

BLOGS

Injunctive Relief

Florida Federal Court Finds Extension of Injunction Necessary to Protect Franchisor Rights

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A federal court in Florida recently held that extending a consent injunction was necessary to protect the interests of a franchisor. *Tri-Cnty. Mobile Wash, Inc. v. B&C Wash Corp.*, 2024 WL 4379673 (S.D. Fla. Oct. 3, 2024). The plaintiff Tri-County Mobile Wash, a fleet- and truck-wash franchisor, initiated a lawsuit against its former franchisee and the franchisee's sole owner, alleging they had taken confidential and trade secret information and used it to create a new competing business. The franchisor argued that these actions violated the franchise agreement, particularly the provisions preventing the misuse of trade-secret customer lists. The franchisor succeeded in obtaining a temporary restraining order and a consent injunction enjoining the defendants from using the franchisor's trade secrets, taking business or customers, and owning any competing fleet- or truck-washing business with five miles of the territory. When the former franchisee and owner continued their wrongful actions by allowing the owner's daughter to start a successor wash business and solicit away the same customers, the franchisor sought further relief from the court. A magistrate judge issued a report and recommendation to award the franchisor with compensatory damages and attorneys' fees and costs. It did not, however, recommend extending the consent injunction against the former franchisee, as that was deemed "unnecessary." The judge reasoned that the compensatory award gave the franchisor the full economic benefit of the consent injunction and indicated that he did not want to enjoin individuals not party to the lawsuit—in this case the daughter who was not a defendant.

Tri-County Mobile Wash objected to the report and recommendation that the extended injunction be denied. Upon review, the court held that the injunction should, in fact, be extended. It reasoned that the franchisor never had the benefit of the injunction in the first place, and that extending the injunction was sufficient to restore the "benefit of the bargain." The injunction was extended for a period of two years following the order. The court, however, adopted the magistrate's report and recommendation insofar as it recommended not issuing an injunction against the daughter, as the franchisor had chosen not to join her to the case. The court indicated she could be enjoined in a later proceeding.

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