

**BLOGS**

Post-Termination Injunctions: Trademarks

Federal Court Grants Temporary Restraining Order in Favor of Franchisor but Emphasizes Need for Showing of Independent Economic Value of Trade Secrets

A federal court in Tennessee granted a franchisor’s request for a temporary restraining order, preventing its former franchisee from operating a competing business at its formerly franchised locations and from infringing the franchisor’s trade dress, trademarks, and intellectual property. *I Love Juice Bar Franchising, LLC v. ILJB Charlotte Juice, LLC*, 2019 WL 6050283 (M.D. Tenn. Nov. 15, 2019). ILJB was a franchisee of Juice Bar with two locations in Charlotte, North Carolina. Upon ILJB’s request for early termination, Juice Bar submitted a termination offer to ILJB that included a termination fee and a noncompetition provision. Over nine months later, ILJB returned an executed copy of the termination offer, crossing through the provisions requiring ILJB to pay the termination fee and abide by the noncompetition provision. Thereafter, ILJB began operating Queen City Juicery out of the two locations that it formerly operated as Juice Bars. Juice Bar sued for (1) breach of the franchise agreement, (2) misappropriation of trade secrets, (3) trademark infringement, (4) trade dress infringement, and (5) unfair competition.

Although the court granted the temporary restraining order sought by Juice Bar, it did so solely based upon Juice Bar’s claims for breach of contract and trade dress infringement. ILJB argued that its franchise agreement had been terminated because an agent of Juice Bar had orally agreed to the changes ILJB made to the termination offer, and that Juice Bar therefore lacked an enforceable franchise agreement. The court found that ILJB’s evidence of an enforceable termination agreement was insufficient and that Juice Bar was likely to succeed on its claims for breach of contract and trade dress infringement. However, the court also found that Juice Bar had failed to present evidence that any of the “confidential information” Juice Bar claimed ILJB had misappropriated (menu items, recipes, methods, pricing strategies, sales structure, general operations, and customer lists) had independent economic value, as it was generally available to the public. The court also held Juice Bar had failed to identify any specific registered trademark that was allegedly infringed by ILJB.

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