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| BENJAMIN H. LAURENSON, III, | : | IN THE COURT OF COMMON PLEAS OF |
| WILLIAM CELLINI, | : | LYCOMING COUNTY, PENNSYLVANIA |
| Plaintiffs | : | |
| | : | |
| vs. | : | NO. 00-00,410 |
| | : | |
| DENNIS DeSANTO and | : | |
| REBECCA FAUSNAUGHT, | : | |
| Defendants | : | INJUNCTION |

***OPINION and ORDER***

The matter presently before the Court concerns the Petition of Plaintiffs Benjamin H. Laurenson, III and William Cellini (hereinafter "Plaintiffs") for a preliminary injunction. Plaintiffs seek to enjoin Defendants Dennis DeSanto and Rebecca Fausnaught (hereinafter "Defendants") from using any reference to the name "Cellini's" or "Cellini's Submarine House" in all advertising and forms of communication and directing Defendants to transfer a telephone number now utilized by Defendants to Plaintiffs.[1]

***Findings of Fact***

The pleadings in this matter and testimony given at hearing held March 21, 2000 established the following facts. William Cellini (one of the Plaintiffs) owned and operated a business known as Cellini's Submarine House at 378 Broad Street in the borough of Montoursville from 1958 until 1988. The telephone number was 368-2221. In 1988, William Cellini sold the business to Charles DeSanto, brother of Defendants, pursuant to the terms of a written "Purchase Agreement" dated November 18, 1988, in which the business is referred to

[1] A Complaint and Petition for Preliminary Injunction were filed on March 17, 2000. As originally filed they also names Charles DeSanto as a defendant.

as Cellini Submarine House. (See Exhibit "A" to Complaint). Therefore, a provision in the addendum to the Purchase Agreement provided that Charles DeSanto could use the Cellini name as long as he remained in business at the 378 Broad Street location. The written agreement made no reference to the telephone number. Charles DeSanto retained the same telephone number, 368-2221, in the operation of the business until he closed the business in March of this year. The Defendants were employed by Charles DeSanto in the Cellini Submarine House at various times including February and March 2000.

On February 28, 2000, Plaintiff Laurenson purchased the real estate in which the Cellini Submarine House business was located. On March 1, 2000, Laurenson offered a new one-year lease to Charles DeSanto, which approximately doubled the monthly rental payment and requested that he execute the new lease or vacate the premises by March 15, 2000. Charles DeSanto was given five days to decide whether or not to accept the lease. The lease was actually delivered to Defendant Dennis DeSanto, who at the time was the employee in charge of the business, by Laurenson's wife (who is also the daughter of Plaintiff William Cellini). Laurenson also registered the name "Cellini's" as a fictitious name with the Department of State of the Commonwealth of Pennsylvania on March 3, 2000. At that time he had the intention of reopening a Cellini's at its original location, either after the expiration of the new one year lease or earlier in the event that Charles DeSanto did not renew his lease. Through conversations between the Laurensons and Charles and Dennis DeSanto, Dennis DeSanto became aware that if Charles DeSanto did not enter into the new lease Plaintiffs (or at least one of the Laurensons) intended to open a submarine shop business at that location using the Cellini name.

Charles DeSanto did not sign the new lease, instead closing the business March 1, 2000. The equipment owned by Charles DeSanto at the Cellini Submarine House was then moved across the street to 365 Broad Street in Montoursville, formerly the location of a business known as "Park Pizza." This location is either leased or owned by Defendants. Defendants then opened a new sub shop at this location March 15, 2000. The telephone number 368-2221 was disconnected on or about March 10, 2000 by Defendant Dennis DeSanto acting on behalf of Charles DeSanto. Charles DeSanto apparently did not seek to transfer the number to any new location. Charles DeSanto did not sell or transfer his business good will nor his rights to use the telephone number to any party to this litigation.

Prior to opening, Defendant Dennis DeSanto contacted the telephone company and requested the 368-2221 number, formerly used by his brother, be issued to him. Although he initially had to use an alternate number, the 368-2221 number was subsequently assigned to his business.

Before Charles DeSanto closed his business, fliers were created and distributed advertising the opening of the new business "DeSanto's Subs, formerly Cellini's" and including the same telephone number as had been used by Charles DeSanto. Some of these were distributed from the Cellini Submarine House before it was closed. Prior to opening at the Park Pizza location, Defendants displayed a sign in their window which read "Cillini's Subs Is Coming," intentionally misspelling the name by using an "i" rather than an "e." After this sign was in place, apparently over a weekend, Plaintiff Laurenson's wife entered the Defendants' new sub shop to complain about the use of the name displayed on the sign. Defendant Dennis DeSanto initially asserted a right to use that name because of the difference

in spelling, but he later acquiesced and removed the name from the sign. An unspecified number of people had observed the sign while it was in place and alerted the Laurensons to the signs' use of the Cellini name. Mrs. Laurenson was also aware that, after opening, Defendants' employees answered the telephone "DeSanto's, formerly Cellini's."

The 368-2221 telephone number is known throughout the geographic area of the market served by Cellini Submarine House. A significant portion of the business of Cellini Submarine House, as much as 70%, is generated through phone-in orders. This dependency on phone orders is customary throughout the trade in this type of restaurant in the immediate area.

***Discussion***

A preliminary injunction may issue only when (1) it is necessary to prevent immediate and irreparable harm which could not be compensated by damages; (2) greater injury would result by refusing it than by granting it; (3) it properly restores the parties to their status as it existed immediately prior to the wrongful conduct; and (4) the activity sought to be restrained is actionable and an injunction is reasonably suited to abate that activity. ***Harsco Corp. v. Klein***, 576 A.2d 1118, 1121 (Pa.Super. 1990). The federal courts have opined that to obtain a preliminary injunction, a plaintiff must demonstrate (1) a reasonable probability of success on the merits; (2) irreparable harm to plaintiff if the preliminary injunction is not issued; (3) the balance of hardships favors plaintiff; and (4) the public interest favors the grant of the injunction. ***J. Kinderman & Sons v. Minami Intern. Corp.***, 12 F.Supp.2d 463 (E.D.Pa. 1998).

With respect to the name "Cellini's," Defendants have conceded they have no right to the name, particularly in light of the fact that Laurenson has obtained the right to use it as a fictitious name in his business.

The remaining issue, then, is the use of the telephone number. Plaintiffs claim that the telephone number is inextricably intertwined with the name Cellini's as under the Purchase Agreement entered into by William Cellini and Charles DeSanto in 1988. Plaintiffs assert that as Charles DeSanto has no right to use the name Cellini's, Defendants are thereby prohibited from using the telephone number.

This Court is not persuaded that Plaintiffs are likely to prevail on this theory. First, Charles DeSanto is no longer a party to this action and we fail to see how Plaintiffs can successfully enforce a contract against parties who were not signatories to it. Any superior right to the telephone number conferred in the Plaintiff by the Purchase Agreement would be enforceable by Plaintiff William Cellini. Plaintiffs offered no testimony that William Cellini assigned this potential right to Laurenson. Plaintiffs testified that William Cellini will have no ownership interest in the sub shop. Even if Laurenson has acquired William Cellini's right to the Purchase Agreement with Charles DeSanto, there is no clear right thereunder to establish the telephone number was subject to any assignment or restriction by the express terms of this agreement, nor is there any convincing evidence before the Court that the same was intended or implied.

The Purchase Agreement is very detailed as to what assets were being transferred, specifically including the oil recipe and the name. The assignment of the right to the name Cellini is specifically tied to conducting business at the original 378 Broad Street

location. Other than these references to the name, "Cellini," the Purchase Agreement does not make any reference to any "goodwill" of the business. The absence of reference to the telephone number in the Agreement may create an ambiguity in fact (as opposed to the language of the Agreement), thus allowing parol evidence to be admissible as to the parties' intent. The best evidence received in this case at the preliminary injunction hearing was that of William Cellini, who said he felt the number went with the geographic location. Standing alone, this is not sufficient evidence for the Court to find that Plaintiffs have met their burden of demonstrating that William Cellini and Charles DeSanto intended the telephone number to be included in the Purchase Agreement or, more importantly, that any limitation on the right of Charles DeSanto to transfer or cancel that number was bargained for or agreed upon in 1988. Finally, we are not satisfied that Plaintiffs have demonstrated any superior right to the telephone number, even as a matter of custom. We must keep in mind that while it is true customers for many years utilized the number to patronize the business run by Plaintiff William Cellini, it is equally true that for the last twelve years, customers have utilized the number to patronize the Cellini Submarine House run by Charles DeSanto. Plaintiffs do not claim to have purchased or acquired any rights through Charles DeSanto. The last person entitled to use the telephone number for business purposes is no longer a party to this lawsuit.

However, when the public looks in the telephone book under the name Cellini's, the number listed there now rings at DeSanto's Sub Shop. The address in the book is of course 378 Broad Street, while DeSanto's is actually across the street. This state of affairs will not

change until July, when (the parties have testified) the new telephone books are issued.[2] Meanwhile, Defendants will be essentially utilizing the fictitious name "Cellini's," which Defendants acknowledge may now only be lawfully used by Plaintiff Laurenson, doing business as "Cellini's Submarine House."

Moreover, Plaintiffs have demonstrated a reasonable likelihood they can succeed on the merits of their second claim of unfair competition due to the wrongful conduct by Defendants, which will be perpetuated by Defendant's continued use of a telephone number currently linked with the Cellini business in the phone book. Our determination that Defendants' conduct was wrongful is based upon the distribution of the fliers by Defendants and the manner in which DeSanto's employees initially answered the telephone, as discussed *supra*. However, we are even more troubled by Defendants' use of a sign which signaled to the public that "Cillini's" was coming to the new location. Defendant DeSanto testified he had no knowledge of Plaintiff Laurenson's plans to open up a "Cellini's" sub shop at the original location across the street, and that he had no intention to mislead the public. We find this testimony incredible, given that Defendant DeSanto could give no other reason for using the misspelled version of Cellini's- "Cillini's"- in his sign. In addition, this Court did not find plausible Dennis DeSanto's testimony that his employees were using the name "Cellini" when answering Defendants' business telephone without the knowledge or instruction by either of the Defendants.

[2] Even after July of this year, this problem may continue as old telephone books are commonly retained and continue to be used by the public.

This Court cannot allow public confusion and inconvenience to continue, particularly when caused by Defendants' improper use of the Cellini name to gain a business advantage.

In consideration of the harm to Plaintiffs should a preliminary injunction not be issued, testimony was presented that a good portion of the business done by a sub shop consists of telephone orders, as opposed to orders by customers who come into the shop to place their orders. Customers who wish to call Cellini's would mistakenly call DeSanto's to place an order. A certain number of these customers may realize they have called DeSanto's instead, and knowingly place an order with DeSanto's simply because it is more convenient, causing a loss of business to Cellini's. Customers who fail to understand they have not called Cellini's will place their orders and then, upon arriving at Cellini's, find that no order awaits them. It is reasonable to assume the majority of customers will be annoyed, and a certain percentage of customers will not wait for the order to be prepared. Also, because of the confusion, inconvenience and annoyance, customers could easily choose to avoid the problem altogether by not patronizing Cellini's in the future. Plaintiffs would certainly suffer harm, in terms of actual business lost and goodwill, but it is questionable that Plaintiffs could sufficiently determine the amount of business they actually lost because of the situation, in order to establish a provable claim for damages. Further, loss of goodwill in the early stages of opening a business would be irreparable.

Accordingly, Plaintiffs have demonstrated they will suffer immediate and irreparable harm, incapable of compensation by an award of damages. They have also

demonstrated that the action to be restrained, unfair business competition, is actionable and the preliminary injunction is reasonably suited to abate that activity.

In considering the remainder of the prerequisites to the issuance of a preliminary injunction, this Court finds greater injury would result by refusing the preliminary injunction than by granting it. No harm to Defendants was demonstrated, but Defendants would obviously incur the cost of obtaining an alternative telephone number and advertising the same to the public. However, the greatest harm to Defendants will be the likely loss of repeat "Cellini's" business, to which Defendants are not fairly entitled in the first place. Requiring both new businesses to obtain new telephone numbers will properly restore the parties to the status that existed immediately prior to Defendants' wrongful use of the Cellini name. Finally, the public interest favors avoidance of the confusion, inconvenience and annoyance that will result if Defendants retain the telephone number.[3] Accordingly, the following Order is entered:

[3] This discussion and the following Order is not intended to establish that Plaintiffs have any right to use the telephone number 368-2221.

***ORDER***

***AND NOW***, this 4th day of April 2000, Defendants are enjoined from utilizing the Cellini name.

Defendants are further enjoined from using the telephone number 368-2221 for business purposes, pending final hearing in this matter. Defendants shall neither use said number in advertising, nor conduct any sub shop business over the telephone at that number, nor take any food orders at that number.

A scheduling conference will be held April 12, 2000, at 11:00 a.m. in Courtroom No. 3 of the Lycoming County Courthouse. At that time, the parties shall submit Pre-Trial Memoranda in the form required by Lycoming County Rules of Civil Procedure L212.G. to conduct the hearing for final injunction during the Court's May 2000 trial term, if feasible.

BY THE COURT:

William S. Kieser, Judge

cc: Court Administrator
Kristine Waltz, Esquire
Michael Collins, Esquire
William Miele, Esquire
Judges
Nancy M. Snyder, Esquire
Gary L. Weber, Esquire (Lycoming Reporter)