

BLOGS
Renewals

Court Finds Domino's Had No Obligation to Renew a Development Agreement

In *Domino's Pizza, LLC v. Robert J. Deak*, 2009 WL 2867744 (W.D. Pa. Sept. 4, 2009), a Pennsylvania federal court granted Domino's motion for judgment on the pleadings. Domino's filed a declaratory action asking that the court declare as expired an area development agreement entered into with franchisee, Deak.

Domino's and Deak were parties to a development agreement that was set to expire on July 31, 2005. In early 2005, Domino's advised Deak that the development agreement would not be renewed under the same terms. In response, Deak claimed that Domino's had made representations regarding his ability to renew on the same terms as the original development agreement, which provided exclusive rights to the area, as long as Deak was operating stores in the territory.

The district court agreed with Domino's interpretation that the agreement had expired and granted the motion for judgment on the pleadings. In particular, the court found that all evidence of statements made by Domino's before entering into the development agreement was inadmissible under the parole evidence rule since the agreement contained an integration clause. Therefore, if the parties intended to allow Deak to renew under the same terms indefinitely, those terms had to have been included in the agreement.