



BLOGS
Trademarks

Former Franchisee's Failure to Fully Deidentify Deemed Infringement

The United States District Court for the Northern District of Texas held that the failure of a terminated franchisee and its successor to fully deidentify a hotel and remove all signage related to its former franchise system, even signage that is difficult to access and costly to remove, constituted trademark infringement. *Choice Hotels Int'l, Inc. v. Goldmark Hospitality, LLC*, 2014 U.S. Dist. LEXIS 20666 (N.D. Tex. Feb. 19, 2014). The franchisee, Goldmark, acquired a former Choice Hotels franchisee's property through bankruptcy and foreclosure and converted it from Choice's Quality Suites brand into a rebranded hotel focusing on extended stay guests. Although Goldmark did paint or cover some signage, changed its business cards, took out advertising in the new name, ceased using the Quality Suites online reservation system, and instructed its employees to answer the phone using the new name, it failed to remove two signs bearing the Quality Suites marks. Goldmark claimed that it could not afford to remove the signs, one of which required the use of a crane, but it offered to allow Choice access to the property to do so. Instead, Choice sued for trademark infringement, false designation of origin, and unfair competition. Choice then brought a motion for summary judgment. The court granted the motion as to liability, finding that continued presence of the marks on the two signs constituted use of the marks in commerce and created a likelihood of confusion. It declined to grant summary judgment as to damages, holding instead that Choice needed to submit evidence at trial regarding its damages.

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