

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

BLOGS

Terminations

Court Denies Temporary Restraining Order to Prevent Termination of Dealership

In *Tolle Furn. Group, LLC v. La-Z-Boy Inc.*, 2009 WL 2160981 (W.D. Wash. July 17, 2009), a Washington federal court denied a motion for a temporary restraining order and refused to stop the termination of a furniture retailer who alleged that La-Z-Boy had violated the Washington Franchise Investment Protection Act ("FIPA"). The court rejected the plaintiff's contention that La-Z-Boy did not have good cause to terminate the retailer agreement under the FIPA. The court noted that even if it were to consider La-Z-Boy a franchisor under the FIPA, the plaintiff did not dispute that it owed over \$5 million in past-due invoices to La-Z-Boy, a violation of the retailer agreement.

The court also rejected the plaintiff's other argument, that the parties had an oral understanding that La-Z-Boy had promised its financial support while the plaintiff acquired and improved stores in Seattle. The plaintiff alleged that, based on that promise, it believed that it could defer payment of the debt—presumably in perpetuity—until it was able to repay La-Z-Boy with store profits. The court held that the merger clause in the parties' agreement foreclosed plaintiff's claim of an oral agreement. In denying the motion, the court characterized the plaintiff's debt as "significant" and noted that it is "loathe to require parties to continue a business relationship that is not working."