

BLOGS

Post-Termination Injunctions

Court Finds Year-Long Wait Undermines Showing of Irreparable Harm in Motion for Injunction

A federal court in Michigan denied a franchisor's motion for a preliminary injunction and temporary restraining order against a former franchisee for violating its post-termination noncompete clause because the franchisor waited too long to file the motion. *Detailxperts Franchise Systems LLC v. Deck Inc.*, 2019 WL 5294354 (E.D. Mich. Oct. 18, 2019). Deck was a franchisee of Detailxperts' car-detailing franchise system, but Deck sought to rescind the franchise agreement alleging that he was fraudulently induced into signing the agreement. Detailxperts terminated the franchise agreement and Deck initiated arbitration. Detailxperts asserted a counterclaim in the arbitration alleging that Deck was violating the two-year posttermination noncompete provision. Three months later, Detailxperts filed suit against Deck, alleging again that Deck was violating the noncompete provision. Then, almost eight months later — more than one year after Detailxperts concluded that Deck was violating the noncompete provision — Detailxperts filed the instant motion for preliminary injunction and temporary restraining order against Deck.

The court denied Detailxperts' requested injunction, most notably focusing on its delay in filing the motion. The court stated that Detailxperts' "unreasonable delay in filing for injunctive relief . . . weigh[s] against a finding of irreparable harm." Detailxperts also suggested that its damages arising from Deck's violation were quantifiable, which further weighed against a finding of irreparable harm. The court ultimately held that all four factors to be evaluated when analyzing a party's motion for a preliminary injunction weighed against Detailxperts.

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