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BLOGS

Jurisdiction and Procedure

Continued Interaction Between Franchisor and Subfranchisor After Franchisor Moved Its Headquarters Supports Jurisdiction Over Subfranchisor in Franchisor's New Home State, Appeals Court Holds

In *Baskin-Robbins Franchising LLC v. Alpenrose Dairy, Inc.*, the United States Court of Appeals for the First Circuit held that an Oregon subfranchisor's continuing interaction with Baskin-Robbins after Baskin had moved its headquarters from California to Massachusetts was sufficient to support specific personal jurisdiction over the subfranchisor in Massachusetts. 2016 WL 3147645, __ F.3d __ (1st Cir. June 6, 2016). Gray Plant Mooty represented Baskin-Robbins in the case.

The focus of the court's decision was primarily on whether the subfranchisor had "purposefully availed" itself of the benefits of doing business in Baskin-Robbins's new home state. Although the subfranchisor had sent renewal notices to Baskin in Massachusetts in 2001 and 2007, that alone was not deemed sufficient to confer personal jurisdiction. Similarly, the court found that regular payments to and from Baskin after it had moved to Massachusetts and visits by the subfranchisor's executives to Baskin-Robbins in Massachusetts were jurisdictionally significant, but not in themselves conclusive. Instead, the linchpin for the court was that for many years after its move to Massachusetts, Baskin had provided substantial services in Massachusetts in support of the subfranchisor, including quality assurance activities, customer service maintenance, and development of new products. The court held that those activities were properly viewed as having been performed by Baskin-Robbins on the subfranchisor's behalf and were therefore attributable to the subfranchisor. Therefore, the court held that the subfranchisor had "purposefully availed" itself of the opportunity to do business in Massachusetts, rendering it susceptible of specific personal jurisdiction there.

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