

A yellow triangle pointing downwards, located to the left of the 'BLOGS' header.

BLOGS

Terminations

Court Denies Franchisee's Motion for Injunction Against Termination

The United States District Court for the District of Maryland has denied a franchisee's motion for preliminary injunctive relief to prohibit the termination of its franchise agreement. *Noya v. Frontier Adjusters, Inc.*, 2013 U.S. Dist. LEXIS 80672 (N.D. Md. June 7, 2013). Frontier Adjusters, Inc., and Noya were parties to several franchise agreements under which the franchisees operated insurance adjustment businesses, including one agreement that expired on June 9, 2013. Franchisee Noya had expressed its desire to enter into a new franchise agreement for the locations with the expiring agreement. After trying unsuccessfully to resolve a dispute related to Frontier's new national accounts program, Noya brought suit against Frontier for breach of the franchise agreement and other claims.

The court denied the motion for two reasons. First, Noya was unlikely to succeed on the merits of his claims because Frontier had not terminated the franchise agreement. Rather, the agreement expired under its own terms, and not because of Frontier's action. Second, the court determined that Noya would not suffer irreparable harm if the franchise agreement expired because there was no threat of imminent financial ruin. Noya operated additional businesses under franchise agreements with Frontier and Frontier had consented to the sale of the business at issue to another franchisee that was ready to immediately move forward with the sale.

Related People

Maissa Frank

Partner

Washington, D.C.

202.295.2209

maissa.frank@lathropgpm.com