

2024 WL 3586797

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United States District Court, C.D. California.

7-ELEVEN, INC., Plaintiff,

v.

Gurtar SANDHU; and SSS Realm Corporation, Defendants.

SSS Realm Corporation, Counterclaimant,

v.

7-Eleven, Inc., Counterdefendant.

7-Eleven, Inc., Plaintiff,

v.

Rajwinder Atwal, and [S.S.S. Atwal, Inc.](#), Defendants.

[S.S.S. Atwal, Inc.](#), Counterclaimant,

v.

7-Eleven, Inc., Counterdefendant.

Case No. 8:24-cv-00490-JWH-KES, Case No. 8:24-cv-00506-JWH-KES

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Signed July 16, 2024

Attorneys and Law Firms

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ORDER REGARDING CROSS-MOTIONS FOR PRELIMINARY INJUNCTIONS [ECF Nos. 13 & 27 in the *Sandhu* Action; ECF Nos. 37 & 52 in the *Atwal* Action]

[John W. Holcomb](#), UNITED STATES DISTRICT JUDGE

I. SUMMARY OF DECISION

*1 Before the Court are four cross-motions for preliminary injunctions in two related cases filed by Plaintiff 7-Eleven, Inc.: the *Sandhu* Action, which 7-Eleven asserts against Defendants Gurtar Sandhu and SSS Realm Corporation (the “Sandhu Defendants”);¹ and the *Atwal* Action, which 7-Eleven asserts against Defendants Rajwinder Atwal and S.S.S. Atwal, Inc. (the “Atwal Defendants”).² In its two motions, 7-Eleven seeks to reclaim possession of the 7-Eleven stores currently operated by the Sandhu Defendants and the Atwal Defendants (collectively, “Defendants”).³ 7-Eleven asserts, among other things, that Defendants violated 7-Eleven's Franchise Agreements by committing fraud.⁴ In response, Defendants respond that they did not commit fraud and that, if any fraud occurred at their Stores, it was committed at the behest of 7-Eleven's own employees. Defendants filed their own cross-motions for preliminary injunctions, in an effort to ensure that they may continue to operate their stores.⁵

The Court conducted three hearings on these matters, including an evidentiary hearing with live witness testimony. After considering the evidence presented, the arguments of counsel, and the papers filed in support and in opposition,⁶ the Court orders that the 7-Eleven Motions are **GRANTED** and that Defendants' Motions are **DENIED as moot**, for the reasons set forth herein.

II. BACKGROUND

A. Procedural History

1. The *Sandhu* Action

*2 7-Eleven commenced the *Sandhu* Action in March 2024,⁷ and the case heated up the next month. 7-Eleven filed the operative *Sandhu* Amended Complaint.⁸ The Sandhu Defendants answered the *Sandhu* Amended Complaint,⁹ and SSS Realm filed an Amended Counterclaim against 7-Eleven.¹⁰ 7-Eleven filed an *ex parte* application for a temporary restraining order regarding this conduct,¹¹ which the Court denied.¹² 7-Eleven then filed the instant 7-Eleven Motion, *Sandhu* Action, and the Sandhu Defendants filed the *Sandhu* Motion.

2. The *Atwal* Action

The *Atwal* Action paralleled the *Sandhu* Action. In March 2024, 7-Eleven commenced the *Atwal* Action,¹³ and similar filings followed. In April 2024, 7-Eleven filed the operative *Atwal* Amended Complaint¹⁴ and an *ex parte* application for a temporary restraining order regarding this conduct,¹⁵ which the Court denied.¹⁶ The next month, the Atwal Defendants answered the Amended Complaint,¹⁷ and S.S.S. Atwal filed an Amended Counterclaim against 7-Eleven.¹⁸ 7-Eleven then filed the 7-Eleven Motion, *Atwal* Action, and the Atwal Defendants filed the *Atwal* Motion.

3. Hearings

The Court held an initial hearing in these cases in April 2024¹⁹ and another in May 2024 on the *Sandhu* Action.²⁰ In June 2024, the Court conducted an evidentiary hearing²¹ regarding the four preliminary injunction Motions. A few weeks later, per the Court's order, the parties filed supplemental briefing.²²

B. Factual Background

1. Sandhu and the SSS Realm Stores

Sandhu is the sole owner of SSS Realm.²³ In December 2018, SSS Realm entered into franchise agreements for the operation of three 7-Eleven stores: (1) Store No. 24132, located at 17920 S. Avalon Blvd in Carson, California (“Store 24132”); (2) Store No. 34535, located at 8600 S. Central Avenue in Los Angeles California (“Store 34535”); and (3) Store No. 35639, located at 1800 E. Slauson Avenue in Los Angeles, California (“Store 35639”) (collectively, the “SSS Realm Stores”).²⁴

2. Atwal, and the S.S.S. Atwal Stores

Similarly, Atwal is the sole owner of S.S.S. Atwal.²⁵ Between 2008 and 2019, S.S.S. Atwal entered into franchise agreements for the operation of three 7-Eleven stores: (1) Store No. 19988, located at 1621 N. Placentia in Fullerton, California (“Store 19988”); (2) Store No. 24506, located at 295 West Central in Brea, California (“Store 24506”); and (3) Store No. 13999, located at 2850 Brea Boulevard in Fullerton, California (“Store 13999”) (collectively, the “S.S.S. Atwal Stores”).²⁶

3. SSS Realm and S.S.S. Atwal's Franchise Agreements

a. SSS Realm and S.S.S. Atwal's Obligations

*3 Under the Franchise Agreements, SSS Realm and S.S.S. Atwal agreed to “maintain a high ethical standard in the conduct of the franchised business and in the operation of the Store.”²⁷ SSS Realm and S.S.S. Atwal also agreed to prepare and furnish daily summaries of purchases, daily reports of receipts, all information that 7-Eleven requests regarding the vendors from which franchisees make purchases, actual sales data, and all additional reports that 7-Eleven may reasonably require.²⁸

b. Termination of the Franchise Agreements

Under the Franchise Agreements for Store 24132, Store 34535, Store 35639, and Store 13999, 7-Eleven may terminate the Franchise Agreement, with no opportunity for SSS Realm or S.S.S. Atwal to cure, as described below:

We may terminate this Agreement immediately upon notice to you for the occurrence of any one (1) or more of the following events (each of which you acknowledge is a Material Breach and constitutes good cause for termination):

- (1) you have made or make any material misrepresentation or omission in connection with your application for and acquisition of the franchise, execution of this Agreement, or your operation of the Store;
- (2) you, intentionally or through your gross negligence, understate or fail to accurately report the Store's sales for any period, or otherwise misstate any reports or bookkeeping information you are required to report to us;
- (3) you fail to comply with any federal, state, or local wage and hour law, or fail to comply with any federal, state, or local law related to any employment or immigration matter;

* * *

- (7) we have evidence that you have engaged in any dishonest, unethical, immoral, or similar conduct as a result of which your association with the Store could, in our sole opinion, have a material adverse effect on the goodwill associated with the 7-Eleven System or the 7-Eleven Marks;

* * *

- (10) you fail on four (4) or more separate occasions within any twenty-four (24) consecutive month period to comply with the terms of this Agreement, whether or not you correct the failures after our delivery of notice to you;

* * *

Any breach under Paragraphs 26(a)(1), (2), (3), (6) or (7) of this Agreement by you, your affiliates, and/or any guarantor of yours will be deemed a non-curable default under this Agreement and all other 7-Eleven franchise agreements between or among us and you, your affiliates, and/or your guarantor(s); if the nature of the default under any other such agreement would have permitted us (or our affiliate) to terminate this Agreement if the default had occurred under this Agreement, then we will have the right to terminate all such other agreements in the same manner provided for in this Agreement for termination hereof.²⁹

*4 Under the Franchise Agreements for Store 19988 and Store 24506, 7-Eleven may terminate the Franchise Agreements, with no opportunity for S.S.S. Atwal to cure, if S.S.S. Atwal received three separate notices of material breach within the two years before S.S.S. Atwal's receipt of a fourth notice of material breach.³⁰

4. E-cigarette Promotions Fraud

Sales data reported by SSS Realm and S.S.S. Atwal reflected an above-average use of promotional discounts and manufacturer's coupons.³¹ 7-Eleven investigated the SSS Realm Stores and S.S.S. Atwal Stores by reviewing the Stores' point-of-sale data, and security camera video corresponding to numerous discount transactions at the Stores.³² 7-Eleven's investigation uncovered that Defendants routinely falsified sales of e-cigarette products (such as JUUL, NJOY, and ON! products), and then applied manufacturer's coupons or promotions to the sham transactions for Defendants' own gain.³³

a. Explanation of E-cigarette Promotions Fraud

During the Court's first hearing on these matters, 7-Eleven explained the economics behind e-cigarette promotions fraud.³⁴ 7-Eleven provided the following examples to the Court, with slight modifications:

In a legitimate transaction for an e-cigarette product, without a promotional discount, the franchisee pays the distributor \$200.00 to purchase the e-cigarette product.³⁵ The customer pays \$300.00 as the retail price for the e-cigarette product. 7-Eleven credits the franchisee for this amount. Thus, the franchisee receives \$100.00.³⁶

As another example, in a legitimate transaction for an e-cigarette product with a promotional discount, the franchisee pays the distributor \$200.00 to purchase the e-cigarette product. The retail price for the e-cigarette product is \$300.00. However, because of the manufacturer's discount (offered because the e-cigarette industry is seeking additional customers), the customer only pays \$12.00 for the e-cigarette product. The manufacturer pays 7-Eleven \$288.00 for the sale,³⁷ and 7-Eleven credits the franchisee with \$288.00. Thus, the franchisee still receives \$100.00.³⁸

As a final example, in a fraudulent transaction, the customer seeks to pay for merchandise, which, in total, costs about \$12.00. Regardless of what the merchandise is, the sales associate rings up the merchandise as if the customer was paying for an e-cigarette product with a promotional discount. The customer pays \$12.00. No e-cigarette has been sold. However, because 7-Eleven believes that an e-cigarette sale has occurred, the manufacturer pays 7-Eleven \$288.00 for the sale, and 7-Eleven credits the franchisee with \$288.00. Thus, the franchisee wrongfully receives \$288.00.³⁹

b. 7-Eleven's Evidence of Defendants' E-Cigarette Promotions Fraud

*5 7-Eleven presented numerous examples of e-cigarette promotions fraud occurring at both the SSS Realm Stores and the S.S.S. Atwal Stores. At Store 24132, 7-Eleven reviewed 141 coupon and promotion transactions from November 2021 through May 2023, and 7-Eleven determined that 96 of those transactions involved fraud.⁴⁰ At Store 13999, 7-Eleven reviewed 11 coupon and promotion transactions from February 2022 through April 2023, and 7-Eleven determined that all 11 of those transactions involved fraud.⁴¹ At Store 19988, 7-Eleven reviewed 19 transactions from February 2022 through April 2023, and 7-Eleven determined that 11 of those transactions involved fraud.⁴² At Store 24506, 7-Eleven reviewed 40 transactions involving tobacco promotions, and 7-Eleven determined that 20 of those transactions involved fraud.⁴³

SSS Realm Stores reported \$114,285 more sales of NJOY products than the SSS Realm Stores had in reported inventory.⁴⁴ SSS Realm Stores fraudulently obtained funding from those products, amounting to more than \$104,800.00.⁴⁵ S.S.S. Atwal Stores reported \$59,274.65 more sales of NJOY products than the S.S.S. Atwal Stores had in reported inventory.⁴⁶ S.S.S. Atwal Stores fraudulently obtained funding from those products, amounting to more than \$36,850.00.⁴⁷ From January 2020 through November 2022, S.S.S. Atwal Stores reported \$32,163.75 more sales of JUUL products than the S.S.S. Atwal Stores had in reported inventory.⁴⁸ S.S.S. Atwal reported \$83,793.33 more sales of ON! products than the S.S.S. Atwal Stores had in reported inventory.⁴⁹ S.S.S. Atwal fraudulently obtained funding from those products, amounting to more than \$29,395.00.⁵⁰

As merely one example, at Store 24132 on December 6, 2021, a sales associate rang a transaction with a customer present.⁵¹ The sales associate scanned five NJOY products for \$124.95.⁵² An NJOY promotional discount was applied to the transaction for \$120.00.⁵³ The remaining balance on the transaction was \$5.46 (with tax).⁵⁴ The customer paid with cash, and the customer left with only five cigars.⁵⁵ Notwithstanding the alleged NJOY purchase, no NJOY merchandise left Store 24132.⁵⁶

7-Eleven has paid millions to e-cigarette manufacturers as reimbursement for that e-cigarette promotions fraud.

5. Fraudulent Invoices

Sandhu submitted a declaration to this Court, signed under penalty of perjury.⁵⁷ In his declaration, Sandhu asserts that SSS Realm uploaded invoices from independent distributors to 7-Eleven's System.⁵⁸ Sandhu insists that 7-Eleven's System did not effectively track and monitor those invoices.⁵⁹ Sandhu attached “[t]rue and correct copies” of those invoices to his declaration.⁶⁰

To counter those allegations, Lauren Freede, Manager of Investigations at 7-Eleven, testified during the evidentiary hearing regarding those invoices. Timothy Hall—7-Eleven's Director of Asset Protection and its client representative at the hearings on the Motions—explained during his deposition that Freede led 7-Eleven's investigation into the alleged misconduct at the SSS Realm Stores and the S.S.S. Atwal Stores.⁶¹ During the evidentiary hearing, Freede offered unrefuted testimony to show that many of the invoices that Sandhu submitted to the Court were falsified.

***6** Those invoices purport to show that SSS Realm purchased e-cigarette products from LMD Distributor, located on 22602 Goldencrest Dr., Moreno Valley, CA 92553, telephone number 951-280-0589.⁶² Freede testified that premium e-cigarette products are not usually sold from small companies. Freede discovered that LMD Distributor had: (1) no California corporation registration; (2) no California fictitious name registration; (3) no Riverside County business licensees; (4) no Google search hits (for LMD Distributor in California); (5) no phone listing; and (6) a non-existent wholesaler license.⁶³ Freede called the phone number listed for LMD Distributor on the invoice, and she received a message indicating that the phone number had been disconnected or is no longer in use.⁶⁴ Freede searched the address listed for LMD Distributor on the invoice, and she determined that that address was for an intersection, not for a physical building.⁶⁵ Freede researched the logo for LMD Distributor, and she discovered that it is actually an Adobe stock image.⁶⁶

The LMD Distributor invoices matched other invoices that SSS Realm submitted to 7-Eleven, with the exception that the LMD Distributor invoices also included sales for e-cigarette products.⁶⁷ 7-Eleven maintains records of SSS Realm's inventory purchases. As one example, on October 3, 2022, SSS Realm paid \$1,733.00 to Los Angeles Wholesalers for tobacco-related inventory, including rolling paper and cigars.⁶⁸ However, that Los Angeles Wholesalers invoice did not include any sale for e-cigarette products. Attached to the Sandhu Declaration is an invoice, dated October 3, 2022, that shows that SSS Realm paid \$1,733.00 to LMD Distributors for tobacco-related inventory, including NJOY and JUUL products.⁶⁹

Endale Mekuria, the sole owner of Los Angeles Wholesalers, testified during the evidentiary hearing.⁷⁰ Mekuria asserted that Los Angeles Wholesalers has never operated under the name “LMD Distributor.”⁷¹ Mekuria had never even heard of “LMD Distributor.”⁷²

Based upon that evidence, Freede reached the following conclusions:

- the LMD invoices are falsified;
- the Los Angeles Wholesaler invoices are authentic; and
- the Sandhu Defendants created the LMD invoices in an attempt to match the Los Angeles Wholesaler invoices.

Freede also concluded that the Sandhu Defendants provided invoices from another fake distributor, known as “Lifetime.”⁷³

The Sandhu Defendants offered no reasonable explanation regarding those falsified invoices.

6. Defendants’ Actions Following 7-Eleven’s Termination of the Franchise Agreements

Based upon the above-described conduct, on March 6, 2024, 7-Eleven served SSS Realm with eight notices of material breach for Store 24132; five notices of material breach for Store 34535; and five notices of material breach for Store 35639.⁷⁴ That same day, 7-Eleven delivered three separate termination notices for each SSS Realm Store.⁷⁵

Two days later, 7-Eleven served S.S.S. Atwal with six notices of material breach for Store 13999; six notices of material breach for Store 19988; and seven notice of material breach for Store 24506.⁷⁶ 7-Eleven also delivered three separate Termination Notices for each S.S.S. Atwal Store.⁷⁷

a. Change Fund Orders

After 7-Eleven terminated the Franchise Agreements, Defendants placed orders to US Bank for cash, belonging to 7-Eleven, to be delivered to their Stores (the “Change Fund Orders”).⁷⁸

*7 From March 6 through 19, 2024, across all three SSS Realm Stores, the Sandhu Defendants placed orders for, and received, more than \$225,000 in Change Fund Orders from US Bank.⁷⁹ During that same 13-day period, across all three S.S.S. Atwal Stores, the Atwal Defendants placed orders for, and received, \$229,502.00 in Change Fund Orders from US Bank.⁸⁰

Defendants admitted to placing those Change Fund Orders following the termination of their Franchise Agreements.⁸¹

b. Prepaid Cards

After 7-Eleven terminated the Franchise Agreements, Defendants loaded tens of thousands of dollars onto prepaid cards at their Stores, and Defendants processed tens of thousands of dollars in bill payments through 7-Eleven's bill pay application.⁸² 7-Eleven finances the prepaid cards and bill pay application payments, and the franchisee then reimburses 7-Eleven, by depositing funds into the Stores’ bank accounts.⁸³

From March 6 through April 3, 2024, the Sandhu Defendants loaded over \$104,000 onto prepaid cards and bill payments at Store 24132, but the Sandhu Defendants never deposited any funds into Store 24132's bank account.⁸⁴ From March 8 through April 3, 2024, the Atwal Defendants loaded over \$190,000 onto prepaid cards and bill payments, but, likewise, the Atwal Defendants never deposited any funds into their Stores' bank accounts.⁸⁵

Defendants acknowledge loading money onto those cards. However, Defendants claim that they gave those cards to paying customers. Many of those customers complained that the cards did not work and, in response, Defendants paid refunds to those customers.

c. Missing Internal Hard Drives

After 7-Eleven terminated the Franchise Agreements, 7-Eleven attempted to retrieve DVR equipment that provides video surveillance of the Stores.⁸⁶ However, 7-Eleven discovered that the internal hard drive for the DVRs at Store 24506, Store 13999, and all of the SSS Realm Stores had been removed.⁸⁷

Freede testified that 7-Eleven later found some of the internal hard drives for Defendants' Stores at Defendants' other Stores. That evidence led Freede to conclude that Defendants removed and tampered with the internal hard drives of the DVRs.

To counter that conclusion, Defendants maintain that they never touched those DVRs or their internal hard drives.

d. Defendants' Continued Occupation of the Premises

Even though 7-Eleven terminated the Franchise Agreements, Sandhu and Atwal admitted that they are still operating their Stores as 7-Eleven Stores.⁸⁸ Although 7-Eleven suspended the Stores' ability to sell lottery tickets and operate as a gas station, the Stores still maintain the appearance of 7-Eleven Stores—including 7-Eleven signage and 7-Eleven equipment.⁸⁹

7. Defendants' Theory of 7-Eleven's Involvement in Fraud

***8** Defendants assert that 7-Eleven's employees encouraged them to commit e-cigarette promotions fraud. Sandhu contends that 7-Eleven “takes approximately 52% of the gross profit from [his] stores [which] includes any profits from allegedly fraudulent transactions at [his] stores.”⁹⁰

7-Eleven employs individuals as Area Leaders.⁹¹ Area Leaders “assist the franchisees with the operation and financial management of their businesses” and “ensure that 7-Eleven's standards, such as cleanliness and merchandising, are being adhered-to” throughout the franchisees.⁹² Defendants assert that 7-Eleven motivates Area Leaders to generate profits, especially through promotions. Defendants offered supporting declarations and live witness testimony to support their theory that 7-Eleven's Area Leaders persuaded them to commit e-cigarette promotions fraud.

a. Asad Mohammed

Asad Mohammed is a sales associate at Store 19988. Mohammed is also a master's student, and he has worked as a software engineer.⁹³ Mohammed testified that a 7-Eleven Area Leader named “Gianna” (for whom he could not give a last name) instructed him to fake sales of e-cigarette products.⁹⁴ On the witness stand, Mohammed expressly admitted that he faked

sales of NJOY products.⁹⁵ Mohammed assumed that, by faking sales of NJOY products, he was helping Atwal.⁹⁶ However, Mohammed maintained that he never told Atwal, or anyone else at the S.S.S. Atwal Stores, that he was faking sales of NJOY products.⁹⁷

b. Gianna Sotelo

Gianna Sotelo was an Area Leader for the S.S.S. Atwal Stores.⁹⁸ Sotelo asserted that she “never requested, encouraged, pressured, or counseled anyone to ring anything other than legitimate transactions.”⁹⁹

During her deposition,¹⁰⁰ Sotelo stated that she has never encouraged or instructed sales associates to ring up e-cigarette sales fraudulently.¹⁰¹ Sotelo has used a franchisee store's internal computer to review sales data,¹⁰² but she has never used a franchisee store's internal computer to set prices of inventory or to order inventory for the store.¹⁰³ As part of her Area Leader role, Sotelo interacts with the store manager and franchisee, not the sales associates.¹⁰⁴ Sotelo did not know who Asad Mohammed was.¹⁰⁵

c. Sohel Khan

*9 Sohel Khan is the manager at Store 35639.¹⁰⁶ During the evidentiary hearing, Khan testified that 7-Eleven's Area Leaders pressured Store employees to commit e-cigarette promotions fraud.¹⁰⁷ Khan asserted that the Area Leader for Store 35639 “has even shown employees” how to “generate the appearance of a sale when there was no actual sale of the tobacco product or e-cigarette.”¹⁰⁸

d. Daniel Barajas

Daniel Barajas was an Area Leader for Stores 34535 and 35639.¹⁰⁹ Barajas asserted that he never pressured or counseled anyone “to ring anything other than legitimate transactions.”¹¹⁰ Barajas denied Khan's allegations that he pressured employees to commit promotions fraud.¹¹¹

e. Kathy York

Kathy York worked for 7-Eleven from 1978 through 1991 as an Area Leader, a Sales Manager, and a Market Manager.¹¹² From 1991 through 2019, York was a franchisee of four 7-Eleven Stores.¹¹³ During the evidentiary hearing, York testified that 7-Eleven had a culture of encouraging sales of promotional products, with a “sell it or else” mentality.¹¹⁴

York's Area Leader, identified only by the first name “Bora,” encouraged York to fake sales of products.¹¹⁵ For example, if 7-Eleven was running a promotion on taquitos, then Bora would encourage York to ring a transaction for an equally priced item, such as a hot dog.¹¹⁶ York admitted that transactions were falsely rung up in her stores.¹¹⁷

York testified that 7-Eleven terminated Bora for unethical conduct.¹¹⁸

f. Balbir Atwal

Balbir Atwal is a 7-Eleven franchisee.¹¹⁹ Balbir is Atwal's brother.¹²⁰ In or around 2014, Balbir¹²¹ saw 7-Eleven Area Leader Ben Atkinson instruct Balbir's employees to generate fake sales of donuts (a promotional item) using coupons.¹²² Balbir reported Atkinson's misconduct.¹²³ However, Atkinson was never disciplined, and Atkinson was later promoted.¹²⁴

g. Ben Atkinson

Ben Atkinson is a Market Leader for 7-Eleven.¹²⁵ During the evidentiary hearing, Atkinson asserted that he never taught or encouraged anyone to fake sales of promotional items.¹²⁶

During his deposition, Atkinson testified that Area Leaders receive a scorecard, which assesses their performance.¹²⁷ Although the stores' profitability appears on the Area Leader's scorecard, promotions are not part of the Area Leader's scorecard.¹²⁸

***10** Atkinson acknowledged that a complaint was lodged against him for engaging in promotions fraud. Atkinson asserted that the complaint was “preposterous[.]”¹²⁹ Atkinson believes that 7-Eleven investigated that complaint and that it was unfounded.

h. Manpreet Singh

Manpreet Singh is a former 7-Eleven franchisee.¹³⁰ Singh asserted that 7-Eleven abruptly terminated his franchise in March 2024, with “no prior issues” or warning, because of nine instances of fraudulent sales of e-cigarette products at his store.¹³¹ Singh contended that 7-Eleven's Area Leaders “consistently instructed and encouraged its franchisees” to fake sales of products “for many years.”¹³² In January 2024, Elle Logan, 7-Eleven's Area Leader, instructed Singh that whenever a customer purchased a one-liter bottle of Pepsi, Singh should “instead falsely ring it up as a 20-ounce Pepsi with two pieces of pizza” so that 7-Eleven and Singh “would get the ‘scan back’ on the promotional item.”¹³³

i. Elle Logan

Logan provided a declaration in support of the 7-Eleven Motion, *Atwal* Action.¹³⁴ She asserted that Singh's allegations are untrue.¹³⁵ She “never requested, encouraged, pressured, or counseled anyone to ring anything other than legitimate transactions.”¹³⁶ Additionally, Logan attested that that allegation is not possible, because she stopped serving as 7-Eleven's Area Leader for that store in December 2023.¹³⁷

j. Zachary Quintana

Zachary Quintana is a former Area Leader and Market Manager for 7-Eleven.¹³⁸ Quintana asserted that 7-Eleven valued sales on promotional products over accountability and fairness.¹³⁹ 7-Eleven motivated Area Leaders to generate sales on promotional

items in any way possible.¹⁴⁰ Quintana observed several material falsehoods in 7-Eleven's accounting and inventory tracking system.¹⁴¹

In response to Quintana's declaration, Hall asserted that in 2014, 7-Eleven terminated Quintana for dishonesty and integrity issues.¹⁴²

k. Rajwinder Atwal

During his deposition, Rajwinder Atwal stated that he was not aware of any fraudulent promotional activity occurring at the S.S.S. Atwal Stores.¹⁴³ Atwal admitted that he refused to turn over his Stores to 7-Eleven.¹⁴⁴ Atwal also admitted that he instructed his employees to make Change Fund Orders for the Stores after 7-Eleven issued the Termination Notices.¹⁴⁵ S.S.S. Atwal is not paying rent, or for utilities, at the S.S.S. Atwal Stores.¹⁴⁶

Atwal asserted that Atkinson engaged in promotions fraud, at both Balbir's Store and at the S.S.S. Atwal Stores.¹⁴⁷ Atwal made a complaint about Atkinson's behavior, which involved a promotion for donuts, while Atkinson was an Area Leader.¹⁴⁸ Atwal stated that many of 7-Eleven's Area Leaders, including Sotelo, have engaged in promotions fraud.¹⁴⁹ After the S.S.S. Atwal Stores received Termination Notices, Atwal learned that the Area Leaders instructed his sales associates to engage in promotions fraud.¹⁵⁰

l. Evelyn Sahagun

***11** During her deposition, Evelyn Sahagun explained that she is an employee at SSS Realm Store 24132.¹⁵¹ She quit working at the Store in March 2024, but she recently returned to the Store.¹⁵² The Store no longer looks like a 7-Eleven Store, because the exterior 7-Eleven signs are down and the 7-Eleven lights are off at the Store.¹⁵³ However, the Store is still selling 7-Eleven products (such as Slurpees and Big Gulps), and there are 7-Eleven signs inside the Store.¹⁵⁴ Initially, Sahagun stated that she has never faked sales, that she has never been asked to run promotions falsely, and that she has never falsely run promotions while working for Sandhu.¹⁵⁵

After a five-minute break, she recanted that testimony.¹⁵⁶ Sahagun then stated that she has faked sales while working for Sandhu, including sales for e-cigarette products, at the direction of 7-Eleven's Area Leaders.¹⁵⁷

m. Lizeth Soliz

During her deposition, Soliz stated that she is the manager at SSS Realm Store 34535.¹⁵⁸ Soliz stated that the Store has exterior 7-Eleven signs and that the Store continues to sell 7-Eleven products, such as Slurpees and Big Gulps.¹⁵⁹ Soliz maintained that she has never engaged in e-cigarette promotions fraud.¹⁶⁰

III. LEGAL STANDARD

A preliminary injunction is an extraordinary and drastic remedy, and it is never awarded as of right. See *Munaf v. Geren*, 553 U.S. 674, 689-90 (2008). To obtain a preliminary injunction, the plaintiff must show: (1) likelihood of success on the merits; (2) likelihood of irreparable harm in the absence of preliminary relief; (3) the balance of equities tips in the plaintiff's favor; and (4) that an injunction is in the public interest. See *Winter v. Natural Res. Def. Council, Inc.*, 555 U.S. 7, 20 (2008). In the Ninth Circuit, “serious questions going to the merits and a balance of hardships that tips sharply towards the plaintiff can support issuance of a preliminary injunction, so long as the plaintiff also shows that there is a likelihood of irreparable injury and that the injunction is in the public interest.” *Alliance for Wild Rockies v. Cottrell*, 632 F.3d 1127, 1135 (9th Cir. 2011) (internal quotations omitted).

IV. ANALYSIS

A. Preliminary Injunction

1. Likelihood of Success on the Merits

7-Eleven asserts claims for breach of contract and claims under the Lanham Act for trademark infringement and unfair competition.

a. Applicable Law

At the outset, the Court notes that the parties have not definitively established what substantive state law applies to these matters.¹⁶¹ Although the parties mostly apply California law in their briefing, during a recent hearing 7-Eleven asserted that Texas law applies, because many of the Franchising Agreements contain a choice of law provision for Texas law.¹⁶² The Court concludes that it need not now decide which state's law applies because 7-Eleven has shown a likelihood of success on the merits under either California or Texas state law.

i. Breach of Contract Claims

*12 Under California law, a plaintiff asserting a breach of contract claim must allege: (1) the contract; (2) plaintiff's performance or excuse for nonperformance, (3) defendant's breach, and (4) damage. See *Wall St. Network, Ltd. v. New York Times Co.*, 164 Cal. App. 4th 1171, 1178 (2008). Similarly, under Texas law, a plaintiff must allege: (1) the existence of a valid contract; (2) the plaintiff performed or tendered performance as contractually required; (3) the defendant breached the contract by failing to perform or tender performance as contractually required; and (4) the plaintiff sustained damages as a result of the breach. See *Pathfinder Oil & Gas, Inc. v. Great W. Drilling, Ltd.*, 574 S.W.3d 882, 890 (Tex. 2019).

Under Texas law, the equitable doctrine of unclean hands “does not apply to legal claims for breach of contract.” *SH Tobacco & Cigars, LLC v. Masters 96th LLC*, 2024 WL 1687663, at *7 (N.D. Tex. Apr. 17, 2024) (collecting cases). “In California, the doctrine of unclean hands may apply to legal as well as equitable claims ... and to both tort and contract remedies.” *Camp v. Jeffer, Mangels, Butler & Marmaro*, 35 Cal. App. 4th 620, 638 (1995). Still, to prevail on an unclean hands defense, the party “must come into court with clean hands, and keep them clean, or he will be denied relief, regardless of the merits of his claim.” *Kendall-Jackson Winery, Ltd. v. Superior Ct.*, 76 Cal. App. 4th 970, 978 (1999).

ii. Lanham Act Claims

To prevail on a claim for trademark infringement under the Lanham Act, a plaintiff must prove: (1) ownership of a valid trademark; (2) defendant's use of the mark without plaintiff's consent; and (3) that such use is likely to cause confusion. *See UL LLC v. Space Chariot Inc.*, 250 F. Supp. 3d 596, 607 (C.D. Cal. 2017); *Reservoir, Inc. v. Truesdell*, 1 F. Supp. 3d 598, 609 (S.D. Tex. 2014). Generally, the same allegations that would support a claim for trademark infringement would also support a claim for unfair competition. *See Brookfield Commc'ns, Inc. v. W. Coast Ent. Corp.*, 174 F.3d 1036, 1046 (9th Cir. 1999); *Bos. Pro. Hockey Ass'n, Inc. v. Dallas Cap & Emblem Mfg., Inc.*, 510 F.2d 1004, 1010 (5th Cir. 1975).

b. Application

i. Breach of Contract Claims

7-Eleven has demonstrated a likelihood of success on the merits with respect to its breach of contract claims. 7-Eleven has presented credible evidence to show that Defendants committed e-cigarette promotions fraud. Therefore, 7-Eleven was entitled to terminate the Franchise Agreements for Store 24132, Store 34535, Store 35639, and Store 13999 under ¶ 26(a) without opportunity for SSS Realm and S.S.S. Atwal to cure. Additionally, 7-Eleven was entitled to terminate the Franchise Agreements for Store 19988 and Store 24506 without an opportunity for S.S.S. Atwal to cure, because S.S.S. Atwal received more than three separate notices of material breach within the two years before S.S.S. Atwal's receipt of a fourth notice of material breach.

The Court finds to be true 7-Eleven's documented evidence of e-cigarette promotions fraud occurring at the SSS Realm Stores and the S.S.S. Atwal Stores. Indeed, sales associate Mohammed admitted that he faked sales of NJOY products at Store 19988. 7-Eleven has shown through its data, security evidence, supporting declarations, and witness testimony that Defendants committed e-cigarette promotions fraud at the SSS Realm Stores and S.S.S. Atwal Stores.

The Court finds Freede, the Manager of Investigations at 7-Eleven, to be a credible witness. *See Porretti v. Dzurenda*, 11 F.4th 1037, 1051 (9th Cir. 2021) (“[C]ase law makes clear that the district court may render credibility determinations before deciding a motion for a preliminary injunction.”). Freede presented compelling testimony that Sandhu submitted falsified invoices in an attempt to show that the SSS Realm Stores’ e-cigarette sales were legitimate. The Court accepts Freede's assertion as true that the Sandhu Defendants created falsified evidence in an attempt to obscure their involvement in e-cigarette promotions fraud.

***13** Additionally, the Court finds Mekuria to be a credible witness. The Court accepts as true Mekuria's testimony that he has never operated his business as LMD Distributors and that he has never heard of LMD Distributors.

Defendants simultaneously assert two defense theories: (1) Defendants did not commit e-cigarette promotions fraud;¹⁶³ and (2) even if they did, Defendants committed that e-cigarette promotions fraud at the behest of 7-Eleven's Area Leaders.¹⁶⁴

With respect to Defendants’ first theory, the Court is unpersuaded. Defendants speculate that 7-Eleven's inventory tracking system is flawed, without providing any support beyond Defendants’ assertions.¹⁶⁵ Moreover, Hall, the Director of Asset Protection at 7-Eleven, submitted comprehensive declarations that describe 7-Eleven's accounting practices, which appear entirely legitimate.¹⁶⁶

The Court is also unpersuaded with respect to Defendants’ second theory, which Defendants assert under the “unclean hands” doctrine.¹⁶⁷ Under Texas law, Defendants cannot assert that equitable defense on a breach of contract claim. *See SH Tobacco & Cigars*, 2024 WL 1687663, at *7. Even if California law applies, Defendants cannot sustain that theory because the Court concludes that Defendants committed e-cigarette promotions fraud, and, therefore, Defendants do not “come into court with clean hands[.]” *Kendall-Jackson Winery*, 76 Cal. App. 4th at 978.¹⁶⁸

Regardless, even assuming that the unclean hands defense applies, Defendants have not provided credible evidence to show that 7-Eleven has unclean hands. The Court finds that Mohammed is not a credible witness. Mohammed testified that he faked sales of NJOY products to benefit Atwal's Store, yet Mohammed insisted that he never told Atwal, or anyone else, what he was doing.¹⁶⁹ The Court finds Mohammed's testimony neither credible nor logical.

***14** The Court gives credence to the statements of Sotelo, Logan, Barajas, and Atkinson. The Court accepts as true that none of those 7-Eleven employees ever requested, encouraged, pressured, or counseled anyone to process illegitimate transactions.

Quintana asserted that 7-Eleven encouraged its Area Leaders to generate sales on promotional items in any way possible.¹⁷⁰ However, 7-Eleven terminated Quintana for dishonesty and integrity issues.¹⁷¹ Thus, the Court is unpersuaded by Quintana's declaration.

Although the Court finds York's testimony credible, York did not support Defendants' unclean hands theory.¹⁷² Rather than describe promotions fraud from third-party products, York testified that one Area Leader would encourage her to charge one food item as another food item and that 7-Eleven terminated that Area Leader for his unethical conduct.

Defendants have yet to present credible evidence to support their unclean hands theory. The Court is not persuaded by Khan's testimony that he observed 7-Eleven's Area Leaders pressure Store employees to commit e-cigarette promotions fraud. In view of Sahagun's shifting testimony regarding whether she was asked to run promotions falsely, the Court gives her testimony little weight. Neither Singh nor Balbir's testimony pertains to the instant action because those witnesses primarily testified about alleged instances of promotions fraud occurring at different stores. Additionally, Soliz's testimony—in which she stated that she never engaged in e-cigarette promotions fraud—does not support Defendants' theory. After a comprehensive examination of the evidence, the Court does not find Sandhu or Atwal to be credible.

Defendants also assert that theory under the doctrines of waiver, ratification, and estoppel.¹⁷³ Defendants contend that 7-Eleven “waived any right to claim that Defendants breached the underlying franchise agreements” because 7-Eleven “instruct[ed] Defendants’ employees to commit the acts which constituted such fraud.”¹⁷⁴ Defendants argue that 7-Eleven “ratified” Defendants’ fraud, because 7-Eleven “was clearly knowledgeable about the acts of tobacco promotion fraud occurring at its stores.”¹⁷⁵ Defendants also maintain that Sotelo falsely represented to Mohammed that he could fake sales of e-cigarette products and, therefore, that 7-Eleven “is now estopped from claiming that Defendants breached their franchise agreements.”¹⁷⁶ Defendants’ application of the waiver, ratification, and estoppel doctrines depends upon the unsupported assumption that 7-Eleven was involved in Defendants’ fraud. Because the Court concludes that Defendants’ theory lacks credible factual support, the Court must also conclude that Defendants’ waiver, ratification, and estoppel theories fail, at least at this juncture.

Defendants assert that 7-Eleven violated the California Franchise Relations Act (“CFRA”) by terminating the Franchise Agreements.¹⁷⁷ But the Court is unpersuaded. Assuming that California law is applicable to the instant actions, the Court agrees with 7-Eleven's assertion that termination was proper under the CFRA.¹⁷⁸ 7-Eleven is authorized to issue an immediate notice of termination, without an opportunity to cure, because Defendants “engage[d] in conduct which reflects materially and unfavorably upon the operation and reputation of” 7-Eleven. *Cal. Bus. & Prof. Code* § 20021(d).

***15** 7-Eleven has provided sufficient evidence to show that Defendants are refusing to comply with the Franchise Agreements and that Defendants are continuing to harm 7-Eleven by unlawfully operating those Stores. Defendants admit that they are still operating their Stores as 7-Eleven Stores. Defendants also admit to obtaining 7-Eleven's funds following the termination of their Franchise Agreements, both by placing Change Fund Orders and by loading money onto prepaid cards and bill payments financed by 7-Eleven.

In view of that evidence, the Court concludes that 7-Eleven has demonstrated a likelihood of success on the merits with respect to its breach of contract claims.

ii. Lanham Act Claims

7-Eleven has established that its valid trademarks are strong, famous, and distinctive.¹⁷⁹

7-Eleven has also presented unrefuted evidence to show that Defendants are still operating their Stores as 7-Eleven Stores, even though 7-Eleven has terminated their Franchise Agreements. On the witness stand, Sandhu admitted that he is still operating the SSS Realm Stores as 7-Eleven stores, with 7-Eleven signage and 7-Eleven equipment. The fact that “Defendants continued to use [7-Eleven's] marks after [7-Eleven] terminated the franchise agreement as a ‘holdover’ franchisee is ultimately dispositive of the consumer confusion issue.” *Jack in the Box Inc. v. Mehta*, 2016 WL 3401988, at *8 (N.D. Cal. June 21, 2016), *aff’d*, 727 F. App'x 360 (9th Cir. 2018); *Wetzel's Pretzels, LLC v. Johnson*, 797 F. Supp. 2d 1020, 1028 (C.D. Cal. 2011) (“Defendants have conceded that they continued to use the Wetzel's marks after notification of termination, and Wetzel's has therefore demonstrated the unauthorized use of its trademarks.”); *TGI Friday's Inc. v. Great Nw. Restaurants, Inc.*, 652 F. Supp. 2d 763, 770 (N.D. Tex. 2009) (establishing a substantial likelihood of trademark infringement when the franchisor properly terminated the franchise agreements and the defendants continued to use the franchisor's marks).

Accordingly, the Court concludes that 7-Eleven has demonstrated a likelihood of success with respect to its Lanham Act claims.

2. Irreparable Harm

a. Applicable Law

The Trademark Modernization Act of 2020 amended 15 U.S.C. § 1116. *See* Pub. L. 116-260, § 226, 134 Stat. 2208 (2020); *Vital Pharms. v. PhD Mktg., Inc.*, 2021 WL 6881866, at *5 (C.D. Cal. Mar. 12, 2021). The amended language in that statute provides as follows:

A plaintiff seeking any such injunction shall be entitled to a rebuttable presumption of irreparable harm ... upon a finding of likelihood of success on the merits for a violation identified in this subsection in the case of a motion for a preliminary injunction or temporary restraining order.

15 U.S.C. § 1116(a). Defendants may “overcome” that presumption “and demonstrate a lack of irreparable harm.” *Kahala Franchising, LLC v. Real Faith, LLC*, 2022 WL 1605377, at *4 (C.D. Cal. May 20, 2022).

b. Application

Because 7-Eleven has established a likelihood of success on the merits on its Lanham Act claims, 7-Eleven is entitled to a presumption of irreparable harm. *See* 15 U.S.C. § 1116(a). Defendants fail to rebut that presumption.

The Court agrees with 7-Eleven's assertions that “Defendants’ continued possession and use of the Stores’ premises and equipment” deprives 7-Eleven of the “beneficial enjoyment of its properties.”¹⁸⁰ *7-Eleven, Inc. v. Dhaliwal*, 2012 WL 5880462,

at *6 (E.D. Cal. Nov. 21, 2012) (concluding that 7-Eleven is likely to suffer irreparable harm if the former franchisee is allowed to remain in the store).

*16 Further, Defendants’ “continued use and operation of the Stores” impairs 7-Eleven’s goodwill, because 7-Eleven cannot control and regulate SSS Realm and S.S.S. Atwal’s businesses and “address customer expectations and disappointments.”¹⁸¹ *Stuhlbarg Int’l Sales Co. v. John D. Brush & Co.*, 240 F.3d 832, 841 (9th Cir. 2001) (“Evidence of threatened loss of prospective customers or goodwill certainly supports a finding of the possibility of irreparable harm.”).

Thus, the Court concludes that 7-Eleven has demonstrated irreparable harm.

3. Balance of Hardships

a. Applicable Law

When evaluating the balance of hardships, “a court must consider the impact granting or denying a motion for a preliminary injunction will have on the respective enterprises.” *Int’l Jensen, Inc. v. Metrosound U.S.A., Inc.*, 4 F.3d 819, 827 (9th Cir. 1993). “Purely economic harms are generally not irreparable, as money lost may be recovered later, in the ordinary course of litigation.” *Idaho v. Coeur d’Alene Tribe*, 794 F.3d 1039, 1046 (9th Cir. 2015). The court may “discount[]” a defendant’s harm, if that harm was “self-inflicted[.]” See *IHOP Franchising, LLC v. Hameed*, 2015 WL 429547, at *6 (E.D. Cal. Feb. 2, 2015).

b. Application

The balance of hardships tips sharply in favor of 7-Eleven. 7-Eleven has shown that Defendants are refusing to comply with their Franchise Agreements and that “7-Eleven’s goodwill is being usurped by Defendants’ continued business operations, and it is being denied the productive use of its properties to which Defendants have no rightful claim of possession.”¹⁸² *Dhaliwal*, 2012 WL 5880462, at *7 (E.D. Cal. Nov. 21, 2012) (concluding that the balance of equities favors 7-Eleven when 7-Eleven is unable “to control its marks and its own goodwill”).

Defendants assert that they will suffer harm if they can no longer operate their Stores. However, that harm was self-inflicted because the Court has determined that Defendants violated the Franchise Agreements. Thus, the Court discounts that harm in its balance-of-the-hardships analysis. See *IHOP Franchising*, 2015 WL 429547, at *6.

Accordingly, the balance of hardship favors an injunction against Defendants.

4. Public Interest

a. Applicable Law

The district court should not grant a preliminary injunction “unless those public interests outweigh other public interests that cut in favor of *not* issuing the injunction.” *All. for the Wild Rockies*, 632 F.3d at 1138 (emphasis in original). “In the trademark context, courts often define the public interest at stake as the right of the public not to be deceived or confused.” *CytoSport, Inc. v. Vital Pharms., Inc.*, 617 F. Supp. 2d 1051, 1081 (E.D. Cal.), *aff’d*, 348 F. App’x 288 (9th Cir. 2009); see also *Totalcare Healthcare Servs., LLC v. TotalMD, LLC*, 643 F. Supp. 3d 636, 650 (N.D. Tex. 2022).

b. Application

The Court concludes that a preliminary injunction in favor of 7-Eleven is in the public interest. The Court agrees with 7-Eleven's assertion that a preliminary injunction prevents customer confusion based upon Defendants' unlicensed use of 7-Eleven's marks.¹⁸³ See *Dhaliwal*, 2012 WL 5880462, at *8 (concluding that an injunction preventing the unlicensed use of 7-Eleven's marks "is in the public interest"); *Wetzel's Pretzels*, 797 F. Supp. 2d at 1029 (concluding that the public interest favors Wetzel's Pretzels because "the public has a strong interest in being free from the confusion caused by unauthorized use of Wetzel's marks").

*17 Accordingly, the Court concludes that a preliminary injunction in favor of 7-Eleven is in the public interest.

5. Conclusion

The Court has analyzed each of the *Winter* factors, and it concludes that each of those factors weighs in favor of granting 7-Eleven's Motions. Accordingly, the Court **GRANTS** 7-Eleven's Motions.

In their Motions, Defendants seek to maintain the operation of their Stores. Because the Court grants 7-Eleven's Motions, ruling on a preliminary basis that Defendants' Stores must be turned over to 7-Eleven, the Court necessarily concludes that Defendants' Motions must be **DENIED**.

B. Bond

1. Applicable Law

The Federal Rules of Civil Procedure provide that "[t]he court may issue a preliminary injunction or a temporary restraining order only if the movant gives security in an amount that the court considers proper to pay the costs and damages sustained by any party found to have been wrongfully enjoined or restrained." *Fed. R. Civ. P. 65(c)*. "[O]nce the Court find[s] that a bond is required, the injunction will not take effect until the bond is posted." See *Doe v. Fitzgerald*, 2022 WL 423391, at *2 (C.D. Cal. Jan. 6, 2022) (emphasis omitted). The district court is given "discretion as to the amount of security required, if any." *Barahona-Gomez v. Reno*, 167 F.3d 1228, 1237 (9th Cir. 1999) (citation omitted).

2. Application

During the Court's multiple hearings on these matters, the Court raised the issue of the appropriate bond amount, in the event that the Court were to grant 7-Eleven's Motions.

During the first hearing in April 2024, Defendants' counsel represented to the Court that SSS Realm's most lucrative Store turns a profit of approximately \$15,000 per month, while S.S.S. Atwal's most lucrative Store's monthly profit is about \$12,000.¹⁸⁴ During the second hearing, Defendants' counsel again represented to the Court that each of the SSS Realm Stores earns \$15,000 per month.¹⁸⁵

The Court accepts as true Defendants' counsel's representations regarding the monthly profits of the SSS Realm Stores and S.S.S. Atwal Stores. The Court expects to complete the trial in this case within a year. Accordingly, the Court imposes a bond amounting to one year of profits of each of the SSS Realm Stores and the S.S.S. Atwal Stores. The bond amount in the *Sandhu* Action is thus \$540,000,¹⁸⁶ and the bond amount in the *Atwal* Action is \$432,000.¹⁸⁷

The Court recognizes that that bond is significantly higher than 7-Eleven's suggested bond amount of \$50,000 per Store.¹⁸⁸ Nevertheless, the Court exercises its discretion by setting a high bond amount. Those Stores are Defendants' livelihood.

Defendants have built up these Stores “over the years in [their] communities[.]”¹⁸⁹ Therefore, a high bond amount is necessary, in the event that the Court wrongly issues this preliminary injunction.

***18** For those reasons, the Court orders 7-Eleven to post a bond in the amount of \$540,000 in the *Sandhu* Action and \$432,000 in the *Atwal* Action.

V. DISPOSITION

For the foregoing reasons, the Court hereby **ORDERS** as follows:

1. The 7-Eleven Motions [ECF No. 13 in the *Sandhu* Action and ECF No. 37 in the *Atwal* Action] are **GRANTED**.
2. Defendants’ Motions [ECF No. 27 in the *Sandhu* Action and ECF No. 52 in the *Atwal* Action] are **DENIED**.
3. 7-Eleven is **DIRECTED** forthwith to post a cash or surety bond with the Clerk in the amount of \$540,000 in the *Sandhu* Action and \$432,000 in the *Atwal* Action. After 7-Eleven posts a sufficient bond, the Court will issue a Preliminary Injunction Order that will provide as follows:
4. Defendants and each of them, their respective agents, servants, employees, and those in active concert or participation with any of them, are preliminarily **ENJOINED** and **RESTRAINED** from:
 - a. using the 7-Eleven marks or any trademark, service mark, logo or trade name that is confusingly similar thereto;
 - b. otherwise infringing upon 7-Eleven’s marks or using any similar designation, along or in combination with any other components;
 - c. causing a likelihood of confusion or misunderstanding regarding the source or sponsorship of Defendants’ business, goods, or services; and
 - d. causing a likelihood of confusion or misunderstanding regarding Defendants’ affiliation, connection or association with 7-Eleven and its franchisees or any of their goods and services.
5. No later than three court days after 7-Eleven posts a sufficient bond, or such earlier date and time that the parties may agree in writing, Defendants and each of them, their respective agents, servants, employees, and those in active concert or participation with any of them, shall surrender to 7-Eleven possession of the premises and facilities at each of the following:
 - a. Store No. 24132, located at 17920 S. Avalon Blvd in Carson, California;
 - b. Store No. 34535, located at 8600 S. Central Avenue in Los Angeles, California;
 - c. Store No. 35639, located at 1800 E. Slauson Avenue in Los Angeles, California;
 - d. Store No. 19988, located at 1621 N. Placentia in Fullerton California;
 - e. Store No. 24506, located at 295 West Central in Brea, California; and
 - f. Store No. 13999, located at 2850 Brea Boulevard in Fullerton, California (collectively, the “Stores”).

Pending their surrender of the Stores, Defendants shall forthwith conduct no further business from the Stores and shall protect and preserve the inventory, funds, proceeds, and equipment located therein. 7-Eleven is permitted to assume operation of the

Stores pending the final judgment or other disposition of these cases and to maintain its normal accounting processes and documentation.

6. Upon surrendering the Stores to 7-Eleven, Defendants and each of them, their respective agents, servants, employees, and those in active concert or participation with any of them, shall assemble and surrender possession of the inventory, proceeds, funds (including, without limitation, cash register funds), and equipment (including, without limitation, the DVR hard drives and DVRs) of the Stores.

7. Following Defendants' surrender of possession, 7-Eleven, or a vendor working at its direction, is **DIRECTED** to undertake a complete inventory of the contents of the Stores and to furnish copies of the inventory to Defendants (who may participate in and observe the audits).

***19** 8. Defendants and each of them are **DIRECTED** forthwith to cease spending the change fund moneys and hold those funds pending 7-Eleven's return to the Stores. If the change fund moneys have been removed from the Stores and remain in cash form, then Defendants are **DIRECTED** no later than two court days after 7-Eleven posts a sufficient bond to surrender such cash to 7-Eleven in an agreed-upon secure location. Defendants are **DIRECTED** no later than two court days after 7-Eleven posts a sufficient bond to surrender and to pay by check to 7-Eleven any remaining change funds.

9. Defendants and each of them are **DIRECTED** no later than 30 days after 7-Eleven posts a sufficient bond to account in writing for expenditures from change fund monies not surrendered to 7-Eleven by name of payee/recipient. Defendants and each of them are **DIRECTED** to identify specifically what happened to change fund monies since those funds were delivered to the Stores.

10. Defendants and each of them are **DIRECTED** no later than 30 days after 7-Eleven posts a sufficient bond to file with the Court and to serve upon 7-Eleven's counsel a written report, under oath, setting forth in detail the manner in which each of them has complied with this preliminary injunction.

IT IS SO ORDERED.

All Citations

Slip Copy, 2024 WL 3586797

Footnotes

- 1 *7-Eleven, Inc. v. Sandhu & SSS Realm Corp.*, Case No. 8:24-cv-00490-JWH-KES (the "*Sandhu Action*").
- 2 *7-Eleven, Inc. v. Atwal & S.S.S. Atwal, Inc.*, Case No. 8:24-cv-00506-JWH-KES (the "*Atwal Action*").
- 3 Pl.'s Mot. for Prelim. Inj. in the *Sandhu Action* (the "*7-Eleven Motion, Sandhu Action*") [ECF No. 13]; Pl.'s Mot. for Prelim. Inj. in the *Atwal Action* (the "*7-Eleven Motion, Atwal Action*") [ECF No. 29] (jointly, the "*7-Eleven Motions*").
- 4 *See generally* 7-Eleven Motions.
- 5 Defs.' Opp'n to the 7-Eleven Motion, *Sandhu Action*, and Cross-Mot. for Prelim. Inj. in the *Sandhu Action* (the "*Opposition and Sandhu Motion*") [ECF No. 27]; Defs.' Opp'n to the 7-Eleven Motion, *Atwal Action*, and Cross-Mot.

for Prelim. Inj. in the *Atwal* Action (the “Opposition and Atwal Motion”) [ECF No. 37] (collectively, “Defendants’ Motions”).

6 The Court considered the documents of record in this action, including the following papers:

- First Am. Compl. in the *Sandhu* Action (the “Sandhu Amended Complaint”) (including its attachments) [ECF No. 19];
- First Am. Countercl. in the *Sandhu* Action (the “Sandhu Amended Counterclaim”) [ECF No. 46];
- 7-Eleven Motion, *Sandhu* Action (including its attachments);
- Opposition and *Sandhu* Motion (including its attachments);
- Pl.’s Reply in Supp. of the 7-Eleven Motion, *Sandhu* Action (the “7-Eleven Reply, Sandhu Action”) (including its attachments) [ECF No. 31];
- Pl.’s Opp’n to the *Sandhu* Motion (the “Sandhu Opposition”) (including its attachment) [ECF No. 35];
- Defs.’ Reply in Supp. of the *Sandhu* Motion (the “Sandhu Reply”) (including its attachments) [ECF No. 40];
- First Am. Compl. in the *Atwal* Action (the “Atwal Amended Complaint”) (including its attachments) [ECF No. 15];
- First Am. Countercl. in the *Atwal* Action (the “Atwal Amended Counterclaim”) [ECF No. 44];
- 7-Eleven Motion, *Atwal* Action (including its attachments);
- Opposition and *Atwal* Motion (including its attachments, excluding [ECF No. 37-3]);
- Pl.’s Reply in Supp. of the 7-Eleven Motion, *Atwal* Action (the “7-Eleven Reply, Atwal Action”) (including its attachments) [ECF No. 41];
- Pl.’s Opp’n to the *Atwal* Motion (the “Atwal Opposition”) (including its attachment) [ECF No. 45];
- Defs.’ Ex. 40 for June 5, 2024, Hearing [ECF No. 66 in the *Sandhu* Action; ECF No. 63 in the *Atwal* Action];
- Defs.’ Ex. 41 for June 5, 2024, Hearing [ECF No. 67 in the *Sandhu* Action; ECF No. 64 in the *Atwal* Action];
- Defs.’ Req. for Judicial Notice (“RJN”) (including its attachments) [ECF No. 68 in the *Sandhu* Action; ECF No. 65 in the *Atwal* Action];
- Pl.’s Suppl. Brief Re. June 5, 2024, Evidentiary Hearing and Mots. for Prelim. Inj. (the “7-Eleven’s Supplemental Brief”) (including its attachment) [ECF No. 69 in the *Sandhu* Action];
- Pl.’s Not. of Lodging Videotaped Deposition Recording and Deposition Transcripts (including its attachments) [ECF No. 70 in the *Sandhu* Action; ECF No. 62 in the *Atwal* Action; ECF No. 84 in the *Sandhu* Action; ECF No. 79 in the *Atwal* Action];
- Defs.’ Not. of Lodging of Proposed Ord. (including its attachment) [ECF No. 71 in the *Sandhu* Action; ECF No. 66 in the *Atwal* Action];
- Pl.’s Index of Deposition Designations [ECF No. 72 in the *Sandhu* Action; ECF No. 67 in the *Atwal* Action];
- Defs.’ Offer of Deposition Testimony [ECF No. 76 in the *Sandhu* Action; ECF No. 71 in the *Atwal* Action];

- Rebuttal Decl. of Balbir Atwal re Deposition Statements of Gianna Sotelo [ECF No. 77 in the *Sandhu* Action; ECF No. 72 in the *Atwal* Action];
- Defs.’ Closing Brief for June 5, 2024, Evidentiary Hearing on Mots. and Cross-Motions for Prelim. Injs. (the “Defendants’ Supplemental Brief”) (including its attachment) [ECF No. 79 in the *Sandhu* Action; ECF No. 74 in the *Atwal* Action]; and
- Not. of Filing Deposition Transcripts [ECF No. 85 in the *Sandhu* Action; ECF No. 80 in the *Atwal* Action].

7 Compl. in the *Sandhu* Action [ECF No. 1].

8 *Sandhu* Amended Complaint.

9 Answer in the *Sandhu* Action [ECF No. 32].

10 *Sandhu* Amended Counterclaim.

11 Pl.’s *Ex Parte* Appl. in the *Sandhu* Action (the “7-Eleven TRO, Sandhu Action”) [ECF No. 20].

12 (Minute Order) Hearing re 7-Eleven TRO, *Sandhu* Action [ECF No. 30].

13 Compl. in the *Atwal* Action [ECF No. 1].

14 *Atwal* Amended Complaint.

15 Pl.’s *Ex Parte* Appl. for a TRO in the *Atwal* Action (the “7-Eleven TRO, Atwal Action”) [ECF No. 17].

16 Hearing re 7-Eleven TRO, *Atwal* Action [ECF No. 28].

17 Answer in the *Atwal* Action [ECF No. 31].

18 *Atwal* Amended Counterclaim.

19 Reporter’s Tr. of Proceedings Motion Hearing April 23, 2024 (the “April 2024 Transcript”) [ECF No. 42 in the *Sandhu* Action; ECF No. 39 in the *Atwal* Action].

20 Reporter’s Tr. of Proceedings May 10, 2024 (the “May 2024 Transcript”) [ECF No. 44 in the *Sandhu* Action].

21 Reporter’s Tr. of Proceedings Evidentiary Hearing June 5, 2024 (the “June 2024 Evidentiary Hearing Morning Transcript”) [ECF No. 61 in the *Sandhu* Action; ECF No. 56 in the *Atwal* Action]; Reporter’s Tr. of Proceedings Evidentiary Hearing June 5, 2024 (the “June 2024 Evidentiary Hearing Afternoon Transcript”) [ECF No. 59 in the *Sandhu* Action; ECF No. 53 in the *Atwal* Action].

22 7-Eleven’s Supplemental Brief; Defendants’ Supplemental Brief.

23 *Sandhu* Amended Complaint ¶¶ 27.

24 *Id.* at ¶¶ 24, 26, & 28.

25 *Atwal* Amended Complaint ¶ 25.

26 *Id.* at ¶¶ 24, 26, & 28.

27 Store 24132 Franchise Agreement in the *Sandhu* Action [ECF No. 19-1] ¶ 19(a); Store 34535 Franchise Agreement in the *Sandhu* Action [ECF No. 19-2] ¶ 19(a); Store 35639 Franchise Agreement in the *Sandhu* Action [ECF No. 19-3] ¶ 19(a);

Store 19988 Franchise Agreement in the *Atwal* Action [ECF No. 15-1] ¶ 19(a); Store 24506 Franchise Agreement in the *Atwal* Action [ECF No. 15-2] ¶ 19(a); Store 13999 Franchise Agreement in the *Atwal* Action [ECF No. 15-3] ¶ 19(a).

28 Store 24132 Franchise Agreement in the *Sandhu* Action ¶ 12(c); Store 34535 Franchise Agreement in the *Sandhu* Action ¶ 12(c); Store 35639 Franchise Agreement in the *Sandhu* Action ¶ 12(c); Store 19988 Franchise Agreement in the *Atwal* Action ¶ 12(c); Store 24506 Franchise Agreement in the *Atwal* Action ¶ 12(c); Store 13999 Franchise Agreement in the *Atwal* Action ¶ 12(c).

29 Store 24132 Franchise Agreement in the *Sandhu* Action ¶ 26(a); Store 34535 Franchise Agreement in the *Sandhu* Action ¶ 26(a); Store 35639 Franchise Agreement in the *Sandhu* Action ¶ 26(a); Store 13999 Franchise Agreement in the *Atwal* Action ¶ 26(a).

30 Store 19988 Franchise Agreement in the *Atwal* Action ¶ 26(b); Store 24506 Franchise Agreement in the *Atwal* Action ¶ 26(b).

31 Decl. of Timothy Hall in Supp. of the 7-Eleven Motion, *Sandhu* Action (the “First Hall Declaration, Sandhu Action”) [ECF No. 13-2] ¶ 39; Decl. of Timothy Hall in Supp. of the 7-Eleven Motion, *Atwal* Action (the “First Hall Declaration, Atwal Action”) [ECF No. 29-2] ¶ 40.

32 First Hall Declaration, *Sandhu* Action ¶ 41; First Hall Declaration, *Atwal* Action ¶ 42.

33 First Hall Declaration, *Sandhu* Action ¶ 40; First Hall Declaration, *Atwal* Action ¶ 41.

34 April 2024 Transcript.

35 *Id.* at 16:17-18:1.

36 *Id.* at 18:23-25. The calculation is as follows: $-\$200.00 + \$300.00 = \$100.00$.

37 The calculation is as follows: $\$300.00 - \$12.00 = \$288.00$.

38 April 2024 Transcript 18:6-14. The calculation is as follows: $-\$200.00 + \$12.00 + \$288.00 = \100.00 .

39 *Id.* at 19:14-20:2.

40 First Hall Declaration, *Sandhu* Action ¶ 42.

41 First Hall Declaration, *Atwal* Action ¶ 43.

42 *Id.* at ¶ 44.

43 *Id.* at ¶ 45.

44 First Hall Declaration, *Sandhu* Action ¶ 70.

45 *Id.*

46 First Hall Declaration, *Atwal* Action ¶ 72.

47 *Id.*

48 *Id.* at ¶ 73.

49 *Id.* at ¶ 70.

- 50 *Id.*
- 51 First Hall Declaration, *Sandhu* Action ¶ 47.
- 52 *Id.*
- 53 *Id.*
- 54 *Id.*
- 55 *Id.*
- 56 *Id.*
- 57 Decl. of Gurtar “Sunny” Sandhu in Supp. of the *Sandhu* Motion (the “Sandhu Declaration”) [ECF No. 40-1].
- 58 *Id.* at ¶ 3.
- 59 *Id.*
- 60 *Id.* at ¶ 4; *id.*, Exs. A-E [ECF Nos. 40-2, 40-3, 40-4, 40-5, & 40-6].
- 61 The parties lodged excerpts of Timothy Hall's deposition, along with the corresponding transcript, which the Court has reviewed.
- 62 *See, e.g.*, Sandhu Declaration, Ex. B 108.
- 63 *See* 7-Eleven's Supplemental Brief 10:14-22.
- 64 June 2024 Evidentiary Hearing Morning Transcript 24:14.
- 65 *Id.* at 24:23-25:5.
- 66 *Id.* at 25:10-11.
- 67 *Id.* at 32:24-38:18.
- 68 Ex. 86 [ECF No. 65-14 in the *Sandhu* Action] 45-46.
- 69 Sandhu Declaration, Ex. B 108.
- 70 June 2024 Evidentiary Hearing Afternoon Transcript 41:5-6.
- 71 *Id.* at 42:23-25.
- 72 *Id.* at 43:1-2.
- 73 *Id.* at 38:19-22.
- 74 First Hall Declaration, *Sandhu* Action ¶ 72.
- 75 *Id.* at ¶ 73.
- 76 First Hall Declaration, *Atwal* Action ¶ 75.
- 77 *Id.* at ¶ 76.

- 78 Decl. of Timothy Hall in Supp. of 7-Eleven TRO, *Sandhu* Action (the “Second Hall Declaration, *Sandhu* Action”) [ECF No. 20-2] ¶ 84; Decl. of Timothy Hall in Supp. of Pl.’s Appl. for TRO and OSC Why a Prelim. Inj. Should Not Issue in the *Atwal* Action (the “Hall Declaration TRO, *Atwal* Action”) [ECF No. 17-2] ¶ 82.
- 79 Second Hall Declaration, *Sandhu* Action ¶ 84.
- 80 Hall Declaration TRO, *Atwal* Action ¶ 82.
- 81 Rajwinder Atwal Deposition Transcript [ECF No. 84-1 in the *Sandhu* Action; ECF No. 79-1 in the *Atwal* Action] (the “Atwal Deposition Transcript”) 35:24-37:6.
- 82 Second Hall Declaration, *Sandhu* Action ¶ 90; Hall Declaration TRO, *Atwal* Action ¶ 88.
- 83 Second Hall Declaration, *Sandhu* Action ¶ 89; Hall Declaration TRO, *Atwal* Action ¶ 87.
- 84 Second Hall Declaration, *Sandhu* Action ¶ 90.
- 85 Hall Declaration TRO, *Atwal* Action ¶ 88.
- 86 Second Hall Declaration, *Sandhu* Action ¶¶ 92-97; Hall Declaration TRO, *Atwal* Action ¶¶ 91-99.
- 87 Second Hall Declaration, *Sandhu* Action ¶ 95; Hall Declaration TRO, *Atwal* Action ¶¶ 94 & 96.
- 88 See June 2024 Evidentiary Hearing Afternoon Transcript 60:1-20.
- 89 See 7-Eleven’s Supplemental Brief 28:10-12.
- 90 Sandhu Declaration ¶ 5.
- 91 Although that position is also referred to as a “Field Consultant,” for consistency the Court refers to it solely as “Area Leader.”
- 92 Decl. of Elle Logan in Supp. of the 7-Eleven Motion, *Atwal* Action (the “Logan Declaration”) [ECF No. 41-4] ¶ 1.
- 93 June 2024 Evidentiary Hearing Afternoon Transcript 83:21-84:1.
- 94 See Defendants’ Supplemental Brief 13:21-14:15.
- 95 June 2024 Evidentiary Hearing Afternoon Transcript 84:20-22.
- 96 *Id.* at 89:22-90:19.
- 97 *Id.* at 84:23-25.
- 98 Decl. of Gianna Sotelo in Supp. of 7-Eleven Motion, *Atwal* Action (the “Sotelo Declaration”) [ECF No. 41-5] ¶ 5.
- 99 *Id.* at ¶ 6.
- 100 The parties asked the Court to review Gianna Sotelo’s deposition, because she was unable to testify during the evidentiary hearing. June 2024 Evidentiary Hearing Afternoon Transcript 143:1-19. The Court has reviewed the videotaped deposition and the corresponding transcript.
- 101 Gianna Sotelo Deposition Transcript [ECF No. 84-2 in the *Sandhu* Action; ECF No. 79-2 in the *Atwal* Action] 31:4-7.
- 102 *Id.* at 20:3-9.

- 103 *Id.* at 22:15-26:1.
- 104 *Id.* at 35:12-23.
- 105 *Id.* at 14:21-23.
- 106 Decl. of Soheli Khan in the *Sandhu* Action (the “Khan Declaration”) [ECF No. 27-9] ¶ 4.
- 107 June 2024 Evidentiary Hearing Afternoon Transcript 99:7-16.
- 108 Khan Declaration ¶ 5.
- 109 Decl. of Daniel Barajas in Supp. of 7-Eleven TRO, *Sandhu* Action [ECF No. 29-9] ¶ 5.
- 110 *Id.* at ¶ 11.
- 111 *Id.*
- 112 June 2024 Evidentiary Hearing Afternoon Transcript 116:6-12.
- 113 *Id.* at 116:13-18.
- 114 *Id.* at 117:13.
- 115 *Id.* at 122:17.
- 116 *See* Defendants’ Supplemental Brief 13:7-17.
- 117 June 2024 Evidentiary Hearing Afternoon Transcript 125:20-126:7.
- 118 *Id.* at 122:25-124:18.
- 119 Decl. of Balbir Atwal in the *Sandhu* Action (the “Balbir Atwal Declaration”) [ECF No. 27-6] ¶ 2.
- 120 Atwal Deposition Transcript 108:22-23.
- 121 The Court uses Balbir’s first name for the purpose of clarity. The Court intends no disrespect.
- 122 Balbir Atwal Declaration ¶ 4.
- 123 *Id.* at ¶ 6.
- 124 *Id.* at ¶ 7.
- 125 Decl. of Ben Atkinson in Supp. of 7-Eleven TRO, *Sandhu* Action [ECF No. 29-8] ¶ 1.
- 126 June 2024 Evidentiary Hearing Afternoon Transcript 139:25-140:3.
- 127 Ben Atkinson Declaration Transcript [ECF No. 85-1 in the *Sandhu* Action; ECF No. 80-1 in the *Atwal* Action] 22:22-25.
- 128 *Id.* at 22:25-23:8.
- 129 *Id.* at 43:13.
- 130 Decl. of Manpreet Singh in the *Atwal* Action [ECF No. 37-2] ¶ 2.

- 131 *Id.* at ¶¶ 2 & 3.
- 132 *Id.* at ¶ 4.
- 133 *Id.* at ¶¶ 7 & 8.
- 134 Logan Declaration ¶ 1.
- 135 *Id.* at ¶ 7.
- 136 *Id.*
- 137 *Id.* at ¶ 8.
- 138 Decl. of Zachery Quintana in the *Sandhu* Action (the “Quintana Declaration”) [ECF No. 27-7] ¶ 9.
- 139 *Id.*
- 140 *Id.* at ¶ 10.
- 141 *Id.* at ¶ 12.
- 142 Reply Decl. of Timothy Hall in Supp. of 7-Eleven TRO (the “Hall TRO Reply Declaration”), *Sandhu* Action [ECF No. 29-1] ¶ 10(a).
- 143 Atwal Deposition Transcript 15:7-13.
- 144 *Id.* at 16:16-22.
- 145 *Id.* at 35:24-37:6.
- 146 *Id.* at 46:22-47:3.
- 147 *Id.* at 107:1-7 & 108:16-18.
- 148 *Id.* at 108:24-109:1.
- 149 *Id.* at 114:14-20 & 119:20-120:1.
- 150 *Id.* at 124:4-15.
- 151 Evelyn Sahagun Deposition Transcript [ECF No. 85-2 in the *Sandhu* Action; ECF No. 80-2 in the *Atwal* Action] 9:1-4.
- 152 *Id.* at 11:14-15.
- 153 *Id.* at 12:14-23.
- 154 *Id.* at 13:10-16.
- 155 *Id.* at 32:3-13.
- 156 *Id.* at 33:5-7.
- 157 *Id.* at 34:12-14 & 39:17-41:6.

- 158 Lizeth Soliz Deposition Transcript [ECF No. 84-3 in the *Sandhu* Action; ECF No. 79-3 in the *Atwal* Action] 10:23-11:4 & 16:18-22.
- 159 *Id.* at 11:5-15.
- 160 *Id.* at 29:4-18.
- 161 *See* Defendants' Supplemental Brief 21:17-22.
- 162 Store 24132 Franchise Agreement ¶ 30(a); Store 34535 Franchise Agreement ¶ 30(a); Store 35639 Franchise Agreement ¶ 30(a); Store 13999 Franchise Agreement ¶ 30(a). Under the Franchise Agreement for Store 19988 and Store 24506, it appears that California law would apply. *See* Store 19988 Franchise Agreement ¶ 30(a); Store 24506 Franchise Agreement ¶ 30(a).
- 163 Opposition and *Sandhu* Motion 5:27-6:2.
- 164 Defendants' Supplemental Brief 4:8-13.
- 165 The Court **DENIES** Defendants' request for judicial notice of the article entitled "Corporate Internal Investigations: Keys to an Effective Work Plan, Data and Document Management, and Budget," published by the law firm Jones Day; the article entitled "Conducting Effective Internal Investigations A Corporate Counsel's Guide" published by the law firm Godwin Procter LLP; and the book *Internal Corporate Investigations* published by the American Bar Association. *See* RJN. Defendants have not sufficiently explained the relevance of those documents. There is no indication that 7-Eleven is aware of those documents. The Court heard no testimony or reasonable explanation regarding why those documents should be considered a model of how a corporation should conduct an investigation. The Court heard comprehensive testimony describing how 7-Eleven conducted its investigation, and the Court reviewed multiple declarations describing 7-Eleven's investigation. The documents contained in the RJN do not assist the Court in its analysis at this stage of the case. Therefore, the RJN is **DENIED**.
- 166 *See* First Hall Declaration, *Sandhu* Action; First Hall Declaration, *Atwal* Action; Second Hall Declaration, *Sandhu* Action; Hall Declaration TRO, *Atwal* Action.
- 167 Opposition and *Sandhu* Motion 23:18.
- 168 *See* 7-Eleven's Supplemental Brief 24:1-18.
- 169 *See* Defendants' Supplemental Brief 13:21-14:15.
- 170 Quintana Declaration ¶ 10.
- 171 Hall TRO Reply Declaration, *Sandhu* Action ¶ 10(a).
- 172 7-Eleven's Supplemental Brief 19:20-20:8.
- 173 Defendants' Supplemental Brief 22:16-24:28.
- 174 *Id.* at 22:19-22.
- 175 *Id.* at 23:23-25.
- 176 *Id.* at 24:16-25.
- 177 Opposition and *Sandhu* Motion 5:24-6:15.

- 178 7-Eleven Reply, *Sandhu* Action 11:1-12:2.
- 179 First Hall Declaration, *Sandhu* Action ¶¶ 8-20; First Hall Declaration, *Atwal* Action ¶¶ 8-20.
- 180 7-Eleven Motion, *Sandhu* Action 20:10-11; 7-Eleven Motion, *Atwal* Action 22:23-24; 7-Eleven's Supplemental Brief 27:13-21.
- 181 7-Eleven Motion, *Sandhu* Action 21:19-24; 7-Eleven Motion, *Atwal* Action 23:24-24:12.
- 182 7-Eleven Motion, *Sandhu* Action 25:4-6; 7-Eleven Motion, *Atwal* Action 27:1-4.
- 183 7-Eleven Motion, *Sandhu* Action 26:14-16; 7-Eleven Motion, *Atwal* Action 28:10-12.
- 184 April 2024 Transcript 44:9-11.
- 185 May 2024 Transcript 29:8-24.
- 186 The calculation is as follows: \$15,000 profit/store/month x 3 stores = \$45,000 profit/month for the SSS Realm Stores; \$45,000 profit/month x 12 months/year = \$540,000 profit/year for the SSS Realm Stores.
- 187 The calculation is as follows: \$12,000 profit/store/month x 3 stores = \$36,000 profit/month for the S.S.S. Atwal Stores; \$36,000 profit/month x 12 months/year = \$432,000 profit/year for the SSS Realm Stores.
- 188 7-Eleven Motion, *Sandhu* Action 27:16-17; 7-Eleven Motion, *Atwal* Action 30:25.
- 189 Opposition and *Sandhu* Motion 26:15; Opposition and *Atwal* Motion 26:10.

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