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BLOGS

Terminations

Federal Court Denies Request for Injunction to Prevent Termination

A federal district court in North Carolina denied a bakery goods distributor's motion to enjoin his termination because disputed issues of fact precluded a finding that he was likely to succeed on the merits of his wrongful termination claim. In *Martin v. Bimbo Foods Bakeries Distribution, Inc.*, 2014 U.S. Dist. LEXIS 73992 (E.D.N.C. May 30, 2014), the manufacturer, Bimbo, terminated the parties' distribution agreement after discovering that Martin had created and transmitted false invoices to receive credit for extra inventory and had committed other material violations. Martin brought suit and sought a preliminary injunction, arguing that Bimbo's stated reasons for termination were pretextual and meant to retaliate against him for his opposition to Bimbo's plan to reduce compensation for all independent distributors.

The court determined that Martin had not clearly shown that he was likely to succeed on the merits because there were significant factual disputes regarding the propriety of his termination. The parties presented conflicting testimony as to the methods Martin employed in seeking credit for extra product left on his truck, whether he benefitted financially from his actions, and whether he received adequate notice of Bimbo's credit policies. The court also held that Martin failed to establish that he would suffer irreparable harm to his reputation and goodwill absent a preliminary injunction. While the court acknowledged that loss of goodwill can sometimes satisfy the irreparable harm requirement, the specific facts of each case must be analyzed to determine whether the potential harm to a claimant's goodwill makes damages difficult to ascertain. In this case, Martin's monetary damages were calculable because his distribution route was well established at the time of the termination and there was sufficient historical data from which to determine the route's value.

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