

**IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TENNESSEE
WESTERN DIVISION**

WH CAPITAL, L.L.C., WAFFLE HOUSE INC. and MEMPHIS FOOD GROUP, LLC,)	
Plaintiffs,)	
v.)	
)	No. 2:14-cv-2746-SHL-cgc
COURTNEY CARTER, MARK LNU, d/b/a "DARK SIDE," and SAMUEL L. MURRAY,)	
Defendants.)	

ORDER GRANTING PLAINTIFFS' MOTION FOR PRELIMINARY INJUNCTION

Before the Court is Plaintiffs' Motion for Preliminary Injunction. (ECF No. 22.) The Court held a hearing on the matter on October 2, 2014, the day the motion was filed. Despite being served with notice of the hearing at two separate locations by Plaintiffs, Defendants failed to appear at the hearing. For good cause shown, Plaintiffs' motion is hereby GRANTED.

I. Statement of the Case

Plaintiffs are owners, licensees and sublicensees of trademarks, service marks and related marks as well as restaurants related to the Waffle House brand. Memphis Food Group, LLC is the exclusive licensee of the Waffle House marks for the greater Memphis area, including the West Tennessee area from Memphis to Jackson, Tennessee, as well as West Memphis, Arkansas, and is the franchisee for this area. Plaintiffs filed a Complaint on September 23, 2014, alleging Defendants violated the Lanham Act, infringed on a common law trademark, violated the Tennessee Consumer Protection Act, tortiously interfered with prospective business relationships, tortiously interfered with employment relationships, and were unjustly enriched. (ECF No. 1.) Plaintiffs sought a temporary restraining order, a preliminary injunction, a

permanent injunction, damages, and attorneys' fees.

Waffle House, Inc. ("WHI") owns and operates a Waffle House food truck that operates primarily in and around Atlanta, Georgia. Memphis Food Group claims that in late August it became aware that a food truck with Waffle House signage was in the Memphis area and believed it was the one operated by WHI. On August 26, 2014, Memphis Food Group contacted WHI's corporate headquarters and determined that the corporately owned food truck had not recently been in the Memphis area.

In early September, Plaintiffs contend that they started to receive inquiries and complaints regarding a food truck with Waffle House-related logos and signage appearing at sites throughout the Memphis area. Plaintiffs believed they had successfully identified several persons associated with the Waffle House Express food truck, including Defendants Samuel L. Murray ("Mr. Murray") and Courtney Carter ("Mr. Carter), as well as Velma James ("Ms. James"). After finding addresses for Mr. Murray and Ms. James, Plaintiffs attempted to serve each of them with a cease and desist letter on September 15, 2014. (ECF No. 3-5.) The parties denied any involvement with the food truck and refused to accept the letters. Plaintiffs' attorney then received a phone call from Mr. Carter on September 16, 2014, who Plaintiffs had attempted to serve with a cease and desist letter at Mr. Murray's address. Plaintiffs' counsel said that after he informed Mr. Carter about the contents of the cease and desist letter Mr. Carter denied any involvement with the Waffle House Express food truck and refused requests to provide the name of his attorney. Plaintiffs' attorney told Mr. Carter that if he did not cease and desist using Waffle House's trademarks that Plaintiffs would sue for an injunction and damages. After obtaining Mr. Carter's address, Plaintiffs mailed a cease and desist letter to him on September 19, 2014.

Defendants failed to appear at a hearing on Plaintiffs' application for a temporary restraining order ("TRO") on Wednesday, September 24, 2014, despite Plaintiffs' repeated attempts to reach them to notify them of the hearing. Plaintiffs attempted to reach Mr. Carter, who is listed with the Tennessee Secretary of State as the registered agent for "The Waffle House Express, LLC." An employee of Plaintiffs' counsel called the phone number Mr. Carter listed on his Shelby County Health Department Permit Application for a license to operate The Waffle House Express and left a message regarding the lawsuit and the TRO hearing with someone named "Ron." (See Affidavit of Clara Parker Rhodes, ECF No. 13; ECF No. 3-7.)

At the TRO hearing, the Court concluded that Plaintiffs demonstrated irreparable harm and a likelihood of success on the merits for their trademark infringement claim. The Court issued a TRO, set to expire at 11:59 p.m. October 3, 2014, which restrained Defendants from operating the Waffle House Express food truck in any manner and from using any symbol, trademark, name, or logo of Waffle House in any manner. Plaintiffs served the TRO and Notice of Setting of Preliminary Injunction Hearing on individuals within the Waffle House Express food truck at 4 p.m. September 27, 2014, through process server Chad Dunner ("Mr. Dunner"). (Affidavit of Chad Dunner, ECF No. 17 at 2.) Approximately 15 minutes later, Mr. Dunner nailed a copy of the Summons, Complaint, TRO and Notice of Setting of Preliminary Injunction Hearing to the building at 1463 S. Trezevant Street, Memphis, Tennessee, the address Plaintiffs secured for Dark Side. (Id.) Mr. Dunner witnessed Ron Goods, who identified himself as the nephew of Mr. Carter, remove the nailed envelope from the building on Monday, September 29. (Id.)

The Court held the Preliminary Injunction hearing on October 2, 2014. Despite the notice of the hearing provided to Defendants, they did not appear at the hearing and no one

appeared on their behalf.

II. Analysis

Plaintiffs' claim against the Defendant alleges violations of the Section 32 of the Lanham Act, 15 U.S.C. §§ 1051, et seq. The Lanham Act provides a cause of action against [any] person who, on or in connection with any goods or services, . . . uses in commerce any word, term, name, symbol or devise, or any combination thereof, . . . which . . . is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person[.]

15 U.S.C. § 1125(a)(1).

In the cease and desist letters, Plaintiffs identified several aspects of the Waffle House Express Food truck that they argue infringed on their trademarks, starting with the name of the food truck itself. Beyond the name, Plaintiffs allege several other similarities between Waffle House's protected intellectual property and what is used in and on the Waffle House Express truck, including the distinctive yellow color scheme and the Waffle House tile design and other signage, all of which are registered trademarks of Waffle House. (See ECF No. 2-2.)

In the context of trademark infringement, a plaintiff is entitled to a preliminary injunction if he can show (A) irreparable harm and (B) either a likelihood of success on the merits, or sufficiently serious questions going to the merits to make them a fair ground for litigation and a balance of the hardships tipping decidedly toward the party requesting preliminary relief. See Frisch's Restaurants, Inc. v. Elby's Big Boy of Steubenville, 670 F.2d 642, 651 (6th Cir. 1982). Plaintiffs have met their burden to justify a preliminary injunction.

First, it is clear that the Waffle House Express poses the risk of irreparable harm to Plaintiffs. Plaintiffs claim they have already received complaints about the Waffle House Express. They also suggest that the Waffle House Express poses a great risk to their reputation, which, once damaged, cannot be repaired. Because Plaintiffs have no control over what Defendants are serving on the food truck, the quality of the food, or who is operating the vehicle or the kitchen contained within it, they claim the risk of irreparable reputational harm is immense. Plaintiffs offered a case of food poisoning of one of the truck's customers or a traffic accident involving the food truck as examples of the sort of incidents that could cause irredeemable reputational harm. Finally, Plaintiffs argue that they believe that there has been economic harm to at least one of their brick and mortar restaurants.

Plaintiffs also have demonstrated a likelihood of success on the merits of a trademark infringement claim under the Lanham Act. They have submitted images of the alleged infringing food truck and images of advertisements from both before and after the TRO was issued that direct potential customers to the Waffle House Express's future whereabouts. (See ECF No. 2-4, 2-5; ECF No. 3-1, 3-2, 3-3; ECF No. 22-1.) The similarities are striking between Waffle House's trademarks and those used by the Waffle House Express. Liability for trademark infringement under the Lanham Act, 15 U.S.C. § 1114, hinges on "whether the defendant's use of the disputed mark is likely to cause confusion among consumers regarding the origin of the goods offered by the parties." Daddy's Junky Music Stores, Inc. v. Big Daddy's Family Music Center, 109 F.3d 275, 280 (6th Cir. 1997). When determining whether a likelihood of confusion exists, a court must examine and weigh the following eight factors: (1) strength of the senior mark; (2) relatedness of the goods or services; (3) similarity of the marks; (4) evidence of actual confusion; (5) marketing channels used; (6) likely degree of purchaser care; (7) the

intent of defendant in selecting the mark; and (8) likelihood of expansion of the product lines. Id. The factors serve as a guide to help determine whether confusion is likely, and courts need not apply each of the factors, or with equal weight, in every case. “The ultimate question remains whether relevant consumers are likely to believe that the products or services offered by the parties are affiliated in some way.” Homeowners Group, Inc. v. Home Marketing Specialists, Inc., 931 F.2d 1100, 1107 (6th Cir. 1991).

The factors weigh heavily in favor of Plaintiffs demonstrating a high likelihood of confusion. As anybody who has been beckoned from the highway by a sign or the sight of one of its more than 1,700 restaurants can attest, the name Waffle House, the tile design of its sign, and the yellow color scheme are undeniably strong. Both the Plaintiffs’ restaurants and the Defendants’ food truck are trafficking in related goods and services, namely breakfast foods. Plaintiffs also have demonstrated that the marks are almost identical, that its customers have confused the Waffle House Express truck as being owned and operated by WHI, and that both WHI and Waffle House Express utilize similar means of marketing, including advertising through Facebook and other social media channels. In short, Plaintiffs have demonstrated a high likelihood of confusion by consumers between the goods it offers and those being offered by the Waffle House Express.

The preliminary injunction hearing, like the temporary restraining hearing before it, was not an adversarial proceeding because Defendants failed to appear. However, Defendants had clear notice of the proceeding. In their absence, Plaintiffs have demonstrated irreparable harm and enough of a likelihood of success on the merits of a trademark infringement claim under the Lanham Act to justify a preliminary injunction. While there is no doubt harm to Defendants from being prevented from operating their business, the harm to Plaintiffs from this

infringement is by far greater. Therefore, a Preliminary Injunction should issue against Defendants, Courtney Carter, Mark LNU (“Dark Side”), and Samuel L. Murray, Jr., preventing them from operating the food truck which utilizes the goodwill, trademarks, service mark, and trade dress of Waffle House. The Court further finds that Plaintiffs will suffer irreparable harm, loss, and damage unless Defendants are restrained and enjoined. Good cause has been shown by the Plaintiffs for the issuance of this Preliminary Injunction.

The Court considers the \$500 security bond or guarantee previously posted by the Plaintiffs following the issuance of the TRO as proper to pay the costs and damages sustained by any party found to be wrongfully enjoined. The Court’s Preliminary Injunction shall enjoin the Defendants from operating the food truck described as Waffle House Express and from using the name “Waffle House Express,” in any manner whatsoever associated with the food truck, food, clothing, menus, advertisements, or otherwise, pending further order from this Court.

IT IS THEREFORE ORDERED:

The Defendants Courtney Carter, Mark LNU d/b/a “Dark Side,” and Samuel L. Murray, Jr., their agents, servants, employees, and any other person in active concert or participation with them are hereby enjoined and restrained from operating the Waffle House Express food truck in any manner and from using any symbol, trademark, name, or logo of Waffle House in any manner.

IT IS SO ORDERED, this 3rd day of October, 2014.

/s/ Sheryl H. Lipman
UNITED STATES DISTRICT JUDGE