

**CITATION:** *Meltwich Hospitality Group Inc. v. 1968728 Ontario Inc. et al.*, 2026 ONSC 3527

**COURT FILE NO.:** CV-25-00740982-0000

**DATE:** 20160616

**SUPERIOR COURT OF JUSTICE - ONTARIO**

**RE:** MELTWICH HOSPITALITY GROUP INC., Plaintiff

**AND:**

1968728 ONTARIO INC. and HARMEET SINGH GULATI, Defendants

**BEFORE:** Schabas J.

**COUNSEL:** *Monica Unger Peters*, for the Plaintiff

**HEARD:** In writing

**ENDORSEMENT**

- [1] This is a motion for default judgment by a franchisor against a franchisee following the abandonment of the franchisee/defendant's restaurant and termination of the franchise agreement between the parties.
- [2] The defendants, which include the corporate defendant's principal who is a party to the franchise agreement and a guarantor of the obligations under it, did not defend and were noted in default.
- [3] The uncontradicted evidence establishes that the defendants breached the franchise agreement, and the defendants are liable for damages under the agreement. The individual defendant is also liable pursuant to the guarantee.
- [4] The plaintiff is entitled to damages pursuant to sections 3.2 and 16.3 of the franchise agreement in the total amount of \$88,166.74. This consists of the average monthly royalty payment of \$1,916.67 payable for 22 months from April 20, 2023 to February 28, 2025, totalling \$42,166.74. It also consists of liquidated damages of \$46,000 based on the average monthly royalty payment multiplied by 24 months.
- [5] The defendants, therefore, are jointly and severally liable to the plaintiff for breach of contract in the amount of \$88,166.74.
- [6] The draft judgment provided by the plaintiff also seeks costs of \$4,293.49, which is supported by the Bill of Costs and which I find to be reasonable, especially as the plaintiff is entitled to full indemnification for its costs.

- [7] The draft judgment also seeks interest on the full amount at the rate of 18%. The statement of claim sought this relying on section 3.5 of the franchise agreement. In my view, based on a reading of section 3.5, this high rate of interest only applies to required payments under the agreement, and not to additional damages or costs. This rate of interest, therefore, only applies to the unpaid royalties between April 20, 2023, and the date of termination on February 28, 2025, in the amount of \$42,166.74.
- [8] The plaintiff shall have pre- and post-judgment interest on the amount of \$42,166.74 at the rate of 18%. The plaintiff shall have post-judgment interest on the liquidated damages of \$46,000 at the rate set under the *Courts of Justice Act*.
- [9] The plaintiff may forward to my assistant a draft Judgment in accordance with these Reasons.

Paul B. Schabas J.

**Date:** June 16. 2026