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Vicarious Liability

Ohio Federal Court Rejects Hotel Franchisors' Pursuit of Indemnification Under Federal Trafficking Statute but Permits State Law Cross-Claims Against Franchisee to Proceed

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A federal court in Ohio recently narrowed two hotel franchisors' attempt to implead their franchisee in a lawsuit under the Trafficking Victims Protection Reauthorization Act (TVPRA). *A.S. v. Red Roof Inns, Inc.*, 2024 WL 5245123 (S.D. Ohio Dec. 30, 2024). The plaintiff sued Red Roof Inns, Inc. and Red Roof Franchising, LLC (RRI) for her alleged sex trafficking at two Red Roof Inn branded properties in Oregon and Washington. RRI filed a third-party complaint against OM JSNRN Hospitality Group, LLC (OM), their franchisee operating the Oregon Red Roof Inn, asserting (1) contractual indemnification and defense; (2) common law indemnification; (3) contribution; and (4) breach of contract. The plaintiff moved to strike the claims for common law indemnification and contribution, and to sever and stay the remaining claims.

Consistent with two rulings from the same court on the same issue in earlier cases, the court granted the plaintiff's motion to strike the claims for federal common law indemnification and contribution. The court held that the TVPRA does not "expressly provide a cause of action for contribution or indemnification," the TVPRA does not seek to benefit hotel chains, and that Congress has "declined to include an explicit right to contribution or indemnification" in the TVPRA. The court, however, denied the plaintiff's motion to sever and stay the state law claims for contractual indemnification and breach of contract. The court noted that the plaintiff seeks to hold RRI "directly and indirectly liable for the acts and/or omissions of the employees at their branded properties" where the plaintiff was allegedly trafficked, and that RRI "blame[s]" OM for the alleged sex trafficking because OM "agreed, as an independent contractor, that it had 'sole responsibility to maintain safety and security of its employees, guests and others who may be on the Inn premises.'" Thus, the court found sufficient overlap to allow the state law claims against OM to proceed alongside the plaintiff's claims against RRI.

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