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## BLOGS

Choice of Law

# Court Strikes Franchise Agreement's Choice of Law Provision

A federal court in the Southern District of Illinois recently struck a franchise agreement's choice of law provision after concluding that the state in which the franchise was located had a materially greater interest in the dispute than the state whose law was chosen by contract. *Show-Me's Franchises, Inc. v. Sullivan*, 2014 U.S. Dist. LEXIS 171507 (S.D. Ill. Dec. 11, 2014). In a case started by Show-Me, Sullivan brought counterclaims alleging violations of the Indiana Deceptive Franchise Practice Act, the Illinois Franchise Disclosure Act, and Indiana common law. He argued that although the parties' franchise agreement contained a choice of law provision that designated Illinois law, the protections of Indiana's franchise laws could not be contracted away.

The court agreed that Indiana public policy might override a contractual choice of law provision where Indiana has a "materially greater interest" in the dispute than the state whose law was chosen to apply. It went on to conclude that while Show-Me was an Illinois corporation and the parties' franchise agreement was at least partly negotiated in Illinois, Indiana had a materially greater interest in the dispute because the franchise was located in Indiana, relevant witnesses and documents were located in the state, and the contract was performed there. After striking the franchise agreement's contractual choice of Illinois law provision and performing a conflict of law analysis, the court held that Indiana's substantive law governed the parties' dispute.

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