

USDC SDNY DOCUMENT ELECTRONICALLY FILED DOC #: DATE FILED: 27 SEP 2010	<i>Swain J</i>
---	----------------

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

DR. MEHMET OZ, et al.,

Plaintiffs,

v.

FWM LABORATORIES, INC., et al.,

Defendants.

Index No. 09 Civ. 7297 (LTS)

**STIPULATED ORDER OF
PERMANENT INJUNCTION
AND VOLUNTARY DISMISSAL**

WHEREAS, Plaintiffs Dr. Mehmet Oz, Zo Co I, LLC, OW Licensing Company, LLC, and Harpo, Inc. (collectively, "Plaintiffs"), filed their complaint for a permanent injunction, civil penalties, and other equitable relief against, among others, Defendant Netalab Corporation ("Defendant"), alleging violations of N.Y.C.R.L. §§ 50-51, 765 ILCS 10751/1 et seq., 15 U.S.C. §§ 1114(1), 1125(a), 1125(a)(1)(A), 1125(c), 1125(d)(1)(A), 17 U.S.C. § 106, common law unfair competition, common law unjust enrichment, and N.Y. Gen. Bus. Law §§ 349, 350, 815 ILCS 510 et seq. (the "Action");

WHEREAS, Plaintiffs and Defendant (collectively, the "Parties") agreed to settlement of this Action without adjudication of any issue of fact or law and without Defendant admitting liability, and expressly disclaiming liability for any of the matters alleged in the complaint; and

WHEREAS, the Parties have reached a settlement of this action, which is formalized in a separate confidential settlement agreement (the "Settlement Agreement"), and in connection with said Settlement Agreement, have agreed to the entry of this Stipulated Order of Permanent Injunction and Voluntary Dismissal.

THEREFORE, it is hereby stipulated and agreed by and between Plaintiffs and Defendant, and Ordered by this Court, as follows:

I. JURISDICTION AND WAIVER

- A. This Court has jurisdiction over the Parties and the subject matter of the Action.
- B. Venue is proper as to all Parties.
- C. Defendant hereby waives all rights to appeal or otherwise challenge or contest the validity of this order.
- D. The Parties will bear their own legal fees.

II. DEFINITIONS

For the purpose of this Order, the following definitions shall apply:

- A. "Advertisement(s)" shall mean any means by which Defendant or its Representatives, as defined below, promote Defendant's or another Person's, as defined below, Product(s), as defined below, or direct consumers to a physical or online destination for the purpose of offering Defendant's or another Person's Product(s) for sale, including but not limited to web sites located at unique universal resource locators ("URL(s)"), and all audio, visual, and literary material contained within such web sites and any part of the domain name of such web sites; online search engine sponsored link or advertising programs, such as Google AdWords, Google AdSense, Microsoft Bing Search Advertising, and Yahoo! Search Marketing; banner ads; email; television commercials; radio

commercials; interstitial commercials; videos, whether viral or stationary; sponsored articles; testimonials; blogs; meta tags; and print materials, such as sales sheets, newspaper and/or magazine advertisements, and brochures.

- B. "Affiliate" shall mean any Person, as defined below, who participates in an Affiliate Program, as defined below, as an affiliate or publisher.
- C. "Affiliate Network" shall mean any Person, as defined below, who provides Defendant with Affiliates for Defendant's Affiliate Program, as defined below, or whom Defendant contracts with as an Affiliate to promote the Products.
- D. "Affiliate Program" shall mean any agreement whereby any Person, as defined below, agrees, pursuant to terms and conditions agreed to by Defendant and such Person or between such Person and an Affiliate Network, to provide Defendant or another Person with or to refer to Defendant or another Person potential or actual customers for a fee via the creation or facilitation of Advertisements by Affiliates.
- E. "Person" shall mean a natural person or a corporation, partnership, proprietorship, limited liability company, or other organization or legal entity, including an association, cooperative, agency, or other group or combination acting as an entity.
- F. "Product(s)" shall mean any goods or services manufactured, distributed, sold and/or marketed, now or in the future, by Defendant, including, but not limited to South Beach Java.

- G. "Representative(s)" shall mean Defendant's owners, shareholders, partners, members, officers, agents, servants and employees, when acting for or on behalf of Defendant, but expressly excludes Affiliates and Affiliate Networks.

III. PERMANENT INJUNCTION

It is hereby ordered that:

- A. Defendant represents that its business practice precludes it from infringing the Plaintiffs' trade and service marks. Accordingly, the Defendant voluntarily agrees to continue such non-infringing conduct and therefore, from the entry date of this Order forward, Defendant and Defendant's Representatives consent to be permanently enjoined from using the names, pictures, voices, identities, likenesses and/or images of Oprah Winfrey and Dr. Mehmet Oz in any Advertisement for the Product(s) without Plaintiffs' authorization. Such prohibited use includes, but is not limited to, the use of Oprah Winfrey's and/or Dr. Oz's names, and any formatives thereof, in any part of a domain name, as a keyword in an advertising program over which it has control or as a metatag or hidden text on a webpage.
- B. Defendant represents that its business practice precludes it from infringing the Plaintiffs' trade and service marks. Accordingly, the Defendant voluntarily agrees to continue such non-infringing conduct and therefore, from the entry date of this Order forward, Defendant and Defendant's Representatives are hereby permanently enjoined from using the trademarks OPRAH, THE OPRAH

WINFREY SHOW, O, DR. OZ, any other trademarks owned by Plaintiffs, or any formatives thereof, whether currently owned or acquired after the date of this Agreement, in any Advertisement for the Product(s) without Plaintiffs' authorization. Such prohibited use includes, but is not limited to, the use of the trademarks OPRAH, THE OPRAH WINFREY SHOW, O, DR. OZ, any other trademarks owned by Plaintiffs, and any formatives thereof, in any part of a domain name, as a keyword in an advertising program or as a metatag or hidden text on a webpage.

- C. Defendant represents that its business practice precludes it from infringing the Plaintiffs' trade and service marks. Accordingly, the Defendant voluntarily agrees to continue such non-infringing conduct and therefore, from the entry date of this Order forward, Defendant and Defendant's Representatives are hereby permanently enjoined from using any material, visual, literary, audio or otherwise, to which Plaintiffs own the copyright, whether currently owned or acquired after the date of this Agreement, in any Advertisement for the Product(s) without Plaintiffs' authorization.

IV. COMPLIANCE MONITORING BY DEFENDANT AND ITS REPRESENTATIVES

It is further ordered that the Defendant and its Representatives voluntarily agree to implement the following procedures to insure compliance with Paragraph III of this Order. The failure to implement these procedures shall be deemed a violation of this Order.

- A. If Defendant creates its own Affiliate Program, then it shall provide a copy of this Order to any Affiliate that Defendant acquires.

- B. In addition, Defendant will require each Affiliate in any Affiliate Program that it creates to provide the following identifying information to Defendant, which Defendant shall maintain for as long as it uses such Affiliate:
 - 1. If a natural person, the Affiliate's first and last name, valid physical address, country, telephone number, e-mail address and bank account or credit card information (where used to make payments to that Person).

 - 2. If a corporation, partnership, proprietorship, limited liability company, or other organization or legal entity, including an association, cooperative, agency, or other group or combination acting as an entity, the Affiliate's name and any and all names under which it does business, state of incorporation, registered agent, and the first and last name, valid physical address, country, telephone number, and e-mail address of at least one natural person who owns, manages, or controls the Affiliate bank account or credit card information (where used to make payments to that Person).

 - 3. In any circumstances in which Defendant only has access to Affiliates through an Affiliate Network, so that the Defendant does not have access to the Affiliates, and only has access to the Affiliates through an Affiliate Network(s), then the Defendant shall require, as part of its contract with

the Affiliate Network(s), that the Affiliate Network(s) agree to abide by and adhere to the terms of this Order.

E. If an alleged infringement is brought to the attention of the Defendant from any source whatsoever, and after reviewing the Advertisement that contains the allegedly infringing material, should the Defendant determine that the Advertisement does not comply with this Order, Defendant shall take immediate steps to seek to ensure that such Advertisement is not utilized on Defendant's behalf. Such steps shall include not paying any amounts to the Affiliate and/or the Affiliate Network for the Advertisement, including any payments for leads, "click-throughs" or sales resulting therefrom. So too, the Defendant shall notify the Plaintiffs of the alleged infringing material in the event the source of the information that gave rise to the disapproval emanated from a Person not related to the Plaintiff.

1. If Defendant only has access to the Affiliates through an Affiliate Network(s), then it shall require, in written format an agreement with the Affiliate Network(s), that the Affiliate Network will comply with the procedures set forth in this Paragraph IV.E above.

G. Defendant shall promptly and fully investigate any information received by Defendant regarding an Advertisement that does not comply with this Order. However, notwithstanding the requirements of this Paragraph, Defendant shall not

be in violation of this Paragraph if, within three (3) business days after receiving such information, Defendant terminates the Affiliate and/or the Affiliate Network that created or facilitated the non-complying Advertisement, provides notice and all information that does not violate any confidentiality clause and is related to the Affiliate and/or the Affiliate Network collected pursuant to Paragraphs IV.A and IV.B to Plaintiffs, does not pay the Affiliate and/or the Affiliate Network for the offending Advertisement, including any payments for leads, "click-throughs" or sales resulting therefrom, and does not reinstate the Affiliate(s).

- H. If Defendant creates an Affiliate Program, Defendant shall immediately terminate from Defendant's Affiliate Program, and cease payment to, any Affiliate who Defendant reasonably concludes (1) is violating or has violated any provision of this Order; or (2) is violating or has violated any contractual provision of Defendant's contract with the Affiliate. Defendant shall not reinstate any Affiliate that has been so terminated. Defendant shall not be in violation of this Paragraph unless Defendant knew or should have known that the reinstated Affiliate had previously been terminated.

V. COMPLIANCE MONITORING BY PLAINTIFFS

It is further ordered that, for the purpose of monitoring and investigating compliance with any provision of this Order:

- A. In the event of any alleged violation of this Order by Defendant or its Representatives, within ten (10) days of receipt of written notice from Plaintiffs or

a representative of Plaintiffs, Defendant shall submit a written report relating to such alleged violation, sworn to under penalty of perjury, and produce documents, if any, related to such alleged violation and that are identified by Plaintiffs in their written notice, for inspection and copying.

- B. For the purposes of this Order, Plaintiffs shall, unless otherwise directed by a representative of Defendant, mail all written notifications to any Defendant to the following address:

Kelly O'Shea
Netalab Corporation
16850-112 Collins
Sunny Isles Beach, FL 33160

With a copy to:

Craig Edward Stein, Esq.
Craig Edward Stein, P.A.
1814 Northeast Miami Gardens Drive
Suite 500
North Miami Beach, Florida

VI. COMPLIANCE RECORDS TO BE MAINTAINED BY DEFENDANT

It is further ordered that, for the purpose of monitoring and investigating compliance with any provision of this Order:

- A. For a period of eighteen (18) months from the date of this Order, Defendant shall notify Plaintiffs of any changes in corporate structure that may affect compliance obligations arising under this Order, including but not limited to a dissolution, assignment, sale, merger or other action that would result in the emergence of a successor entity that engages in any acts or practices subject to this Order; the

creation or dissolution of a subsidiary or parent that engages in any acts or practices subject to this Order; the filing of a bankruptcy petition; and a change in the corporate name or address, within thirty (30) calendar days of such changes having taken place.

- B. For a period of eighteen (18) months from the date of this Order, Defendant shall notify Plaintiffs of any new Products that it manufactures, distributes, sells and/or markets using Advertising and/or an Affiliate Program.
- C. One hundred eighty (180) days after the date of entry of this Order, Defendant shall provide a written report to Plaintiffs, sworn to under penalty of perjury, setting forth in detail the manner and form in which it has complied and is complying with this Order. This report shall consist of, as applicable:
 - 1. A copy of each acknowledgement of receipt of this Order, obtained pursuant to Paragraph IV.C of this Order.
 - 2. Any changes required to be reported pursuant to Paragraph VI.A.
 - 3. If Defendant creates its own Affiliate Program, a list that identifies every Affiliate, Affiliate Network and/or Person participating in Defendant's Affiliate Program since entry of this Order that Defendant is able to identify.

4. A list of all names under which Defendant has done business since entry of this Order.
 - 5.. A list of all domain names and web page addresses Defendant has owned or operated since entry of this Order.
 - 6.. A copy of each non-identical form contract used in Defendant's Affiliate Program, in the event it creates its own Affiliate Program and notwithstanding the name given to such program by Defendant, at any time since the execution of this Order.
- C. For the purposes of this Order, Defendant shall, unless directed otherwise by a representative of Plaintiffs, mail all written notifications to the Plaintiff to the following address:

Marc Rachman, Esq.
Davis & Gilbert LLP
1740 Broadway
New York, New York 10019
(212) 468-4890
(212) 974-6398 facsimile
e-mail: mrachman@dglaw.com

VII. DISTRIBUTION OF ORDER BY DEFENDANT

It is further ordered that, for a period of eighteen (18) months from the date of entry of this Order, Defendant shall deliver copies of this Order as directed below:

- A. Defendant must deliver a copy of this Order to its Officers, Directors, and Managers. Defendant must also deliver a copy to all of its employees, agents,

independent contractors, and persons whose supervisory or performance duties relate directly to Defendant's obligations under this Order. For current personnel, delivery shall be within ten (10) business days of Defendant's receipt of an entered, executed copy of this Order. For new personnel, delivery shall occur prior to them assuming their responsibilities.

- B. Defendant must secure a signed and dated written or electronic statement (which signature may be obtained electronically provided that the signature would comply with the signature requirements of the Electronic Signatures in Global and National Commerce Act, 15 U.S.C. § 7001 et seq.), acknowledging receipt of this Order, within thirty (30) days of delivery, from all persons receiving a copy or summary of this Order pursuant to this Paragraph.
- C. Notwithstanding the obligations set forth in this Paragraph, Defendant's obligations with respect to distribution of this Order to each Person who participates in Defendant's Affiliate Program, if any, are set forth in Paragraphs IV.A and IV.C.

VIII. LIQUIDATED DAMAGES FOR NON-COMPLIANCE

- A. The Parties acknowledge that the monetary damages that Plaintiff would suffer as a result of a material breach by Defendant of the terms of this Order are not readily ascertainable at the time of their stipulating to the entry of this Order.
- B. In the event of a material breach by Defendant of the terms of this Order that is not cured within ten (10) days of Defendant becoming aware of such breach, in

addition to any injunctive relief that Plaintiffs may be entitled to as a result of such breach, the Parties agree that Defendant shall be liable to Plaintiffs for the liquidated sum of twenty-five thousand (\$25,000) per material breach, as the Parties agree that such sum is reasonably proportionate to Plaintiffs' foreseeable losses for a material breach of this Order.

- C. In the event of a dispute arising out of this Order, the prevailing party shall be entitled to reimbursement from the non-prevailing party of its costs, including all reasonable attorneys' fees.

X. DISMISSAL OF ACTION AGAINST DEFENDANT

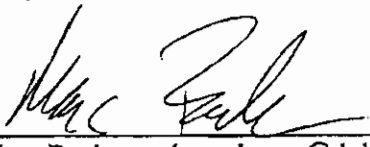
- A. The Parties hereby stipulate and agree, that this action is dismissed with prejudice, against the Defendant, with each party to bear its own costs and its own attorneys' fees.
- B. Notwithstanding the dismissal, this Court shall maintain jurisdiction over the parties in this matter in connection with enforcement of this Stipulated Order of Permanent Injunction and Voluntary Dismissal.

The undersigned, on behalf of themselves or their respective clients, hereby stipulate and consent to the entry of this Order:

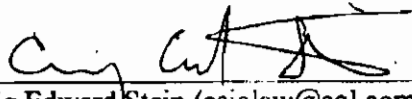
DAVIS & GILBERT LLP
Attorneys for Plaintiffs

CRAIG EDWARD STEIN, P.A.
Attorneys for Defendant

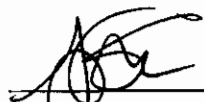
DAVIS & GILBERT LLP
Attorneys for Plaintiffs

By: 
Marc Rachman (mrachman@dglaw.com)
Shirin Keen (skeen@dglaw.com)
Sean Cameron (scameron@dglaw.com)
1740 Broadway
New York, New York 10019
(212) 468-4800
(212) 468-4888 fax

CRAIG EDWARD STEIN, P.A.
Attorneys for Defendant

By: 
Craig Edward Stein (asialaw@aol.com)
1814 Northeast Miami Gardens Drive
Suite 500
North Miami Beach, Florida 33179
(305) 336-3930
(Pro Hac Vice Admission pending)

SO ORDERED:



The Honorable Laura Taylor Swain, U.S.D.J.

Dated: Sept. 27, 2010