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BLOGS

Good Faith and Fair Dealing

Franchisees' Injunction Motion Under Implied Covenant Fails When Termination Was Based on Plain Language of Agreements

In *Coriatt-Gaubil et al. v. Roche Bobois Int'l, S.A. et al.*, 2010 U.S. Dist. LEXIS 48880 (D. Mass. May 18, 2010), a Massachusetts federal court denied a motion of the plaintiff, who was a 50 percent shareholder of several corporate franchisees, for a preliminary injunction to enjoin the franchisor, who was the other shareholder via an affiliate, from terminating the parties' franchise agreements. The court found that the plaintiff and corporate franchisees had not established a likelihood of success on the merits on their claim for breach of the implied covenant of good faith and fair dealing. The plaintiff and corporate franchisees argued that the notice of termination they received was sent in bad faith in an attempt to coerce concessions from the plaintiff shareholder in an ongoing management dispute. The court found the plaintiff's position "untenable," noting that she was unlikely to succeed on the merits of her claims because the franchisor was simply enforcing the plain terms of the franchise agreements between the parties.