

**BLOGS**

Post-Termination Injunctions: Noncompetes

Florida Federal Court Allows Franchisor’s Lanham Act and Breach of Contract Claims to Proceed

A federal court in Florida recently granted in part and denied in part a former franchisee’s motion to dismiss claims for breaching a post-termination noncompete agreement, trademark infringement, and unfair competition. *CHHJ Franchising LLC v. Spaulding*, 2024 WL 229406 (M.D. Fla. Jan. 22, 2024).

A federal court in Florida recently granted in part and denied in part a former franchisee’s motion to dismiss claims for breaching a post-termination noncompete agreement, trademark infringement, and unfair competition. *CHHJ Franchising LLC v. Spaulding*, 2024 WL 229406 (M.D. Fla. Jan. 22, 2024). CHHJ Franchising LLC sued former franchisee Spaulding Hauling Moving LLC and Victor Spaulding after Spaulding continued to use the franchisor’s COLLEGE HUNKS HAULING JUNK trademark to advertise a competing business after the franchise relationship ended. Spaulding moved to dismiss the federal trademark infringement and unfair competition claims, as well as CHHJ’s requests for injunctive relief and attorney’s fees, arguing that these counts failed to state a plausible claim for relief and, therefore, the court should decline to exercise supplemental jurisdiction over the contract claims.

The court dismissed CHHJ’s request for injunctive relief and request for attorney’s fees, as set forth in Counts VI and VII of its complaint, because these requests are remedies, not independent causes of action. The court denied, however, Spaulding’s motion to dismiss the trademark and unfair competition claims, thus also permitting the breach of contract claims to survive. CHHJ pleaded sufficient facts to state a claim for trademark infringement and unfair competition under the Lanham Act, the court concluded, because Spaulding continued to display a sign bearing CHHJ’s mark outside of the office of its now-competing business and continued to advertise the competing business through various social medial and other online platforms usings CHHJ marks in those advertisements. Furthermore, the court found CHHJ plausibly alleged a likelihood of confusion, because it is reasonable to infer that some consumers may be confused by the advertising of the Spaulding Hauling business on websites also bearing CHHJ marks and by visiting offices that have CHHJ signage but Spaulding Hauling trucks in the parking lot.

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