

A solid yellow right-angled triangle pointing towards the top-left corner.

## BLOGS

### Class Actions

# California District Court Dismisses Attempted Franchisee Class Action Against IHOP

A California federal court recently dismissed a putative franchisee class action against IHOP for violation of California's Unfair Competition Law in *Hameed v. IHOP Franchising, LLC et al.*, No. 2:10-cv-02276 (E.D. Cal. Feb. 10, 2011). Hameed, an IHOP franchisee in Sacramento, sued IHOP on behalf of a class of IHOP franchisees, alleging that IHOP violated California's Unfair Competition Law by, among other things, denying him monetary aid pursuant to IHOP's Development Impact Assistance Program (DIAP). The DIAP provides money to an existing franchisee who is impacted when a new IHOP franchise restaurant opens within a specified proximity. Hameed alleged that he was denied assistance due to discriminatory practices, while another nearby franchisee was granted assistance.

The court granted IHOP's motion to dismiss, holding that under *Twombly*, Hameed had failed to plead sufficient facts regarding the DIAP program, the timing of his application for assistance, details of the application and denial process, why he is entitled to funding, and how he is similarly situated to "favored" franchisees who did receive DIAP assistance. The court also dismissed Hameed's unfair competition claims relating to an equipment lease agreement.