

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

PRIMULA MANAGEMENT, LLC,

Plaintiff,

v.

PRIMROSE SCHOOL FRANCHISING
COMPANY LLC; and PRIMROSE
SCHOOL FRANCHISING SPE, LLC

Defendants.

Case No. 25-cv-1795

COMPLAINT

JURY TRIAL DEMANDED

Plaintiff Primula Management, LLC (“Primula”) by its attorneys Clark Smith Villazor LLP, for its Complaint against Primrose School Franchising Company LLC (“PSFC”) and Primrose School Franchising SPE, LLC (“PSF SPE”) (collectively, “Primrose” or “Defendants”), alleges, on personal knowledge as to Primula’s actions and upon information and belief as to the actions of others, as follows:

NATURE OF THIS ACTION

1. This action is brought to remedy the unlawful conduct of Defendants in the misappropriation of Primula’s trade secret and confidential terms and concepts associated with its proprietary enrollment management computer application and breach of PSFC’s contractual obligations.

2. Primula is the management company for six early childhood education and childcare schools that are franchisees of Primrose in the large network of over 500 Primrose franchisee schools across the United States. Primula invested a substantial amount of resources to develop a proprietary trade secret and confidential enrollment management application for use

in its six schools (“Primula application” or “enrollment management computer application”). In the spring of 2024, Primula pitched the Primula application to Primrose’s senior management for potential use at all of the Primrose franchisee schools, and Primrose was sufficiently interested in the Primula application’s capabilities that Primrose and Primula agreed to enter into a pilot program in the fall of 2024 at fifteen Primrose schools to test the Primula application’s capabilities and efficacy. Schools in the pilot program were told that they would “test a cloud hosted enrollment forecasting application” and that “[t]his application was developed by a third party that has been vetted by Primrose and is being considered as an approved vendor for schools.”

3. Primula consistently took steps to preserve the confidentiality of its proprietary trade secret enrollment management application in its discussions with Primrose’s senior management, and Primrose expressly acknowledged that in strict confidentiality provisions in a Pilot Agreement between Primula and Primrose that governed the pilot program. However, within months of the start of the pilot program, PSFC grossly breached the confidentiality provisions of the Pilot Agreement by revealing Primula’s trade secret confidential information and the Primula application’s capabilities in multiple communications to the owners and directors of all 500 plus Primrose franchisee schools nationwide.

4. Primula through this action for injunctive relief, trade secret misappropriation in violation of the Defend Trade Secrets Act, 18 U.S.C. § 1836, *et seq.*, breach of contract, common law misappropriation of trade secrets, tortious interference with business relations, unjust enrichment, and breach of the implied duty of good faith and fair dealing, seeks to hold Defendants accountable, stopping them from further disseminating and exploiting Primula’s proprietary trade secret and confidential information and putting an immediate halt to the

substantial and irreparable harm and damages Defendants have caused, and continue to cause Primula as a result of their unlawful activities.

PARTIES

5. Plaintiff Primula is a Delaware limited liability company with offices in New York City and Greenwich, Connecticut, and its principal place of business in New York City. Primula is the management company for six schools located across the United States, one in New York City, three in Atlanta, and two in Denver, each school owned in whole or in majority by Primula's owner, Matthew Grossman, a New York City resident. The six schools Primula manages, including the New York City school on East 82nd Street, Manhattan, deliver early education and childcare services operating under Franchise Agreements with defendants PSFC and PSF SPE.

6. Defendants PSFC and PSF SPE are a US-based franchise network of private preschools that offer early childhood education and childcare. Defendant PSFC is a Georgia limited liability company with its principal place of business in Atlanta, Georgia that entered into an October 3, 2024 Pilot Agreement ("Pilot Agreement") with Primula related to the use of Primula's proprietary and trade secret enrollment management application at issue in this case.

7. Defendant PSF SPE is a Delaware limited liability company with its principal place of business in Atlanta, Georgia and is a special purpose entity that entered into a March 22, 2021 franchise agreement with Mr. Grossman's New York City Primrose school, as well as franchise agreements with Mr. Grossman's five other schools all managed by Plaintiff Primula.

JURISDICTION AND VENUE

8. This Court has exclusive subject matter jurisdiction under 28 U.S.C. §§ 1331 and 1338 in that this case arises under a federal statute, the Defend Trade Secrets Act, 18 U.S.C. §

1836 *et seq.* The Court has supplemental jurisdiction over Plaintiff’s remaining state law claims under 28 U.S.C. § 1367.

9. This Court has personal jurisdiction over the Defendants in this action because each Defendant conducts business in the state, as described herein, and because Defendants have jointly and severally committed acts of trade secret misappropriation, and other torts in this district, including by unlawfully transmitting Primula’s proprietary trade secret and confidential information to Primula’s New York City school in this district.

10. Venue is proper in this District pursuant to 28 U.S.C. § 1391(b), as a substantial part of the events, acts, omissions, and injuries giving rise to the claims occurred in this judicial district and because Defendants are subject to personal jurisdiction in this judicial district at the time this action has commenced.

FACTUAL ALLEGATIONS

I. Primula’s Enrollment Management Application

11. Beginning in the fall of 2022, Primula began committing significant resources towards the development of a proprietary and trade secret enrollment management computer application for use in the six Primrose schools, including a New York City school, managed by Primula and co-owned by Primula’s principal Matt Grossman. Primula began using an initial version of the Primula application successfully at Mr. Grossman’s schools in the spring of 2023. The Primula application is a cloud-hosted computer application with automated data ingestion and a streamlined user interface. The capabilities of the Primula application include, among other functions, automated enrollment forecasting and identification of spaces available for enrollment (“available spaces” a term conceptualized by Mr. Grossman) by month and by classroom.

12. Mr. Grossman sought to develop a more effective solution for enrollment management out of necessity. Before the introduction of the Primula application at his schools, for instance, Mr. Grossman was limited in his efforts at forecasting future classroom rosters and enrollment opportunities by the resources and recommendations provided by Primrose to its franchisees. These Primrose resources and recommendations required time-consuming, manual inputs into spreadsheets from multiple reports, thus limiting the effectiveness, accuracy and ability to use the reports regularly to understand future classroom rosters and vacancies at the schools (due to the amount of information that needs to be incorporated and the frequency with which underlying inputs change). The limitations of these resources and recommendations for enrollment forecasting are well known and acknowledged by Primrose and Primrose franchisees.

13. The concept and functionality of an automated report showing “available spaces” is a core component of the Primula application.

II. Primula Pitches Application to Primrose

14. On or about February 15, 2024, Steve Clemente, President of Primrose, presented to Primrose franchisees at the annual Primrose Town Hall that Primrose was working on six “Development Highlights” with Procure Solutions. Procure Solutions is a childcare software company that services “over 70% of North America’s largest for-profit childcare organizations” and Defendants have contracted with to provide childcare software to Primrose schools, which, in turn, are required to use and pay for Procure’s software. Upon information and belief, Primrose, including Primrose franchisees, collectively represent one of Procure’s largest customers. In addition, upon information and belief, Procure offers services that include hosting a unique instance of Procure software for use by Primrose that has functionality available only to Primrose and Primrose franchisees.

15. One of the development highlights mentioned in the Town Hall presentation by Mr. Clemente was an “enrollment forecasting tool” and the slide indicated a status of “Researching Solution.” In comparison, the status of most of the other development highlights indicated “Beta-Testing In-Process,” “Development In-Process,” or “Testing and Validation”—indicating that Primrose and Procure did not have an identified solution for an enrollment forecasting tool for use by Primrose schools.

16. Reflecting on his own challenges using the Primrose and Procure resources for enrollment forecasting and the success of the Primula application at his schools, Mr. Grossman felt strongly that the Primula application would be a significant help to other franchisee schools and that there was an opportunity to commercialize his enrollment management application and pursue a new business opportunity.

17. On or about April 4, 2024, Mr. Grossman emailed Avery Ma, Chief Technology Officer at Primrose, Steve Clemente, President at Primrose, and Josh Greear, Chief Financial Officer at Primrose, with an introduction to the Primula application’s capabilities and example screenshots generated by the Primula application. Mr. Ma responded by email on or about April 12, 2024, expressing interest in learning more to “gain a mutual understanding of [the application’s] key enrollment and forecasting capabilities”

18. Furthermore, the business benefits for Primrose and Primrose franchisees of having access to an automated enrollment management system that does not require manual entry were well understood by Primrose. On April 18th, 2024, Mr. Ma communicated that the “...big opportunity mentioned was from discussions in the past few years where Owners and their leadership don’t use the [Primrose supplied] sheets [for enrollment forecasting] because of the manual entry.”

19. On or about April 25, 2024, Mr. Grossman presented a confidential PowerPoint slide deck over a Webex video call with Mr. Ma and other members of Mr. Ma's team. The slide deck detailed many of the features of the Primula application, including enrollment forecasting and identification of available spaces, and how schools, as well as Primrose, would gain valuable insights into the enrollment management process:

a) Product descriptions: “dashboard that shows available spaces by classroom/ by month. Reflects up-to-date opportunities for enrollment/transition. (e.g. If it is green, then you can enroll with the peace of mind that the space is free.)”

b) New features: “**Waitlist management** – automatically matches the Waitlist with Available Spaces.”

c) Key uses of the application: “Our touring families consistently praise our ability to provide accurate, on-demand information about available spaces. This creates a positive first impression; and once a start date is set, we know we can meet it.”

20. Primula and Mr. Grossman took steps to ensure the confidentiality of the information presented in the slide deck by marking each slide as confidential.

21. In subsequent email exchanges, Mr. Grossman provided release notes, screenshots of the application, example use cases to highlight the effectiveness of the application, and descriptions of the features and integrations within the application to drive the “Available Spaces” insight.

22. The next month in May 2024, at Mr. Ma's request, Mr. Grossman presented the same slide deck over a second Webex video call to Mr. Clemente, President of Primrose, who was joined by Mr. Ma.

23. Again, Primula and Mr. Grossman took steps to ensure the confidentiality of the information presented in the slide deck by marking each slide as confidential.

24. Following this second Webex video meeting, on or about June 11, 2024, Mr. Ma asked Mr. Grossman for a copy of the slide deck used in the two Webex video calls so that Mr. Ma could respond to increased interest in the Primula application among Primrose senior executives and volunteered that he would limit its distribution to Primrose executives only, thereby acknowledging the confidential nature of the information being presented. On or about June 12, 2025, Mr. Ma distributed the slide deck to Primrose executives and included Mr. Grossman.

25. Finally, on or about June 25, 2024, Mr. Grossman again presented at a third Webex video call the same slide deck to Primrose's senior executives, together with a live demonstration by Mr. Grossman of the Primula application.

26. Again, Primula and Mr. Grossman took steps to ensure the confidentiality of the information presented in the slide deck by marking each slide as confidential; and, in advance of the live demonstration, Mr. Grossman requested that the Webex video call not be recorded.

III. Primula and Primrose Enter into a Pilot Agreement to Test the Primula Application

27. Following the third June 25, 2024, Webex video call in which a live demonstration of the Primula application was presented to Primrose's senior executives, Primula and Primrose agreed to design a pilot program to pilot the Primula enrollment management computer application at a trial percentage of additional Primrose franchise schools.

28. On or about October 3, 2024, Primula and Primrose entered into a Pilot Agreement, which explains its purpose as that "PSFC and [Primula] wish to conduct a proof of concept test by testing the use of the [Primula] Application in certain schools mutually agreed by the parties (the "Pilot Schools") to gain data and feedback from the Franchisees and PSFC's support staff to enable

both parties to further evaluate the effectiveness of the [Primula] Application and whether the use of the [Primula] Application should be expanded in PSFC's franchise system (the "Pilot"). The Pilot Agreement expires March 14, 2025, unless extended by mutual agreement.

29. Section 11.1 of the Pilot Agreement contains confidentiality provisions that protect Primula's proprietary trade secrets and confidential information as follows:

"all information relating to the Disclosing Party and its respective business operations and/or trade secrets which are not generally known and are used by the Disclosing Party to gain competitive advantage in the course and conduct of its respective current and/or proposed business operations furnished to or observed by the Receiving Party or its Representatives (as defined herein), whether prior to or after the date of this Agreement and irrespective of the form of communication, in connection with the Pilot (such information, notwithstanding the absence of a mark signaling the confidential nature of such information, together with notes, guides, documentation, training materials, memoranda, summaries, analyses, compilations and other writings related thereto or based thereon prepared by the Disclosing Party or its Representatives and any Evaluation Material, being referred to herein as the "Confidential Information") will be kept strictly confidential...."

30. Section 11.6 of the Pilot Agreement contains provisions acknowledging the unique nature of Primula's confidential information, including the Primula application, and the irreparable harm to Primula of any breach, stating as follows:

"[PSFC] acknowledges and agrees that due to the unique nature of [Primula's] Confidential Information, there is no adequate remedy at law for any breach of its obligations hereunder, that any such breach may allow [PSFC] or third parties to unfairly compete with [Primula] resulting in irreparable harm to [Primula], and therefore, that upon any such breach or any threat thereof, [Primula] shall be entitled to appropriate equitable relief in addition to whatever remedies it may have at law and to be indemnified by [PSFC] from any loss or harm, including, without limitation, attorneys' fees, in connection with any breach or enforcement of [PSFC's] obligations hereunder or the unauthorized use or release of any such Confidential Information...."

IV. PSFC Breaches the Confidentiality Provisions of the Pilot Agreement

31. On or about December 9, 2024, Primrose issued a system-wide communication to the owners and directors of all of its franchisee schools, including Mr. Grossman's New York City school, that announced the release of a new "Student Age Report" by Procure. The top of Page 6 of the communication includes the following "Weekly Tip": "Primrose Franchise Owners and School Leadership should use this [New Student Age] report regularly, in conjunction with your school's waitlist to understand the available space at your school. Doing so will assist in quickly responding to parent inquiries and scheduling tours."

32. In that system-wide communication, Primrose's instructions on how to use Procure's Student Age Report included concepts and terms that are exclusive to Primula's application such as available space, and functionality, such as using available space with the waitlist and responding to inquiries and tours.

33. Primrose continued to provide the same instructions on how to use the Procure Student Age Report in additional system-wide communications on December 12, 2024 (Page 12: Tip of the Week), December 23, 2024 (Page 6: Weekly Tip Reminder), and January 31 (February 2025 "The Essentials" report: second bullet point from the bottom).

34. The Primula application's terms, functionality and concepts used by Primrose in the instructions on how to use Procure's Student Age Report in these communications were specifically communicated and discussed (i) in multiple slides in the slide deck that was marked confidential on each slide (most notably, Slide 7: "Our Solution / Current tools / (1) Available Spaces") that was presented by Mr. Grossman to Primrose in the three earlier mentioned Webex video calls; and, (ii) in emails to Mr. Avery Ma on October 8, 2024 (available spaces and Waitlist)

and again on November 21, 2024 (available spaces and Leads List, which reflect inquiry and touring activity).

35. Notably, Procure does not use the term *available spaces* or concepts of *available spaces, using available spaces with the waitlist, or using available spaces with inquiries and tours*, etc. in any of its materials or training video, access to which was provided in each of the Primrose communications, when describing how the Procure Student Age report works or how to use the report. Procure does not use the term available spaces because (1) it should have no knowledge of the term since it was conceptualized by Mr. Grossman and is protected under Section 11 of the Pilot Agreement; and, (2) because Procure’s Student Age report identifies vacancies and cannot be used to identify *availability*, i.e. spaces that are available for enrollment (even in conjunction with the waitlist, as recommended in the Primrose communication).

36. Examples of Procure’s descriptions of how to use the Procure Student Age Report include:

- a) Training video: “This provides administrators and centers with insights into the ages of their enrolled students, helping them plan for future enrollment openings as well as staff and classroom needs.”
- b) Training video: “The report details the age ranges for each room and projects when children will age out, allowing directors to anticipate vacancies.”
- c) Training video: “This data allows directors to forecast openings and provide more accurate responses to families. It also aids in managing wait lists and gives parents a clearer picture of potential future enrollment opportunities.”
- d) Training video: “This helps directors gauge the likelihood of accommodating new children, helping better manage wait lists and room transitions.”
- e) Article: “The Student Age Report helps you proactively plan for room transitions and assists with enrollment planning. This report projects a child’s future age based on their birthdate and a specified date range to determine when a child might need to transition to a different room based on the room’s age range criteria.”

37. Procare uses the term “forecasted openings” to describe the Forecasted Openings section of the Procare Student Age Report. In the context Procare uses the term, forecasted openings literally means the number of classroom *vacancies* that are projected due to children transitioning out of the classroom (due solely to the age of the child).

38. The calculation for forecasted openings in the Procare Student Age report only takes into consideration one reason (transitioning out of the classroom to an older classroom due to age/development) out of the four reasons why a child may be forecasted to enter or exit a classroom. The other three reasons are: (1) new enrollment (from the waitlist or inquiry/tour activity) in the school/classroom, (2) transitioning into the classroom from a younger classroom due to age/development, and (3) withdrawals from the school.

39. As a result, forecasted openings in the Student Age report provide insight into vacancies in the classroom (although even this insight is incomplete because the report neither includes any confirmed withdrawals from the school nor includes existing vacancies in a room) and no understanding of *availability* in the classroom (because the report does not include the other three reasons mentioned above why a child may be forecasted to enter or exit a classroom).

40. Procare’s descriptions of the Student Age report and how to use the Student Age report are accurate. Primrose’s description of how to use the Procare Student Age report, namely to understand available space, while not only being a breach of confidentiality under Section 11 of the Pilot Agreement, is inaccurate. Forecasted openings represent *vacancies*. Available Spaces represent *availability* for enrollment. Primrose franchisees following Primrose’s instruction to use the Procare Student Age report in conjunction with the waitlist to understand available space would have entirely inaccurate information (they would have vacancies calculated by the Procare Student

Age report and not availability for enrollment) on which to base enrollment decisions and communications to parent inquiries and tours.

41. In order to identify vacant spaces in classrooms using generally known approaches (i.e. not the Primula Application) and existing commercial resources (i.e. those supplied by Primrose and Procure), franchisees need to populate a report that forecasts future enrollment by room and month. In order to accomplish this, inputs would need to be sourced for each student regarding student age (a downloadable report in Procure), confirmed dates for new enrollment (a different downloadable report in Procure), confirmed dates for withdrawals (another downloadable report in Procure) and planned movement of students from one room to another, aka graduations or transitions (no Procure report, must be tracked manually at the school level).

42. This information would then need to be manually combined and formatted into a single report by the franchisee, room by room and month by month, for analysis and then the entire process re-done for accuracy to be maintained each time there is a change in any of the above-mentioned reports or manually maintained lists. The information in these reports can change as frequently as daily, which underscores the limitations of a manual approach to compiling this information cited by Mr. Ma earlier and experienced daily by Primrose franchise owners.

43. The Primula application's algorithms automatically synthesize the relevant inputs into an enrollment tracking report that forecasts future enrollment by classroom and by month, identifies not only vacant spaces but also *available spaces* and is automatically updated whenever there are changes in the inputs.

44. An Available Spaces report in the Primula application can be used to accurately identify spaces available for enrollment (i.e. availability) that, in turn, can be matched against the waitlist and inquiry/tour interest to provide valuable, differentiated insight for enrollment.

45. Other than the Primula application, there is no software (Procure or otherwise) that provides on demand or automated reports, capable of regular use, showing *available spaces* for early childhood education enrollment.

46. Available spaces as a term and concept is not generally known, is core to Primula's proposed business operations, and is critical to the Primula application's competitive advantage.

47. Available spaces (availability) and forecasted openings (vacancy) are different concepts (and terms) and cannot be used interchangeably for enrollment purposes.

48. As a result, Primrose disclosed, in violation of Section 11 of the Agreement, terms, functionality and concepts learned through Primrose's use of and access to the Primula application and supporting materials provided by Mr. Grossman.

49. Primrose's disclosure at least four times to the Franchisee system that the Procure Student Age Report, which provides a calculation (though incomplete) of vacancies, can be used to understand available space at a school not only misleads and confuses potential Franchisee customers for the Primula application but has also exposed Primula to significant risk and irreparable harm.

50. By revealing key aspects of the Primula application's competitive advantage, Primrose's unauthorized disclosures have placed Primula's business at risk, undermining Primula's position in the market and jeopardizing future opportunities.

51. In preparation for the March 14, 2025 expiration of the Pilot Agreement, on February 13, 2025 Mr. Grossman and Mr. Ma had a telephone call to discuss next steps for the Pilot.

52. During this call, Mr. Ma communicated:

- a) that the Primrose executive team and Franchise Advisory Council had coalesced around a next step that would replace the pilot program with a *paid* pilot program;
- b) that under the paid pilot program, Primula would be granted the ability to solicit and engage with additional Primrose schools about using the Primula application as a paid subscription;
- c) that Primrose would assist Primula in adding additional schools as customers;
- d) that the pricing for the Primula application for each school would be specified at the rate previously communicated to Mr. Ma by Mr. Grossman, which was \$500 per month for each of the three modules in the Primula application (and where schools could select between 1 and 3 modules); and
- e) that an amended or modified version of the Pilot Agreement could serve as the governing contract for Primrose's paid pilot concept.

53. The paid pilot program represented a pathway to commercialization of the Primula application at Primrose schools. The proposal included stipulations by Primrose that were discussed in concept but, due to lack of specifics, were not yet agreed to by Mr. Grossman.

54. On or about February 14, 2025, Primula, through counsel, sent a Cease and Desist letter constituting formal written notice of the occurrence of the breaches, discussion of corrective actions, and notice that PSFC must immediately cease and desist from the unauthorized publication and misuse of Primula's Confidential Information.

55. In a February 14, 2025 email from Mr. Grossman to PSFC that attached the Cease and Desist Letter, Mr. Grossman communicated to PSFC that Primula was "[c]onceptually . . . aligned with transitioning from the current Pilot Program to a Paid Pilot Program, with a start date

of April 1st.” Mr. Grossman stated that Primula’s “goal with the Pilot has been, and continues to be, to work with PSFC to demonstrate the value proposition of the [Primula] Application and to ultimately market the Application as a paid subscription to PSFC Franchisees,” which could deliver “tremendous benefit for the Franchisees and PSFC.”

56. Additionally, in the email, Mr. Grossman underscored that corrective action was necessary before proceeding to a paid pilot program. Mr. Grossman communicated in the same email the following:

a) “Upon reflection after last night’s conversation, as part of the amendment, we will need to agree to corrective action for these breaches, which at this time if we want to proceed to a Paid Trial would only require clarifying communication(s), mutually agreed to in substance and delivery channel, from PSFC to the [franchisee] system. I understand from the same conversation that PSFC does not want to endorse the Application at this time. However, it is not reasonable for PSFC to not endorse the Application while being on the record (as a result of the breaches) with the [Primrose] system that a Procure module [Student Age report] offers similar functionality for free. This creates a confusing message for Franchisees that I will, in all likelihood, have to address and from a disadvantageous business position.”

b) “I said it last night and I meant it: I am appreciative of the time and effort you and the PSFC team have put into this project. I am steadfast in my belief that there can be tremendous benefit for the Franchisees and PSFC. With the potential to operate the Application as a viable, stand-alone business, and mutual adherence to the terms of the Agreement, I would like to address the aforementioned issues and continue working together for the benefit of all stakeholders.”

57. On February 27, 2025, PSFC's law firm responded to the Cease and Desist Letter, "unequivocally denying" that Primrose had breached the Pilot Agreement or was engaged in other wrongful conduct.

FIRST CAUSE OF ACTION
Trade Secret Misappropriation Under
The Defend Trade Secrets Act (18 U.S.C. § 1836 *et seq.*)
(against all Defendants)

58. Primula realleges and incorporates by reference each and every allegation set forth in paragraphs 1 through 56 above.

59. Primula owns and possesses certain proprietary confidential and trade secret documents and information related to the Primula enrollment management application as alleged above that relate to Primula's management of the six Primrose schools owned by Mr. Grossman, including his New York City school, and were the subject of the Pilot Agreement between Primula and Defendant Primrose.

60. Primula's confidential and trade secret documents and information related to the Primula application relate to products and services used, sold, shipped, and ordered in, or intended to be used, sold, shipped and/or ordered in interstate or foreign commerce, including the Primula application used and shipped to Primrose schools throughout the United States as part of the Pilot program addressed in the Pilot Agreement between Primula and Defendant Primrose.

61. Primula has taken reasonable measures to protect the secrecy of its confidential and trade secret documents and information related to the Primula application, including the secrecy of the Primula confidential information Defendants have misappropriated.

62. Defendants have, by the improper and unlawful means alleged above, improperly published Primula's trade secrets and confidential information in communications to third parties, including in transmissions to all of the Primrose franchise schools located across the United States.

63. At the time that Primula's trade secrets confidential information was disclosed to Defendants, Defendants knew or had reason to know that the trade secret was acquired under circumstances giving rise to a duty to maintain the secrecy of Primula's trade secrets, including being subject to the confidentiality provisions contained in the Pilot Agreement.

64. As a direct and proximate result of Defendants' conduct, Primula has suffered and continues to suffer the dilution of good will, injury to its reputation, misappropriation of its propriety trade secrets and confidential information, and the devaluation of its trade secrets and confidential information related to the Primula enrollment management application and the devaluation of its business.

65. Defendants' misappropriation of Primula's confidential information and trade secrets has caused and will continue to cause Primula irreparable harm and substantial injury, including, but not limited to actual damages, lost profits, harm to its reputation, and the diminution in value of its trade secrets and business. Defendants have been unjustly enriched by their misappropriation of Plaintiff's confidential information and trade secrets.

66. Defendants' misappropriation of the Primula trade secret confidential information related to the Primula application was intentional, knowing, willful, malicious, fraudulent, and oppressive. Primula is entitled to an award of exemplary damages and reasonable attorneys' fees.

67. Because Primula has suffered irreparable harm and Primula's remedy at law is inadequate, Primula seeks—in addition to damages—a preliminary injunction and permanent injunctive relief to protect its trade secret confidential information related to the Primula application as well as Primula's legitimate business interests. Primula will continue to suffer irreparable harm absent injunctive relief.

SECOND CAUSE OF ACTION
Breach of Contract
(against PSFC)

68. Primula realleges and incorporates by reference each and every allegation set forth in paragraphs 1 through 66 above.

69. The Pilot Agreement is a binding contract between Primula and PSFC.

70. By their conduct as alleged above, Defendants' failure to maintain the confidentiality of Primula's proprietary trade secrets and confidential information related to the Primula enrollment management application and PSFC has breached at least the Section 11.1 confidentiality provisions of the Pilot Agreement.

71. Primula has satisfied all conditions precedent to bringing this action.

72. As a direct and proximate result of Defendants' conduct, Primula has suffered and continues to suffer irreparable harm and the loss of potential clients, dilution of goodwill, injury to its reputation, and devaluation of its business.

73. PSFC's breach of contract has caused and will continue to cause Primula substantial injury, including, but not limited to irreparable harm, actual damages, lost profits, harm to its reputation, and the diminution in value of its business. Defendants have been unjustly enriched by their actions.

74. PSFC's breach of contract was intentional, knowing, willful, malicious, fraudulent, and oppressive. Primula is entitled to an award of exemplary damages and reasonable attorneys' fees pursuant to Section 11.6 of the Pilot Agreement.

75. Because Primula has suffered irreparable harm and Primula's remedy at law is inadequate, Primula seeks—in addition to damages—a preliminary injunction and permanent injunctive relief to protect its trade secret confidential information related to the Primula

enrollment management application as well as Primula's legitimate business interests. Primula will continue to suffer irreparable harm absent injunctive relief.

THIRD CAUSE OF ACTION
Common Law Misappropriation of Trade Secrets
(against all Defendants)

76. Primula realleges and incorporates by reference each and every allegation set forth in paragraphs 1 through 74 above.

77. The rights and interests of Primula in its Confidential Information, described above, constitute trade secrets as defined by the common law of the State of New York.

78. Primula owns all of the rights, title, and interest in and to the trade secrets and confidential information related to the Primula enrollment management application that Defendants used and continue to use in communicating with Defendants' franchisee Primrose schools across the country.

79. Because of Primula's reliance on the confidentiality provisions Section 11.1 of the Pilot Agreement with PSFC, Primula provided Defendants with access to and knowledge of Primula's proprietary trade secret confidential information related to the Primula enrollment management application.

80. Such proprietary trade secrets and confidential information were and are primary assets of Primula and have actual and potential independent economic value for Primula. Primula has carefully guarded its proprietary trade secret and confidential information and has taken reasonable steps to maintain its secrecy. There has been no disclosure of the proprietary trade secret confidential information by Primula.

81. Defendants had knowledge that Primula regarded the proprietary trade secret and confidential information as trade secrets and of their legal obligation and duty, by virtue of the

Pilot Agreement, to preserve the confidentiality of Primula's trade secrets confidential information and to limit their use.

82. Upon information and belief, Defendants knowingly, willfully and maliciously violated the Pilot Agreement and breached Primula's confidence by misappropriating Primula's proprietary trade secrets and confidential information related to the Primula enrollment management application in order to develop, manufacture, produce, and market competing products and services.

83. As a direct and proximate result of Defendants' conduct, Primula has suffered and continues to suffer irreparable harm, the disruption of its business relationships and the loss of clients and potential clients, dilution of good will, injury to its reputation, misappropriation of its proprietary trade secrets and confidential information, and the devaluation of its trade secrets and confidential information and business.

84. Defendants' misappropriation of Primula's proprietary trade secrets and confidential information has caused and will continue to cause Primula irreparable harm, substantial injury, including, but not limited to actual damages, lost profits, harm to its reputation, and the diminution in value of its proprietary trade secrets and confidential information related to the Primula enrollment management application and to its business. Defendants have been unjustly enriched by their misappropriation of Plaintiff's proprietary trade secrets and confidential information.

85. Upon information and belief, Defendants' misappropriation of the Primula proprietary trade secrets and confidential information related to Primula enrollment management application was intentional, knowing, willful, malicious, fraudulent, and oppressive. Primula is

entitled to an award of exemplary damages and reasonable attorneys' fees pursuant to Section 11.6 of the Pilot Agreement.

86. Because Primula has suffered irreparable harm and Primula's remedy at law is inadequate, Primula seeks—in addition to damages—a preliminary injunction and permanent injunctive relief to protect its trade secret confidential information related to the Primula enrollment management application as well as Primula's legitimate business interests. Primula will continue to suffer irreparable harm absent injunctive relief.

FOURTH CAUSE OF ACTION
Tortious Interference with Business Relationships
(against all Defendants)

87. Primula realleges and incorporates by reference each and every allegation set forth in paragraphs 1 through 85 above.

88. By the above-alleged acts, Defendants have interfered and continue to interfere with Primula's existing and prospective business relationships with clients and prospective clients.

89. Upon information and belief, Defendants with full knowledge of Primula's business relationships and potential business relationships intentionally interfered and continue to interfere with those relationships by, *inter alia*, misappropriating Primula's proprietary trade secret and confidential information related to the Primula enrollment management application in at least four separate communications to all of Primrose's franchisee schools across the country.

90. Upon information and belief, the unlawful and improper acts of Defendants, as alleged above, also prevented and continue to prevent third parties from entering into business relationships with Primula for the purpose of obtaining the benefits of the Primula application.

91. Upon information and belief, Defendants' conduct was motivated solely by malice and/or to inflict injury on Primula by unlawful means.

92. As a direct and proximate result of Defendants' conduct, Defendants have and continue to injure Primula by denying business to and diverting business from Primula, which Primula would have otherwise had and from which it would have derived a profit.

93. Upon information and belief, by their acts alleged above, Defendants have made and will make substantial profits and gains to which they are not in law or equity entitled.

94. Defendants' tortious interference with Primula's business relationships has caused and will continue to cause Primula substantial injury, including, but not limited to irreparable harm, actual damages, lost profits, harm to its reputation, and the diminution in value of its business. Defendants have been unjustly enriched by their unlawful conduct.

95. Defendants' tortious interference with Primula's business relationships was intentional, knowing, willful, malicious, fraudulent, and oppressive. Primula is entitled to an award of exemplary damages and reasonable attorneys' fees under Section 11.6 of the Pilot Agreement.

96. Upon information and belief, Defendants intend to continue to interfere with Primula's business existing and prospective business relationships unless restrained and enjoined by this Court.

FIFTH CAUSE OF ACTION
Unjust Enrichment
(against all Defendants)

97. Primula realleges and incorporates by reference each and every allegation set forth in paragraphs 1 through 95 above.

98. By the unlawful conduct alleged above, Defendants have been unjustly enriched to the detriment of Primula's business expectancies.

99. Defendants have unlawfully taken and retained from Primula the value of its proprietary trade secrets and confidential information related to the Primula enrollment

management application, and existing and prospective business relationships without just compensation to Primula.

100. Upon information and belief, by the above-alleged acts, Defendants have made and will make substantial profits and gains to which they are not in law or equity entitled.

101. As a direct and proximate result of Defendants' above-alleged acts, Primula has suffered irreparable harm and damage and is suffering monetary damages in an amount to be determined at trial.

102. The circumstances surrounding Defendants' acts are such that equity and good conscience require Defendants to make full restitution to Primula for their unjust enrichment.

103. Defendants' conduct, as-alleged above, was intentional, knowing, willful, malicious, fraudulent, and oppressive. Primula is entitled to an award of exemplary damages and reasonable attorneys' fees under section 11.6 of the Pilot Agreement.

SIXTH CAUSE OF ACTION
Breach of the Implied Duty of Good Faith and Fair Dealing
(against Defendant PSFC)

104. Primula realleges and incorporates by reference each and every allegation set forth in paragraphs 1 through 102 above.

105. The Pilot Agreement between Primula and Defendant PSFC imposes an obligation of good faith and fair dealing on Defendant PSFC.

106. Defendant PSFC owes Primula a duty to deal fairly and in good faith, including but not limited to, a duty to refrain from reducing the goodwill of Primula, to maintain the secrecy and refrain from misappropriating and unlawfully using and disclosing Primula's proprietary trade secret and confidential information related to the Primula enrollment management application, and to avoid from tortuously interfering with Primula's business relationships.

107. By the acts described above, PSFC breached these duties by, *inter alia*, misappropriating and unlawfully using and disclosing Primula's proprietary trade secrets and confidential information to develop, market, and sell competing products and services and to solicit existing and prospective clients away from Primula.

108. As a direct and proximate result of PSFC's breaches, Primula was deprived of the benefits of the Pilot Agreement.

109. Defendants' conduct, as alleged above, has caused and will continue to cause Primula irreparable harm and substantial injury, including, but not limited to actual damages, lost profits, harm to its reputation, and the diminution in value of its business.

110. Defendants' conduct, as-alleged above, was intentional, knowing, willful, malicious, fraudulent, and oppressive. Primula is entitled to an award of exemplary damages and reasonable attorneys' fees under Section 11.6 of the Pilot Agreement.

111. Upon information and belief, Defendants intend to continue their conduct unless restrained and enjoined by this Court.

JURY DEMAND

Plaintiff hereby requests a trial by jury on all issues so triable by right.

DEMAND FOR RELIEF

Plaintiff requests that the Court find in its favor and against Defendants, and that the Court grant Plaintiff the following relief:

- a. Awarding damages as described in each of the above claims, in favor of Plaintiff and against Defendants in amounts to be determined at trial;
- b. Granting a preliminary and permanent injunction against Defendants to prevent the actual and threatened misappropriation of Primula's trade secret and confidential

terms and concepts associated with its proprietary enrollment management computer application, pursuant to 18 U.S.C. § 1836(b)(3), on such terms as the court deems reasonable, including enjoining Defendants, and all those acting in concert with them, from further accessing, using, or disclosing Primula's trade secrets and confidential information related to the Primula enrollment management application, and enjoining Defendants from violating their legal and contractual duties to Plaintiff, from accessing, using, or disclosing Plaintiff's proprietary trade secrets and confidential information related to the Primula enrollment management application;

- c. Awarding punitive damages in favor of Plaintiff and against Defendants in an amount to be determined at trial;
- d. Awarding Plaintiff pre-judgment and post-judgment interest, and its attorneys' fees, costs and other expenses incurred in this action; and
- e. Granting Plaintiff such other and further relief as the Court may deem just and proper under the circumstances.

Dated: New York, New York
March 3, 2025

/s/ Christopher J. Clark

CLARK SMITH VILLAZOR LLP

Christopher J. Clark

Geoffrey H. Coll

Leon Kotlyar

666 Third Avenue, 21st Floor

New York, NY 10017

(212) 377-0850

clark@csvllp.com

geoffrey.coll@csvllp.com

leon.kotlyar@csvllp.com

*Attorneys for Plaintiff Primula
Management, LLC*