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## BLOGS

Preliminary Injunctions

# Franchisee's Motion to Enjoin Termination Denied for Failure to Establish Irreparable Harm

A federal court in Minnesota recently denied a Wisconsin franchisee's motion for a temporary restraining order to prevent the termination of its license agreement. *Izabella HMC-MF, LLC v. Radisson Hotels Int'l, Inc.*, 2019 WL 2067141 (D. Minn. May 10, 2019). After learning that Izabella was conducting unapproved renovations at its franchised hotel, Radisson issued a default notice giving Izabella an opportunity to cure. In the default notice, Radisson warned Izabella that if it did not cure the renovation default within 60 days, the license agreement would automatically terminate on May 1, 2019. Izabella did not cure the default and instead filed a motion on April 30 seeking an order to prevent the impending termination, arguing that Radisson had violated the Wisconsin Fair Dealership Law because the default notice was not sufficiently detailed.

In denying the motion, the court focused on Izabella's burden to show a threat of irreparable harm. Izabella argued that the termination — and resulting loss of Radisson's goodwill and reservation system — would cause irreparable harm by reducing the number of bookings at the hotel. However, Izabella had estimated its damages in its motion papers, claiming it would lose approximately \$175,000 per month if the termination became effective. In light of this estimate, the court found that any harm to Izabella could be adequately compensated by monetary damages and that any presumption of irreparable harm under the Wisconsin Fair Dealership Law was rebutted under the circumstances. Because Izabella failed to show irreparable harm, the court declined to enjoin the termination. Radisson was represented by Gray Plant Mooty in this matter.

## Related People

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