

**BLOGS**

Jurisdiction and Procedure

Kansas Federal Court Finds Personal Jurisdiction Over Franchisee's Alleged Competitive Business in Unfair Competition Case

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In a franchisor's suit against its franchisee and that franchisee's new business, a federal court in Kansas recently denied the new business' motion to dismiss for lack of personal jurisdiction. *HappyFeet-Legends Int'l, Inc. v. Holdaway*, 2024 WL 5008625 (D. Kan. Dec. 6, 2024). Plaintiff HappyFeet-Legends is a Kansas-based franchisor of a system for the development of youth soccer training and facilities. Holdaway and Connect Athletics, LLC were franchisees of HappyFeet. The governing franchise agreement prohibited Mr. Holdaway and Connect Athletics from providing soccer coaching in competition with HappyFeet. According to HappyFeet, Holdaway created a new soccer training company, UpStart, to direct parents and players away from HappyFeet and instead to UpStart. Based on these allegations, HappyFeet initiated a lawsuit against Holdaway, Connect Athletics, and Upstart in the District of Kansas, alleging breach of the franchise agreement, trademark infringement, and claims of unfair competition.

As an Arkansas limited liability company, Upstart moved to dismiss the claims against it for lack of personal jurisdiction in Kansas. Upstart argued that it had no connection with Kansas because it only operated in Tennessee, Missouri, and Arkansas. In response, HappyFeet presented social media evidence that UpStart competed in soccer tournaments in Kansas while wearing HappyFeet trade dress. The court denied UpStart's motion to dismiss, explaining it had specific personal jurisdiction over UpStart based upon its purposeful actions in Kansas, which included both competing in Kansas soccer tournaments and harming HappyFeet's business in Kansas. Because UpStart's actions allegedly harmed HappyFeet in Kansas, the District of Kansas had personal jurisdiction over UpStart, and the case could proceed there.

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