

Connecticut Court Enforces Arbitration Clause Against Franchisee Association

A United States District Court in Connecticut granted a franchisor's motion to compel arbitration of a dispute with several of its franchisees. *EA Independent Franchisee Assoc., LLC v. Edible Arrangements Int'l, Inc.*, 2012 U.S. Dist. LEXIS 166082 (D. Conn. Nov. 22, 2012). The franchisee association filed a declaratory judgment action against Edible Arrangements alleging breaches of franchise agreements for the imposition of several system changes, including hours of operation and purchasing requirements, and Edible Arrangement's failure to disclose its relationship with affiliates. Edible Arrangements filed a motion to compel arbitration pursuant to the arbitration provision of its franchise agreements.

The franchisee association argued against compelling arbitration because: 1) the court had already ruled on its standing; 2) the dispute was not ripe; and 3) Edible Arrangements had waived its right to arbitrate by participating in litigation. First, the court explained that its prior ruling did not bear on a claim to compel arbitration because the terms of the franchise agreement require arbitration upon motion of either party to the agreement, and the prior ruling preceded a motion to compel the arbitration. Second, the court ruled that the dispute was ripe because the franchisee association alleged damages based on Edible Arrangement's conduct and Edible Arrangements alleged that the franchise agreement permitted the actions taken. Third, the court held that Edible Arrangements had not waived its right to arbitrate the claims with the franchisee association. In ordering arbitration, the court reiterated that there is a strong presumption in favor of arbitration and any doubts "are resolved in favor of arbitration." Furthermore, there was no prejudice to either the franchisee association or the franchisees because the case was in its initial stages.

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