

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 6, 2004

GALAXY NUTRITIONAL FOODS, INC.
(Exact Name of Registrant as Specified in Charter)

Delaware
(State or other jurisdiction
of incorporation)

1-15345
(Commission File Number)

25-1391475
(IRS Employer
Identification No.)

2441 Viscount Row
Orlando, Florida
(Address of principal executive offices)

32809
(Zip Code)

Registrant's telephone number, including area code: (407) 855-5500

(Former name or former address, if changed since last report.)

Item 1. Changes in Control of Registrant.

Not applicable.

Item 2. Acquisition or Disposition of Assets.

Not applicable.

Item 3. Bankruptcy or Receivership.

Not applicable.

Item 4. Changes in Registrant's Certifying Accountant.

Not applicable.

Item 5. Other Events

Litigation Settlement

Galaxy Nutritional Foods ("the Company") and Schreiber Foods, Inc. ("Schreiber") have reached an out-of-court settlement in a lawsuit filed by Schreiber Foods, Inc. (Schreiber) against Galaxy which alleged various acts of patent infringement.

In a settlement agreement, the parties have agreed to have all claims in the patent infringement lawsuit dismissed. Pursuant to this settlement, Galaxy and Schreiber have also entered into a licensing agreement that permits Galaxy to continue using the manufacturing equipment named in the lawsuit. There was no financial consideration in either the settlement of the lawsuit or the licensing agreement. The term of the license extends through the life of all patents named in the lawsuit (and all related patents) and is assignable by Galaxy. On May 11, 2004, the Company issued a press release to announce the out-of-court settlement.

Item 6. Resignations of Registrant's Directors.

Not applicable.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

Exhibit 10.1 Settlement Agreement dated May 6, 2004 between Galaxy Nutritional Foods, Inc. and Schreiber Foods, Inc. *(Filed herewith.)*

Exhibit 99.1 Press Release issued by the Company on May 11, 2004 *(Filed herewith.)*

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GALAXY NUTRITIONAL FOODS, INC.

May 11, 2004

By: /s/ Salvatore J. Furnari
Salvatore J. Furnari
Chief Financial Officer