

BLOGS

Choice of Forum/Venue

Court Denies Challenge to Venue in Franchisor's Home State

A Minnesota federal court has held that a franchisor's lawsuit was properly filed in its headquarters state because a substantial part of the events giving rise to the claims occurred there. *Great Clips, Inc. v. Ross*, 2013 U.S. Dist. LEXIS 12530 (D. Minn. Jan. 30, 2013). Great Clips filed the case in Minnesota seeking a declaratory judgment that it did not breach the confidentiality/non-slander clause of a settlement agreement it had signed with a franchisee. In response to the lawsuit, the franchisee moved to dismiss and transfer on the ground that venue was not proper in Minnesota, and alternatively on the ground that Texas was a more convenient venue. The settlement agreement did not contain a forum selection or venue clause, but selected Minnesota law to apply. (The underlying franchise agreements did contain Minnesota venue clauses.)

The court rejected the franchisee's motion and held that venue was proper, noting that the settlement agreement itself arose out of a lawsuit that originally was initiated in Minnesota by Great Clips. Through the settlement, the franchisee was releasing any claims it had relating to several franchise agreements, each of which required the claims to be brought in Minnesota. The court also noted that the franchisee had directed other activities into Minnesota, including written and oral communications. Finally, there was no evidence that the conduct at issue—the franchisor's alleged disclosure of confidential information—occurred anywhere but in Minnesota. The court held that even though there were connections to Texas, the court was not required to determine the "best" venue, but whether Minnesota was proper.

Related People

Maisa Frank

Partner

Washington, D.C.

202.295.2209

maisa.frank@lathropgpm.com