

BLOGS

Trademarks

Court Holds Former Franchisee in Contempt for Failing to Comply with Temporary Restraining Order

In *Ledo Pizza System, Inc. v. Singh*, 2014 U.S. Dist. LEXIS 46906 (D. Md. Apr. 3, 2014), a federal court in Maryland granted a franchisor's motion for contempt against a former franchisee who failed to comply with a temporary restraining order prohibiting his continued operation of a pizza franchise following termination. The franchisor, Ledo Pizza, terminated Singh's franchise agreement after he defaulted on several of his obligations under the contract. Ledo also filed suit for breach of contract and various violations of the Lanham Act. The court granted Ledo's request for a temporary restraining order ("TRO") requiring the defendant to immediately cease operations as a Ledo franchisee and cease and desist from the use of Ledo's trademarks and trade secrets. When Singh continued to operate his franchise and use Ledo's proprietary software after entry of the TRO, Ledo moved for sanctions and a contempt order based on Singh's refusal to comply with the court's directive.

The court held that a contempt order was warranted given that (1) the TRO constituted a valid decree of which Singh had constructive notice; (2) Singh's conduct violated the TRO; (3) Singh had sufficient knowledge of his violations of the TRO; and (4) Ledo suffered harm as a result of Singh's continued trademark infringement. The court also granted Ledo's request that Singh disgorge the profits he made from the operation of the franchise following the entry of the TRO and awarded Ledo some of the litigation expenses it incurred in bringing its motion. The court, however, denied Ledo's request for a permanent injunction against Singh because such a sanction would not directly remedy his contumacious conduct and Ledo had not shown that monetary damages would be inadequate to compensate it for the injury caused by violation of the TRO.

Related People

Maisa Frank

Partner

Washington, D.C.

202.295.2209

maisa.frank@lathropgpm.com