

A solid yellow right-angled triangle pointing towards the top-left corner.

BLOGS

Duty of Good Faith and Fair Dealing

Court Denies Franchisees' Motion for Reconsideration and Awards Franchisor Damages

In *Fleetwood, et al. v. Stanley Steemer Int'l, Inc.*, 2010 U.S. Dist. LEXIS 94402 (Sept. 10, 2010), the United States District Court for the Eastern District of Washington denied the plaintiff franchisees' motion for reconsideration of the court's denial of the franchisees' motion for summary judgment and partial grant of summary judgment in favor of the franchisor, Stanley Steemer. The franchisees claimed that Stanley Steemer breached its duty of good faith and fair dealing by giving them unsound business advice, counseling, and management assistance, and by failing to act in a timely manner when one of the individual franchisees sought to transfer his territory. In denying the franchisees' motion for summary judgment, the court found that Stanley Steemer did not breach its duty of good faith and fair dealing. On the franchisees' motion for reconsideration, the court found that none of the franchisees' arguments satisfied the requirements for granting reconsideration.

In a subsequent opinion issued only three days later, the same court in *Fleetwood v. Stanley Steemer Int'l, Inc.*, 2010 U.S. Dist. LEXIS 95115 (Sept. 13, 2010), awarded Stanley Steemer reimbursement of its payment of a guaranty for vehicles leased by the franchisees and damages for the franchisees' violation of the covenant not to compete, including unpaid royalties and a percentage of future gross sales.