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Preliminary Injunctions

## Minnesota Federal Court Grants Distributor's Motion for Preliminary Injunction to Prevent Former Licensee from Continuing to Sell Distributor's Products

A federal court in Minnesota granted a distributor's motion for a preliminary injunction to prevent a former licensee from continuing to use its trademarks after the distributor terminated the parties' license agreement.

A federal court in Minnesota granted a distributor's motion for a preliminary injunction to prevent a former licensee from continuing to use its trademarks after the distributor terminated the parties' license agreement. *Powerlift Door Consultants, Inc. v. Shepard*, 2021 WL 2911177 (D. Minn. July 12, 2021). Powerlift sent Shepard a notice that it was terminating Shepard's distribution agreement after Shepard sent an email to other Powerlift licensees that described Powerlift's products as defective and poor quality and expressed desire to change the model from a distribution to franchise model. Shepard continued to sell Powerlift's products and represent that it was affiliated with Powerlift. Powerlift filed suit against Shepard, alleging breach of contract and various trademark infringement claims and also sought a preliminary injunction to enjoin Shepard's conduct.

The court granted Powerlift's motion for preliminary injunction. It ruled that Powerlift was likely to succeed on the merits for the breach of contract claim because the distribution agreement permitted Powerlift to terminate the agreement if Shepard engaged in any conduct that could harm the goodwill associated with Powerlift's trademarks. The court also held that Powerlift was likely to succeed on the trademark infringement claims and demonstrated a threat of irreparable harm because Powerlift had a federally registered trademark and unauthorized use of the marks by Shepard may create a likelihood of confusion. Finally, the court held the final two elements, balance of harms and public interest, both weighed in Powerlift's favor. The court noted that while an injunction may put Shepard out of business and in default under other contracts and loans, such harms were self-inflicted.

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