

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF ARIZONA

Best Western International Incorporated v. Anderson Hospitality LLC, et al.

Best Western · No. CV-25-03077-PHX-MTM · Decided January 15, 2026

SUMMARY

This Report and Recommendation addresses Best Western International Incorporated’s motion for default judgment against Anderson Hospitality LLC, Ankit Panchal, and Nikita Panchal. The court recommends granting default judgment on claims involving breach of contract, breach of the implied covenant of good faith and fair dealing, and unauthorized post-termination use of Best Western trademarks. It recommends an award of \$161,053.04, plus specified prejudgment and post-judgment interest, and permits Best Western to seek attorneys’ fees and costs.

CASE DETAILS

COURT	United States District Court for the District of Arizona
WRITING FOR THE COURT	Michael T. Morrissey
JURISDICTION	United States District Court for the District of Arizona
DECIDED	January 15, 2026
DOCKET	CV-25-03077-PHX-MTM
DISPOSITION	other
PROCEDURAL POSTURE	Plaintiff moved for default judgment after the defendants were properly served, failed to respond, and had defaults entered by the clerk. A United States magistrate judge issued a Report and Recommendation recommending that the motion be granted.
STANDARD OF REVIEW	A district court has discretion whether to enter default judgment under Federal Rule of Civil Procedure 55(b)(2). The court must first determine that it has subject-matter and personal jurisdiction, then evaluate the Eitel factors. Well-pleaded factual allegations other than those concerning damages are accepted as true, but damages must be proven.
PRECEDENTIAL VALUE	nonprecedential

TOPICS

default judgment

default

breach of contract

trademark infringement

attorney fees

PRACTICE AREAS

civil procedure

contracts

intellectual property

remedies

commercial litigation

QUESTIONS PRESENTED

1. Whether the court had subject-matter and personal jurisdiction to consider default judgment.
2. Whether the Eitel factors supported entry of default judgment against defendants.
3. Whether Best Western proved entitlement to \$161,053.04 in contractual and liquidated damages, prejudgment interest, and post-judgment interest.
4. Whether Best Western was entitled under the Membership Agreement to seek attorneys' fees and costs.

HOLDINGS

1. The court determined that it had jurisdiction to consider the action and the requested default judgment based on Best Western's federal trademark-related claims and the asserted jurisdiction under 15 U.S.C. § 1121.
2. The Eitel factors favored entry of default judgment on Best Western's breach-of-contract and implied-covenant claims, and the recommendation was to grant the motion.
3. The complaint adequately alleged a breach-of-contract claim because it alleged the existence of the Membership Agreement, defendants' failure to make required payments, and resulting damages.
4. The complaint adequately alleged that defendants breached the implied covenant of good faith and fair dealing by failing to honor their payment obligations and ignoring demands for payment.
5. Best Western adequately proved \$161,053.04 in damages, consisting of \$87,183.14 in unpaid contractual amounts and \$73,869.90 in liquidated damages for unauthorized trademark use, and was entitled to prejudgment interest at 1.5% per month and post-judgment interest under 28 U.S.C. § 1961.
6. Best Western was entitled under the Membership Agreement to seek attorneys' fees and costs incurred in connection with defendants' breach.

KEY QUOTATIONS

“Once a party’s default has been entered, the district court has discretion to grant default judgment against that party.” (at 3-4)

“In assessing a motion for default judgment, the district court first “has an affirmative duty to look into its jurisdiction over both the subject matter and the parties.”” (at 4)

“The essence of that duty is that neither party will act to impair the right of the other to receive the benefits which flow from their agreement or contractual relationship.” (at 7)

“Unlike the allegations in the Complaint, the Court does not take allegations relating to damages as true.” (at 8)

FACTUAL BACKGROUND

Best Western and Anderson Hospitality entered into a Membership Agreement governing operation of a hotel under the Best Western brand, with Ankit Panchal serving as the voting member and agreeing to personal liability and Nikita Panchal agreeing to be bound for community-property purposes. Defendants allegedly failed to pay membership fees, charges, and assessments, violated brand standards, and failed to comply with a payment plan. After termination, defendants allegedly continued displaying Best Western trademarks and signage without authorization. Defendants were served but did not answer, and Best Western sought default judgment for unpaid contractual amounts, liquidated trademark-use damages, interest, and attorneys' fees and costs.

PROCEDURAL HISTORY

Best Western filed the action on August 22, 2025, asserting contract, implied-covenant, trademark, and related claims. Defendants were served in September 2025 but did not respond, and the clerk entered default on October 30, 2025. Best Western moved for default judgment on three claims; the remaining claims were voluntarily dismissed. The magistrate judge recommended entry of judgment for \$161,053.04, plus prejudgment and post-judgment interest, and allowed Best Western to seek attorneys' fees and costs.

DISPOSITION

other

CASES CITED

- Aldabe v. Aldabe, 616 F.2d 1089, 1092 (9th Cir. 1980)
- Tuli v. Republic of Iraq, 172 F.3d 707, 712 (9th Cir. 1999)
- Eitel v. McCool, 782 F.2d 1470, 1471-72 (9th Cir. 1986)
- Geddes v. United Fin. Grp., 559 F.2d 557, 560 (9th Cir. 1977)
- Zekelman Industries Inc. v. Marker, No. CV-19-02109-PHX-DWL, 2020 WL 1495210, at *3 (D. Ariz. Mar. 27, 2020)
- PepsiCo, Inc. v. California Security Cans., 238 F. Supp. 2d 1172, 1177 (C.D. Cal. 2002)
- Elektra Entertainment Group, Inc. v. Crawford, 226 F.R.D. 388, 392 (C.D. Cal. 2005)
- Twentieth Century Fox Film Corp. v. Streeter, 438 F. Supp. 2d 1065, 1071-72 (D. Ariz. 2006)
- Warner Bros. Entertainment Inc. v. Caridi, 346 F. Supp. 2d 1068, 1073 (C.D. Cal. 2004)
- Vietnam Reform Party v. Viet Tan-Vietnam Reform Party, 416 F. Supp. 3d 948, 962 (N.D. Cal. 2019)
- Granite State Ins. Co. v. CME Prof'l Services LLC, 2019 WL 399923, at *3 (D. Ariz. Jan. 31, 2019)
- Wells Fargo Bank v. Arizona Laborers, 38 P.3d 12, 28 (Ariz. 2002)
- Rawlings v. Apodaca, 726 P.2d 565, 569 (Ariz. 1986)
- TeleVideo Sys., Inc. v. Heidenthal, 826 F.2d 915, 917-18 (9th Cir. 1987)
- Philip Morris USA, Inc. v. Castworld Prods., Inc., 219 F.R.D. 494, 498 (C.D. Cal. 2003)
- Tolano v. El Rio Bakery, No. CV-18-00125-TUC-RM, 2019 WL 6464748, at *6 (D. Ariz. Dec. 2, 2019)

- McDowell Mountain Ranch Community Ass'n v. Simons, 165 P.3d 667, 670 (Ariz. Ct. App. 2007)
- Dorn v. Robinson, 762 P.2d 566, 574 (Ariz. Ct. App. 1988)
- United States v. Reyna-Tapia, 328 F.3d 1114, 1121 (9th Cir. 2003)

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