

Critical Legal Cases for Chapter 40

40.3 Trademark: Ramada Inns wins. The court held that Gadsden Motel Company (Gadsden) had infringed on Ramada Inns' trademarks and service marks by its unauthorized use of such marks. The franchise agreement granted Gadsden, the franchisee, a license to use the "Ramada Inns" marks during the course of the franchise. However, when Ramada Inns properly terminated the franchise agreement with Gadsden on November 17, 1983, Gadsden lost the right to use the Ramada Inn trademarks and service marks. Evidence showed, however, that Gadsden continued to use the "Ramada Inns" marks for at least six months past that date. Therefore, the court found that Gadsden had engaged in trademark infringement in violation of the Lanham Act. The court of appeals affirmed the trial court's judgment which awarded Ramada Inns \$47,165 in trademark infringement damages, \$29,610 in lost franchise fees for the six-month "hold over" period, \$15,000 for advertising to restore Ramada Inns' good reputation, and \$20,000 in attorney fees. *Ramada Inns, Inc. v. Gadsden Motel Company*, 804 F.2d 1562, **Web** 1986 U.S. App. Lexis 34279 (United States Court of Appeals for the Eleventh Circuit).