

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA

CASE NO.: 18-62054-CIV-DIMITROULEAS/SNOW

RODENSTOCK GmbH,

Plaintiff,

vs.

NEW YORK OPTICAL INTERNATIONAL,  
INC., d/b/a TUSCANY EYEWEAR,

Defendant.

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**ORDER GRANTING MOTION OF PLAINTIFF RODENSTOCK  
FOR PRELIMINARY INJUNCTION**

THIS CAUSE came before the Court on the Motion of Plaintiff Rodenstock for Preliminary Injunction in Aid of Arbitration. [DE 11]. The Court has considered the Motion, the Response and the Reply to the Motion, and the arguments of the parties at the September 12, 2018 hearing, and being otherwise duly advised herein, it is hereby

**ORDERED AND ADJUDGED** that the Motion for Preliminary Injunction [DE 11] is hereby **GRANTED** as follows:

**BACKGROUND FACTS**

**A. Business History Between Rodenstock and Tuscany**

Rodenstock is Germany's leading manufacturer of ophthalmic lenses and frames. Compl. ¶ 14.<sup>1</sup> The company manufactures, distributes, markets, and sells eyeglasses, sunglasses, and frames worldwide, including Porsche Design-branded eyewear. *Id.* Tuscany is an eyewear

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<sup>1</sup> "Compl." refers to Rodenstock's August 29, 2018 Complaint for Preliminary Injunctive Relief in Aid of Arbitration (Dkt. #1).

manufacturer and distributor in the United States. Compl. ¶ 15. The company manufactures, markets and sells its own eyewear lines, as well as other brands. *Id.*

Since 2007, Rodenstock and Tuscany have engaged in an ongoing business relationship. Initially, Rodenstock supplied eyewear to Tuscany for distribution in South America and the Caribbean. Compl. ¶ 16. Because North America was a particularly important target region for Porsche Design, however, Rodenstock and Tuscany later agreed to alter their business agreement in November 2016. *Id.* Tuscany's distribution territory was now limited to the United States and Canada. *Id.*

### **B. The Parties' Distribution Agreement**

In November 2016, Rodenstock and Tuscany negotiated and executed the Distribution Agreement, with effect from January 1, 2017. Compl. ¶ 17; [DE 1-1]; (“Distribution Agreement”). Under the Distribution Agreement, Rodenstock extended to Tuscany an exclusive distributorship for its Porsche Design-branded products in the United States and Canada. *Id.*

In return, Tuscany agreed to adhere to strict standards for marketing and sales that were intended to preserve and promote the prestige of the Porsche Design brand. Compl. ¶¶ 17-18. In particular, Tuscany expressly acknowledged that “Rodenstock has a high reputation in the field of top class design and high quality eyewear products” and “has established a substantial reputation and goodwill in the ‘Rodenstock’ name and several licensed brand names for eyewear products.” *See* [DE 1-1] at “whereas” clauses 1 & 2. Accordingly, the Distribution Agreement required Tuscany to distribute the Porsche Design products “as Premium and high class by Premium stores only,” and to comply with Rodenstock's guidelines “with regard to the way in which the [Porsche Design] Products are displayed, presented and sold.” *See* [DE 1-1] at Art. 9(1) & 9(11). After agreeing to Tuscany's exclusive U.S. distributorship, Rodenstock began

shipping Porsche Design-branded products to Tuscany, including on thirteen occasions between December 2017 and April 2018. Compl. ¶ 21.

The Distribution Agreement includes an arbitration agreement, in which the parties agreed to resolve any disputes under German law and in accordance with the Arbitration Rules of the DIS (the “Arbitration Agreement”). *See* [DE 1-1] at Art. 29(1), (2) & (3). Article 29(4) of the Distribution Agreement contains an express carve-out authorizing the parties to seek judicial relief pending resolution of any arbitration on the following terms:

Notwithstanding the foregoing each Party may obtain interlocutory injunctions (“einstweiligen Rechtsschutz”) before the US courts for seizing immediate measures against infringements of the Agreement which brings the other party into a position that might not be remedied by conducting an arbitration proceeding (e.g. infringement of Intellectual Property Rights of the Licensor or Rodenstock).

*See* [DE 1-1] at Art. 29(4). This carve-out was necessary because interim relief is not available under the procedural rules of the DIS until after the appointment of the arbitrator. Schumacher Decl. ¶ 5.<sup>2</sup>

### **C. The Pending Arbitration in Germany**

Rodenstock initiated the Arbitration on June 11, 2018 seeking EUR 380,542.72 in damages for Tuscany’s alleged failure to pay the amounts due and owing to Rodenstock, and to confirm Rodenstock’s contractual rights under the Distribution Agreement. Schumacher Decl. ¶ 6. No arbitrator has yet been appointed and there is no schedule for resolving the Arbitration. Schumacher Decl. ¶ 7. The parties have agreed on a procedure for appointing the sole arbitrator. *Id.* If the parties identify an arbitrator, they will notify the arbitral institution (the DIS) under

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<sup>2</sup> “Schumacher Decl.” refers to the September 4, 2018 Declaration of Sibylle Schumacher *See* [DE 11-1].

whose auspices the Arbitration is being conducted. *Id.* The DIS will then contact the candidate to conduct a conflict check and to enable the candidate to make certain required disclosures, following which the DIS will set a timeframe for the parties to provide any comments regarding those disclosures. *Id.* This process will result in a further delay of at least two to three weeks before the chosen candidate can be appointed by the DIS Appointing Committee. *Id.* On that basis, approximately the end of September is the earliest date that the arbitrator appointment can reasonably be expected to be completed. *Id.*

If the parties are unable to agree on an arbitrator candidate, however, the DIS will have to appoint one. DIS appointment would add an additional three to four weeks to the process, as the parties would be afforded an opportunity to comment on the DIS's choice after the candidate has been identified and confirmed their independence. Schumacher Decl. ¶ 8. Under those circumstances, therefore, the appointment process would be completed sometime in October. But in any event, Rodenstock avers that it has no prospect of obtaining interim relief from the arbitrator prior to the Vision Expo West event in late September.

#### **D. Termination of the Distribution Agreement**

The parties disagree about the alleged breaches and termination of the Distribution Agreement. These issues will ultimately be determined by the arbitrator in the parties' binding arbitration in Germany.

Rodenstock contends that Tuscany breached the Distribution Agreement in various ways. Rodenstock claims that Tuscany never paid Rodenstock for any of the thirteen shipments between December 2017 and April 2018 and that Tuscany owes Rodenstock EUR 380,541.72 (equivalent to \$445,295.57 as of the date of the filing of Rodenstock's Complaint). Compl. ¶ 25. Rodenstock also claims that Tuscany damaged or failed to promote the premium reputation of

the Porsche Design brand in contravention of Tuscany's obligations under the Distribution Agreement. Compl. ¶ 22. Rodenstock contends that in February 2018, Rodenstock purported to terminate only the exclusivity of Tuscany's distributorship in the hope that the parties might find a way to continue their business relationship on a non-exclusive basis if Tuscany remedied its breaches of the Distribution Agreement. Compl. ¶ 23. On April 30, 2018, Rodenstock purported to terminate the Distribution Agreement. Compl. ¶ 25. In the meantime, Tuscany also had purported to terminate the Distribution Agreement by letter dated April 20, 2018.

Rodenstock relies on Article 25(1) of the Distribution Agreement, which provides that Rodenstock retains title to unpaid deliveries to Tuscany of Porsche Design Products. Rodenstock further contends that where Rodenstock has terminated the contract for cause, Rodenstock pursuant to Article 27(1) of the Distribution Agreement is "entitled to appoint a new distributor for the Territory with immediately [sic] effect without the consent of [Tuscany] or to distribute the [Porsche Design] Products in the Territory by itself" and immediately acquired all rights to the Products (including any Porsche Design Products remaining in Tuscany's inventory).

Tuscany takes the position that it was Tuscany (rather than Rodenstock) that validly terminated the Distribution Agreement. Tuscany also claims that Rodenstock breached the Distribution Agreement when it violated Tuscany's exclusive distributorship rights.

Rodenstock contends that the disputed issue of which party terminated the Distribution Agreement is irrelevant to its Motion for Preliminary Injunction because even if Tuscany (rather than Rodenstock) were deemed to have terminated the contract, Rodenstock has the right under Article 27(2) of the Distribution Agreement to repurchase all Porsche Design "Products and paid promotion material remaining in [Tuscany]'s inventory."

**E. Tuscany's Conduct That Rodenstock Contends Threatens the Outcome of the Arbitration**

After initiating the Arbitration, Rodenstock became aware that Tuscany is allegedly attempting to liquidate the balance of its inventory of Porsche Design products at sharply reduced prices, while simultaneously refusing to provide the level of customer service required (and expected by customers) of a luxury, premium brand. Juergens Decl. ¶¶ 5-6.<sup>3</sup> Rodenstock contends that Tuscany appears intent on achieving a quick sale of its remaining inventory to recover what revenue it can following Rodenstock's termination of the Distribution Agreement. If left unchecked, Rodenstock argues, Tuscany's actions will irreparably harm Rodenstock's efforts to develop new distribution and marketing channels for Porsche Design eyewear in the United States, consistent with the premium reputation and pricing of the Porsche Design brand, as well as Rodenstock's own reputation. In support, Chris Juergens, the President and General Manager of Rodenstock USA (the purported exclusive distributor for Porsche Design eyewear in the United States as of July 1, 2018), states that Tuscany's heavily discounted offering of Porsche Design eyewear to its customers at approximately 40% off list prices damages the brand because it makes the Porsche Design brand less desirable to its target audience of customers who put a premium on brand exclusivity. Juergens Decl. ¶ 6. Rodenstock further argues that Tuscany's unauthorized, heavily discounted liquidation and marketing contravenes the parties' agreed-to marketing plan for Porsche Design eyewear and violates Tuscany's obligation under the Distribution Agreement to follow Rodenstock's guidelines "with regard to the way in which the [Porsche Design] Products are displayed, presented and sold," as well as harming

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<sup>3</sup> "Juergens Decl." refers to the September 3, 2018 Declaration of Chris Juergens. *See* [DE 11-2].

Rodenstock USA's own promotion and marketing efforts, which emphasize the premium quality and prestigious reputation of the Porsche Design brand. Compl. ¶ 32; Distribution Agreement, Art. 9(2), (11).

Rodenstock also asserts that Tuscany is refusing to provide appropriate customer service for the Porsche Design products it has sold (and continues to sell), which Rodenstock contends further damages the Porsche Design brand and its reputation in the market. Juergens Decl. ¶ 7. Juergens explains that supporting a luxury brand requires working with the customer to maintain premium and effective product presentation from point-of-sale through return and exchange of product as necessary. *Id.* Juergens states that Tuscany is not providing this brand support, and in many of Rodenstock USA's initial interactions with previous Tuscany customer accounts, the first order of business is cleaning up the customer's inventory, which requires Rodenstock USA to take back and issue credit for product that Tuscany sold but later refused to accept as a return. *Id.* Juergens states that this service comes at a huge cost for Rodenstock USA, but that as a luxury brand distributor, the company cannot refuse to provide it because Porsche Design customers would otherwise refuse to do business with Rodenstock USA or purchase Porsche Design products. *Id.*

Rodenstock further avers that following the termination of the Distribution Agreement, Tuscany has continued to falsely hold itself out as the exclusive distributor for Porsche Design products in the United States. Specifically, Rodenstock introduces evidence that it has learned that Tuscany is registered as an exhibitor at Vision Expo West, and that Tuscany has been promoting itself in connection with that event as the exclusive Porsche Design distributor for the United States (along with several other countries). Juergens Decl. ¶ 8. Rodenstock USA also will be an exhibitor at Vision Expo West, promoting and selling Porsche Design eyewear as the

new exclusive U.S. distributor of the brand. Rodenstock USA intends to use its participation at the Expo to initiate its strategic marketing plan for Porsche Design distribution in the United States. Juergens Decl. ¶ 4. Juergens explains that Vision Expo West will provide a unique and critically important opportunity for Rodenstock to showcase Porsche Design products, gain the attention of the luxury eyewear market, and relaunch its distribution of Porsche Design products through Rodenstock USA. *Id.* The Expo is one of two related, annual worldwide conferences and exhibits for eyecare and eyewear—the other event being Vision Expo East in New York City in March. *Id.* These two trade-only events draw thousands of industry members every year, and many fashion and luxury eyewear brands participate. *Id.*

Rodenstock contends that if permitted to continue, Tuscany’s recent Porsche Design-related business activities, including allegedly falsely representing itself as the exclusive distributor of the brand, will be a particularly serious threat to Rodenstock USA at Vision Expo West. Juergens Decl. ¶ 8. Rodenstock argues that any attempt by Tuscany to liquidate its remaining Porsche Design inventory at the Expo will seriously undermine Rodenstock USA’s own attempt to establish itself as the exclusive distributor of an exclusive brand, irreparably damaging Rodenstock’s business in the United States. Rodenstock further contends that such conduct by Tuscany would violate Article 27(5) of the Distribution Agreement, pursuant to which Tuscany “shall immediately cease using the Intellectual Property Rights [including trademarks] as from the expiration of [the Distribution Agreement]” (or alternatively, from the date of Rodenstock’s repurchase of the Products).

On August 20, 2018, Rodenstock’s counsel wrote to the event organizers for Vision Expo West demanding that they remove Tuscany’s representations on the Expo website that Tuscany is the exclusive distributor for Porsche Design in the United States and several other countries.



*See* Ex. 1 to Frischknecht Decl.<sup>4</sup> On August 22, 2018, counsel for the Expo organizers responded that, following consultation with Tuscany, the incorrect marketing representation had been removed. *See* Exhibit 2 to Frischknecht Decl. But Rodenstock contends that this step is not nearly sufficient because Tuscany is still holding itself out as a distributor of the Porsche Design brand, including on Tuscany's own website displaying dozens of Porsche Design sunglasses and prescription glasses with identifying product numbers and on Tuscany's LinkedIn page, which continues to state that "In 2007, Tuscany eyewear became the Porsche Design exclusive distributor for the USA, Caribbean, and specific countries in Central and South America." *See* Exs. 3 & 4 to Frischknecht Decl.

In his August 20, 2018 letter to the event organizers for Vision Expo West, Rodenstock's counsel additionally demanded that the event organizers take all necessary steps to prevent Tuscany's unauthorized sale of Porsche Design eyewear, or improper use of the Porsche Design trademark, at the Expo. *See* Ex. 1 to Frischknecht Decl. In his August 22 response, counsel for the event organizers declined to do so at this stage but emphasized that the event organizers "would absolutely comply with any court orders, injunctions, or definitive legal documentation advising that Tuscany Eyewear cannot sell any Porsche Design products." *See* Exhibit 2 to Frischknecht Decl. Rodenstock notes that the Expo organizers have stated only that they will comply with appropriate "court orders" and avers that this Court is the only forum in which Rodenstock can obtain such relief.

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<sup>4</sup> "Frischknecht Decl." refers to the September 4, 2018 Declaration of Andreas Frischknecht. *See* [DE 11-3].

## CONCLUSIONS OF LAW

### **A. Legal Standard for Preliminary Injunctive Relief**

To obtain a preliminary injunction, the plaintiff must satisfy the following requirements: “(1) a substantial likelihood of success on the merits; (2) a substantial threat of irreparable injury; (3) that the threatened injury to the plaintiff outweighs the potential harm to the defendant; and (4) that the injunction will not disserve the public interest.” *Keister v. Bell*, 879 F.3d 1282, 1287 (11th Cir. 2018) (citing *Palmer v. Braun*, 287 F.3d 1325, 1329 (11th Cir. 2002)); *Suntrust Bank v. Houghton Mifflin Co.*, 268 F.3d 1257, 1265 (11th Cir. 2001)).

### **B. Rodenstock Is Substantially Likely to Prevail on the Merits**

The issues of whether Rodenstock or Tuscany breached the Distribution Agreement and which party, Rodenstock or Tuscany, validly terminated the Distribution Agreement are disputed and will be a matter for the arbitrator. However, regardless of which party the arbitrator ultimately finds terminated the Distribution Agreement, Rodenstock is likely to prevail in its claim that Tuscany must return its remaining inventory of Porsche Design eyewear to Rodenstock—either pursuant to Article 27(1), which provides that upon Rodenstock’s termination, “Rodenstock shall be entitled to appoint a new distributor for the Territory with immediately [sic] effect without the consent of [Tuscany] or to distribute the [Porsche Design] Products in the Territory by itself,” or pursuant to Article 27(2), which provides for Rodenstock’s right to repurchase Tuscany’s remaining inventory of Products following a termination by Tuscany. Accordingly, Rodenstock is substantially likely to prevail in establishing its contractual right to the return of Tuscany’s remaining inventory of Porsche Design products.

**C. Rodenstock Will Suffer Irreparable Harm in the Absence of an Injunction**

Rodenstock faces continued harm to its business and reputation as a result of Tuscany's Porsche Design-related marketing and sales activities, including extending substantial discounts to customers and failing to provide appropriate customer service. These activities render the Porsche Design brand of diminished reputation and value, and will rob Rodenstock of a uniquely valuable and unquantifiable business opportunity at Vision Expo West. *See MacGinnitie V. Hobbs Group, LLC*, 420 F.3d 1234, 1242 (11th Cir. 2005) (holding that unquantifiable lost business opportunities constitute irreparable harm).

**D. The Threat to Rodenstock Outweighs Any Risk of Damage to Tuscany**

Due to the activities described *supra*, Rodenstock faces the threat of irreparable injury to its business and reputation. On the other hand, any harm Tuscany might incur if it is required to refrain from further sales of Porsche Design eyewear in its inventory for a limited period of time is likely to be minimal and consists exclusively of money damages in the form of potential lost profits.

**E. The Requested Injunction Is Not Adverse to the Public Interest**

A preliminary injunction against Tuscany would not be adverse to the public interest. The entry of a preliminary injunction to enforce the parties' rights and obligations under their contract would serve the public interest, particularly given that Tuscany is no longer providing customer support for the products it is selling.


**CONCLUSION**

For the reasons stated in this Order, it is hereby **ORDERED AND ADJUDGED** as follows:

1. Rodenstock's Motion for Preliminary Injunction [DE 11] is **GRANTED**.

2. Rodenstock shall post a bond with the Clerk of Court in the amount of \$ 1,400,000.00, by September 19, 2018.
3. Upon Rodenstock's posting of the bond, *see* ¶ 2, Tuscany is prohibited from selling its remaining inventory of Porsche Design eyewear and marketing itself on its website, at Vision Expo West and other trade shows, or in any other form of marketing or advertising as the exclusive distributor of Porsche Design eyewear, until thirty days after the DIS notifies the parties that an arbitrator has been appointed in the Arbitration.
4. The Clerk is directed to **CLOSE** this case.

**DONE AND ORDERED** in Chambers at Fort Lauderdale, Broward County, Florida this 14<sup>th</sup> day of September, 2018.

  
WILLIAM P. DIMITROULEAS  
United States District Judge

cc: All Counsel of Record