or any showing of imminent irreparable harm. There is no evidence in the record that Hayley is prepared to (or intends to) use her name in a way that will imminently cause irreparable harm to JLM. *See JA Apparel Corp. v. Abboud*, 568 F.3d 390, 403 (2d Cir. 2009) (infringement claim “requires the court to focus on the [former designer’s] (actual or proposed) use” of his name). Instead, JLM sought this

relief completely untethered to any allegation of wrongful conduct by Hayley. The District Court, nonetheless, improperly granted JLM's request and has barred Hayley from using her own name "in commerce" in all contexts.

The District Court's relief is also patently overbroad. Hayley cannot use her name to have any job—whether it be in retail, marketing, or sales—no matter the industry. "Hayley Paige" cannot earn a living. Even if JLM established a likelihood of success on the merits and irreparable harm arising from some use of Hayley's own name by Hayley—which it never did—the broad relief granted by the District Court is unsupported.

Through its wholesale adoption of the proposed injunction language offered by JLM, without conducting any sort of analysis as to its appropriateness, the District Court also improperly entered an overbroad, confusing, inconsistent, and vague order. (SPA52-54) The PI Order uses terms like "any derivative thereof," and "confusingly similar marks or names," which are not sufficiently definite for an order pursuant to Rule 65. *See Fonar Corp.*, 983 F.2d at 430.

The District Court's ambiguous and overbroad PI Order prohibiting Hayley from using her own name, without any basis in a legal claim or demonstration of irreparable harm, should be reversed.

**IV. The District Court Erred in Disturbing the Status Quo and Assigning Hayley’s Instagram, TikTok, and Pinterest Social Media Accounts to JLM.**

The District Court was presented with a “novel” issue of social media account ownership as between an employee and an employer. (SPA1) Only two relevant reported cases (from district courts outside this Circuit) have dealt with this issue. Within the framework set forth in those cases, Hayley is undoubtedly the owner of her social media accounts. However, the District Court has set a precedent that would upend the understood nature of social media accounts: any employee who posts employment-related materials on their accounts will be deemed to assign those accounts to their employer. The Court should correct this error.

**A. The Factual Record Establishes That Hayley Owned Her Social Media Accounts.**

An early adopter of social media, *in 2004*, Hayley opened a personal Facebook account under “Hayley Paige” using the URL “misshayleypaige”—a term of endearment bestowed by her mother. (A2277 ¶8) Hayley opened other social media accounts using “Hayley Paige” or “misshayleypaige,” including Twitter, LinkedIn, Pinterest, Instagram, SnapChat, Spotify, and TikTok. (A2277-2278, ¶ 9) Like millions of others, Hayley opened the Accounts for her own personal reasons. (A2278, ¶10)

In April 2012, on the recommendation of a friend, Hayley opened her Instagram with the handle @misshayleypaige as a “personal” account. (A2278, ¶11)

Hayley's first posts to her Instagram were highly personal and included inspirational quotes, a photo of Hayley's apartment, and a picture of her best friend. (A2278-2279, ¶¶12-13) Hayley's Instagram has maintained this personal character and authentically reflected her life, family, adventures, and work. Hayley has shared some of her most personal life experiences, including posts about her childhood and family. (A2280, ¶14; A2416-2419)

With more than one million followers, Hayley is a "Mega Influencer" and her Instagram is highly valuable. (A2730, ¶15) Industry-standard tools valued Hayley's Instagram Account at \$28,500 per post in January 2021, with a true reach of 108,500 followers per post. (A2730, ¶15; A2732-2733, ¶22)

Hayley's Instagram content comes from her heart, regularly including emotional thoughts and feelings. (A2283-2284, ¶18) In January 2017, Instagram verified Hayley's Instagram as a "Public Figure" account, which is a recognition of authenticity and something that Instagram awards to certain accounts of public figures and celebrities. "Public Figure" verification is reserved for individuals, is relatively rare, and entails a rigorous process. (A2731, ¶¶17-18) Hayley personally secured verification. (A2287-2288, ¶24; A2443-2444)

Hayley created nearly all of the content on her Instagram, including unique captions for nearly all of her 5,859 posts. (A2288-2289, ¶25) Hayley submitted a sample of her Instagram posts showing that she has not only posted to her Instagram

since 2012, but did so in a very personal way. (A2286, ¶21; A2336-2412; A2413-2439; A2454-2491)

Hayley answered anywhere from 150-200 direct messages (“DMs”) per day—approximately 170,000 over the eight years since starting her Instagram. (A2289-2290, ¶26) Hayley’s most common DMs relate to how she became a designer, styling tips, recovering from her divorce, finding love again, and her workout routines. (A2290-2291, ¶28)

Hayley’s Instagram grew organically into a wildly successful account based on the personal moments that she shared. (A2291-2292, ¶30) Hayley’s Instagram’s largest growth came after publicly sharing her wedding in July 2015. (A2291-2292, ¶30) Her most “liked” posts are personal—the most “likes” going to her 2019 engagement posts with 65,000 and 162,000 “likes.” (A2291-2292, ¶30) Hayley’s personal posts often received upwards of four or five times more “likes” than any bridal-related photos she shared. (A2291-2292, ¶30)

Hayley’s Instagram also grew substantially from cross-promotion and tagging celebrities and influential people she knows, including Kaitlyn Bristowe, Chris Pratt, and Jay Glazer. (A2293-2294, ¶32) In early 2017, Hayley’s Instagram reached over one million followers. (A2293-2294, ¶32) Shortly thereafter, a video of her and her fiancé became her most-viewed with over 400,000 views. (A2293-2294, ¶32) There



are also some painful moments that Hayley has shared but ultimately deleted and/or archived, including over 100 photos of her first wedding. (A2294, ¶33)

Hayley started her Pinterest Account (misshayleypaige) on November 3, 2011 and her TikTok Account (@misshayleypaige) in November 2019. (A2294-2295, ¶¶34-35) Like her Instagram, Hayley started her TikTok and Pinterest accounts for her own personal reasons—as with her Instagram, no one from JLM asked or otherwise instructed her to open them. (A2294-2295, ¶¶34-35) On her Pinterest, Hayley regularly “pinned” images that inspired all aspects of her life, including travel, architecture, color, design, food, and, of course, bridal design. (A2294-2295, ¶¶34-35; A2492-2498) On her TikTok, Hayley posted fun and personal content, including videos of her dog, fiancé, snowboarding, exercise, dancing, and redecorating her apartment. (A2296, ¶36; A2499-2507) In sum, Hayley’s Accounts are undeniably Hayley’s.

Several former JLM employees confirmed Hayley’s ownership of the Accounts. (A2779, ¶6 (“It was, and always has been, my understanding that the @misshayleypaige Instagram account was Hayley’s personal Instagram account. At no point during my employment managing JLM’s public relations activities was I ever instructed that Hayley’s @misshayleypaige Instagram account was owned or otherwise controlled by JLM.”); A2776-2777, ¶¶5, 7 (“Hayley Gutman had her own personal Instagram account with the handle @misshayleypaige. . . . [B]ecause the

account belonged to Hayley, JLM had no control over the type of content that Hayley posted, like it did for JLM's social media accounts.”))

Ownership of Hayley's Accounts is also confirmed by contemporaneous communications within JLM and JLM's admissions to customers. (A2306, ¶¶65; *see also* A2554 (“Hayley's Instagram is also her own personal account, I don't really have any control over what gets posted.”); A2306-2307, ¶¶66; A2554; A2307, ¶¶67; A2566)

Bridal store owners and brides similarly testified that they believed Hayley owned Hayley's Accounts, they were easily identifiable as a personal account, and markedly changed when JLM took over control upon entry of the TRO. (A2821-2822, ¶¶3-4, A2824, ¶¶13; A2828-2830, ¶¶3, 4, 6, 8; A2826-2827, ¶¶7-9; A2816, ¶¶4; A2818, ¶¶9)

The public also understood that Hayley owned Hayley's Accounts. When JLM gained access to the accounts pursuant to the TRO entered below, there was an immediate and vocal public outcry. (A2315-2317, ¶¶86; A2611-2620) Social media expert and professor Dr. Karen Freberg testified that the Instagram account was “Hayley's personal account for over eight years, was verified by Instagram as her personal account, and was clearly associated with Hayley (and not JLM) by her one million followers.” (A2734-2735, ¶¶27)

After the District Court granted a TRO temporarily assigning Hayley's Accounts to JLM, JLM immediately changed Hayley's Instagram Account from a "Public Figure" account (which it has been for years) to a "Clothing (Brand)" account.<sup>4</sup> (A2769-2770, ¶7; A2724) JLM also edited its own website to remove the admission that "Hayley's personalized approach to social media has built a community of brides on Instagram at more than 860k followers." (A2713-2715; A2716-2718)

**B. The District Court Erred in Interpreting the Employment Agreement to Include an Assignment of Hayley's Social Media Accounts.**

The District Court found that JLM owned Hayley's Accounts based on Section 2 of the Employment Agreement. (SPA24) Section 2 states that Hayley "shall be employed as a designer of a line of brides and bridesmaids dresses." (A2510, §2) It further lists Hayley's duties as:

direct responsibility for the design of the Products [wedding dresses]. In addition to designing the Products, the Employee shall perform such other duties and services commensurate with her position as a designer for the Company, as may be assigned to her by an officer of the Company, including, but not limited to, traveling to trunk shows, traveling to China or elsewhere abroad to assist in or supervise manufacturing of the Products, assisting with advertising programs, and designing bridal, bridesmaids,

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<sup>4</sup> JLM separately operates a number of its own brand Instagram accounts that it owns. (A2317-2318, ¶87; 2319, ¶ 91)

evening wear and related apparel to be sold under the Jim Hjelm or JLM Couture label.”

(A2510, §2)

The District Court’s holding hinges on its finding that the mention of “advertising” in Section 2 establishes JLM’s ownership over Hayley’s social media accounts. Specifically, the District Court stated:

The “advertising” reference in the Contract is not specific to any particular type of advertising platform, and the evidence shows clearly that JLM’s advertising programs include social media.

(SPA24) (incorporating extrinsic evidence into its interpretation of Section 2)

The District Court’s finding is clear error for two reasons: (i) it fails to consider the plain meaning and all requirements of Section 2, instead relying on extrinsic evidence, and (ii) it improperly conflates a job obligation with ownership of one means used to carry out that obligation.

*First*, the District Court held that “No reasonable, objective reading of the provision could logically exclude social media from the scope of Defendant’s advertising assistance duties.” (SPA25) This finding is simply not supported by the record. There is no evidence in the record that “assisting with advertising programs,” when used in a wedding dress designer employment agreement in 2011, refers to creating and maintaining a 1-million follower Instagram account. Indeed, there is evidence to directly rebut this interpretation. (*See, e.g.*, A2305-2306 ¶¶64

In any event, even under the District Court’s view that “advertising programs” included social media in 2011, Hayley met her obligations to assist by regularly posting bridal-related content on her Instagram account. Using an individual’s social media account to engage in influencer activities is one of the most common forms of digital marketing. But doing so does not convey ownership of the account to the influencer’s employer.

Moreover, the District Court’s reading of Section 2(a) fails to consider several other mandatory provisions of the section. Specifically, duties only fall within the scope of Hayley’s employment under Section 2(a) if they are (i) “commensurate with her position as a designer”; (ii) “assigned to her by an officer of the Company”; and (iii) are “assisting with advertising programs.” All of the evidence submitted supports a finding that Hayley’s creation, and control of a one-million-follower personal Instagram account where she shares her life and personality is not commensurate with her position as a wedding dress designer. And no officer of JLM ever assigned, or could have assigned, any duties to Hayley regarding Hayley’s Accounts. (A2278, ¶¶10-11, A2305-2306, ¶¶63-64)

The District Court’s interpretation is also internally inconsistent. The District Court held that “[s]ocial media advertising and communications are ubiquitous in modern American society. Indeed, as the Court found in connection with its issuance of the TRO, social media existed as an advertising medium when the parties

entered into the Contract in 2011.” (SPA25) Given that finding, JLM’s failure to include language in the 2011 Agreement concerning its ownership of the employee’s social media accounts should have been fatal to its claims. Nothing in the Agreement indicates that the parties intended to include, or even address, ownership of social media accounts in that contract.

Further, the District Court’s interpretation of a wedding dress designer’s “advertising programs” to include social media accounts created by Hayley, which feature hundreds of deeply personal posts, is clearly not a literal interpretation of Section 2(a). And the District Court extensively considered extrinsic evidence in interpreting Section 2(a). (SPA26) However, the District Court failed to consider the most compelling piece of extrinsic evidence available of the parties’ intent: their own contract negotiations.

In July 2019, Mr. Murphy sent Hayley a proposed agreement (“2019 Proposal”). (A2300, ¶48; A2530-2535) The 2019 Proposal also included a list of promotional and marketing responsibilities beyond the scope of the Employment Agreement: “Additional Duties include ... *social media monetized opportunities* such as YouTube advertising, *Instagram* ...” (A2301, ¶50; A2533, §3(d) (emphasis added)) The 2019 Proposal explicitly required Hayley to “participat[e] in, creating and/or promoting marketing content for the Products.” (A2533, §3(d); A2532-2533, §2) Hayley rejected this proposal to expand her job duties to include social media

and Instagram. (A2301-2302, ¶53) This negotiation history is compelling evidence of the parties' intent, which the District Court completely ignored. *See Burger King Corp. v. Horn & Hardart Co.*, 710 F. Supp. 103, 105 (S.D.N.Y. 1989).

*Second*, even if the District Court did properly interpret Section 2, its holding is still baseless. Section 2 is intended—by its explicit language—to list Hayley's "duties," and neither JLM nor the Court have identified any contract provision that bears on the *ownership* of social media accounts. The Employment Agreement contains several provisions that relate to the parties' respective ownership rights over various things, including dress designs and drawings. However, in connection with its analysis of Hayley's Accounts, the District Court relies on Section 2, which deals solely with job duties. The District Court's interpretation improperly conflates a contract provision that obligates Hayley to undertake a job responsibility with an assignment of Hayley's Accounts.

While it is undisputed that Hayley used Hayley's Accounts to promote her work in part, that fact does not convey ownership. To analogize: while a pizza delivery driver may be obligated to use her personal vehicle to deliver pizzas, that does not mean that Domino's now owns its employee's car (absent some clear assignment of ownership in the parties' employment agreement). However, that is the exact logical leap that the District Court's analysis requires.

The District Court’s contract analysis is also inconsistent with its analysis of JLM’s trademark infringement claim. JLM claims that Hayley’s use of the handle “@misshayleypaige” on Instagram infringes JLM’s rights in various “HAYLEY PAIGE” marks. The District Court found that JLM “is likely to succeed on the merits of its trademark infringement” claim. (SA-43) However, if JLM did own the Instagram account, then Hayley could not be liable for trademark infringement by using the @misshayleypaige handle on that very account—there simply could be no false association or confusion. Thus, the District Court’s own trademark infringement analysis requires a finding that Hayley *owns* the Instagram Account. The PI Order offers no explanation for this inconsistency.<sup>5</sup>

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<sup>5</sup> The District Court’s trademark infringement analysis also fails because there is simply no evidence in the record that any consumers were or were likely to be confused by any trademark “use” by Hayley. In any event, the District Court’s analysis is completely irrelevant to JLM’s injunction request. Even if Hayley did infringe JLM’s trademarks (which she did not), the assignment of specific personal property, such as Hayley’s Accounts, is not an available remedy in a trademark dispute. Instead, the proper remedy is to simply change the Account handles from “@misshayleypaige”—the alleged infringing mark—to something else. *See BBC Grp. NV Ltd. Liab. Co. v. Island Life Rest. Grp. Ltd. Liab. Co.*, 18-1011, 2020 U.S. Dist. LEXIS 136591, at \*12 (W.D. Wash. July 31, 2020) (ordering party to “revise its social media handles to remedy the trademark infringement”).

Similarly, the District Court held that “Plaintiff has also carried its burden of proving its clear likelihood of success in establishing that, under Section 11 of the Contract, Defendant conveyed to Plaintiff any rights that she had in the bridal business-related material she created for the Account.” (SPA27) While Hayley’s social media posts are not properly considered “works for hire,” this holding is nonetheless irrelevant, because the District Court did not find that Hayley’s



For these reasons, the District Court’s interpretation of Section 2(a) is in error and should be reversed.

**C. The District Court Erred in Failing to Consider Any Appropriate Legal Framework and the Overwhelming Record Evidence that Hayley’s Accounts Are Owned by Hayley.**

JLM does not have any contractual right nor employment policy that entitled it to own its employees’ social media accounts. Hayley has had full control and autonomy over her Instagram account since she created it in 2012, her Pinterest account since 2011, and her TikTok account since 2019. JLM has *never* had control of any of Hayley’s Accounts. JLM’s attempt to acquire control over Hayley’s Accounts in this litigation has “alter[ed], rather than maintain[ed], the status quo.” *Tom Doherty Assocs., Inc. v. Saban Ent., Inc.*, 60 F.3d 27, 33-34 (2d Cir. 1995). In such circumstances amounting to a mandatory injunction, “the Second Circuit requires the movant to meet a higher standard” and a “clear showing” of entitlement to injunctive relief. *Id.*

Despite the “novel dispute, over the control and use of social media accounts” presented, the District Court never set forth any principles or factors to consider in

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Accounts themselves (as opposed to some content posted on them) fell within the scope of “works for hire.” Thus, the remedy would be to simply remove those particular “works” from Hayley’s Accounts (*i.e.*, delete those posts), not to assign the Accounts themselves to JLM.

determining ownership of social media accounts as between employee and employer.

The District Court did not even mention the only two reported cases (cited below) regarding this novel issue. In both of those cases there was no clear contractual right or written policy entitling the employer to own social media accounts created by its employee, and the courts ruled in favor of the employees:

In *Eagle v. Morgan*, plaintiff was well-known in her field, and gave her LinkedIn account password to her employer to help maintain her account, but the court found the employee owned the account, because “no policy had been adopted to inform the employees that their LinkedIn accounts were the property of the employer.” 11-4303, 2013 U.S. Dist. LEXIS 34220, at \*3-4, 6, 44 (E.D. Pa. Mar. 12, 2013). *Maremont v. Susan Fredman Design Grp., Ltd.*, also concerned a well-known designer, who the Court found stated a cognizable ownership claim over the social accounts created for “her personal use as well as to promote” her employer. 10-CV-7811, 2014 U.S. Dist. LEXIS 26557, at \*3, 13 (N.D. Ill. Mar. 3, 2014).

Here, the District Court disregarded this guidance and assigned Hayley’s Accounts to JLM based on a single reference to “advertising” in the Employment Agreement. Hayley is a wedding dress designer, not a social media marketer or an advertising professional. There was no expectation at the commencement of her employment (or any time thereafter) that social media accounts she created would

become the property of her employer, JLM, merely due to a single oblique reference to “advertising programs” in her Employment Agreement.

The District Court’s ruling is untenable and will cause deleterious effects if not corrected by this Court. As one example, many lawyers have business development/advertising responsibilities as part of their work duties and post about work on their social media accounts. Based on the reasoning in the District Court’s ruling, these social media accounts now belong to the attorneys’ law firms.

Scholars have noted that ownership of social media accounts is an area of growing dispute between employer and employee with “no clear legal precedent.” *See Zoe Argento, Whose Social Network Account? A Trade Secret Approach to Allocating Rights*, 19 MICH. TELECOMM. & TECH. L. REV. 201, 221 (2013). The Second Circuit should set clear guidance that allows individuals to use their social media accounts as they see fit without fear of losing those accounts to their employer.

Absent a written policy or contractual right, an employer should not own the social accounts started by its employees. Here, Hayley opened and operated her Accounts fully understanding that they belonged to her:

- Hayley personally created each of Hayley’s Accounts on her own accord, without instruction from JLM. Hayley was a wedding dress designer and had no specific social media responsibilities. (A2278, ¶¶10-11; A2305-2306, ¶¶63-64)
- Hayley chose the username, password, and email address for each of Hayley’s Accounts. (A2277-2278 ¶¶8-11; A2308, ¶¶70-71; A2311, ¶76)

- Hayley’s first posts to the @misshayleypaige Instagram were personal and Hayley continued to post whatever she wanted to her Instagram account. (A2278-2286, ¶¶12-21, A2336-2412; A2413-2439; A2454-2491)
- Hayley provided password access to certain JLM employees between 2017 and 2019 for limited purposes and limited durations to post messages while, for example, Hayley did not have reliable WiFi access. (A2308-2311, ¶¶70-71, A2310-2311, ¶¶74-76)
- Hayley has included and promoted third party products on her Instagram account regularly since its inception. (A2286-2287 ¶23; A2336-2412; A2413-2439; A2454-2491)
- JLM told customers that the Instagram was Hayley’s personal account and that JLM had no control over it. (A2306, ¶65; A2553-2562; A2563-2566)
- JLM employees agreed the @misshayleypaige Instagram account was Hayley’s. (A2306, ¶ 65; A2553-2562; A2563-2566; A2776-2777, ¶¶5, 8; A2779-2780, ¶¶6-8)

Under these circumstances, and under any proper legal framework, it is improper for the District Court to order Hayley to turn over her social media accounts to JLM, merely on the basis that her Employment Agreement contained a reference to “advertising programs.”

**D. The District Court Erred in Failing to Properly Consider JLM’s More Than Year Long Delay in Seeking Redress.**

Even if JLM could establish a likelihood of success on a claim to ownership of Hayley’s Accounts—which it cannot—JLM’s claim of irreparable harm is fatally undermined by its delay. “[C]ourts in this Circuit typically decline to grant preliminary injunctions in the face of unexplained delays of more than two months.”

*Monowise Ltd. v. Ozy Media, Inc.*, 17-CV-8028, 2018 U.S. Dist. LEXIS 75312, at

\*4 (S.D.N.Y. May 3, 2018); *Citibank, N.A. v. Citytrust*, 756 F.2d 273, 276 (2d Cir. 1985) (10-week delay); *Magnet Commc'ns LLC v. Magnet Commnc'ns, Inc.*, 00-CV-5746, 2001 U.S. Dist. LEXIS 14460, at \*1 (S.D.N.Y. Sept. 19, 2001) (12-week delay).

“In November 2019, [Hayley] changed the access credentials for the Account and did not share them with Plaintiff.” (SPA12) The District Court concedes that “JLM took no action to regain access to the Account.” (SPA12) JLM did not seek redress until December 2020—over one year later. This delay precludes a finding of irreparable harm. *See Monowise Ltd.*, 2018 U.S. Dist. LEXIS 75312, at \*4 (collecting cases) (citing *Life Techs. Corp. v. AB Sciex Pte. Ltd.*, 11-CIV-325, 2011 U.S. Dist. LEXIS 40586, 2011 WL 1419612, at \*7 (S.D.N.Y. Apr. 11, 2011) (three months’ delay); *Livery Round Table, Inc. v. N.Y.C. FHV & Limousine Comm'n*, 18-CV-2349, 2018 WL 1890520, at \*9 (S.D.N.Y. Apr. 18, 2018) (same); *Hessel v. Christie's Inc.*, 399 F. Supp. 2d 506, 520-21 (S.D.N.Y. 2005) (two months’ delay)).

Accordingly, the District Court’s PI Order assigning Hayley’s Accounts to JLM should be reversed.

**V. In the Alternative, The District Court Erred in Denying Hayley’s Request to Dissolve the PI Order Based on JLM’s Material Breach of the Employment Agreement.**

If this Court declines to reverse the PI Order in its entirety, it should reverse the District Court’s Dissolution Order and dissolve the remaining portions of the PI

Order, because JLM has entirely ceased its own performance under the Employment Agreement and cannot continue to specifically enforce the terms of the Employment Agreement against Hayley.

#### **A. Applicable Law**

“A party to a bilateral contract, when faced with a breach by the other party, must make an election between declaring a breach and terminating the contract or, alternatively, ignoring the breach and continuing to perform under the contract. Such a party has no right to represent himself as continuing to perform under the contract—and continuing to receive the other party’s performance in exchange—while at the same time surreptitiously breaching his own duty. . .” *Rebecca Broadway Ltd. P’ship v. Hotton*, 143 A.D.3d 71, 80-81 (1st Dep’t 2016); *see also* 23 WILLISTON ON CONTRACTS §63:33 (4th ed.) (“[T]he victim of the breach may either treat the contract as totally breached and stop its own performance or continue to perform and seek damages for the breach; but it may not stop performance and yet continue to take advantage of the benefits of the contract.”).

“Under no circumstances may the non-breaching party stop performance and continue to take advantage of the contract’s benefits.” *Martha Graham Sch. & Dance Found., Inc. v. Martha Graham Ctr. of Contemporary Dance, Inc.*, 43 F.App’x 408, 415 (2d Cir. 2002) (italics in original) (quoting *Ryan v. Volpone Stamp Co.*, 107 F.Supp.2d 369, 386 (S.D.N.Y. 2000) (internal quotations

omitted)); *see also* *Dannhauser v. TSG Reporting, Inc.*, No. 16-cv-00747, 2019 U.S. Dist. LEXIS 106404, at \*24 (S.D.N.Y. June 21, 2019) (“Under New York law, it is well established that [u]nder no circumstances may [a] non-breaching party stop performance and continue to take advantage of the contract's benefits.”) (alterations in original).

## **B. Background Facts**

### **1. The District Court’s PI Order Is Predicated on the Employment Agreement**

As set forth above, each piece of relief in the District Court’s PI Order is based on JLM’s claims for breach of the Employment Agreement, language in the Employment Agreement, and the District Court’s interpretation of the Employment Agreement and determination that JLM is likely to succeed on those breach of contract claims.

The District Court found that JLM was entitled to ownership of Hayley’s Accounts, based on Sections 10(a) and 10(b) of the Contract:

Plaintiff has demonstrated a likelihood of success on its claim that Defendant breached Section 10(b) of the Contract by using the Account handle and the Designer’s Name to promote third-party goods in commerce for her own benefit during the Term of the Contract without Plaintiff’s permission.

(SPA21-24; *see also* SPA26-28, SPA32 (finding likelihood of success on claims for breach of Sections 2 and 11, for ownership of Hayley’s Accounts; “Plaintiff has

demonstrated a clear likelihood of success on the merits of its breach of contract claims relating to Plaintiff's use and intended use of the Account"))).

With respect to the use of Hayley's name, the Court found that "Section 10(a) . . . unambiguously transfers to Plaintiff the exclusive right to use the name Hayley Paige and any derivatives in connection with bridal goods that Defendant substantially participated in designing or creating during her employment. . . ." (SPA20) The Court's enforcement of a non-compete against Hayley, is similarly based exclusively on JLM's claims for breach of contract. (SPA31-32) In fact, the Court explicitly incorporated "breaching of the employment Contract" into the language of the PI Order and enjoined Hayley from: "***Breaching the employment Contract***, dated July 13, 2011, together with the amendments and extensions thereto, ***by*** . . . ." (SPA52-53) The injunctive language in the PI Order is taken, word for word, from the Employment Agreement. (Compare SPA53 at 3(b) with A2513, §9(a))

## **2. JLM Breaches the Employment Agreement**

As of March 1, 2021, Hayley is no longer receiving any benefits under the Employment Agreement and JLM is not meeting any of its obligations.

The Employment Agreement provides that Hayley is entitled to a percentage of annual net sales for each product that is part of a collection designed by Hayley (the "Additional Compensation"). (A2511, §4(b); A2526, §3(b)-(c); A2929;



A2529; A2933) JLM's fiscal year ends on October 31, and the Additional Compensation payment is "payable not later than 120 days after the end of each fiscal year of the Company" (*i.e.* February 28, 2021). (A2526, §3(f); A2906, ¶14)

These Additional Compensation payments make up a substantial amount of Hayley's compensation and over the last several years this payment has ranged to the mid-six figures. (A2905, ¶13) JLM failed to make these net sales payments to Hayley when due on March 1, 2021. (A2906, ¶14) Accordingly, Hayley has not been compensated for the sale of any products sold during the period of November 1, 2019 through October 31, 2020. *Id.* To date, JLM has not made these payments to Hayley. (A2906, ¶14)

The Employment Agreement also provides that Hayley was entitled to base compensation plus annual increases ("Base Compensation"). (A2933; A2525, §3(a); *see also* A2929; A2529) As part of the parties' course of conduct over the preceding several years, Hayley has been paid her annual Base Compensation in bi-weekly equal payments. (A2906, ¶15) JLM has not made any Base Compensation payments to Hayley in 2021. (A2906, ¶15)

JLM is also obligated to provide Hayley with health benefits, including medical insurance, retirement, and other benefits that are provided to similarly situated employees. (SPA2512, §§4(f)-(g)) As of December 31, 2020, JLM terminated these benefits, including Hayley's medical insurance with Oxford

Health Plans. (A2906, ¶16; A2935) As a result, Hayley has been required to purchase health insurance at her own expense, at a cost of more than \$1,000 per month for her and her fiancé, who was also on her Oxford Health Plan. (A2906, ¶17)

### **3. Hayley Provides JLM With Notice of Breach**

On March 18, 2021, Hayley, through counsel, sent notice to JLM that JLM was in material breach of the Employment Agreement (the “Notice Letter”) on the following bases: (i) failing to pay Additional Compensation on March 1, 2021; (ii) failing to pay Base Compensation in 2021; and (iii) cutting off Hayley’s health insurance. (A2937-38)

JLM did not respond to the Notice Letter. (A2906, ¶19) To date, JLM has not performed any of its obligations outlined in the Notice Letter, including, making payments to Hayley for amounts owed under the Employment Agreement. (A2906, ¶20) Hayley duly terminated the Employment Agreement based on JLM’s material breach. (A2906, ¶20)

### **4. Hayley’s Motion for Dissolution**

On May 4, 2021, Hayley filed a motion to dissolve the preliminary injunction based on JLM’s material breach and her termination of the Employment Agreement. (A2840-2858) On June 2, 2021, the District Court issued the Dissolution Order, denying Hayley’s motion in its entirety. (SPA58-75)

**C. The District Court Erred in Holding that JLM Can Cease Performance and Simultaneously Secure Specific Performance of the Employment Agreement by Hayley.**

Here, according to the PI Order, JLM has contracted for certain rights: (i) the right to use Hayley's name; (ii) the right to manufacture products with Hayley's designs; (iii) the right to operate Hayley's Accounts; and (iv) the right to bar Hayley from competition during her employment. In return, JLM is obligated to, *inter alia*, pay Hayley Additional Compensation, Base Compensation, and medical benefits.

At the time JLM commenced this action, it was presented with two alternative options: (i) declare the Employment Agreement terminated and seek money damages only, thereby excusing JLM from continued performance; or (ii) seek specific performance of the Employment Agreement (and money damages) and continue to perform JLM's obligations. JLM elected the first option.

The District Court's Dissolution Order allows JLM to improperly get the best of both worlds by seeking money damages and specific performance, but also excusing cessation of JLM's own obligations. This is improper, because JLM cannot "avoid its obligations under the contract and yet continue to reap the benefits." *See Ryan*, 107 F. Supp. 2d at 397-98; *see also First Equity Realty v. Harmony Grp., II*, 650273/2015, 2020 N.Y. Misc. LEXIS 5097, at \*44 (Sup. Ct., N.Y. County Aug. 17, 2020) (party "had 'no right to represent [themselves] as continuing to perform under the contract – and continuing to receive the other party's performance in

exchange – while at the same time surreptitiously breaching [their] own duty”) (internal quotations omitted).

The analysis in *Ryan v. Volpone* is instructive. Volpone “contracted for the right, the license, to use Nolan Ryan’s name, signature and likeness in exchange for royalties. Alleging a breach by Ryan, Volpone chose to stop paying royalties, which it had the right to do. However, “having made that choice, it did not have the right to also continue enjoying the license.” *Ryan*, 107 F. Supp. 2d at 386. The court found that Volpone could not continue to exploit its rights to use Ryan’s name and likeness by selling products covered by the agreement, while at the same time refusing to pay Ryan under the agreement. *Id.*

Similarly, the District Court found here that pursuant to the Employment Agreement, JLM has contracted for the right to use Hayley’s name, designs, and to bar Hayley from competing with JLM. Hayley’s Additional Compensation is tied directly to the sale of Hayley Paige-branded products by JLM. The PI Order allows JLM to exploit exclusive use of the Hayley Paige brand and ownership of Hayley’s name, tied to those Additional Compensation payments. However, by failing to make these required payments to Hayley (and terminating her health insurance), JLM is in material breach of the Employment Agreement, and it can no longer reap the benefits of the Employment Agreement.

Hayley followed the process set forth in *Ryan v. Volpone*: after JLM breached the Employment Agreement for failure to pay, Hayley sent notice of this breach and terminated the Employment Agreement on the basis of JLM's breach. (A2937-39) The District Court found erroneously that Hayley's termination was ineffectual, because "the Contract does not provide for unilateral termination by Ms. Gutman." (SPA62, n.6) However, contrary to the District Court's holding, a contract does not need to have an explicit termination provision to allow for termination after a material breach, because under New York law "a party can terminate his own contractual duties as a response to material breach on the part of the other contracting party." *Apex Pool Equip. Corp. v. Lee*, 419 F.2d 556, 562 (2d Cir. 1969); *see also Wechsler v. Hunt Health Sys.*, 330 F. Supp. 2d 383, 434 ("a party's failure to pay pursuant to a contract excuses the other party's obligation to further perform") (internal quotations omitted); *NAS Elecs., Inc. v. Transtech Elecs. PTE Ltd.*, 262 F. Supp. 2d 134 (S.D.N.Y. 2003) ("Under New York law, when one party has committed a material breach of a contract, the non-breaching party is discharged from performing any further obligations under the contract, and the non-breaching party may elect to terminate the contract and sue for damages.").

Thus, JLM is no longer permitted to assert exclusive use of Hayley's name or otherwise reap the benefits of the Employment Agreement. *See Ryan*, 107 F. Supp. at 383. Similarly, the "non-compete" provision that JLM seeks to enforce (and

which is incorporated into the PI Order), is not the more common non-compete that extends after the period of employment. Instead, the non-compete, found in Section 9(a) of the Employment Agreement, only applies during Hayley's employment. Thus, JLM cannot continue to reap the benefit of that non-compete provision, since it has not met its obligations to pay Hayley her compensation and provide the medical benefits that she was due during the period of her employment.

Despite JLM's clear breach, the District Court nonetheless denied Hayley's motion to dissolve. Unfortunately, the specific reasoning in the District Court's Dissolution Order is not clear. For example, the District Court prefaces portions of its ruling with the qualifier, "JLM contends" and "Gutman asserted," but the District Court does not make its own holdings clear. The District Court ultimately concludes that: "Ms. Gutman has failed to demonstrate that JLM has elected to treat the Contract as terminated by her resignation, and the election of remedies doctrine thus does not compel dissolution of the injunction. . . ." (SPA66)

Whatever the District Court's reasoning, its holding is legally unsupportable. There is no question that JLM has ceased all payments to Hayley, including the March 1, 2020 Additional Compensation payment that she already earned for the sale of her dresses during the period of November 1, 2019 through October 31, 2020. Under the District Court's holding, Hayley is entitled to *nothing* under the Employment Agreement, yet JLM can continue to enforce it against Hayley. This

holding is in clear error and should be reversed. *See Martha Graham Sch. & Dance Found., Inc.*, 43 F. App'x at 415; *see also Luitpold Pharm., Inc. v. Ed. Geistlich Söhne A.G. Für Chemische Industrie*, 784 F.3d 78, 96 (2d Cir. 2015) (“The doctrine of election of remedies generally prevents a party that has chosen to assert one of two inconsistent rights from later seeking to vindicate the alternative right.”).

In *Martha Graham Sch. & Dance Found., Inc.*, this Court found that a preliminary injunction was properly denied under these circumstances, because “plaintiffs are seeking to do what contract law does not permit them, namely, terminate the Agreement and then enforce the provisions of that Agreement.” 43 F. App'x at 415. Accordingly, due to JLM's material breach of the Employment Agreement, this Court should reverse the District Court and dissolve the preliminary injunction granted in the PI Order in its entirety. *See, e.g., Helmer*, 721 F. Supp. at 505; *SmithKline Beecham Consumer Healthcare, L.P. v. Watson Pharm., Inc.*, 99-CV-9214, 1999 U.S. Dist. LEXIS 19677, at \*20 (S.D.N.Y. Dec. 22, 1999) (granting motion to dissolve preliminary injunction where change in facts render money damages the only remaining remedy).

## CONCLUSION

For the foregoing reasons, Hayley respectfully requests that the Court reverse the PI Order in its entirety, and, in the alternative, reverse the Dissolution Order and vacate the PI Order.

Date: July 2, 2021

Respectfully submitted,

/s/ Richard Rochford  
Richard Rochford  
Joseph Lawlor  
HAYNES AND BOONE, LLP  
30 Rockefeller Plaza, 26th Floor  
New York, NY 10112  
Telephone: (212) 659-4984  
Facsimile: (212) 884-9572  
richard.rochford@haynesboone.com  
joseph.lawlor@haynesboone.com

*Counsel for Appellant,  
Hayley Paige Gutman*



**CERTIFICATE OF COMPLIANCE**  
**FED. R. APP. P. 32(a)**

1. This brief complies with the type-volume limitation of SECOND CIRCUIT LOCAL RULE 32.1(a)(4) because:

- this brief contains 13,942 words, excluding the parts of the brief exempted by FED. R. APP. P. 32(f).

2. This brief complies with the typeface requirements of FED. R. APP. P. 32(a)(5) and the type style requirements of FED. R. APP. P. 32(a)(6) because:

- this brief has been prepared in a proportionally spaced typeface using Microsoft Word 2000 in 14-point Times New Roman font.

Dated: July 2, 2021

/s/ Richard Rochford  
Richard Rochford

### **CERTIFICATE OF SERVICE**

I hereby certify that on July 2, 2021, an electronic copy of the foregoing was filed with the Clerk of Court for the United States Court of Appeals for the Second Circuit using the appellate CM/ECF system.

I further certify that all participants in the case are registered CM/ECF users and that service will be accomplished on them via the appellate CM/ECF system.

/s/ Richard Rochford  
Richard Rochford

## **SPECIAL APPENDIX**

**SPECIAL APPENDIX  
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UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

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JLM COUTURE, INC.,

Plaintiff,

-v-

No. 20 CV 10575-LTS-SLC

HAYLEY PAIGE GUTMAN,

Defendant.

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MEMORANDUM OPINION AND ORDER GRANTING PRELIMINARY INJUNCTION

The issues in this case include a novel dispute, over the control and use of social media accounts, between a leading bridal wear designer and the manufacturer from whose employ she recently resigned. Plaintiff JLM Couture, Inc. (“Plaintiff” or “JLM”) brings this action against Defendant Hayley Paige Gutman (“Defendant” or “Ms. Gutman”), the lead designer of certain of JLM’s prominent lines of bridalwear and related merchandise, asserting federal and state law claims of trademark infringement and dilution, false designation of origin, unfair competition, conversion, trespass to chattel, breach of fidelity, breach of contract, breach of fiduciary duty, and unjust enrichment arising principally from Defendant’s activities in connection with social media accounts. (Complaint, Docket No. 1.) Before the Court is Plaintiff’s application pursuant to Federal Rule of Civil Procedure 65 for preliminary injunctive relief barring Defendant from, among other things, altering the attributes and content of certain social media accounts without Plaintiff’s permission and from engaging in activities that Plaintiff maintains constitute breaches of provisions of the 2011 employment contract between the parties. (Docket Entry No. 12.) The Court entered an order to show cause and temporary restraining order on December 16, 2020 (Docket Entry No. 8), and, after discovery and an

adjournment at the parties' request, held an evidentiary hearing on the preliminary injunction motion on February 4, 2020. The Court has jurisdiction of this matter pursuant to 15 U.S.C. section 1121, and 28 U.S.C. sections 1138(a) and 1331, and 1367(a)

In accordance with Federal Rule of Civil Procedure 52(a), this Memorandum Opinion and Order constitutes the Court's findings of fact and conclusions of law. To the extent any finding of fact includes a conclusion of law it is deemed a conclusion of law, and vice versa.

The Court has reviewed carefully all of the parties' submissions and evidence and has had the opportunity to observe the demeanor and assess the credibility of the witnesses. For the following reasons, the Court grants in part and denies in part Plaintiff's motion for a preliminary injunction.

#### FINDINGS OF FACT

The Court finds as follows.

By written contract dated July 13, 2011, as amended and extended (the "Contract", Docket Entry No. 14, Exh. 2), Hayley Paige Gutman agreed to work for Plaintiff, JLM Couture, a company in the luxury bridal design and manufacturing industry, as a designer of brides', bridesmaids', and evening wear and related apparel. (Docket Entry No. 14, at ¶¶ 3, 6; Docket Entry No. 106, Preliminary Injunction Hearing Transcript ("P.I. Tr."), 129:19-24.)<sup>1</sup>

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<sup>1</sup> The "Contract," as the term is used herein, comprises the 2011 employment agreement (Docket Entry No. 14, Exh. 2), as amended by the 2014 amendment extending that agreement through August 1, 2019, (Docket Entry No. 14, Exh. 62), and the February 12, 2019, notice letter exercising Plaintiff's option to further extend Defendant's employment term by three years through August 1, 2022. (*Id.*, Exh. 66.) While Defendant argues that she rejected additional duties proposed after the 2019 extension,

The original 2011 Contract provided that its term would run from the date of execution through August 1, 2016, unless it was further extended by Plaintiff JLM (Contract, § 1); as noted above (see note 1), it has been extended through August 1, 2022. The Contract provides for termination by the Plaintiff for or without cause, and in the event of Defendant's death or disability (Contract, §§ 7, 8). It includes no provision permitting Defendant to terminate it unilaterally.

In the Contract, Ms. Gutman agreed, inter alia, to perform certain duties and granted Plaintiff certain exclusive rights to use and trademark the name "Hayley Paige" and variations thereof. (See generally Contract.) Ms. Gutman also granted Plaintiff "the exclusive world-wide right and license to use her name 'Hayley', 'Paige', 'Hayley Paige Gutman', 'Hayley Gutman', 'Hayley Paige' or any derivative thereof ([defined] collectively [as] the 'Designer's Name')" for certain purposes during the stated term of the Contract and for two years thereafter. (Contract, § 10(a).) Explicitly in exchange "for the assignment to the Company of the Designer's Name and the Trademarks," JLM agreed to pay Ms. Gutman as consideration, in addition to her base pay and additional sales volume-related compensation, and for ten years following the termination of her employment with the company, a further percentage of "net revenues derived from the sale of goods under the Designer's Name and Trademarks based on the Designer's [N]ame." (Contract, § 10(c)(i); P.I. Tr. 183:18-23.) The parties engaged in "rounds of negotiations" over the terms of the Contract, during which Ms. Gutman referenced a "Kenneth Pool example" and asked to "add perpetuity language." (Docket Entry No. 60, at ¶ 6.) Ms. Gutman represented to Plaintiff during the negotiations that she had

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she does not dispute that Plaintiff validly extended the Contract. (Docket Entry No. 39, at 7.)

an attorney review the Contract during the negotiations, a statement she now claims was untrue.

(P.I. Tr. 182:3-8.)

On September 12, 2011, Ms. Gutman signed a trademark registration acknowledgment, confirming that she had transferred all trademark rights in the name “Hayley Paige” and any derivatives thereof to JLM and that she consented to the registration of the trademark “Hayley Paige.” (Docket Entry No. 14, Exh. 3.) On July 19, 2021, JLM exercised its rights under the Contract by registering the trademark “Hayley Paige.” (Docket Entry No. 14, Exh. 4.)<sup>2</sup>

The Contract provisions that are material to this preliminary injunction motion practice read in pertinent part as follows:

Section 2. Duties. . . . the Employee shall be employed as a designer of a line of brides and bridesmaids dresses . . . [and] the Employee shall perform such other duties and services commensurate with her position as a designer for the Company, as may be assigned to her by an officer of the Company, including, but not limited to . . . assisting with advertising programs . . . .

Section 9(a). Covenant not to Compete. Employee covenants and agrees that during the period of her employment with the Company, Employee shall not compete with the Company, directly or indirectly. For purposes of this Agreement, Employee shall be deemed to compete with the Company if she engages in, or is associated with (whether as an officer, director, shareholder, partner, employee, independent contractor, agent or otherwise), any person, organization or enterprise which engages in the design, manufacture, marketing or sale of: (i) bridal apparel, including bridesmaids, mother of the bride and flower girls and related items; (ii) bridal accessories and related items; (iii) evening wear and related items; and/or (iv) any other category of goods designed, manufactured, marketed, licensed or sold by the Company.

Section 9(e). [Damage in case of Breach.] In the event that the Employee shall violate any provision of this Agreement (including but not limited to the provisions of this Paragraph 9), the Employee hereby consents to the granting of a temporary or permanent injunction against her by any court of competent jurisdiction prohibiting her from violating any provision of this Agreement. In any proceeding

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<sup>2</sup> Plaintiff has registered the trademarks listed in Addendum 2 to this Memorandum Opinion and Order. (See Docket Entry No. 14, at ¶¶ 15, 32.)



for an injunction, the Employee agrees that her ability to answer in damages shall not be a bar or interposed as a defense to the granting of such temporary or permanent injunction against the Employee. The Employee further agrees that the Company will not have an adequate remedy at law in the event of any breach by the Employee hereunder and that the Company will suffer irreparable damage and injury if the Employee breaches any of the provisions of this Agreement.

Section 10(a). Exclusive Right to the Designer Name. The Employee hereby grants to the Company the exclusive world-wide right and license to use her name 'Hayley', 'Paige', 'Hayley Paige Gutman', 'Hayley Gutman', 'Hayley Paige' or any derivative thereof (collectively the 'Designer's Name') in connection with the design, manufacture, marketing and/or sale of bridal clothing, bridal accessories and related bridal and wedding items, including any and all good will associated therewith, throughout the Term (including any extension of the Term), plus a two (2) year period following the Term or any extension thereof, provided Employee has substantially participated in the design or creation of such clothing or related items during her employment by the Company.

Section 10(b). Trademark Rights. The Employee hereby irrevocably sells, assigns, and transfers all right, title and interest to the Company that now exists or may exist during the Term (and any extensions thereof) and for a period of two years thereafter, to register the Designer's Name or any derivatives(s) thereof as trademarks or service marks (the 'Trademark' or 'Trademarks') . . . The Trademarks shall in perpetuity be the exclusive property of the Company, the Employee having consented to it being filed by the Company and the Employee thereof shall have no right to the use of the Trademarks, Designer's Name or any confusingly similar marks or names in trade or commerce during the Term or any time thereafter without the express written consent of the Company. The Company shall be solely permitted to license the Trademarks to a third party.

Section 11. Designs and Intellectual Property. The parties expressly agree that all designs, drawings, notes, patterns, sketches, prototypes, samples, improvements to existing works, and any other works conceived of or developed by Employee in connection with her employment with the Company involving bridal clothing, bridal accessories and related bridal or wedding items, either alone or with others, from the commencement of her employment by the Company through the Term of the Employment Agreement and any extensions thereof (collectively, the 'Designs'), are works for hire, and ownership of any intellectual property arising from or related to the Designs shall be the sole and exclusive property of the Company . . . If, for any reason, the Designs, or any portion thereof, are deemed not to be a work made for hire, then the Employee irrevocably, absolutely and unconditionally assigns to the Company (a) all of right, title and interest in and to the Designs and/or any portion thereof (whether arising under copyright law, trademark law, or otherwise), including to the extent applicable, but not limited to, the exclusive rights enumerated in 1 U.S.C. Section 106, and all extensions and renewals thereof, and (b) all moral rights with respect to the Designs, including but not limited to, any and all rights of identification of authorship and any and all rights

of approval, restriction or limitation on use or subsequent modifications relating to the Designs.

Section 12. Use of Designs. Employee agrees and acknowledges that after such time as she is no longer employed by the Company, she shall have no right to use the Designs or any Trademarks owned by the Company, or any variations, versions, representations or confusingly similar facsimiles thereof, in trade or commerce for any purpose whatsoever.

Section 15. No Waiver. The failure of any of the parties hereto to enforce any provision hereof on any occasion shall not be deemed to be a waiver of any preceding or succeeding breach of such provision or of any other provision.

In 2004, prior to contracting with Plaintiff, Defendant opened a Facebook account under the name Hayley Paige, using the URL [www.facebook.com/misshayleypaige](http://www.facebook.com/misshayleypaige), as well as Twitter and LinkedIn accounts using the same or similar terms. (Docket Entry No. 44, at ¶¶ 8-9.) “Miss Hayley Paige” is a term of endearment for Defendant used by her mother. (Id., at ¶ 8.) On April 6, 2012, while employed by Plaintiff, Defendant also opened an Instagram account (the “Account”). (Id., at ¶ 11.) Defendant proffers that, when she created the Account, her given name was already “taken by another person, so [she] went with MISS-my name,” creating the Instagram handle @misshayleypaige. (Docket Entry No. 75, Exh. 45.) Defendant also opened Pinterest and TikTok accounts under the name Miss Hayley Paige after becoming Plaintiff’s employee. (Docket Entry No. 44, at ¶ 9.)<sup>3</sup>

Ms. Gutman used the Account to display aspects of her life and her personality, posting images, text, and videos that focused on her parents, her travels, and her hobbies. (See, e.g., Docket Entry No. 44, ¶¶ 12-21; id., Exh. 1.) She also regularly used the Account in conjunction with Plaintiff’s advertising programs to display Plaintiff’s gowns and apparel. (See, e.g., Docket Entry No. 14, Exh. 74; Docket Entry No. 60, Exh. 133.) For at least some

<sup>3</sup> The JLM HP Social Media Accounts at issue in this case are listed in Addendum 1 to this Memorandum Opinion and Order.

periods prior to late 2019, the Account's biographical section identified Defendant as a public figure<sup>4</sup> in addition to displaying links to Plaintiff's PR department email address and the website [www.hayleypaige.com](http://www.hayleypaige.com), which is owned by Plaintiff (Docket Entry No. 14, at ¶ 23). (See Docket Entry No. 14, ¶ 62, Exhs. 19, 58, 59; Docket Entry No. 60, Exh. 117.) Plaintiff funded giveaways of its goods to followers of the Account, including "wedding dresses, athleisurewear, and accessories." (Docket Entry No. 14, at ¶ 47.)

Ms. Gutman discussed a marketing strategy for the Hayley Paige brand of bridalwear with JLM's President and CEO Joe Murphy ("Mr. Murphy"), whereby they would "combine the personality with the brand." (P.I. Tr. 41:10-11; see also Docket Entry No. 14, Exhs. 45-51.) Mr. Murphy testified credibly that this was the Hayley Paige brand's marketing strategy "from day one." (P.I. Tr. 41:4.) He explained further that "smart phones had just started to become ubiquitous," so the "personalized touch . . . [of] somebody who was close to the same age as [the] brides in th[e] millennial demographic" was "blended with the rest of [Plaintiff's] advertising marketing program". (Id., 41:13-25.) JLM also marketed Hayley Paige-branded products using television and print media (Docket Entry No. 14, at ¶ 10), but the Account's unique blend of product and personality was "a big part of [Plaintiff's] strategy because then brides feel closer to the brand," Svetlana Gryazeva, a social media coordinator for Plaintiff, testified credibly. (P.I. Tr. 61:23-24; see also id., 41:4-5, 10-11, 64:22-65:2.) The Account displayed pictures of "behind-the-scenes" activity at Plaintiff's photo shoots and events. (P.I. Tr. 17:10; id., 62:20-21; Docket Entry No. 15, at ¶ 9.) Defendant attended these

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<sup>4</sup> A verified "public figure" designation requires an individual to affirm that they run the account and provide a government-issued ID. (Docket Entry No. 41, at ¶ 17.) Plaintiff's expert opined that Instagram's designation of "public figure" can be used by a "brand, entity, or individual," and that verification affirms authenticity but not an individual's ownership of the account. (Docket Entry No. 61, at ¶ 22; Exh. 1, at 13-14.)

photo shoots and events in her capacity as the lead designer for the Hayley Paige brand. (P.I. Tr. 157:4-9.) The Account also displayed pictures of vendors selling or brides wearing Plaintiff's gowns. (Docket Entry No. 15, at ¶ 9.)

Plaintiff provided Defendant with photos from its fashion shoots and shows and draft captions for photographs related to the Hayley Paige-branded goods to be posted on the Account. (See, e.g., Docket Entry No. 15, at ¶ 5.) Ms. Gutman composed all or substantially all of the captions displayed with images on the Account, as well as other narrative content. (Docket Entry No. 47, at ¶ 25.) Plaintiff believed that the success of its brand depended on its ability to "immediately and seamlessly modify the content" of the Account. (Docket Entry No. 14, at ¶ 34.) Ms. Gutman, who was Plaintiff's employee and was the lead designer of the goods, had discretion to post to the Account to maintain engagement and respond to direct messages from followers. (Docket Entry No. 14, at ¶¶ 37, 38; P.I. Tr. 153:3-5.) Defendant responded to direct messages about her personal life and answered questions about Plaintiff's products. (Docket Entry No. 14, at ¶ 37; Docket Entry No. 44, at ¶ 20.) In 2019, Defendant asked Plaintiff to hire a "Social Media Director/Strategist" to "manage the digital media marketing efforts and day-to[-]day activities/posts on all platforms." (Docket Entry No. 14, Exh. 53.) Ms. Gutman specified in her email proposing the Social Media Director/Strategist position that this proposed director would oversee the @misshayleypaige Instagram, and that the director would help "maintain the balance specifically on the @misshayleypaige account . . . [because] I think it's important that we do not dilute this Instagram with too much promotion/advertisement so that we can maintain the aesthetic and personality of the brand." (Id.; see P.I. Tr. 174:1-12.) Defendant noted in her email that Plaintiff's employee Brittany Noe helped to respond to comments and direct messages on the Account, but that Defendant's

efforts were getting distracted. (Docket Entry No. 14, Exh. 53.) Ms. Noe's declaration confirms that she and Defendant shared the responsibility of managing the Account, and that she responded to comments and direct messages sent to the Account and fixed errors in Defendant's posts. (Docket Entry No. 15, at ¶ 6.)

Ms. Gutman also requested that Plaintiff's employees write content for the Account. For instance, in the aftermath of a terror attack in England, Mr. Murphy suggested that Defendant "say something about the Manchester event," to which Ms. Gutman responded, "could someone write it for me or think of a proper caption?" (Docket Entry No. 98, Exh. P-192.) Mr. Murphy provided a draft caption and told Defendant to "wait on IG to do anymore posts till England wakes up." (Id.) This was not the only explicit direction Mr. Murphy provided Defendant as to the Account's content and the timing of posts. In another exchange, Defendant asked Mr. Murphy whether it was "Ok to post some blush images?"<sup>5</sup> (Docket Entry No. 98, Exh. P-193.) In another, she asked him "Ok to post on Insta? Or wait?" (Docket Entry No. 98, Exh. P-194.) In an email exchange, Defendant apologized for forgetting to tag a boutique selling Plaintiff's goods, stating that her failure to tag the boutique in the Account's photo was "a neglectful oversight on my part." (Docket Entry No. 60, Exh. 93.) Defendant corrected that oversight at Plaintiff's request. (Id.)

Plaintiff made social media, including the Account itself, a part of its efforts to market the Hayley Paige brand. Plaintiff identified its goods with reference to the Account by putting "@misshayleypaige" on hang tags of the physical garments and including the Account handle and other social media reference information in print advertisements. (Docket Entry No.

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<sup>5</sup> Blush by Hayley Paige is a fashion label within the grouping of labels based on Defendant's name that Plaintiff refers to as "the HP brands." (Docket Entry No. 14, at ¶ 13.)

14, Exhs. 20-32, 42; id. at ¶ 10.) Plaintiff's Public Relations representative, Ms. Noe, responded to email inquiries, which consisted mainly of industry-related appearance requests for Defendant, sent to the PR department address listed in the Account's biographical section. (Docket Entry No. 15, at ¶ 7.) Brides who asked questions directly of the Account were mostly asking, in Defendant's own assessment, "about where to find the gowns." (Docket Entry No. 60, Exh. 102.)

In July of 2020, Ms. Gutman entered into an "influencer" deal with Chosen Foods, a salad dressing company. (Docket Entry No. 14, Exh. 68; P.I. Tr. 192:9.) The evidence showed that the term "influencer" refers to the holder of a social media account that is viewed by a large enough number of other social media accounts that the account holder can feature the goods or services of another person or entity in the account's content in exchange for payment.<sup>6</sup> (See Docket Entry No. 41, at ¶ 22 (describing influencer monitoring tools and metrics); Docket Entry No. 61, at ¶ 18 (Mega Influencers "operate their account in a business manner").) Under her contract with Chosen Foods, Ms. Gutman received compensation in exchange for promoting Chosen Foods' products in posts to the Account. (P.I. Tr. 192:7-9; P-178.) Ms. Gutman did in fact post photos promoting Chosen Foods to the Account. (Docket Entry No. 14, Exh. 68.) She also provided Chosen Foods with analytics for the Account. (Id., 192:10-13.) Analytic information, which displays information such as the number of other accounts reached in a given time period and the level of engagement with those accounts, is a "backend" tool

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<sup>6</sup> The parties dispute whether the Account warrants designation as a "Mega Influencer." Defendant's expert opines that an individual with an account that has over 1 million followers is a Mega Influencer. (Docket Entry No. 41, at ¶ 15.) Plaintiff's expert opines that Mega Influencers are more often celebrities whose accounts are followed by tens of millions of accounts and whose posts are valued at over \$1,000,000 each. (Docket Entry No. 61, at ¶ 18.) The Court need not resolve this semantic dispute, and simply notes that "influencer" status is related to the monetization of a social media account.

available only to those with the Account's access credentials. (Docket Entry No. 61, at ¶ 25: Exh. M.)

Ms. Gutman also used the Account to promote a nutritional supplement product of another third party, Optimum Whey. (Docket Entry No. 14, at ¶ 65; id., Exh. 78.) Defendant is also shown on the Optimum Whey website in an "influencer" capacity (P.I. Tr. 188:17-25), identified by name as a member of "TEAM ON," and described as a "wedding dress designer, diamond ambassador . . . [who has had] her gowns worn by celebrities, influencers and TV personalities." (Docket Entry No. 58, Exh. 125.) The page on the Optimum Whey website also describes her work in developing a wedding-focused emoji app for Plaintiff. (Docket Entry No. 58, Exh. 125; see also Docket Entry 14, Exhs. 36, 37, 42.) Defendant testified at the hearing that she did not have a "formal or informal agreement with Optimum" (P.I. Tr. 188:4), and that she did not give Optimum Whey permission to use her name on its website. (Id., 188:7.) Ms. Gutman admitted, however, that she had entered into an "informal agreement" (id., 191:12-13) with her fiancé, who had a contract with Optimum Whey, under which the fiancé gave Optimum Whey permission to use Ms. Gutman's name on her behalf. (Id., 189:14-17.) Defendant wrote in an email to Optimum Whey that she was "happy to have all payments go through [my fiancé's] contract. I can easily share/post content to my stories at least one or two times a month for now until the terms of my existing contract with my company are negotiated." (P.I. Tr. 189:24-190:3.) Ms. Gutman was referring to the Account and asking for payment in exchange for her involvement with Optimum Whey. (Id., 190:8-18; P-182.) As a part of Defendant's "informal agreement" with her fiancé, he used the Hayley Paige name to promote Optimum products. (Id., 191:20-24.) Defendant did not have JLM's permission to use the Designer's Name or the Account to promote the products of Chosen Foods or Optimum

Whey. (Docket Entry No. 14, at ¶ 65.) Followers of the Account responded to these promotional posts by asking where they could buy the Chosen Foods and Optimum Whey products. (See, e.g., Docket Entry No. 17, Exhs. 84-87.)

In the summer of 2019, after JLM extended Defendant's Contract, the parties engaged in unsuccessful negotiations to amend the terms of the Contract. (Docket Entry No. 14, at ¶¶ 58, 68; Docket Entry No. 44, at ¶ 47.) JLM's proposed terms specified that Defendant's duties included "social media monetized opportunities such as . . . Instagram." (Docket Entry No. 44, at ¶ 50.) Defendant did not accept Plaintiff's proposed terms. (Id. at ¶¶ 52, 53.) In November 2019, Defendant changed the access credentials for the Account and did not share them with Plaintiff. (Docket Entry No. 14, at ¶¶ 42, 64.) Mr. Murphy believed Defendant's actions were a negotiating tactic and JLM took no action to regain access to the Account. (Docket Entry No. 14, at ¶ 68.)

As of November 17, 2020, the Account had over 1.1 million followers. (Docket Entry No. 14, at ¶ 45.) On November 23, 2020, Defendant informed Plaintiff that she would "not be posting any JLM related business" to the Account. (Docket Entry No. 14, Exh. 75.) JLM commenced this lawsuit on December 15, 2020. (Docket Entry No. 1.)

Subsequent to this Court's issuance of a Temporary Restraining Order (the "TRO," Docket Entry No. 8) (directing Defendant to turn over control of the Account and certain other social media accounts to Plaintiff and prohibiting Plaintiff from altering or posting to the accounts without Plaintiff's permission, breaching the Contract by using the Designer's Name or Trademarks to advertise products or services of herself or others), Defendant disseminated a series of public video statements through a separate Instagram account. On December 17, 2020, Defendant posted a video to that account, announcing that she had decided



to resign from Plaintiff's employ, accusing Plaintiff of deceiving the followers of the Account by not revealing the resignation and the fact that Defendant was no longer authoring copy or direct message ("DM") responses for the Account, and relating her opinions of Plaintiff and its conduct in connection with her Contract. (Docket Entry No. 58, Exh. 127.) Defendant also published at least two additional videos discussing the merits of this litigation, Defendant's opinions about her experience working for Plaintiff, and Defendant's account of the impact this litigation has had on her life. (See Docket Entry No. 58, Exhs. 129, 130; Docket Entry No. 75, Exh. 45.)

Since the TRO was issued, Plaintiff has changed the biographical section of the Account by replacing the "Public Figure" designation with "clothing brand," (Docket Entry No. 75, Exh. 47), deleted Defendant's self-description and reinstated Plaintiff's website and PR email address links (compare Docket Entry No. 74, Exh. 54 with Docket Entry No. 44, Exh. 5), posted images of JLM HP-labeled products (Docket Entry No. 80, at ¶ 8), and assigned its employees to respond to messages to the account.

Citing the Contract, its registered trademarks, and Plaintiff's conduct before and after the issuance of the TRO, Plaintiff now seeks preliminary injunctive relief as follows:

A. During the pendency of this action, Defendant, along with her officers, agents, servants, employees, and attorneys and all other persons who are in active concert or participation with her and them, are enjoined from taking any of the following actions:

(i) making any changes to any of the social media accounts listed in **[Addendum 1]** (the 'JLM HP Social Media Accounts'), including but not limited to changing the name of the handles on the accounts, posting any new content

thereto and/or deleting or altering any content located therein, from tagging any other posts, users or accounts, transferring any such accounts or the right to use any such account from Defendant to any other person except to JLM, or communicating with third parties through same for commercial purposes, without the express written permission of Plaintiff's chief executive officer, Joseph L. Murphy;

(ii) utilizing, or taking any action to gain exclusive control over, any of the JLM HP Social Media Accounts, without the express written permission of Plaintiff's chief executive officer, Joseph L. Murphy;

(iii) Breaching JLM's Employment Agreement with Defendant, dated July 13, 2011, together with the amendments and extensions thereto, by:

(a) using, or authorizing others to use, 'Hayley', 'Paige', 'Hayley Paige Gutman', 'Hayley Gutman', 'Hayley Pa[i]ge' or any derivative thereof, including misshayleypaige (collectively the 'Designer's Name'), trademarks in the Designer's Name, including but not limited to the trademarks identified [at **Addendum 2**] (collectively, the 'Trademarks'), or any confusingly similar marks or names in trade or commerce, without the express written permission of Plaintiff's chief executive officer, Joseph L. Murphy;

(b) until August 1, 2022, directly or indirectly interfering with JLM's advertising programs, including but not limited by (i) interfering with JLM's use of the Designer's Name, Trademarks, or JLM HP Social Media Accounts; (ii) publicly disparaging JLM; or (iii) continuing Defendant's social media bullying campaign;

(c) until August 1, 2022, directly or indirectly, engaging in, or being associated with (whether as an officer, director, shareholder, partner, employee, independent

contractor, agent or otherwise), any person, organization or enterprise which engages in the design, manufacture, marketing or sale of: (i) bridal apparel, including bridesmaids, mother of the bride and flower girls apparel and related items; (ii) bridal accessories and related items; (iii) evening wear and related items; and/or (iv) any other category of goods designed, manufactured, marketed, licensed or sold by JLM;

(d) until August 1, 2024, directly or indirectly inducing any person associated with or employed by JLM or any subsidiary of JLM, to leave the employ of or terminate their association with JLM, or any subsidiary of JLM, and soliciting the employment of any such person on Defendant's own behalf or on behalf of any other business enterprise;

(e) using or authorizing others to use any Designs,<sup>7</sup> or any of the Trademarks or any variations, versions, representations or confusingly similar facsimiles thereof, in trade or commerce for any purpose whatsoever;

(f) directly or indirectly, disclosing to any person, not authorized by JLM to receive or use such information, any of JLM's financial information, marketing plans, strategies, trade secrets, data, know-how, process, techniques, designs, styles, customer lists or other proprietary information of JLM or its affiliates (the 'Confidential Information'), or give any Confidential Information to any person not authorized by JLM to receive it;

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<sup>7</sup> "Designs," as used in Plaintiff's proposed order (Docket Entry No. 86), refers to "all designs, drawings, notes, patterns, sketches, prototypes, samples, improvements to existing works, and any other works conceived of or developed by Gutman in connection with her employment with JLM involving bridal clothing, bridal accessories and related bridal or wedding items, either alone or with others, created from the commencement of her employment by JLM through August 1, 2022."

(g) until August 1, 2027, (i) being identified, or authorizing or allowing others to identify, her to the trade or consuming public as a designer; or (ii) using, or authorizing others to use, her role as designer, to promote the sale, of any goods in competition with goods manufactured and sold by JLM or its licensees;

(iv) using or authorizing others to use any of the Designer's Names, Trademarks or any confusingly similar term, name, symbol or device, or any combination thereof, in commerce in connection with any goods or services, including to endorse, advertise or promote the products and/or services of herself or others directly or indirectly, including but not limited to on social media or in television or media appearances, without the express written permission of Plaintiff's chief executive officer, Joseph L. Murphy; or

(v) from using, or authorizing others to use, the Designer's Names, Trademarks or any confusingly similar term, without the express written permission of Plaintiff's chief executive officer, Joseph L. Murphy; and

. . . that during the pendency of this action, to the extent not previously delivered, within twenty four (24) hours of this Order Defendant shall deliver to JLM's attorneys the current login credentials, including the current username and password for the Main IG Account, the Pinterest account and the TikTok account with the handle @misshayleypaige, and take any action necessary to enable JLM to regain access and control to any of the JLM HP Social Media Accounts including linking the accounts to one of JLM's email addresses and/or phone numbers and/or other social media accounts as requested.

(Proposed Preliminary Injunction Order, Docket Entry No. 86.)

### CONCLUSIONS OF LAW

A party seeking a preliminary injunction must demonstrate: (1) “either (a) a likelihood of success on the merits or (b) sufficiently serious questions going to the merits to make them a fair ground for litigation”; (2) “that he is likely to suffer irreparable injury in the absence of an injunction”; (3) “the balance of hardships tips in the plaintiff’s favor;” and that (4) the “public interest would not be disserved” by the issuance of a preliminary injunction.

Salinger v. Colting, 607 F.3d 68, 79-80 (2d Cir. 2010). A different, more demanding standard applies where a proposed preliminary injunction would impose affirmative obligations upon a defendant. Such a mandatory injunction is warranted only upon a “clear showing that the moving party is entitled to the relief requested, or where extreme or very serious damage will result from a denial of preliminary relief.” Tom Doherty Assocs, Inc. v. Saban Entertainment, Inc., 60 F.3d 27, 34 (2d Cir. 1995).

### Likelihood of Success on the Merits of the Breach of Contract Claims

The parties dispute the meaning of the provisions of the Contract describing Defendant’s duties and the scope of its provisions transferring the right to use Ms. Gutman’s name. “[W]hether the language of a contract is unambiguous, and, if so, what construction is proper, are legal questions.” Seiden Associates, Inc. v. ANC Holdings, Inc., 959 F.2d 425, 429 (2d Cir. 1992); see also JA Apparel v. Abboud, 568 F.3d 390, 396-97 (2d Cir. 2009).

Ambiguity is determined by looking within the four corners of the Contract, not to outside sources. Kass v. Kass, 91 N.Y.2d 554, 566 (1998). Only if a contract is ambiguous may a court look to extrinsic evidence to determine the parties’ rights. Metropolitan Life Insurance Co. v.

RJR Nabisco, Inc., 906 F.2d 884, 889 (2d Cir. 1990). Accordingly, the Court must first examine the Contract to determine whether the provisions at issue are ambiguous.

Contract language is not ambiguous if it has “a definite and precise meaning, unattended by danger of misconception in the purport of the [contract] itself, and concerning which there is no reasonable basis for a difference of opinion.” Hunt Ltd. v. Lifschultz Fast Freight, Inc., 889 F.2d 1274, 1277 (2d Cir. 1989) (citation omitted). “Language whose meaning is otherwise plain does not become ambiguous merely because the parties urge different interpretations in the litigation.” Id. Instead, “[a]mbiguous language is language that is capable of more than one meaning when viewed objectively by a reasonably intelligent person who has examined the context of the entire integrated agreement and who is cognizant of the customs, practices, usages and terminology as generally understood in the particular trade or business.” Revson v. Cinque & Cinque, P.C., 221 F.3d 59, 66 (2d Cir. 2000) (internal quotation marks omitted).

As an initial matter, the parties dispute whether Ms. Gutman remains bound by the provisions of the Contract that apply during its Term in light of Defendant’s December 17, 2020, publicly-announced resignation (Docket Entry No. 58, Exh. 127). (Compare Docket Entry No. 59, at 9, with Docket Entry No. 39, at 8.) The Contract defines its “Term” as commencing on the date of full execution and extending until August 1, 2016, and further provides that the Term could be extended unilaterally by JLM for up to a total of six years. Plaintiff has invoked the extension provisions; the Term currently runs through August 1, 2022.<sup>8</sup> (See Docket Entry No. 14, Exh. 66.) According to Section 13 of the Contract, the

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<sup>8</sup> Defendant does not dispute that Plaintiff validly extended the Contract. (Docket Entry No. 39, at 7.)

authorized methods of terminating the Contract are termination by JLM for cause or termination by JLM without cause.<sup>9</sup> The Contract is thus for a definite term and it includes no provision empowering Ms. Gutman to terminate it unilaterally. See Rooney v. Tyson, 697 N.E.2d 571 (1998) (applying New York law, and holding the at-will doctrine inapplicable to employment agreements for a definite duration). Because the Contract does not provide for unilateral termination by Defendant, her announced resignation was ineffective to extinguish her duties as an employee thereunder, see, e.g., Radiology Assocs. of Poughkeepsie, PLLC v. Drocea, 930 N.Y.S.2d 594 (N.Y. App. Div. 2011) (unilateral termination was not an authorized method and resignation therefore was not effective until the term ended), and did not alter the Contract Term.<sup>10</sup> While a preliminary injunction cannot enforce the Contract to the extent it requires Defendant to perform personal services through the Term of the Contract, see In re CTLLI, LLC, 528 B.R. 359, 367 (Bankr. S.D. Tex. 2015) (citing the Thirteenth Amendment), a preliminary injunction can prohibit Ms. Gutman from engaging in conduct that would breach Contract provisions that apply during her Term of employment. Here, the relief sought by Plaintiff

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<sup>9</sup> Separate provisions govern termination in the event of Defendant's death or disability. (Contract, §§ 7, 8.)

<sup>10</sup> Because the Court finds that the Contract Term extends to August 1, 2022, Plaintiff's request for injunctive relief is not ripe to the extent it would specifically prohibit Defendant from identifying herself in commerce as the designer of goods in competition with JLM until Aug. 1, 2027. (Docket Entry No. 86, at ¶ A(iii)(g).) Plaintiff argues this request is supported by Defendant's alleged breach of Section 10(e) of the Contract. However, that provision imposes restrictions "for a period of five years following termination of [Defendant's] employment." (Contract, § 10(e)) (emphasis added.) Similarly unripe is Plaintiff's request, based on Section 9(b) of the Contract, for injunctive relief prohibiting Defendant from "directly or indirectly inducing any person associated with or employed by JLM . . . to leave the employ of or terminate their association with JLM," because that provision of the contract only applies for the two years following the Term of the Contract. (Contract, § 9(b).) As discussed below, however, other Contract provisions restrict Defendant's activities in commerce during the Term of the Contract.

includes prohibitions on actions involving the commercial use of Ms. Gutman's name, which has been trademarked pursuant to the Contract, and variations thereof.

The Court's analysis of the Contract in relation to the use of Defendant's name begins with Section 10(a), which grants Plaintiff

the exclusive world-wide right and license to use her name "Hayley", "Paige", "Hayley Paige Gutman", "Hayley Gutman", "Hayley Paige" or any derivative thereof (collectively the "Designer's Name") in connection with the design, manufacture, marketing and/or sale of bridal clothing, accessories and related bridal and wedding items, including any and all good will associated therewith, throughout the Term (including any extension of the Term), plus a two (2) year period following the Term or any extension thereof, provided Employee has substantially participated in the design or creation of such clothing or related items during her employment by the Company.

(Contract, §10(a)). This provision unambiguously transfers to Plaintiff the exclusive right to use the name Hayley Paige and any derivatives in connection with bridal goods that Defendant substantially participated in designing or creating during her employment until August 1, 2022, and for two years thereafter. The term Designer's Name also unambiguously encompasses "misshayleypaige" and "@misshayleypaige," which are derivatives of "Hayley Paige."

Defendant's conclusory argument to the contrary – that the Designer's Name only includes the versions of her name listed in Section 10(a) (see Docket Entry No. 39, at 17) – reads the term "any derivative" out of the contract provision (Contract, § 10(a)), and thereby violates the well-settled principle that courts must give every term of a contract independent meaning. See Kelly v. Honeywell International, Inc., 933 F.3d 173, 183 (2d Cir. 2019) (courts "must avoid an interpretation of an agreement that renders one of its provisions superfluous") (citation omitted).



A “derivative” is “[s]omething that is based on another source.”<sup>11</sup> Though the scope of the phrase “any derivative” is certainly broad, it is not indefinite or imprecise, particularly as applied to uses that incorporate terms specifically listed in the Contract. That there is no reasonable basis for a difference of opinion as to its meaning is, perhaps, evidenced best by Defendant’s failure to offer any alternative definition of “any derivative.” Because the core of the term “misshayleypaige” is the name Hayley Paige (Docket Entry No. 75, Exh. 2) (Ms. Gutman explained in her post-TRO video that, when she established the Account during her employment with Plaintiff, “my name was taken by another person, so I went with MISS-my name”), the Account handle is a name to which Defendant has granted Plaintiff exclusive commercial rights under Section 10(a) of the Contract for the purposes set forth in that provision.

Defendant’s contractual transfer to Plaintiff of the right to use and control the use of the variation of the Designer’s Name that is embodied in the Account handle is made still clearer by Section 10(b) of the Contract, which grants Plaintiff the exclusive right to register and use trade and service marks in the Designer’s Name and derivatives thereof and unambiguously provides that Plaintiff cannot make commercial use of marks that JLM has registered, the Designer’s Name, or any confusingly similar marks or names, without JLM’s express written consent. Section 10(b) provides in pertinent part that Defendant

irrevocably sells, assigns, and transfers all right, title and interest to the Company that now exists or may exist during the Term (and any extensions thereof) and for a period of two years thereafter, to register the Designer’s Name or any derivatives(s) thereof as trademarks or service marks (the ‘Trademark’ or ‘Trademarks’) with the USPTO and/or other authorities in the United States or

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<sup>11</sup> Derivative, oxforddictionaries.com.  
[https://premium.oxforddictionaries.com/us/definition/american\\_english/derivative](https://premium.oxforddictionaries.com/us/definition/american_english/derivative) (last visited March 3, 2021.)

abroad. Except as otherwise provided herein, the permission of the Employee to the Company to so register the Trademarks shall be exclusive and perpetual and is hereby granted in exchange for good and valid consideration . . . The Trademarks shall in perpetuity be the exclusive property of the Company, the Employee having consented to it being filed by the Company and the Employee thereof shall have no right to the use of the Trademarks, Designer's Name or any confusingly similar marks or names in trade or commerce during the Term or any time thereafter without the express written consent of the Company.

(Contract, § 10(b).)

Plaintiff argues that Ms. Gutman breached this provision by using the Account, whose handle is itself a Designer's Name, commercially to endorse third-party products for compensation and without Plaintiff's permission. (Docket Entry No. 59, at 10.) Ms. Gutman's argument that her use of "misshayleypaige" to promote third-party goods without JLM's permission does not violate the Contract because the definition of "Designer's Name" extends only to uses of those terms that are related to bridal goods designed or created by Defendant is unavailing, for three reasons. (Docket Entry No. 39, at 17.) First, the term "Designer's Name" is defined before the references to bridal and related goods are introduced and thus, grammatically, the limiting references are not part of the defined term. Nothing in the configuration of Section 10(a)'s text suggests that the scope of the defined term is limited by terms following the definition. Second, the presence of a temporal provision (referring to the Term as extended, and the two years following the end of the Term) between two of the bridal and design-related terms that Defendant seeks to use to limit the scope of the definition of "Designer's Name" further undermines any inference that the term "Designer's Name" encompasses uses for bridal goods only; Defendant's reading conveniently (but illogically) ignores the temporal provision. Finally, reading the definition of Designer's Name to limit JLM's rights in it to uses within commerce related only to bridal goods designed or created by

Defendant is inconsistent with the plain language of Section 10(b), which grants JLM exclusive, perpetual rights in the trademarks it registers in a timely fashion, and deprives Ms. Gutman of any right to use those marks, the Designer's Name, or "any confusingly similar marks or name in trade or commerce during the Term, or any time thereafter," without JLM's express written consent.

Under the unambiguous terms of Section 10(b), Ms. Gutman has "no right to the use of . . . [misshayleypaige] in trade or commerce during the Term or any time thereafter" without JLM's consent. The credible evidence tendered at the Preliminary Injunction Hearing established that Ms. Gutman used the Designer's Name in the form of the Account handle and otherwise in commerce for her own benefit during her employment, without the knowledge or permission of the Plaintiff. She entered into a compensated arrangement with Chosen Foods and promoted its products using the Account. (Docket Entry No. 14, Exh. 68; P.I. Tr. 192:7-9; P-178.) She agreed to be an influencer promoting Chosen Foods. (P.I. Tr. 192:9.) She also used the Account to promote the goods of Optimum Whey. (Docket Entry No. 14, Exh. 78.) Defendant also authorized Optimum Whey to use her name on its own website as an endorsing influencer and agreed to promote Optimum products on the Account. (P.I. Tr. 189:17; 191:24.) Ms. Gutman did not have JLM's express written permission to promote those third-party products using the Designer's Name. (P.I. Tr. 169:13; Docket Entry No. 14, at ¶ 65.)<sup>12</sup>

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<sup>12</sup> Ms. Gutman's argument that Plaintiff acquiesced in her use of the Designer's Name by not objecting until the instant lawsuit and thereby waived any ability to enforce its rights in the Designer's Name for commercial use of the Account (Docket Entry No. 39, at 17) is unavailing in light of the Contract's condition that she receive written permission to use the Designer's Name in commerce (Contract, § 10(b)), and the Contract's provision stating that any failure to enforce a provision shall not be deemed a waiver. (Contract, § 15.)

Accordingly, Plaintiff has demonstrated a likelihood of success on its claim that Defendant breached Section 10(b) of the Contract by using the Account handle and the Designer's Name to promote third-party goods in commerce for her own benefit during the Term of the Contract without Plaintiff's permission. The restrictions on Ms. Gutman's ability to use the Designer's Name, including derivatives, continue to apply notwithstanding her resignation, and Plaintiff has thus demonstrated a strong likelihood of success on its claim that any unauthorized use or control of the Account or similarly-named social media accounts going forward to promote Defendant as a celebrity influencer and/or endorse third-party products and services for commercial purposes would constitute a breach of the Contract, as Ms. Gutman has contracted away any right to monetize the trademarks and Designer's Name without JLM's permission.

Plaintiff further claims that Ms. Gutman has breached her duties under the Contract to assist with advertising, by refusing to post Plaintiff's marketing content on the Account and instead using the Account to promote goods that are unrelated to Plaintiff's business. (Docket Entry No. 13, at 20.) Ms. Gutman asserts that the establishment, maintenance and content of the Account were always unconnected with any duties she had undertaken under the Contract, such that refusal to post Plaintiff's content does not constitute a breach of the Contract. The express provisions of the Contract render Ms. Gutman's position untenable. Section 2 of the Contract sets forth Defendant's duties thereunder, which include performing "such other duties and services commensurate with her position as a designer for the Company, as may be assigned to her by an officer of the Company, including, but not limited to . . . assisting with advertising programs . . . ." (Contract, at § 2.) The "advertising" reference in the Contract is not specific to any particular type of advertising platform, and the evidence shows clearly that JLM's advertising programs include social media. JLM used social media to

exhibit and promote its products (Docket Entry No 14, at ¶¶ 10, 22, 24), and bridal store owners that carried JLM goods testified credibly that the Account motivated brides to buy JLM's gowns. (P.I. Tr. 130:4-6; Docket Entry No. 78, at ¶¶ 7, 8; Docket Entry No. 79, at ¶ 5; Docket Entry No. 80, at ¶ 6.) Social media advertising and communications are ubiquitous in modern American society. Indeed, as the Court found in connection with its issuance of the TRO, social media existed as an advertising medium when the parties entered into the Contract in 2011. (Docket Entry No. 26, at 92:21-24.)<sup>13</sup> No reasonable, objective reading of the provision could logically exclude social media from the scope of Defendant's advertising assistance duties, particularly where JLM specifically asked Ms. Gutman to make social media posts of content on an account whose handle is the exclusive property of the company. Cf. Revson, 221 F.3d at 66 (contract language is unambiguous if it is susceptible of only one objective reading by a reasonably intelligent person familiar with the entire contract and the practices of the industry).

Plaintiff produced credible testimony and evidence that social media was one of many advertising platforms it used to market the HP brands. (P.I. Tr. 41:19-25; Docket Entry No. 14, at ¶ 10.) Plaintiff also presented credible evidence that Defendant was not only expected to assist with social media promotional efforts as a lead designer, but that the display of her personality in such promotions was "a big part of [Plaintiff's] strategy because then brides feel closer to the brand." (P.I. Tr. 61:23-24.) Defendant posted pictures from "behind

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<sup>13</sup> Defendant proffers communications related to contract amendment negotiations between the parties from 2019, after the Contract had been extended – in which the parties discussed, and Defendant rejected, duties specific to social media – as evidence of the parties' intent vis à vis Section 2. (Docket Entry No. 39, at 7-8.) Because the Court finds that the existing Contract provision is not ambiguous, resort to later negotiations as an interpretive device is unnecessary and inappropriate. See Metropolitan Life Insurance Co., 906 F.2d at 889 (the court cannot consider extrinsic evidence of the parties' intentions).

the scenes” at Plaintiff’s photoshoots, which she attended in her capacity as lead designer. (Docket Entry No. 15, at ¶ 9; P.I. Tr. 17:10-12, 157:4-9.) Defendant and Mr. Murphy discussed personalizing the HP brand by showcasing Defendant’s personality alongside the products. (P.I. Tr. 41:4-25, 61:23-24, 64:22-65:1.) Ms. Gutman received draft captions and other content for the Account from Plaintiff’s employees (see, e.g., Docket Entry No. 15, ¶ 5; Docket Entry No. 98, Exh. P-192), and occasionally received specific directions from Mr. Murphy about whether and when to post to the Account. (Docket Entry No. 60, Exh. 93; Docket Entry No. 98, Exhs. P-193, P-194). Plaintiff also produced credible evidence that Defendant, in her capacity as JLM’s employee and a lead designer, was given discretion to post to the Account and respond to direct messages in real time to maintain customer engagement. (Docket Entry No. 14, at ¶¶ 37, 38; P.I. Tr. 153:3-5.) When Defendant did not exercise that discretion to Plaintiff’s satisfaction, for instance when she failed to tag a boutique affiliated with Plaintiff in one of her posts to the Account, Defendant changed the content at Plaintiff’s direction. (Docket Entry No. 60, Exh. 93.) Plaintiff also produced evidence that Defendant asked for help in performing social media-related aspects of her work by requesting that Plaintiff hire a social media manager to help with the Account. (P.I. Tr. 174:1-12; Docket Entry No. 14, Exh. 53.)

Accordingly, there is substantial credible evidence, and the Court finds for purposes of this preliminary injunction motion practice, that promoting the HP brands on the Account was commensurate with Ms. Gutman’s position as lead designer and was a duty assigned to her by Plaintiff’s authorized personnel. Plaintiff has demonstrated a clear and substantial likelihood of success in establishing that Defendant breached her duty to assist with advertising programs by repudiating her obligation to post Plaintiff’s content on the Account

(see, e.g., Docket Entry No. 14, Exh. 75), and by using the Account to promote third party goods and build a commercial platform that she intended to use for herself as an influencer.<sup>14</sup>

Plaintiff has also carried its burden of proving its clear likelihood of success in establishing that, under Section 11 of the Contract, Defendant conveyed to Plaintiff any rights that she had in the bridal business-related material she created for the Account. Section 11 provides that

all designs, drawings, notes, patterns, sketches, prototypes, samples, improvements to existing works, and any other works conceived of or developed by Employee in connection with her employment with the Company involving bridal clothing, bridal accessories and related bridal or wedding items, either alone or with others, from the commencement of her employment by the Company through the Term of the Employment Agreement and any extensions thereof (collectively, the 'Designs'), are works for hire, and ownership of any intellectual property arising from or related to the Designs shall be the sole and exclusive property of the Company.

(Contract, § 11.) Section 11 further provides that

[i]f, for any reason the Designs, or any portion thereof, are deemed not to be a work made for hire, then the Employee irrevocably, absolutely and unconditionally assigns to the Company (a) all of right, title and interest in and to the Designs and/or any portion thereof (whether arising under copyright law, trademark law, or otherwise), including to the extent applicable, but not limited to, the exclusive rights enumerated in 1 U.S.C. Section 106, and all extensions and renewals thereof, and (b) all moral rights with respect to the Designs, including but not limited to, any and all rights of identification of authorship and any and all rights of approval,

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<sup>14</sup> Plaintiff also alleges that Defendant has breached her duty to assist with advertising by implementing an “online bullying campaign . . . [that is] interfering with JLM’s advertising programs” (Docket Entry No. 59, at 1) by posting videos on social media expressing her views of her employment and this litigation. (*Id.* at 10.) Plaintiff further argues that the “bullying campaign” breaches Defendant’s duty to devote her full time an attention to Plaintiff’s business, as set forth in Section 3 of the Contract. (P.I. Tr. 270:23, 271:22-24.) Even if Plaintiff might succeed on the merits of these breach of contract claims, injunctive relief restraining her in advance from speaking would violate the free speech guarantees of the First Amendment. *See* discussion *infra*.

restriction or limitation on use or subsequent modifications relating to the Designs.

(Id.) Ms. Gutman argues that Section 11 cannot be read to cover the Account because it is not a dress design and social media accounts are not listed in the definition of “Design.” (Docket Entry No. 39, at 16.) However, Section 11 provides a non-exhaustive list of types of works, and an exclusionary inference as to social media accounts is not warranted on the basis of that list alone. Hunt Ltd., 889 F.2d at 1277 (“Language whose meaning is otherwise plain does not become ambiguous merely because the parties urge different interpretations in the litigation.”) The credible evidence of record, including Ms. Gutman’s participation in creating and posting bridal-related content and her own testimony that she posted “personal” material to provide actual and potential bridalwear customers with a feeling of a personal connection to the bridalwear designer, clearly places at least a very high proportion of the Account content in the realm of “works conceived of or developed by [Defendant] in connection with her employment with the Company involving bridal clothing, bridal accessories and related bridal or wedding items.” (Contract, § 11.)

The Account was developed by Ms. Gutman in connection with her employment involving bridal goods. Although Ms. Gutman used the Account to introduce herself to the public, it is undisputed that she also used it to attract the public to the gowns and apparel she created under her Contract with Plaintiff. (See, e.g., Docket Entry No. 14, Exh. 74.) Indeed, Plaintiff presented credible testimony that its marketing strategy relied on this combination of Ms. Gutman’s personality and Plaintiff’s bridal goods. (See, e.g., P.I. Tr. 41:4-5, 10-11, 61:23-24, 64:22-65:1.) The Account regularly featured bridal clothing designed by Defendant. (See, e.g., Docket Entry No. 60, Exhs. 117, 133.) The target audience of the Account was Plaintiff’s customer base – brides – and the parties regularly discussed using the Account to market



Plaintiff's goods to brides. (See, e.g., Docket Entry No. 14, Exhs. 45-51.) Plaintiff incorporated the Account into its marketing campaigns and marked the hangtags of its goods with the Account handle and other social media account references. (Docket Entry No. 14, at ¶ 10, Exhs 20-32.) The Account was linked to Plaintiff's website [www.hayleypaige.com](http://www.hayleypaige.com) as early as 2015. (Docket Entry No. 14, at ¶ 23, Exh. 19.) The Account also featured contact information for Plaintiff's Public Relations department (Docket Entry No. 60, Exh. 117), and was managed in part by Plaintiff's employees (see, e.g., Docket Entry No. 14, Exh. 45), further demonstrating that the narrative and visual work displayed on the Account was a part of and promoted Plaintiff's bridal and related product business. Also relevant to the Court's conclusion that the Account content is a work for hire is the fact that Ms. Gutman developed the Account under a handle that incorporated the name to which she had already granted Plaintiff the exclusive right and license to use in commerce related to its bridal goods that she designed under her Contract. See discussion supra. Accordingly, Plaintiff has made a clear showing that it is likely to succeed in establishing that the Account content created by Ms. Gutman constitutes a work for hire or similar work of intellectual property as to which her rights have been transferred to JLM pursuant to Section 11 of the Contract, and that Ms. Gutman's denial to JLM of access to the content and her effort to exploit it unilaterally for her own benefit violate JLM's rights under the Contract.

In addition to demonstrating a clear and substantial likelihood that the Account content is a work for hire pursuant to Section 11 of the Contract, Plaintiff has also shown a clear and substantial likelihood that it owns copyrights in key components of the Account.

"Copyright protection subsists . . . in original works of authorship fixed in any tangible medium of expression from which they can be perceived, reproduced, or otherwise communicated, either

directly or with the aid of a machine or device.” 17 U.S.C.A. § 102(a) (Westlaw Pub. L. 116-259). Copyright ownership ordinarily vests in the author of the work and gives the owner “the right to exclude others from using his property.” eBay Inc. v. Merc Exchange, LLC, 547 U.S. 388, 293 (2006) (citation omitted). The author is “the person who translates an idea into a fixed, tangible expression entitled to copyright protection.” Community for Creative Non-violence v. Reid, 490 U.S. 730, 737 (1989). However, under the “work made for hire” exception an employer is considered the author if the work was “prepared by the employee within the scope of his or her employment” and there is no express agreement otherwise as to ownership. 17 U.S.C.A. §§ 101, 201(b) (Westlaw Pub. L. 116-259). Courts determine whether a work is prepared within the scope of employment by reference to the common law of agency. Reid, 490 U.S. at 751. Accordingly, a work is prepared within the scope of employment where (1) it is the kind of work the author is employed to perform, (2) done substantially within authorized work hours, and (3) actuated at least in part by purpose to benefit the employer. See Shaul v. Cherry Valley-Springfield Cent. School Dist., 363 F.3d 177, 186 (2d Cir. 2004) (citing the Restatement (Second) of Agency § 228 (1958)) (holding that lesson plans created by a teacher were owned by his employer under the work for hire exception).

As discussed above, Ms. Gutman developed the Account within the scope of her employment with Plaintiff. Using the Account to promote JLM’s goods was the kind of work she was employed to perform, as it was commensurate with her position as a lead designer. She was given wide discretion to post and respond to messages as necessary to engage the Account’s followers. And Plaintiff presented evidence that Defendant’s use of Account was actuated by a desire to market a combination of Plaintiff’s products and Defendant’s personality. Accordingly, the contents of the Account are a work for hire, and Plaintiff has

made a clear showing that it owns the Account's contents as work for hire or pursuant to the assignment provision of Section 11 of the Contract. Based on the nature of the Account content and Plaintiff's ownership of trademark rights to the handle and its exclusive right to use and prohibit Defendant from using that trademark in commerce without its written consent, see also trademark law discussion infra, Plaintiff has made a clear showing of likely success on its claim that Ms. Gutman's commercial and confusing use of the Account breached the Contract and that ongoing unauthorized "influencer" use of the Account would also breach the Contract.

Plaintiff also seeks injunctive relief prohibiting Ms. Gutman from using or authorizing others to use the Designer's Name, derivatives or confusingly similar names in commerce in connection with goods or services, including endorsements, to promote products and or services of herself or others, including on social media or appearances on television or other media. Plaintiff cites Ms. Gutman's announced February 2021 appearance, in her capacity as a wedding gown designer, at a virtual bridal expo.<sup>15</sup> (See Docket Entry No. 59, at 10; Docket Entry No. 58, Exh. 126.) Section 9 of the Contract provides that Defendant shall not compete with the company directly or indirectly during the Term of the Contract, and that Defendant is deemed to "compete" if she

engages in, or is associated with (whether as an officer, director, shareholder, partner, employee, independent contractor, agent or otherwise), any person, organization or enterprise which engages in the design, manufacture, marketing or sale of: (i) bridal apparel, including bridesmaids, mother of the bride and flower girls and related items; (ii) bridal accessories and related items; (iii) evening wear and related items; and/or (iv) any other category of goods designed, manufactured, marketed, licensed or sold by the Company.

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<sup>15</sup> The expo was scheduled to occur February 28, 2021. (Docket Entry No. 58, Exh. 126.) Accordingly, Plaintiff's request for a preliminary injunction to prevent Ms. Gutman from breaching the non-competition provision of the Contract is moot to the extent it is based on the need to prevent her participation in the February 28, 2021, expo.

(Contract, § 9(a).) Plaintiff proffered evidence that Defendant advertised that she would appear, identified as a wedding gown designer, at a multi-vendor bridal expo. (Docket Entry No. 56, at ¶ 4; Docket Entry No. 58, Exh. 126.) Plaintiff is likely to succeed on its claim that such commercial activity would breach this non-competition provision of the Contract.

Plaintiff has demonstrated a clear likelihood of success on the merits of its breach of contract claims relating to Plaintiff's use and intended use of the Account. Plaintiff has established that, during the Term of her employment, Ms. Gutman promoted third-party goods using the Account, refused to utilize the Account to assist with Plaintiff's marketing campaigns, used and plans to use the Designer's Name in commerce without Plaintiff's permission. These acts are prohibited by the unambiguous provisions of the Contract. (See Contract §§ 2, 9(a), 10(a), 10(b), and 11.) Ms. Gutman's conduct in connection with the Account and her influencer ambitions also provide sufficient evidence to support the Court's conclusion that breaches of the provisions of the Contract relating to use of the Designer's Name and derivatives, assistance in advertising, and the use of trademarks and Designs, will likely arise if she is given unfettered access to the JLM HP Social Media Accounts, whose handles are Trademarks, derivatives thereof, or source designations closely identified with Trademarks and JLM's goods. The Court further concludes that Plaintiff has demonstrated that it is likely to succeed on its claims that social and other media appearances by Ms. Gutman in connection with commercial ventures marketing competing bridal-related goods breach the Contract.

#### Likelihood of Success on the Merits of the Trademark and Unfair Competition Claims

Plaintiff claims that Ms. Gutman's use of the Account as her personal influencer platform to the exclusion of JLM's advertising and control constitutes trademark infringement,

false designation of origin, trademark dilution under federal and New York law, and unfair competition under New York law. To succeed on claims of trademark infringement and false designation of origin under 15 U.S.C. §§ 1114(1) and 1125(a), Plaintiff must show that it has a valid mark that is entitled to protection under the Lanham Act and that Defendant's use of a similar mark is likely to cause consumer confusion as to "source, sponsorship, affiliation, connection, or identification" of the goods at issue. Star Industries, Inc. v. Bacardi & Co., Ltd., 412 F.3d 373, 383 (2d Cir. 2005) (citation omitted); Starbucks Corp. v. Wolfe's Borough Coffee, Inc., 588 F.3d 97, 114 (2d Cir. 2009); Genesee Brewing Company, Inc. v. Stroh Brewing Company, Inc., 124 F.3d 137, 142 (2d Cir. 1997). Section 1114(1) only protects registered trademarks, see Berni v. International Gourmet Restaurants of American, Inc., 838 F.2d 642, 645-46 (2d Cir. 1988) (section 1114(1) "grants standing . . . solely to the registrant") (internal quotations omitted), while section 1125(a) "may protect unregistered trademarks." Genesee Brewing Company, Inc., 124 F.3d at 142.

"To be valid and protectible, a mark must be capable of distinguishing the products it marks from those of others." Lane Capital Mgmt., Inc. v. Lane Capital Mgmt, Inc., 192 F.3d 337, 344 (2d Cir. 1999). There are five categories of terms used to classify a mark's ability to distinguish products: generic, descriptive, suggestive, arbitrary, and fanciful. Id. A mark is "entitled to protection when it is inherently distinctive," Time, Inc. v. Petersen Pub. Co. L.L.C., 173 F.3d 113, 117 (2d Cir. 1999), and marks that are "suggestive, arbitrary, [or] fanciful" are inherently distinctive. Lane Capital Mgmt., Inc. v. Lane Capital Mgmt, Inc., 192 F.3d 337, 344 (2d Cir. 1999); Arrow Fastener Co., Inc. v. Stanley Works, 59 F.3d 384, 391 (2d Cir. 1995) (holding that such marks can be protected without the need to demonstrate that "the name and the business have become synonymous in the mind of the public") (citation omitted).

Registration is prima facie evidence of the registrant's exclusive right to use that mark, see Gucci America, Inc. v. Tyrrell-Miller, 678 F. Supp. 2d 117, 119 (S.D.N.Y. 2008), and "creates the presumption that the mark . . . is inherently distinctive." Lane Capital Mgmt., Inc., 192 F.3d at 345. Here, Plaintiff has a registered trademark in the name "Hayley Paige" (Docket Entry No. 14, Exh. 4) and has established its likelihood of success in proving that Ms. Gutman granted Plaintiff, in Section 10(b) of the Contract, the right to register that mark and use it exclusively in commerce, notwithstanding that it is her birth name. See discussion supra. Plaintiff's registered mark in the name Hayley Paige is uncontested, and therefore "satisfies the first prong of the test" for a claim under section 1114(1). Gucci America, Inc., 678 F. Supp. 2d at 119; see Lane Capital Mgmt., Inc., 192 F.3d at 345 (holding that a defendant bears the burden of rebutting the presumption of protectability by a preponderance of the evidence.)<sup>16</sup>

Both trademark infringement and unfair competition claims under the Lanham Act require a showing that Defendant's use of a similar mark is likely to cause consumer confusion as to "source, sponsorship, affiliation, connection, or identification." Star Indus. Inc., 412 F.3d at 383; see also Genesee Brewing Company, Inc., 124 F.3d at 149 (recognizing that unfair competition under New York common law closely resembles a Lanham Act claim, with

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<sup>16</sup> Defendant argues that she held a trademark right to the term "misshayleypaige" at the time the Contract was formed because she had used the term on her social media accounts since 2004. (Docket Entry No. 39, at 18.) However, because common law trademark rights cannot accrue without continuous commercial use such that the mark is affixed to the product whose origin it identifies, see Cullman Ventures, 717 F. Supp. at 113, and Defendant has not proffered that she affixed the term "misshayleypaige" to goods that were distinct from Plaintiff's, or that she used the term commercially, she has not proffered a viable basis for a prior use defense under the Lanham Act. Furthermore, Defendant transferred any prior right she may have had to the use of "misshayleypaige" in commerce through Section 10(b) of the Contract, which prohibits Defendant from using the Designer's Name in commerce without Plaintiff's permission, and Section 10(a), which transferred to Plaintiff all right to use the term in connection with the sale of bridal goods substantially designed or created by Defendant.

the additional element of bad faith). “The public’s belief that the mark’s owner sponsored or otherwise approved the use of the trademark satisfies the confusion requirement.” Star Indus. Inc., 412 F.3d at 384 (quotation omitted). Plaintiff must demonstrate “a probability of confusion, not a mere possibility, affecting numerous ordinary prudent purchasers” to establish a likelihood of confusion. Starbucks Corp., 588 F.3d at 115 (citation omitted).

To determine whether there is a likelihood of confusion, Courts apply the eight-factor balancing test introduced in Polaroid Corp. v. Polarad Elecs. Corp., 287 F.2d 492 (2d Cir. 1961). “The eight factors are: (1) strength of the trademark; (2) similarity of the marks; (3) proximity of the products and their competitiveness with one another; (4) evidence that the senior user may “bridge the gap” by developing a product for sale in the market of the alleged infringer’s product; (5) evidence of actual consumer confusion; (6) evidence that the imitative mark was adopted in bad faith; (7) respective quality of the products; and (8) sophistication of consumers in the relevant market.” Starbucks Corp., 588 F.3d at 115. As explained below, the Polaroid factors here weigh in favor of a finding that Ms. Gutman’s use of the Hayley Paige and misshayleypaige marks, and other Trademarks and terms associated with JLM’s product lines, as an endorser of third-party products is likely to cause consumer confusion as to a relationship between JLM, which owns the marks, and Ms. Gutman’s unauthorized activities.

First, the strength of a trademark is “determined by its tendency to uniquely identify the source of the product,” measured by whether the mark is distinctive “either inherently or by virtue of having acquired secondary meaning.” Star Indus., Inc., 412 F.3d at 384. As stated above, registration “creates the presumption that the mark . . . is inherently distinctive.” Lane Capital Mgmt., Inc., 192 F.3d at 345. Here, Defendant does not dispute the distinctive character of the marks.

Second, similarity is assessed with regard to the “overall impression created by the logos and the context in which they are found.” Star Indus., Inc., 412 F.3d at 386. The term “misshayleypaige”, for example, incorporates Plaintiff’s trademark “Hayley Paige” in its entirety, and Ms. Gutman seeks to use it in the context of information about her own personal and professional activities and endorsements of goods and services from third-party providers. Despite the inclusion of the honorific, which may marginally lessen similarity, see Starbucks Corp., 588 F.3d at 107 (holding no clear error in district court’s finding that the addition of “mister” to “Charbucks” lessened similarity of that satirical alteration to “Starbucks”), Plaintiff’s trademark is the dominant, distinctive aspect of the Account handle. The addition of “miss” does not suggest to consumers that the handle refers to any name other than Plaintiff’s trademarked name, particularly since Plaintiff’s trademark appears whole and unaltered in the Account handle. Cf. Starbucks Corp., 588 F.3d at 106-107 (holding that the obvious similarity between “Charbucks” and “Starbucks” was not substantial because of the overall impression created by the context in which consumers encountered the allegedly infringing mark). Indeed, JLM used the @misshayleypaige handle on garment hangtags and in other printed advertising. Accordingly, the similarity of the marks weighs in favor of a likelihood of confusion as to whether JLM has approved or is otherwise connected to the content of the social media postings.

The third Polaroid factor – proximity of the products and their competitiveness with one another – looks to the nature of the products themselves and the structure of the relevant market. Cadbury Beverages, Inc. v. Cott Corp., 73 F.3d 474, 480 (2d Cir. 1996). Plaintiff concedes that Plaintiff’s bridalwear and the third-party products Defendant endorsed on the Account are dissimilar. (Docket Entry No. 13, at 18-19.) Thus, the degree of proximity



relevant here is the likelihood that consumers may be confused as to Plaintiff's affiliation with the products. See McGregor-Doniger Inc. v. Drizzle Inc., 599 F.2d 1126, 1134 (2d Cir. 1979). The structure of the relevant consumer market informs whether the two products have an "overlapping client base that creates a potential for confusion" by considering both the geographic proximity and the market proximity of the two products. Brennan's Inc. v. Brennan's Restaurant, LLC, 360 F.3d 125, 134 (2d Cir. 2004). The market proximity takes into account "the class of customers to whom the goods are sold, the manner in which the products are advertised, and the channels through which the goods are sold." Cadbury Beverages, Inc., 73 F.3d at 480. The parties have not produced evidence addressed to these factors, but the Court notes that Ms. Gutman used, and proposes to continue to use, the same Instagram Account and handle used to promote Plaintiff's goods. For this reason, there is necessary overlap of the class of consumers to whom the goods are sold and an identity of advertising method. Plaintiff has demonstrated that the marketing proximity creates an overlap in consumers that weighs in favor of a likelihood of confusion as to whether Plaintiff is affiliated with the third-party products.

The fourth Polaroid factor – whether the senior user may "bridge the gap" by developing a product for sale in the market of the alleged infringer's product or consumers perceive Plaintiff as likely to do so – weighs against confusion. See The Sports Authority, Inc. v. Prime Hospitality Corp., 89 F.3d 955, 963 (2d Cir. 1996). As Plaintiff concedes, (Docket Entry No. 13, at 18-19), it does not intend to offer products to compete with the third-party food and nutrient products promoted by Ms. Gutman on the Account. Neither has Plaintiff advanced argument that consumers are likely to think it will do so.

With respect to the fifth Polaroid factor, actual consumer confusion, Plaintiff proffered evidence that consumers believe the Account is associated with its bridal goods. Plaintiff submitted the declaration of a bridal store owner who would “quite often use [the Account] as a reference tool to see and show gowns.” (Docket Entry No. 56, at ¶ 10.) Defendant herself, in describing the duties of JLM’s social media representative, noted that any representative would need to “[r]un through tagged photos and designer posts to answer questions from brides (most ask about where to find the gowns . . . ).” (Docket Entry No. 60, Exh. 102.) Plaintiff also proffered screen captures of Account followers commenting on Defendant’s third-party food product posts, asking where they could buy the food product. (Docket Entry No. 17, Exhs. 84, 85, 87.) This constitutes evidence that consumers believe that the Account and the “misshayleypaige” mark the Account operates under are affiliated with both sets of products. Plaintiff does not need to demonstrate that consumers believe JLM to be the producer of the third-party goods, merely that it is affiliated with or endorses those goods. Star Indus., Inc., 412 F.3d at 383-84 (“a consumer need not believe that the owner of the mark actually produced the item and placed it on the market”) (citation omitted). Here, Plaintiff has demonstrated that consumers view the Account as affiliated with both its goods and the third-party goods, which establishes actual confusion.

Polaroid factor six, Defendant’s bad faith in adopting the mark, is established where Defendant adopted the mark “with the intention of capitalizing on plaintiff’s reputation and goodwill and any confusion between” the two parties’ products. See Arrow Fastener, 59 F.3d at 397 (citation omitted). Defendant testified that she had used the term “misshayleypaige” before working for Plaintiff, and that she selected it for sentimental reasons. (Docket Entry No. 44, at ¶ 8; Docket Entry No. 75, Exh. 45.) However, the Contract unambiguously transferred

Ms. Gutman's right to use that term in connection with bridal goods that she substantially designed and for the purpose of the registration of trademarks in which Plaintiff would have rights in perpetuity. (Contract, §§ 10(a), 10(b).) Ms. Gutman was aware that JLM was exercising those rights. Ms. Gutman further agreed in the Contract, which has been in effect since 2011, not to use derivatives of the Designer's Name, which logically included "misshayleypaige," or any confusingly similar marks in trade or commerce without Plaintiff's written permission, and also agreed that creative work related to her bridal designer employment belonged to JLM. (Contract, §§ 10(b), 11.) Goodwill had accrued to the Account as a result of the use of Plaintiff's resources and contributions and Ms. Gutman's active management of the Account and creative contributions to it in the course of her employment for JLM. Ms. Gutman's attempts, beginning in November 2019, to exclude JLM and its products from the Account, and her claim of the following and goodwill of the Account and other JLM HP Social Media Accounts under tags that are Trademarks, derivatives of Trademarks or the Designer's Name, or JLM product names, as her personal assets, are indicative of a bad faith attempt to use the Account and other JLM HP Social Media Accounts, and therefore Plaintiff's trademarks, in commerce for her own personal benefit. Ms. Gutman's authorization of use of her name to promote the Optimum Whey products is also indicative of bad faith use of the marks that she had transferred to Plaintiff under the Contract. Ms. Gutman, using her fiancé as an intermediary, gave Optimum Whey permission to list her as an "influencer" under her trademarked name to promote Optimum Whey nutritional supplement products. (P.I. Tr. 189:14-17.) She also negotiated an "informal agreement" through her fiancé to receive payments through his contract with Optimum Whey in exchange for sharing and posting content on the Account "until the terms of my existing contract with my company are negotiated." (P.I.

Tr. 189:14-190:19, 191:20-24.) Ms. Gutman’s “TEAM ON Member” biography on the Optimum Whey website identified her principally as a wedding dress designer and described the work she did under her Contract with Plaintiff. (Docket Entry No. 58, Exh. 125.) Ms. Gutman knew that her Contract prohibited her from using JLM’s trademarks in commerce (Contract, § 10(b)), and gave Plaintiff exclusive promotional rights in connection to her work as a designer for Plaintiff (Contract, § 10(a)). Ms. Gutman’s “informal agreement” with her fiancé to use her trademarked name in a way that apparently sought to avoid explicitly contracting with a third party to use that name in commerce evidences an intent to trade on Plaintiff’s goodwill. Similarly, Ms. Gutman’s decision to direct the followers of the Account toward commercial interests that did not benefit Plaintiff evidences an intent to trade on Plaintiff’s reputation and goodwill and profit from any resulting confusion as to affiliation and endorsement.

As to the seventh Polaroid factor, the respective quality of the parties’ products, Plaintiff has presented evidence that the Hayley Paige-branded products displayed on the Account are high-priced luxury bridal apparel. (P.I. Tr. 129:19-24.) Plaintiff has not produced evidence of the comparative quality of the third-party goods, merely their different nature and comparative inexpensiveness. Compare Docket Entry No. 14, Exh. 74 with Exhs. 68-73, 78-80; P.I. Tr. 130:19-24; see Star Indus., Inc., 412 F.3d at 389 (holding that Polaroid factor seven was “evenly balanced” where the record was insufficient to find “either product is markedly superior in quality” even though “Georgi’s vodka was much cheaper than Bacardi’s rum”); Trustees of Columbia University v. Columbia/HCA Healthcare Corp., 964 F. Supp. 733, 748 (S.D.N.Y. 1997) (holding that the seventh factor was neutral where no evidence of Defendant’s product’s quality was presented). Plaintiff has produced evidence that the inclusion of third-party products on the Account “did not represent the level of luxury associated with” the Account or

Plaintiff's goods. (Docket Entry No. 56, at ¶ 11.) While Plaintiff argues that the third-party products are "off brand" in terms of inconsistency with JLM's image and product lines and therefore harmful to its reputation (id.; Docket Entry No. 13, at 17), the seventh Polaroid factor is in the main concerned with harm arising from confusion with a product of inferior quality, not differing products or price-points. See Arrow Fastener, 59 F.3d at 398 (seventh factor "is primarily concerned with whether the senior user's reputation could be jeopardized by virtue of the fact that the junior user's product is of inferior quality.")

Finally, in considering the sophistication of the consumers under the eighth Polaroid factor, the Court "must evaluate the general impression of the ordinary purchaser, buying under the normally prevalent conditions of the market and giving the attention such purchasers usually give in buying that class of goods . . ." Trustees of Columbia University, 964 F. Supp. at 748 (quoting McGregor-Doniger, Inc., 599 F.2d at 1137). No evidence was presented to demonstrate the sophistication of wedding gown consumers, and, given the difference thus far between JLM's goods and the type of third-party products that Ms. Gutman has sought to promote, this factor does not militate for or against a likelihood of confusion between JLM's goods and the third party goods.

Balancing the factors is not a mechanical process. Star Indus., Inc., 412 F.3d at 384. To summarize, factors one, two, three, five, and six weigh in favor of consumer confusion, factor four weighs against, and factors seven and eight are neutral. Ms. Gutman's bad faith in using her trademarked name in commerce separate from her work for Plaintiff weighs particularly heavily in the Court's balancing, given the evidence that she sought to exploit her work for Plaintiff while avoiding a direct contractual relationship with the Optimum Whey enterprise until after she had renegotiated the Contract. In assessing the totality of the likely

impression on a consumer, the Court also notes that the “misshayleypaige” term has been used to identify the Account in connection with both Plaintiff’s goods and the third-party goods. The use of an identical mark on an Account where consumers had previously seen Plaintiff’s goods and also began to see promotion of third-party goods, increases the likelihood of confusion as to affiliation should Ms. Gutman be able to continue to use the handle and Designer’s Name in commercial activities on social media. Accordingly, the Court finds that consumer confusion is likely to result from Ms. Gutman’s use of the Designer’s Name, its registered trademarks, or similar variations in commerce to promote other products or to promote Ms. Gutman herself as an influencer able to promote other vendors’ products.<sup>17</sup>

Ms. Gutman argues that Plaintiff’s trademark infringement claims are not ripe, relying on JA Apparel Corp. v. Abboud, 682 F. Supp. 2d 294 (S.D.N.Y. 2010) for the proposition that courts cannot restrict the use of a person’s name “in a vacuum.” (P.I. Tr. 260:18.) In that case, Mr. Abboud, a well-known clothing designer, had contractually assigned the right to use his name to his former employer, and the Court, after Mr. Abboud had at first been imprecise as to the manner in which he proposed to use his name in connection with a new clothing line, ultimately analyzed the infringement and fair use issues presented by reference to particular mockups of advertisements. See JA Apparel Corp., 682 F. Supp. 2d at 311. Here, Ms. Gutman has used, and asserted the right to use, @misshayleypaige as the handle of the Account to pursue Instagram influencer commercial ventures of her own, including the promotion of third party products, and has lent her name and references to work performed for Plaintiff in connection with the trademarks to the promotion of third-party enterprises from

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<sup>17</sup> The Court’s finding in this regard encompasses the JLM HP Social Media Accounts listed in Addendum 1 to this Memorandum Opinion and Order that incorporate the Designer’s Name.

which she solicited compensation. Ms. Gutman has exhibited an intent, unless enjoined, to generate profits from the use of a term incorporating her name as an identifier of a business venture, which violates the terms of her Contract with Plaintiff. *Id.* at 312 (“If an individual has previously sold ‘use of his name and its goodwill, to the plaintiff, . . . 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.’”) Plaintiff’s claim for injunctive relief with respect to the JLM HP Social Media Accounts is, accordingly, ripe for adjudication.

Plaintiff also asserts claims for trademark dilution. However, the Court need not address those claims, as it finds that Plaintiff is likely to succeed on the merits of its trademark infringement, unfair competition, and Contract breach claims and Plaintiff does not seek different or additional relief based on its dilution claims. *See JA Apparel Corp.*, 682 F. Supp. 2d at 317; *Morningside Group, Ltd. v. Morningside Capital Group, L.L.C.*, 182 F.3d 133, 143 (2d Cir. 1999) (“We need not address the [dilution claim] because Morningside Group – having already succeeded on its infringement claim – has neither requested, nor could it receive, any further relief based on dilution.”) The Court also declines to address Plaintiff’s conversion, trespass to chattel, and breach of fiduciary duty claims in the context of this motion practice. The ultimate viability of the conversion and trespass claims turns on resolution of the parties’ vigorous dispute, which the Court does not need to reach to resolve this motion, regarding the somewhat more nuanced issue of “ownership” of the Account itself.

#### Speech Restrictions

Plaintiff also seeks injunctive relief prohibiting Defendant from (i) “interfering with” Plaintiff’s use of the Designer’s Name, Trademarks, or the Accounts; (ii) publicly

disparaging Plaintiff; or (iii) continuing what Plaintiff characterizes as Defendant's social media bullying campaign. (Docket Entry No. 86, § A(iii)(b).) Because this aspect of Plaintiff's motion amounts to a request that this Court use its governmental authority to restrict Ms. Gutman's future speech, the Court must analyze that request within the framework of the First Amendment. See Shelley v. Kraemer, 334 U.S. 1 (1948) (holding that enforcing by injunction a private racially restrictive covenant was state action subject to the Fourteenth Amendment).

In the First Amendment context, a preliminary injunction is a prior restraint and, as such, "bear[s] a heavy presumption against its constitutional validity." Bantam Books, Inc. v. Sullivan, 372 U.S. 58, 70 (1963); Pittsburgh Press Co. v. Pittsburgh Comm'n on Human Relations, 413 U.S. 376, 390 (1973) ("The special vice of a prior restraint is that communication will be suppressed . . . before an adequate determination that it is unprotected by the First Amendment"); Latino Officers Ass'n, New York, Inc. v. City of New York, 196 F.3d 458, 465 (2d Cir. 1999) ("The danger of a prior restraint, as opposed to ex post disciplinary action, is precisely that making predictions ex ante as to what restrictions on speech will ultimately be found permissible is hazardous and may chill protected speech."). The presumption against prior restraints has been upheld even where the speech at issue was intended to have a coercive impact on the subject. See Organization for a Better Austin v. Keefe, 402 U.S. 415, 419 (1971) ("The claim that the expressions were intended to exercise a coercive impact on respondent does not remove them from the reach of the First Amendment . . . so long as the means are peaceful, the communication need not meet standards of acceptability.") In the labor dispute context, the Second Circuit has held that an employee's efforts to exert social pressure by conduct that is harassing, upsetting, or coercive are nonetheless entitled to First Amendment



protection. See Metropolitan Opera Ass'n, Inc. v. Local 100, Hotel Employees and Restaurant Employees Intern. Union, 239 F.3d 172, 178 (2d Cir. 2001).

However, “constitutional rights . . . may be contractually waived where the facts and circumstances surrounding the waiver make it clear that the party foregoing its rights has done so of its own volition, with full understanding of the consequences of its waiver.” Erie Telecomm., Inc. v. City of Erie, Pa., 853 F.2d 1084, 1096 (3d Cir. 1988). “The question of a waiver of a federally guaranteed constitutional right is, of course, a federal question controlled by federal law,” Brookhart v. Janis, 384 U.S. 1, 4 (1966), and courts must “indulge every reasonable presumption against waiver of fundamental constitutional rights.” Johnson v. Zerbst, 304 U.S. 458, 464 (1938) (internal quotation omitted); Legal Aid Society v. City of New York, 114 F. Supp. 2d 204, 227 (S.D.N.Y. 2000).

A party may be found to have waived constitutional rights if there is “clear” and “compelling” evidence of waiver and that waiver is voluntary, knowing, and intelligent. Curtis Publ’g Co. v. Butts, 388 U.S. 130, 145 (1967). Determining whether a waiver was voluntary, knowing, and intelligent rests “upon the particular facts and circumstances surrounding that case, including the background, experience and conduct” of the waiving party. Zerbst, 304 U.S. at 464.

Although there is clear and compelling evidence, in the form of relevant provisions of the negotiated Contract, that Ms. Gutman voluntarily, knowingly, and intelligently, in exchange for consideration, waived her right to use the Designer's Name for commercial purposes without JLM’s permission, Plaintiff has not presented clear and compelling evidence that any provision of the Contract explicitly prohibits Ms. Gutman from speaking on the topic of this litigation or speaking of her experience with the company in ways

that Plaintiff believes are harmful to its business interests. Plaintiff cites Ms. Gutman's contractual duties to assist with advertising programs and devote her full time and attention to JLM's business (Docket Entry No. 59, at 10; P.I. Tr. 270:19-271:24), but those positive duties are insufficient to support implication of the necessary explicit waiver of a right to make negative statements relating to her dispute with JLM. The waiver of a fundamental right "can neither be presumed nor may it be lightly inferred." Legal Aid Society, 114 F. Supp. 2d at 227 (citation omitted). Plaintiff has not produced such "clear and compelling" evidence that Ms. Gutman has waived her right to speak publicly in ways that may harm Plaintiff's advertising programs that the Court could enjoin such speech in advance without running afoul of the First Amendment. See Curtis Publ'g Co., 388 U.S. at 145. Accordingly, Plaintiff's preliminary injunction motion is denied insofar as it seeks an order prohibiting "publicly disparaging JLM . . . [and] continuing Defendant's social media bullying campaign." (Docket Entry No 86, § A(iii)(b).)<sup>18</sup>

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<sup>18</sup> Section A(iii)(b) of JLM's proposed preliminary injunction order also asks the Court to prohibit Defendant from "interfering with JLM's use of the Designer Name, Trademarks, or JLM Social Media Accounts" as violative of the duty to assist in advertising. (Docket Entry No. 86, § A(iii)(b).) That element of the proposed order is duplicative of relief sought on contract and trademark grounds and is therefore denied without prejudice to consideration of the other requests insofar as they seek exclusion of Ms. Gutman from commercial use of the Designer's Name and variations in connection with the Account and otherwise. Insofar as it seeks an advance restriction on speech, Plaintiff's request is denied without prejudice to claims and requests for remedial relief regarding the nature, legality and effect of any activity in which Ms. Gutman has engaged or that she undertakes in the future.

Irreparable harm absent injunctive relief

In addition to demonstrating a likelihood of success on the merits, Plaintiff must show that it is likely to suffer irreparable injury in the absence of an injunction. See Salinger, 607 F.3d at 79-80.

“A showing of irreparable harm is the single most important prerequisite for the issuance of a preliminary injunction.” Faiveley Transp. Malmo AB v. Wabtec Corp., 559 F.3d 110, 118 (2d Cir. 2009) (internal quotation marks omitted). “To satisfy the irreparable harm requirement, Plaintiffs must demonstrate that absent a preliminary injunction they will suffer an injury that is neither remote nor speculative, but actual and imminent, and one that cannot be remedied if a court waits until the end of trial to resolve the harm.” Grand River Enterprise Six Nations, Ltd. v. Pryor, 481 F.3d 60, 66 (2d Cir. 2007) (internal quotation marks omitted).

“Irreparable harm ‘exists in a trademark case when the party seeking the injunction shows that it will lose control over the reputation of its trademark pending trial,’ because loss of control over one’s reputation is neither ‘calculable nor precisely compensable.’” New York City Triathlon v. NYC Triathlon Club, 704 F. Supp. 2d 305, 342 (S.D.N.Y. 2010); see also U.S. Polo Ass’n, Inc. v. PRL USA Holdings, Inc., 800 F. Supp. 2d 515, 540 (S.D.N.Y. 2011) (“the presumption of irreparable injury in trademark cases is no longer appropriate”) (citing Salinger, 607 F.3d at 77-78).

Here, Ms. Gutman has demonstrated and stated her intention to continue undermining JLM’s goodwill and marketing efforts by using Plaintiff’s trademark in the Account handle for her own commercial and reputational benefit. (Docket Entry No. 14, Exhs. 68, 75 (“I am not posting any JLM related business”); P.I. Tr. 190:12-15.) If Ms. Gutman were allowed to resume exclusive control of the Account, for the “personal” use to which she claims,

but has not shown, that she has a right, Plaintiff's access to 1.1 million customers and potential customers of its products will be severed, along with the utility of the Account as a powerful marketing platform to which JLM has contributed both financial resources and the time and efforts of its employees (including Ms. Gutman, prior to her resignation). Plaintiff would be deprived of the trademark rights it bought from Ms. Gutman, which are "the linchpin in JLM's marketing of its HP brands" (Docket Entry No. 14, at ¶ 75), and the goodwill associated with the Account. Given the likelihood of confusion between Plaintiff's trademark and Ms. Gutman's use of the @misshayleypaige Account handle, the impression given to actual and potential JLM customers when encountering endorsements of third-party products on the Account rather than attractive presentations of its JLM products and the activities of the person working for JLM as lead designer of those products will not be under Plaintiff's control and will harm the reputation and goodwill Plaintiff has cultivated in connection with its trademark. Ms. Gutman's claims and activities with respect to the Account also present sufficient evidence of prospects of confusion and irreparable harm to goodwill should she have unilateral control of the other JLM HP Social Media Accounts. Plaintiff's loss of control of its reputation and goodwill is not precisely calculable, and therefore Plaintiff will suffer irreparable harm absent injunctive relief.

The Court "has the discretion to permit injunctive relief for breach of contract," even though "the classic remedy for breach of contract is an action at law for damages." Rosenfeld v. W.B. Saunders, 728 F. Supp. 236, 244 (S.D.N.Y. 1990) (citation omitted). Injunctive relief is appropriate for breach of contract where damages are an inadequate remedy, such as where damages are difficult to assess and measure. Id. (quoting Danielson v. Local 275, Laborers International Union of North America, 479 F.2d 1033, 1037 (2d Cir. 1973)). A court

may consider in this connection an employment contract provision stating that a breach constitutes irreparable harm for which there is not an adequate remedy at law as an admission by the breaching party. See Ticor Title Ins. Co. v. Cohen, 173 F.3d 63, 69 (2d Cir. 1999); Singas Famous Pizza Brands Corp. v. New York Advertising LLC, 468 Fed. App'x 43, 46 (2d Cir. 2012). The Contract here contains just such a provision (Contract, § 9(e)), and the contract rights sought to be protected by the injunction go to value associated with JLM's goodwill, which is inherently difficult to quantify, much less to restore. See U.S. Polo Ass'n, Inc., 800 F. Supp. 2d at 541 ("losses of reputation and goodwill and resulting loss of customers are not precisely quantifiable"). Plaintiff has provided persuasive evidence of Ms. Gutman's willingness to violate Plaintiff's trademark rights and material provisions of the Contract that protect Plaintiff's goodwill and investment in the Designer's Name by using the account to deliver posts promoting third-party products for direct and indirect compensation (see, e.g., Docket Entry No. 14, Exh. 68), refusing to provide advertising assistance by excluding JLM and its products from the Account (Docket Entry No. 14, Exh. 75), associating herself with a third-party's bridal expo enterprise that markets products competitive with those of JLM (Docket Entry No. 56, at ¶ 4; Docket Entry No. 58, Exh. 126), and surreptitiously approving Optimum Whey's use of her name and image as a designer and developer of JLM products in an endorsing influence post on Optimum Whey's website (P.I. Tr. 189:24-190:7).

The balance of equities also tips in Plaintiff's favor. Plaintiff has shown that the Account, whose very handle is derived from a trademark to which Plaintiff has permanent exclusive contractual rights, is a work or compilation of works created by Plaintiff's employee during the course of her employment, developed and maintained through the use of its resources and employees' efforts, substantially featuring JLM's products for JLM's commercial benefit,

which Ms. Gutman used and wishes to continue to exploit for her exclusive economic benefit. Particularly in light of the fact that Ms. Gutman has declared that she is no longer Plaintiff's employee, she has no right to continue to use the Account and the other JLM HP Social Media Accounts, or the trademarks under which their followings developed, without Plaintiff's permission. Nor has she the right to make commercial use of the Designer's Name and goodwill associated with the work that she has performed for JLM by associating herself with competitive enterprises during the remainder of the Term and other periods as provided in the Contract.<sup>19</sup>

Finally, enjoining Ms. Gutman's control of the JLM HP Social Media Accounts and her use of them without JLM's permission, and her use of the Designer's Name in commerce during the pendency of this litigation serves the public interest. The injunction will protect Plaintiff's trademark rights, prevent consumer confusion, and enforce the Contract against Ms. Gutman's ongoing and imminent willful violations.<sup>20</sup>

Accordingly, Plaintiff has demonstrated a likelihood of success on the merits, irreparable injury, a favorable balance of hardships, and that the public interest would not be disserved by the issuance of preliminary injunctive relief prohibiting Ms. Gutman from making

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<sup>19</sup> Because the Court is only addressing preliminary injunctive relief pending further litigation, the Court need not determine at this point the merits of the parties' positions as to post-employment restrictive covenants and other restrictions that may continue or purport to become effective after the Term.

<sup>20</sup> The injunctive relief granted herein obviates the need for prospective relief prohibiting Ms. Gutman from using any of the Account information that may come within the contractual definition of confidential. (See Contract, § 9(c).) Accordingly, to the extent Plaintiff requests that the Court enjoin Ms. Gutman's dissemination of the Account's analytics, that request is denied. To the extent Plaintiff argued summarily at the evidentiary hearing that Ms. Gutman is publicly sharing "things that happened at JLM [and] the marketing strategy" (P.I. Tr. 268:22-23) in violation of Section 9(c) of the Contract, Plaintiff's argument is conclusory and insufficient to demonstrate a likelihood of success on the merits of such a claim.

any changes to the JLM HP Social Media Accounts (including the Account) listed in Addendum 1 hereto; transferring any such JLM HP Social Media Account or the right to use it to any person other than JLM and communicating with third parties through any JLM HP Social Media Account for commercial purposes without the express permission of JLM's CEO; utilizing or taking any action to gain exclusive control over any JLM HP Social Media Account; using the Designer's Name, Trademarks and any derivatives or anything confusingly similar in trade or commerce; engaging in or associating with any person or entity engaged in design, manufacture marketing or sale of goods in categories competing with JLM; and using Designs, including content created for JLM HP Social Media Accounts, without JLM's permission. Plaintiff has demonstrated a clear showing of its likely success on the merits of the contract and trademark claims and associated harms, equities, and public interests that underly the mandatory aspects of this relief, specifically those that require Ms. Gutman to cede control of the Account. On the record before the Court, Plaintiff has not, however, demonstrated that an injunction is warranted or necessary at this juncture to prevent irreparable harm from Ms. Gutman's disclosure or dissemination of JLM's confidential information; or to prevent solicitation of company affiliates or employees to break those ties; or to prevent breaches of various restrictions on Ms. Gutman's activity that, under the terms of the Contract, come into effect after the employment Term ends.

CONCLUSION

For the forgoing reasons, Plaintiff's motion for preliminary injunction is granted to the following extent:

During the pendency of this action, Ms. Gutman, along with her officers, agents, servants, employees, and attorneys and all other persons who are in active concert or participation with her and them, are enjoined from taking any of the following actions:

1. Making any changes to any of the social media accounts listed in **Addendum 1 hereto** (the "JLM HP Social Media Accounts"), including but not limited to changing the name of the handles on the accounts, posting any new content thereto and/or deleting or altering any content located therein, tagging any other posts, users or accounts, transferring any such accounts or the right to use any such account from Defendant to any other person except to JLM, or communicating with third parties through same for commercial purposes, without the express written permission of Plaintiff's chief executive officer, Joseph L. Murphy;
2. Utilizing, or taking any action to gain exclusive control over, any of the JLM HP Social Media Accounts, without the express written permission of Plaintiff's chief executive officer, Joseph L. Murphy;
3. Breaching the employment Contract, dated July 13, 2011, together with the amendments and extensions thereto, by:
  - a. using, or authorizing others to use, "Hayley", "Paige", "Hayley Paige Gutman", "Hayley Gutman", "Hayley Paige" or any derivative thereof, including misshayleypaige (collectively the "Designer's



Name”), trademarks in the Designer’s Name, including but not limited to the trademarks identified at **Addendum 2 hereto** (collectively, the “Trademarks”), or any confusingly similar marks or names in trade or commerce, without the express written permission of Plaintiff’s chief executive officer, Joseph L. Murphy;

- b. Directly or indirectly, engaging in, or being associated with (whether as an officer, director, shareholder, partner, employee, independent contractor, agent or otherwise), any person, organization or enterprise which engages in the design, manufacture, marketing or sale of: (i) bridal apparel, including bridesmaids’, mother of the bride and flower girls’ apparel and related items; (ii) bridal accessories and related items; (iii) evening wear and related items; and/or (iv) any other category of goods designed, manufactured, marketed, licensed or sold by JLM;
- c. using or authorizing others to use any Designs,<sup>21</sup> or any of the Trademarks or any variations, versions, representations or confusingly similar facsimiles thereof, in trade or commerce for any purpose whatsoever; and

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<sup>21</sup> “Designs”, as used here, means designs, drawings, notes, patterns, sketches, prototypes, samples, improvements to existing works, and any other works conceived of or developed by Employee in connection with her employment with Plaintiff involving bridal clothing, bridal accessories and related bridal or wedding items, either alone or with others, from the commencement of her employment by Plaintiff through the Term of the Contract. The term includes content created or compiled for the JLM HP Social Media Accounts.

4. Using, or authorizing others to use, any of the Designer's Names, Trademarks or any confusingly similar term, name, symbol or device, or any combination thereof, in commerce in connection with any goods or services, including to endorse, advertise or promote the products and/or services of herself or others directly or indirectly, including but not limited to on social media or in television or media appearances, without the express written permission of Plaintiff's chief executive officer, Joseph L. Murphy.

To the extent not previously delivered, within 24 hours of the entry of this Memorandum Opinion and Order Defendant shall deliver to Plaintiff's attorneys the current login credentials, including the current username and password for the Account (as defined above), the Pinterest and the TikTok accounts with the handle "misshayleypaige," and take any action necessary to enable JLM to regain access and control of the JLM HP Social Media Accounts, including linking the accounts to one of JLM's email addresses and/or phone numbers and/or other social media accounts as requested.

This preliminary injunction is conditioned upon maintenance of the previously posted undertaking of \$200,000, which was posted by JLM on December 18, 2020, to secure payment of costs and damages as may be suffered or sustained by any party who is wrongfully restrained hereby. No additional bond or undertaking shall be required.

This preliminary injunction shall remain in full force and effect until the final judgment in this action is entered, unless otherwise ordered by the Court.

Plaintiff's preliminary injunction motion is denied in all other respects.

This Memorandum Opinion and Order resolves Docket Entry Number 12 and

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supersedes the TRO (Docket Entry No. 8). This case remains referred to Magistrate Judge Cave for general pretrial management.

SO ORDERED.

Dated: New York, New York  
March 4, 2021  
Issued at: 2:43pm

/s/ Laura Taylor Swain  
LAURA TAYLOR SWAIN  
United States District Judge

**Addendum 1**

| <b>Brand</b>           | <b>Platform</b> | <b>Handle</b>                    | <b>Account Link</b>   |
|------------------------|-----------------|----------------------------------|---|
| Hayley Paige           | Instagram       | misshayleypaige                  | <a href="https://www.instagram.com/misshayleypaige/">https://www.instagram.com/misshayleypaige/</a>   |
| Hayley Paige           | Facebook        | Hayley Paige / HayleyPaigeBridal | <a href="https://www.facebook.com/HayleyPaigeBridal">https://www.facebook.com/HayleyPaigeBridal</a>   |
| Hayley Paige           | Pinterest       | Hayley Paige / hayleypaigejlm    | <a href="https://www.pinterest.com/hayleypaigejlm/_saved/">https://www.pinterest.com/hayleypaigejlm/_saved/</a>   |
| Hayley Paige           | Pinterest       | misshayleypaige                  | <a href="https://www.pinterest.com/misshayleypaige/_saved/">https://www.pinterest.com/misshayleypaige/_saved/</a>   |
| Hayley Paige           | Youtube         | Miss Hayley Paige                | <a href="https://www.youtube.com/channel/UCJR_76xqVd6ihrlUm3AL-qg?view_as=subscriber">https://www.youtube.com/channel/UCJR_76xqVd6ihrlUm3AL-qg?view_as=subscriber</a> |
| Hayley Paige           | Twitter         | hayleypaige_jlm                  | <a href="https://twitter.com/HayleyPaige_JLM">https://twitter.com/HayleyPaige_JLM</a>   |
| Blush by Hayley        | Instagram       | blushbyhayleypaige               | <a href="https://www.instagram.com/blushbyhayleypaige/">https://www.instagram.com/blushbyhayleypaige/</a>   |
| Blush by Hayley        | Facebook        | BlushbyHayleyPaige               | <a href="https://www.facebook.com/BlushbyHayleyPaige">https://www.facebook.com/BlushbyHayleyPaige</a>   |
| Blush by Hayley        | Pinterest       | blushbyHP                        | <a href="https://www.pinterest.com/blushbyHP/_created/">https://www.pinterest.com/blushbyHP/_created/</a>   |
| Blush by Hayley        | Twitter         | BlushbyHP                        | <a href="https://twitter.com/BlushbyHP">https://twitter.com/BlushbyHP</a>   |
| Hayley Paige Occasions | Instagram       | hayleypaigeoccasions             | <a href="https://www.instagram.com/hayleypaigeoccasions/">https://www.instagram.com/hayleypaigeoccasions/</a>   |
| Hayley Paige Occasions | Facebook        | hpoccasions                      | <a href="https://www.facebook.com/hpoccasions/">https://www.facebook.com/hpoccasions/</a>   |
| Hayley Paige Occasions | Twitter         | Jim_H_Occasions                  | <a href="https://twitter.com/Jim_H_Occasions">https://twitter.com/Jim_H_Occasions</a>   |
| La Petite Hayley Paige | Instagram       | lapetitehayleypaige              | <a href="https://www.instagram.com/lapetitehayleypaige/">https://www.instagram.com/lapetitehayleypaige/</a>   |
| La Petite Hayley Paige | Facebook        | lapetitehayleypaige              | <a href="https://www.facebook.com/lapetitehayleypaige">https://www.facebook.com/lapetitehayleypaige</a>   |
| Holy Matrimoji App     | Instagram       | holymatrimoji                    | <a href="https://www.instagram.com/holymatrimoji/">https://www.instagram.com/holymatrimoji/</a>   |
| Holy Matrimoji App     | Facebook        | HolyMatrimoji                    | <a href="https://www.facebook.com/HolyMatrimoji">https://www.facebook.com/HolyMatrimoji</a>   |
| All Brands             | TikTok          | misshayleypaige                  | <a href="https://vm.tiktok.com/ZMJqYv9S6/">https://vm.tiktok.com/ZMJqYv9S6/</a>   |

**Addendum 2**

| <b>Trademark</b>                   | <b>Country</b> | <b>Registration No.</b> | <b>Registration Date</b> | <b>Classes</b> |
|------------------------------------|----------------|-------------------------|--------------------------|----------------|
| BLUSH BY HAYLEY PAIGE              | USA            | 6141381                 | 09/01/2020               | 25 Int.        |
| HAYLEY PAIGE                       | USA            | 5858534                 | 09/10/2019               | 14 Int.        |
| HAYLEY PAIGE                       | USA            | 4161091                 | 06/19/2012               | 25 Int.        |
| HAYLEY PAIGE + DESIGN              | USA            | 5368112                 | 01/02/2018               | 25 Int.        |
| HAYLEY PAIGE + DESIGN              | USA            | 5858703                 | 09/10/2019               | 14 Int.        |
| HAYLEY PAIGE<br>OCCASIONS          | USA            | 5276982                 | 08/29/2017               | 25 Int.        |
| JUST GOT PAIGED                    | USA            | 5728141                 | 04/16/2019               | 41 Int.        |
| LA PETITE HAYLEY PAIGE             | USA            | 5698436                 | 03/19/2019               | 25 Int.        |
| LA PETITE HAYLEY PAIGE<br>+ DESIGN | USA            | 5698444                 | 03/12/2019               | 25 Int.        |
| OCCASSIONS BY HAYLEY<br>PAIGE      | USA            | 4914471                 | 03/08/2016               | 25 Int.        |

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

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JLM COUTURE, INC.,

Plaintiff,

-v-

No. 20 CV 10575-LTS-SLC

HAYLEY PAIGE GUTMAN,

Defendant.

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MEMORANDUM OPINION AND ORDER

Before the Court is Defendant Haley Paige Gutman’s motion to dissolve the injunctive relief provisions of the Court’s March 4, 2021, Memorandum Opinion and Order granting JLM Couture Inc.’s motion for a preliminary injunction (docket entry no. 109 (the “Preliminary Injunction Order”)). (Docket entry nos. 141-145.) Defendant Gutman (“Ms. Gutman”) argues that the Court should dissolve the Preliminary Injunction Order in light of facts that existed, but were not presented to the Court, prior to the issuance of the injunction. Specifically, Ms. Gutman contends that the injunction should be dissolved because Plaintiff JLM (“JLM”) breached the parties’ employment contract (“the Contract”)<sup>1</sup> by cancelling Ms. Gutman’s health benefits as of December 31, 2020, and failing to pay her any “base” or “additional” compensation under the Contract in the year 2021. (Docket entry no. 145, at ¶¶ 14, 15, 16.) Separately, Ms. Gutman moves for reconsideration of the Preliminary Injunction Order,

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<sup>1</sup> The “Contract,” as the term is used herein, comprises the 2011 employment agreement (Docket entry no. 14, Exh. 2), as amended by the 2014 amendment extending that agreement through August 1, 2019 (Docket entry no. 14, Exh. 62), and the February 12, 2019, notice letter exercising JLM’s option to further extend Ms. Gutman’s employment term by three years through August 1, 2022. (*Id.*, Exh. 66.)

arguing that it is clearly erroneous insofar as it grants JLM what Ms. Gutman contends is an overbroad injunction against competition, finds that irreparable harm to JLM is likely absent an injunction granting JLM control of the social media accounts referenced in the Preliminary Injunction Order (“the Accounts”),<sup>2</sup> and prohibits Ms. Gutman from using her name in commerce. (Docket entry nos. 115, 116.) The Court has jurisdiction of this case pursuant to 15 U.S.C. section 1121, and 28 U.S.C. sections 1138(a) and 1331, and 1367(a).<sup>3</sup>

The Court has reviewed carefully the parties’ written submissions,<sup>4</sup> and heard oral argument on June 1, 2021. For the reasons stated below, the Court denies in its entirety Ms. Gutman’s motion to dissolve the Preliminary Injunction Order and denies in its entirety Ms. Gutman’s motion for reconsideration. The Court does, however, modify two provisions of the Preliminary Injunction Order for the purpose of clarity.

### FACTS

This recitation of facts is limited to the parties’ material proffers in connection with the motion to dissolve the Preliminary Injunction Order. The Court assumes the parties’ familiarity with the facts and history of the case.

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<sup>2</sup> The Accounts at issue are listed in Addendum 1 to the Preliminary Injunction Order.

<sup>3</sup> On May 28, 2021, the Second Circuit issued a decision holding that Ms. Gutman’s notice of appeal from the Preliminary Injunction Order is not yet effective due to Ms. Gutman’s pending motion for reconsideration (docket entry no. 115). (Docket entry no. 174.) Accordingly, the filing of the notice of appeal did not divest this Court of jurisdiction to consider Ms. Gutman’s dissolution and reconsideration motions.

<sup>4</sup> The Court has reviewed the briefing and proffers of the parties in relation to the motion to dissolve the Preliminary Injunction Order located at docket entry numbers 141-145, 156-160, 164, 165, 167, and 168, and has reviewed the briefing of the parties in relation to the motion for reconsideration located at docket entry numbers 116, 135, and 138.

After lengthy contract negotiations<sup>5</sup> and actions by both parties as detailed in the Preliminary Injunction Order, Ms. Gutman announced her resignation from JLM Couture Inc. on December 17, 2020. (Docket entry no. 58, Exh. 127.) Ms. Gutman's employment contract with JLM provides, inter alia, for the payment of base compensation, "additional" compensation computed based on the annual net sales of certain product lines during the fiscal year and payable "not later than 120 days after the end of each fiscal year of the company," and benefits. (Docket entry no. 14, Exh. 2, at §§ 4(b)-(e); docket entry no. 14, Exh. 62.) By letter dated December 29, 2020, JLM notified Ms. Gutman that "[s]ince you resigned from your employment . . . your Medical Plan was terminated as of December 31, 2020." (Docket entry no. 143, Exh. 6.) Ms. Gutman proffers that, throughout her employment with JLM, her base compensation was paid bi-weekly, and that she has not received any base compensation since December 24, 2020. (Id. at ¶ 15.) Ms. Gutman has not been paid any additional compensation for fiscal year 2020. (Id. at ¶ 14.) On March 18, 2021, Ms. Gutman sent JLM a letter enumerating these alleged material breaches of the Contract and declaring the Contract terminated. (Docket entry no. 143, Exh. 7.) JLM did not respond to the March 18, 2021, letter. (Docket entry no. 145, at ¶ 19.)

Ms. Gutman asserts that, by failing to pay compensation and benefits allegedly due to her, JLM has materially breached and repudiated the Contract, electing to treat the Contract as terminated, and is not entitled to injunctive enforcement of any of the Contract's

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<sup>5</sup> As a part of these negotiations, Mr. Murphy, JLM's Chief Financial Officer, sent Ms. Gutman a letter dated July 24, 2019, stating that JLM would retroactively increase her base and additional compensation, beginning at the start of fiscal year 2019, "as a gesture of good faith during . . . new contract discussions," and that Mr. Murphy was "look[ing] forward to us strengthening our longer-term partnership with an agreement that supersedes the three-year option exercise[.]" (Docket entry no. 145, Exh. 5.)



restrictive provisions or its provisions granting JLM rights with respect to the use of Ms.

Gutman's name and derivatives thereof. (Docket entry no. 144, at 10-11.)

## DISCUSSION

### Motion to Dissolve Injunction

"District courts have continuing power to vacate or modify injunctions where there is a showing of a change in the operative facts so that the injunction is no longer justified." Helmer v. Briody, 721 F. Supp. 498, 505 (S.D.N.Y. 1989); see also International Equity Investments, Inc. v. Opportunity Equity Partners, Ltd., 427 F. Supp. 2d 491, 501 (S.D.N.Y. 2006) ("A preliminary injunction may be modified if the moving party demonstrates that a material change in circumstances justifies the alteration."); Railway Labor Executives' Ass'n v. Metro North Commuter R. Co., 759 F. Supp. 1019, 1021 (S.D.N.Y. 1990) ("A continuing injunction, however, whether preliminary or permanent, is always subject to modification for a change in circumstances.") Upon a motion to dissolve a preliminary injunction order, a court should typically consider "only truly new evidence." Semmes Motors, Inc. v. Ford Motor Co., 429 F.2d 1197, 1207 (2d Cir. 1970); see also American Optical Co. v. Rayex Corp., 394 F.2d 155 (2d Cir. 1968) (denying motion to vacate a preliminary injunction that was not based on changes in circumstances that occurred after the injunction was entered).

The Second Circuit has expressly disapproved of the practice of "trying to relitigate on a fuller record preliminary injunction issues already decided." American Optical Co., 394 F.2d at 155; Semmes Motors, Inc., 429 F.2d at 1207; Broker Genius, Inc. v. Seat Scouts LLC, No. 17-CIV-8627 (SHS), 2018 WL 11222928, at \*2 (S.D.N.Y. Aug. 3, 2018).

Accordingly, upon a motion to modify or dissolve a preliminary injunction, the movant must

demonstrate that the circumstances warranting a change are truly new, as the Court should not permit the movant to “withhold its objections to a preliminary injunction until such time as it can present the strongest possible case.” Broker Genius, Inc., 2018 WL 11222928, at \*2 (quoting Huk-A-Poo Sportswear, Inc. v. Little Lisa, Ltd., 74 F.R.D. 621, 624 (S.D.N.Y. 1977)).

Here, all of the facts proffered by Ms. Gutman were known or available to her prior to March 4, 2021, the date on which the Preliminary Injunction Order was issued.<sup>6</sup> Ms. Gutman received a letter dated December 29, 2020, terminating her health benefits, and Ms. Gutman proffers that she purchased private health insurance as a result. (Docket entry no. 145, at ¶¶ 16, 17.) Ms. Gutman had historically been paid her base compensation on a bi-weekly basis, and the last payment she received from JLM was made on December 24, 2020. (Id. at ¶ 15.) Ms. Gutman asserts that additional compensation was due on March 1, 2021, but that she was not paid on that date. (Id. at ¶ 14.) Because these facts were known by or were available to Ms. Gutman prior to the issuance of the Preliminary Injunction Order, Ms. Gutman could have raised them prior to the issuance of that order, in further support of her argument that the Contract had been terminated. To permit Ms. Gutman to relitigate the issue of whether the Contract remains in effect, an issue that the Court has already addressed in the context of the preliminary injunction motion practice, would be “judicially unwise.” Huk-A-Poo Sportswear, Inc., 74 F.R.D. at 624. Ms. Gutman’s failure to raise her factual contentions regarding material

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<sup>6</sup> Ms. Gutman argues that her March 18, 2021, letter notifying JLM of its alleged breach of the Contract is new evidence, and that the letter terminated the Contract. (Docket entry no. 165, at 5-6.) As the Court explained in the Preliminary Injunction Order, the Contract does not provide for unilateral termination by Ms. Gutman. (Docket entry no. 109, at 19.) Accordingly, Ms. Gutman is unlikely to be able to succeed on her argument that the March 18, 2021, letter effected a change in the status of the Contract, and the correspondence does not establish changed circumstances justifying dissolution of the Preliminary Injunction Order.

breach by JLM and her arguments as to the legal significance of such breach while the preliminary injunction motion was pending is sufficient reason, in itself, for denial of the dissolution motion.

Ms. Gutman's legal arguments also fail on their merits.

Ms. Gutman argues that JLM failed to perform its duties under the Contract following Ms. Gutman's announcement of her resignation, and that JLM's decision to forgo performance terminated the Contract. Accordingly, Ms. Gutman argues that the election of remedies doctrine, which prohibits a party to a contract from ceasing its performance but continuing to accept the benefits of the contract, precludes JLM from pursuing injunctive relief to enforce the Contract. (Docket entry no. 144, at 9.)

When confronted with a repudiation, "the non-repudiating party has two mutually exclusive options. He may (a) elect to treat the repudiation as an anticipatory breach and seek damages for breach of contract, thereby terminating the contractual relation between the parties, or (b) he may continue to treat the contract as valid and await the designated time for performance before bringing suit." Lucente v. International Business Machines Corp., 310 F.3d 243, 258 (2d Cir. 2002). The non-repudiating party "cannot at the same time treat the contract as broken and subsisting." Id. (quotation omitted). Accordingly, a party may not "stop performance and continue to take advantage of the contract's benefits." Martha Graham School and Dance Foundation, Inc. v. Martha Graham Center of Contemporary Dance, Inc., 43 F. App'x 408, 415 (2d Cir. 2002) (quoting Ryan v. Volpone Stamp Co., 107 F. Supp. 2d 369, 386 (S.D.N.Y. 2000)). Once the "party has elected a remedy for a particular breach, [its] choice is binding with respect to that breach and cannot be changed." Lucente, 310 F.3d at 258-259. However, "an election need not be made until the time comes when the party making the election

must render some performance under the terms of the contract.” Id. at 259. At that point, “either performing or failing to perform will indicate an election.” Id.

Here, Ms. Gutman argues that, because JLM did not pay her any base or additional compensation and terminated her health benefits after she communicated her resignation on December 17, 2020, the Court must conclude that JLM elected to treat her resignation as an anticipatory breach that terminated the Contract in all respects. (Docket entry no. 144, at 9.) However, JLM maintains that it has continued to perform and that it has neither repudiated nor breached the Contract. (Docket entry no. 159, at 3.) JLM points to section four of the Contract, arguing that base compensation, additional compensation and benefits are payable only in return “[f]or the full, prompt and faithful performance of all the duties and services to be performed by [Ms. Gutman]” (docket entry no. 159, at 18 citing Contract, § 4). JLM contends that, because such compensation is conditioned upon Ms. Gutman’s performance, JLM’s post-December 24, 2020, performance under the compensation and benefits provisions is not due in light of Ms. Gutman’s announced resignation and subsequent failure to perform her duties. (Docket entry no. 159, at 18.) Ms. Gutman did not refute in her reply, or at oral argument respond meaningfully to, JLM’s assertion of the Contract’s conditional nature, at least with respect to base compensation and benefits. Instead, in her reply submission, Ms. Gutman simply asserted in conclusory fashion that there is “no question” that JLM’s failure to pay her compensation and benefits is a material breach of the Contract. (Docket entry no. 165, at 4.)

“Performance of a duty subject to a condition cannot become due unless the condition occurs or its non-occurrence is excused.” Restatement (Second) of Contracts § 225(1). It is Ms. Gutman’s burden to demonstrate that JLM failed materially to render performance that was due under the Contract, thus creating changed circumstances that warrant dissolution of the

preliminary injunction. Ms. Gutman, who has performed no services for JLM since December 2020, clearly has not carried her burden of demonstrating that JLM failed to perform a duty that was owed pursuant to the Contract insofar as she complains of JLM's failure to pay base compensation and provide benefits following her announcement of her resignation.

JLM also asserts that it is not obligated to pay Ms. Gutman additional compensation because section three of the 2014 amendment to the Contract, which added references to specific product lines and made other changes in the additional compensation formulae set forth in section four of the original contract, provides in relevant part that, "[i]f [JLM] or [Ms. Gutman] decides that [Ms. Gutman] is not able to continue her additional duties, in whole or in part, . . . [JLM] will no longer be obligated to make the [additional compensation] payments set forth in paragraphs 3(b) and (c)." (Docket entry no. 14, Ex. 62, at ¶ 3(h).) Paragraphs 3(b) and 3(c) constitute the entirety of the amended contract's provisions for additional sales-based compensation. Ms. Gutman does not dispute that she stopped designing the Jim Hjelm collection, which is one of the product lines referenced in the amendment, in 2017, or that she stopped performing all of her duties in December 2020. JLM contends that paragraph 3(h) relieves it of any obligation to pay additional compensation in 2021.<sup>7</sup>

At oral argument, Ms. Gutman asserted that JLM's position is contrary to the clear meaning of the Contract because she was still "able" to continue her additional duties notwithstanding her cessation of work on the Jim Hjelm line, and further asserted that paragraph 3(h) of the 2014 amendment was superseded by a letter written to Ms. Gutman by Mr. Murphy, JLM's CEO, on July 24, 2019. (Docket entry no. 145, Exh. 5.) The July 24, 2019, letter stated

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<sup>7</sup> JLM also argues that it overpaid Ms. Gutman over the years that the Contract has been in effect and proffers that, if it is wrong about its obligation to pay additional compensation in 2021, it would, if given the opportunity, cure any failure in this regard.

that, “as a gesture of good faith during our new contract discussions,” JLM would increase Ms. Gutman’s salary and increase the percentage of sales used to compute Ms. Gutman’s additional compensation. (*Id.*) Mr. Murphy concluded the letter by stating “I look forward to us strengthening our longer-term partnership with an agreement that supersedes the three-year option exercise.” (*Id.*) As the Court found in the Preliminary Injunction Order, the parties were engaged in contract negotiations during a substantial part of 2019, but did not agree to a new contract. (Docket entry no. 109, at 12.) In light of the language of section 3 of the 2014 amendment, Ms. Gutman’s 2017 cessation of work on the Jim Hjelm line and her 2020 cessation of work for JLM altogether, and the language of the 2019 letter – which does not suggest an abrogation of the prior contract or a permanent commitment to the pay arrangements described therein – Ms. Gutman has not carried her burden of showing that JLM materially changed the circumstances relevant to the injunction by breaching an obligation to pay additional compensation on March 1, 2021.

On this record, Ms. Gutman has failed to demonstrate that JLM has elected to treat the Contract as terminated by her resignation, and the election of remedies doctrine thus does not compel dissolution of the injunction based on Ms. Gutman’s belated arguments concerning provision of her compensation and benefits. For all the reasons stated above, Ms. Gutman has failed to show a material change since the issuance of the Preliminary Injunction Order that demonstrates that the injunction it is no longer justified.

#### Motion for Reconsideration

The Court next turns to Ms. Gutman’s motion for reconsideration of the Preliminary Injunction Order. (Docket entry no. 115.) “Reconsideration of a court’s previous

order is an extraordinary remedy to be employed sparingly in the interests of finality and conservation of scarce judicial resources.” MPD Accessories B.V. v. Urban Outfitters, Inc., 2014 WL 3439316, at \*1 (S.D.N.Y. July 15, 2014) (internal quotation marks omitted).

Accordingly, a motion for reconsideration may only be granted upon one of three grounds: (1) “an intervening change of controlling law,” (2) “the availability of new evidence,” or (3) “the need to correct a clear error of law or prevent manifest injustice.” United States v. Zhu, 41 F. Supp. 3d 341, 342 (S.D.N.Y. 2014) (quoting Virgin Atl. Airways, Ltd. v. Nat’l Mediation Bd., 956 F.2d 1245, 1255 (2d Cir. 1992)). A motion for reconsideration “is not a vehicle for relitigating old issues, presenting the case under new theories, securing a rehearing on the merits, or otherwise taking a second bite at the apple.” Analytical Surv., Inc. v. Tonga Partners, L.P., 684 F.3d 36, 52 (2d Cir. 2012) (internal quotation marks omitted). “[U]nless the moving party can point to controlling decisions or data that the court overlooked—matters, in other words, that might reasonably be expected to alter the conclusion reached by the court[,]” reconsideration is generally denied. Shrader v. CSX Transp., Inc., 70 F.3d 255, 257 (2d Cir. 1995). “The standard for reconsideration is strict and [the decision whether to grant the motion] is committed to the discretion of the court.” S.E.C. v. Wojeski, 752 F. Supp. 2d 220, 223 (N.D.N.Y. 2010), aff’d sub nom. Smith v. S.E.C., 432 F. App’x 10 (2d Cir. 2011).

Ms. Gutman first argues that the Court should reconsider paragraph 3(b) of the Preliminary Injunction Order because the Court clearly erred in determining that the Contract’s non-competition provision was enforceable notwithstanding Ms. Gutman’s purported resignation. (Docket entry no. 116, at 3-5.) The Court has already considered and rejected Ms. Gutman’s arguments that the Contract is no longer in force (see docket entry no. 109, at 19), and Ms. Gutman does not identify any facts or controlling authority the Court overlooked in reaching

that decision. Ms. Gutman's assertion that the term "period of employment" in paragraph 9(a) should be given a distinct meaning from the "term" of the Contract is an argument that was available to her previously, and is, moreover, unpersuasive. Accordingly, Ms. Gutman is not entitled to a "rehearing on the merits" as to the effect of her purported resignation. Analytical Surv., Inc., 684 F.3d at 52.

With regard to Ms. Gutman's argument that the Contract's non-competition provision was not enforceable because it was overbroad in scope, Ms. Gutman admits that she argued as much in opposition to the motion for a preliminary injunction. (Docket entry no. 138, at 4.) In support of her contention that paragraph 9(a) of the Contract is unenforceable because it is overbroad, Ms. Gutman cites only district court-level cases that do not concern covenants binding persons who remain employees and whose services are unique or extraordinary. (Docket entry no. 116, at 4-5.) Accordingly, Ms. Gutman, who worked under the Contract as lead designer for multiple high-profile JLM product lines, improperly seeks to "relitigate[e] old issues," Analytical Surv., Inc., 684 F.3d at 52, and additionally fails to identify any controlling authority that the Court overlooked in rejecting her argument that the covenant is overbroad. The Court's decision to grant the relief set forth in paragraph 3(b) of the Preliminary Injunction Order is supported by controlling precedent in this circuit. See Ticor Title Ins. Co. v. Cohen, 173 F.3d 63, 70 (2d Cir. 1999) (approving of injunctions prohibiting competition where a unique employee "has such ability and reputation that his or her place may not easily be filled"). Ms. Gutman's argument that paragraph 3(b) of the Preliminary Injunction Order is not tailored to any identified irreparable harm is also against the weight of controlling authority. Id. ("If the unique services of such employee are available to a competitor, the employer obviously suffers



irreparable harm”). Accordingly, Ms. Gutman has not demonstrated that reconsideration of the scope of paragraph 3(b) of the Preliminary Injunction Order is warranted.

Ms. Gutman has, however, identified one issue that warrants clarification of a provision of the Preliminary Injunction Order – the omission of a terminal date for the restrictions set forth in paragraph 3(b) of the Preliminary Injunction Order. That paragraph of the Preliminary Injunction Order was imposed to prevent imminent and irreparably harmful violations of paragraph 9(a) of the Contract. By its terms, paragraph 9(a) of the Contract applies only “during the period of [Ms. Gutman’s] employment with [JLM].” While it is not, of course, clear that the Preliminary Injunction Order, which applies only during the pendency of this action, will still be in effect at the August 1, 2022, terminal date of the employment provisions of the Contract, clarification of that outside terminal date is warranted. Accordingly, paragraph 3(b) of the Preliminary Injunction Order is hereby modified to read as follows:

Until August 1, 2022 (or such earlier date as may be specified in a further order of the Court), directly or indirectly, engaging in, or being associated with (whether as an officer, director, shareholder, partner, employee, independent contractor, agent or otherwise), any person, organization or enterprise which engages in the design, manufacture, marketing or sale of: (i) bridal apparel, including bridesmaids’, mother of the bride and flower girls’ apparel and related items; (ii) bridal accessories and related items; (iii) evening wear and related items; and/or (iv) any other category of goods designed, manufactured, marketed, licensed or sold by JLM;

Ms. Gutman next requests that the Court reconsider the Preliminary Injunction Order's provisions granting JLM control of the Accounts. (Docket entry no. 116, at 6.) Ms. Gutman improperly reiterates arguments regarding the Court's interpretation of her duty to "assist[] with advertising programs" that the Court previously considered and rejected. (Docket entry no. 109, at 24-26.) Ms. Gutman also improperly reasserts theories of social media account ownership that she raised in opposition to the motion for a preliminary injunction and which the Court considered and found unnecessary to address. As explained above, reassertion of these arguments is not appropriate grounds for reconsideration. It is similarly inappropriate for Ms. Gutman to attempt to relitigate the effect of her exclusive access to the Accounts since November 2019, as the Court did not overlook this fact and expressly found that JLM had exercised control of the Accounts through its employees and given Ms. Gutman discretion to post to the Accounts in real time in the course of her employment. (Docket entry no. 109, at 26.) Nor has Ms. Gutman demonstrated that the Court clearly erred in finding that JLM had shown that it would likely suffer irreparable harm in the absence of injunctive relief providing JLM with control of the Accounts.

Ms. Gutman argues further that the Preliminary Injunction Order is clearly erroneous insofar as paragraph 3(a) of the order prohibits her from using the Designer's Name<sup>8</sup> in trade or commerce without the written permission of JLM's CEO, Mr. Murphy. (Docket entry no. 116, at 8.) In support of her argument, Ms. Gutman avers that the Court misinterpreted paragraphs 10(a) and 10(b) of the Contract as prohibiting any commercial use of Ms. Gutman's name during her employment when those provisions, according to Ms. Gutman, only prohibit

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<sup>8</sup> As defined in the Contract, the term "Designer's Name" refers to 'Hayley', 'Paige', 'Hayley Paige Gutman', 'Hayley Gutman', 'Hayley Paige' or any derivative thereof. (Docket entry no. 109, at 3.)

commercial use of her name as a trademark in connection with bridal goods. (Docket entry no. 116, at 9-10.) The Court considered the proper interpretation of paragraphs 10(a) and 10(b), including a version of Ms. Gutman's proposed interpretation that was briefed in opposition to the motion for a preliminary injunction (docket entry no. 39, at 17), and held that an interpretation that allows Ms. Gutman to use the Designer's Name in commerce would be inconsistent with the clear meaning of paragraph 10(b) and would to deprive JLM of its right to use the Designer's Name in commerce any time after the term of the Contract. (Docket entry no. 109, at 22-23.) To the extent Ms. Gutman's new argument was not raised in previous briefing, it was an argument available to her at that time and is an inappropriate basis for reconsideration. Analytical Surv., Inc., 684 F.3d at 52 (reconsideration is not a vehicle for "presenting the case under new theories").

Ms. Gutman's restyled arguments that paragraph 3(a) of the Preliminary Injunction Order is not narrowly tailored to a finding of irreparable harm and is an improper restraint on speech (docket entry no. 138, at 7-8; n.4), do not warrant reconsideration of the Court's conclusion that there was clear and compelling evidence that Ms. Gutman had knowingly, voluntarily, and intelligently waived her right to use her name in commerce in exchange for valid consideration. (Docket entry no. 109, at 45.) Furthermore, the Court found that Ms. Gutman had "contracted away any right to monetize the trademarks and Designer's Name without JLM's permission" (id. at 24) and had demonstrated that she was willing to violate that right by, for example, "surreptitiously approving Optimum Whey's use of her name and image as a designer and developer of JLM products in an endorsing influence post on Optimum Whey's website." (Id. at 49.) Ms. Gutman has not identified any facts or controlling precedent that the Court overlooked in reaching the foregoing conclusions as to the propriety of

the restrictions on her commercial use of her name and derivatives thereof, and its findings regarding irreparable harm. Reconsideration of paragraph 3(a) is therefore denied.

Ms. Gutman argues that paragraphs 3(a), 3(c), and 4 of the Preliminary Injunction Order fail to identify with sufficient detail and specificity the acts restrained thereby in violation of Federal Rule of Civil Procedure 65(d). Ms. Gutman made similar arguments in opposition to the motion for a preliminary injunction (docket entry no. 39, at 25), and therefore cannot show that she has identified facts or controlling law that the Court overlooked in describing the scope of the preliminary injunction. Nor has Ms. Gutman identified controlling authority that the Court overlooked that demonstrates it was clearly erroneous to grant JLM's CEO, Mr. Murphy, authority to approve her use of the Designer's Name and trademarks. However, Ms. Gutman has identified one omission that warrants clarification of a provision of the Preliminary Injunction Order – the omission of a clause in paragraph 3(c) permitting Ms. Gutman to use JLM's trademarks if she receives permission from JLM's CEO. The Preliminary Injunction Order is hereby modified so that paragraph 3(c) reads as follows:

using or authorizing others to use any Designs,<sup>9</sup> or any of the Trademarks or any variations, versions, representations or confusingly similar facsimiles thereof, in trade or commerce

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<sup>9</sup> “Designs”, as used here, means designs, drawings, notes, patterns, sketches, prototypes, samples, improvements to existing works, and any other works conceived of or developed by Employee in connection with her employment with JLM involving bridal clothing, bridal accessories and related bridal or wedding items, either alone or with others, from the commencement of her employment by JLM through the Term of the Contract. The term includes content created or compiled for the JLM HP Social Media Accounts.

without the express written permission of Plaintiff's chief executive officer, Joseph L. Murphy; and

Lastly, Ms. Gutman requests a stay of the Preliminary Injunction Order pending appeal, or, in the alternative, pending a motion to the Second Circuit to stay the same order, pursuant to Federal Rule of Civil Procedure 62(c). (Docket entry no. 116, at 11.) The factors a court must analyze upon a motion for a stay pursuant to Rule 62(c) include "the applicant's likelihood of success on the merits, whether the applicant will be irreparably injured absent a stay, whether issuance of the stay will substantially injure the other parties, and where the public interest lies." Arctic Ocean Intern. Ltd. v. High Seas Shipping Ltd., No. 06-CIV-1056 (LAP), 2009 WL 5103283, at \*1 (S.D.N.Y. Dec. 28, 2009) (citing Hilton v. Braunskill, 481 U.S. 770, (1987)). Ms. Gutman asserts that a stay is appropriate because the Preliminary Injunction Order is manifestly unjust, and that a stay will allow Ms. Gutman to seek "meaningful employment."<sup>10</sup> (Docket entry no. 116, at 11.) Because Ms. Gutman has failed to demonstrate that reconsideration is warranted based on clear error or that the restrictions of the Preliminary Injunction Order work manifest injustice, Ms. Gutman has not demonstrated a likelihood of success on the merits of her appeal. Ms. Gutman does not argue that the other factors weigh in favor of a stay, and the Court analyzed the balance of equities and public interest when granting the preliminary injunction. (Docket entry no. 109, at 47-51.) Accordingly, Ms. Gutman has not

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<sup>10</sup> Ms. Gutman argues that the Preliminary Injunction Order prevents her from seeking "meaningful" employment. (Docket entry no. 116, at 11; docket entry no. 138, at 4.) By "meaningful" employment, Ms. Gutman appears to reference employment or endeavors that would either be competitive with JLM (docket entry no 116, at 4) or would monetize the trademarks that she has sold to JLM (docket entry no. 138, at 7-8). Restricting such employment is consistent with the provisions of the Contract and does not work manifest injustice.

demonstrated that a stay pending appeal is necessary or appropriate under the circumstances of this case.

### CONCLUSION

For the reasons stated herein, Ms. Gutman's motion to dissolve the Preliminary Injunction Order is denied in its entirety. Ms. Gutman's motion for reconsideration is also denied in its entirety. The Preliminary Injunction Order is, however, clarified by the following modifications:

Paragraph 3(b) is hereby modified to read "Until August 1, 2022 (or such earlier date as may be specified in a further order of the Court), directly or indirectly, engaging in, or being associated with (whether as an officer, director, shareholder, partner, employee, independent contractor, agent or otherwise), any person, organization or enterprise which engages in the design, manufacture, marketing or sale of: (i) bridal apparel, including bridesmaids', mother of the bride and flower girls' apparel and related items; (ii) bridal accessories and related items; (iii) evening wear and related items; and/or (iv) any other category of goods designed, manufactured, marketed, licensed or sold by JLM;"

Paragraph 3(c) is hereby modified to read “using or authorizing others to use any Designs,<sup>11</sup> or any of the Trademarks or any variations, versions, representations or confusingly similar facsimiles thereof, in trade or commerce without the express written permission of Plaintiff’s chief executive officer, Joseph L. Murphy; and”

This order resolves docket entry number 115. The Preliminary Injunction Order remains in force in all other respects and the case remains referred to Magistrate Judge Cave for general pretrial management.

Dated: New York, New York  
June 2, 2021

/s/ Laura Taylor Swain  
LAURA TAYLOR SWAIN  
Chief United States District Judge

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<sup>11</sup> “Designs”, as used here, means designs, drawings, notes, patterns, sketches, prototypes, samples, improvements to existing works, and any other works conceived of or developed by Employee in connection with her employment with JLM involving bridal clothing, bridal accessories and related bridal or wedding items, either alone or with others, from the commencement of her employment by JLM through the Term of the Contract. The term includes content created or compiled for the JLM HP Social Media Accounts.