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## BLOGS

Choice of Forum/Venue

# Federal Court in New Jersey Holds That Minnesota Franchise Act Does Not Preclude Litigating in Forums Other Than Minnesota

Although the Minnesota Franchise Act (“MFA”) may preclude an out of state franchisor from using a forum selection clause to prevent a Minnesota franchisee from filing a lawsuit in Minnesota, a New Jersey federal court ruled recently that the MFA does not mandate that all litigation involving Minnesota franchisees must be venued in Minnesota. In *Ramada Worldwide, Inc. v. Grand Rios Investments, LLC*, 2013 U.S. Dist. LEXIS 152140 (D.N.J. Oct. 23, 2013), Ramada initiated litigation in its home state of New Jersey against a Minnesota-based franchisee. The franchisee argued that section 80C.21 of the MFA precludes any choice of law provision that purports to waive a Minnesota franchisee’s rights under the MFA and that Ramada included a mandatory forum selection clause for Minnesota franchisees when it acknowledged in its franchise agreement that section 80C.21 “prohibits us from requiring litigation to be conducted outside Minnesota.”

The court rejected the franchisee’s argument, noting that its interpretation of the MFA would require all cases and controversies involving a Minnesota franchisee to be venued in Minnesota. The court found that the franchisee consented to and waived any objection to nonexclusive venue in New Jersey, and that nothing in the franchise agreement indicated any attempt to deny the franchisee its rights under the MFA. The court noted that the MFA preserved a Minnesota franchisee’s right to bring its own lawsuit in Minnesota, but nothing in the MFA precluded a franchisee from also consenting to a different venue should the franchisor initiate the action there. Because nothing in the MFA required transfer to Minnesota, and because the franchisee failed to demonstrate that transferring venue would accomplish anything other than to shift the inconvenience of the forum from the franchisee to Ramada, the court denied the franchisee’s motion to transfer.

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