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BLOGS

System Standards/Change

Appeals Court Reverses Summary Judgment, Requiring Trial on Claims by Former Mail Boxes Etc. Franchisees

A California appellate court ruled late last month that United Parcel Service ("UPS") and Mail Boxes Etc., Inc. ("MBE") should not have prevailed on summary judgment on some of the franchisee claims brought against them after UPS acquired MBE. *G.I. McDougal, Inc., et. al. v. Mail Boxes Etc., Inc. et al.*, 2008 WL 2152911 (Cal. App. 2 Dist. May 23, 2008). The essence of the plaintiffs' 33-count complaint is that MBE franchisees were harmed by the 2001 acquisition and the alleged subsequent emphasis on "The UPS Store" units. The trial court granted the defendants' summary judgment motion on all claims in November of 2006.

On appeal, the court held there are "multiple triable issues of fact" regarding some of the claims. For example, the court held that the MBE owners can go to trial on claims for interference with their customer relationships, breach of the duty to provide marketing material for MBE stores, misuse of MBE marketing funds to support The UPS Store units, and improper competition by UPS in MBE franchisees' territories.