

BLOGS

Choice of Forum/Venue

California Federal Court Dismisses Case for Improper Venue

A federal court granted a franchisor's motion to dismiss for improper venue in *Musavi v. Burger King Corp.*, 2013 U.S. Dist. LEXIS 154467 (C.D. Cal. Oct. 25, 2013). After Burger King terminated Musavi's franchise agreements, the parties entered into a Limited License Agreement that permitted Musavi to operate the terminated franchises for a limited time until they could be sold. After the franchises failed to sell, Musavi filed suit in California, where his franchises were located, and challenged the enforceability of the Agreement. Burger King moved to dismiss or transfer venue based on the Agreement's forum selection clause naming Florida courts the exclusive venue for disputes.

Musavi argued that the forum selection clause should be invalidated under the California Franchise Relations Act, which protects franchises operating in California from the imposition of out-of-state venues for claims arising under a franchise agreement. However, the court held that the Limited License Agreement did not constitute a franchise agreement and that Musavi specifically and willingly gave up his rights under the franchise agreements by entering that contract. The court noted that the purpose of the statutory limitations on venue is to prevent California franchisees from being unfairly forced to litigate outside of the state under a "take it or leave it" franchise agreement, and found that the Limited License Agreement was not such an agreement.

Related People

Maisa Frank

Partner

Washington, D.C.

202.295.2209

maisa.frank@lathropgpm.com