

UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF
NORTH CAROLINA

RPG Co., LLC, et al. v. Kenneth Middleton and ARC Energy
Services, Inc.

Civil Action No. 3:25-CV-00796-KDB-WCM (W.D.N.C. Mar. 30, 2026) · No. 3:25-CV-00796-KDB-WCM ·
Decided March 31, 2026

SUMMARY

The United States District Court for the Western District of North Carolina denies Kenneth Middleton’s motion to dismiss and the plaintiffs’ motion for a preliminary injunction, while granting the defendants’ motions to compel arbitration. The court holds that the parties’ dispute falls within the broad arbitration provision in Middleton’s employment agreement, including claims concerning restrictive covenants and related conduct. The court stays the action pending completion of arbitration.

CASE DETAILS

COURT	United States District Court for the Western District of North Carolina
WRITING FOR THE COURT	Kenneth D. Bell
JURISDICTION	United States District Court for the Western District of North Carolina
DECIDED	March 31, 2026
DOCKET	3:25-CV-00796-KDB-WCM
DISPOSITION	other
PROCEDURAL POSTURE	Plaintiffs sued their former executive and his new employer asserting contract, tort, statutory, fiduciary-duty, and injunctive-relief claims. The court considered Middleton's motion to dismiss or compel arbitration, ARC's motion to compel arbitration, and plaintiffs' motion for a preliminary injunction.
STANDARD OF REVIEW	For arbitration, the court applied the Federal Arbitration Act and considered whether a dispute existed, whether a written arbitration agreement covered the dispute, whether the transaction involved interstate commerce, and whether a party refused to arbitrate. For the preliminary injunction, the court applied Winter's four-factor test and required a clear showing of likely success and irreparable harm. The court treated proper service and personal jurisdiction based on the unchallenged affidavit of service.

PRECEDENTIAL VALUE	unpublished district court memorandum and order; persuasive authority only
PARTIES	RPG Co., LLC, et al. v. Kenneth Middleton, ARC Energy Services, Inc.

TOPICS

arbitration noncompete agreements employment contracts injunctions civil procedure

PRACTICE AREAS

contracts employment law civil procedure arbitration remedies commercial litigation

QUESTIONS PRESENTED

1. Whether Middleton was properly served and whether the court had personal jurisdiction over him.
2. Whether the parties' dispute fell within the broad arbitration provision in Middleton's Employment Agreement.
3. Whether disputes concerning the formation and enforceability of the Employment Agreement had to be decided by the arbitrator.
4. Whether plaintiffs were entitled to a preliminary injunction restricting Middleton's work for ARC and enforcing the alleged restrictive covenants.
5. Whether the case should be stayed pending mediation and arbitration.

HOLDINGS

1. Middleton was properly served, and the court had personal jurisdiction over him; his motion to dismiss for improper service was denied.
2. The parties' dispute was arbitrable under the Employment Agreement's broad arbitration clause because the claims arose out of or related to the agreement and its alleged restrictions on competition, even when particular claims were not expressly pleaded as violations of that agreement.
3. The arbitrator, rather than the district court, would decide Middleton's challenges concerning formation and enforceability of the Employment Agreement because the arbitration provision expressly covered disputes concerning formation.
4. Plaintiffs were not entitled to a preliminary injunction because they failed to make the required clear showing of likely success on the merits and immediate irreparable harm.
5. The action had to be stayed pending mediation and arbitration under the Employment Agreement.

KEY QUOTATIONS

“Plainly, all of Plaintiffs’ factual allegations reflect a dispute arising out of or related to an alleged breach of the Employment Agreement’s restrictions on competition, etc., even if some of the claims are not specifically directed to a violation of that agreement.” (at 15-16)

“Most simply put, where, as here, the Plaintiffs have drafted non-competition restrictions best described as prohibiting doing “anything with anyone for a long time in a small industry,” the Court will decline the invitation to rewrite and enforce a reasonable set of restrictions.” (at 18)

“This matter is STAYED pending the Parties conducting a mediation and arbitration in accordance with the provisions of the Employment Agreement described above.” (at 20)

FACTUAL BACKGROUND

RPG hired Kenneth Middleton in 2018 and later promoted him to President of Riley Power Group and Great American Welding Company. Middleton signed an Employment Agreement containing broad noncompetition, nonsolicitation, confidentiality, and arbitration provisions, and in 2023 signed a separate Covenants Agreement containing additional restrictive covenants. Middleton resigned in March 2025, began working for ARC in April 2025, and plaintiffs alleged that he misused confidential information and solicited employees and prospective customers. Plaintiffs waited several months before seeking injunctive relief and filed the action in October 2025.

PROCEDURAL HISTORY

Plaintiffs filed the action on October 14, 2025. Middleton moved to dismiss for lack of proper service and alternatively to compel arbitration; ARC later moved to compel arbitration. Plaintiffs moved for a preliminary injunction, expedited discovery, and leave to amend. The court denied Middleton's motion to dismiss, granted both defendants' motions to compel arbitration, denied the preliminary-injunction motion, denied the remaining motions as moot, and stayed the case pending mediation and arbitration.

DISPOSITION

other

CASES CITED

- *Moses H. Cone Memorial Hospital v. Mercury Construction Corp.*, 460 U.S. 1, 24 (1983)
- *AT&T Mobility LLC v. Concepcion*, *AT&T Mobility LLC v. Concepcion*, 563 U.S. 333, 339 (2011)
- *Galloway v. Santander Consumer USA, Inc.*, 819 F.3d 79, 84 (4th Cir. 2016)
- *Chorley Enterprises, Inc. v. Dickey's Barbecue Restaurants, Inc.*, 807 F.3d 553, 563 (4th Cir. 2015)
- *Choice Hotels International, Inc. v. BSR Tropicana Resort, Inc.*, 252 F.3d 707, 709-10 (4th Cir. 2001)
- *Adkins v. Labor Ready, Inc.*, 303 F.3d 496, 500-01 (4th Cir. 2002)
- *Green Tree Financial Corp.-Alabama v. Randolph*, 531 U.S. 79, 81 (2000)
- *Smith v. Spizzirri*, 601 U.S. 472, 475-76 (2024)
- *Wake County Board of Education v. Dow Roofing Systems, LLC*, 792 F. Supp. 2d 897, 900 (E.D.N.C. 2011)
- *Silkworm Screen Printers, Inc. v. Abrams*, No. 91-1631, 1992 WL 317187, at *6 (4th Cir. Nov. 4, 1992)
- *Winter v. Natural Resources Defense Council, Inc.*, 555 U.S. 7, 22, 24, 32 (2008)
- *American Federation of Teachers v. Bessent*, 152 F.4th 162, 169-70 (4th Cir. 2025)
- *Pashby v. Delia*, 709 F.3d 307, 320-21 (4th Cir. 2013)

- *Benisek v. Lamone*, 585 U.S. 155, 158 (2018)
- *Mazurek v. Armstrong*, 520 U.S. 968, 972 (1997)
- *Munaf v. Green*, 553 U.S. 674, 690 (2008)
- *Frazier v. Prince George's County*, 86 F.4th 537, 544 (4th Cir. 2023)
- *Lisa Henderson v. Bluefield Hospital Co., LLC, Henderson for NLRB v. Bluefield Hospital Co., LLC*, 902 F.3d 432, 439 (4th Cir. 2018)
- *Clinical Staffing, Inc. v. Worldwide Travel Staffing Ltd.*, 60 F. Supp. 3d 618, 623-24 (E.D.N.C. 2013)
- *NovaQuest Capital Management, L.L.C. v. Bullard*, 498 F. Supp. 3d 820, 830 (E.D.N.C. 2020)
- *RLM Communications, Inc. v. Tuschen*, 831 F.3d 190, 196 (4th Cir. 2016)
- *Kadis v. Britt*, 224 N.C. 154, 158 (1944)
- *Triangle Leasing Co. v. McMahon*, 327 N.C. 224, 228 (1990)
- *Hartman v. W.H. Odell & Associates, Inc.*, 117 N.C. App. 307, 311, 317 (1994)
- *Beasley v. Banks*, 90 N.C. App. 458, 460 (1988)
- *Medical Staffing Network, Inc. v. Ridgway*, 194 N.C. App. 649, 656 (2009)
- *Atkore International, Inc. v. Dinkheller*, No. 24CV022644-400, 2025 WL 1087037, at *6 (N.C. Super. Apr. 10, 2025)
- *Okuma America Corp. v. Bowers*, 181 N.C. App. 85, 86 (2007)
- *Jewel Box Stores Corp. v. Morrow*, 272 N.C. 659, 665 (1968)
- *Farr Associates, Inc. v. Baskin*, 138 N.C. App. 276, 280-81 (2000)
- *Henley Paper Co. v. McAllister*, 253 N.C. 529, 531-35 (1960)
- *Copypro, Inc. v. Musgrove*, 232 N.C. App. 194, 200 (2014)
- *Whittaker General Medical Corp. v. Daniel*, 324 N.C. 523, 528 (1989)
- *XPO, Inc. v. Byrd*, No. 3:25-CV-00243-KDB-DCK, 2025 WL 2557708, at *4-7 (W.D.N.C. June 11, 2025)
- *James C. Greene Co. v. Kelley*, 261 N.C. 166, 168-69 (1964)
- *Milner Airco, Inc. of Charlotte, NC v. Morris*, 111 N.C. App. 866 (1993)
- *Di Biase v. SPX Corp.*, 872 F.3d 224, 230 (4th Cir. 2017)
- *Microban International, Ltd. v. Kennedy*, No. 3:22CV00620KDBDSC, 2023 WL 2533085, at *3 (W.D.N.C. Mar. 15, 2023)
- *Queen Virgin Remy Co. v. Thomason*, No. 1:15-cv-1638-SCJ, 2015 WL 11422300, at *2 (N.D. Ga. June 10, 2015)
- *Imaging Business Machines, LLC v. BancTec, Inc.*, 459 F.3d 1186, 1192 (11th Cir. 2006)
- *Weaver v. Henderson*, 984 F.2d 11, 14 (1st Cir. 1993)
- *Independent Oil & Chemical Workers of Quincy, Inc. v. Procter & Gamble Manufacturing Co.*, 864 F.2d 927, 933 (1st Cir. 1988)
- *IDS Life Insurance Co. v. SunAmerica Life Insurance Co.*, 136 F.3d 537, 542 (7th Cir. 1998)
- *Synthes USA, LLC v. Davis*, No. 4:17-cv-02879-RBH, 2017 WL 5972705, at *1 n.2 (D.S.C. Dec. 1, 2017)
- *Roswell v. Mayor & City Council of Baltimore*, 671 F. Supp. 3d 607, 616, 618 (D. Md. 2023), *aff'd*, No. 23-1567, 2023 WL 8728503 (4th Cir. Dec. 19, 2023)

- Quince Orchard Valley Citizens Association, Inc. v. Hodel, 872 F.2d 75, 80 (4th Cir. 1989)
- Majorica, S.A. v. R.H. Macy & Co., 762 F.2d 7, 8 (2d Cir. 1985)
- Potomac Heritage Trail Association, Inc. v. U.S. Department of Transportation, No. CV DLB-22-2482, 2022 WL 7051160, at *18 (D. Md. Oct. 11, 2022)
- Perry v. Judd, 471 F. App'x 219, 224 (4th Cir. 2012)
- Kendall v. Regional Enterprises, LLC, No. 5:24-CV-00180-KDB-SCR, 2024 WL 4375792, at *1 (W.D.N.C. Oct. 2, 2024)

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