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Jurisdiction and Procedure

Maryland District Court Dismisses Franchisee Defendants From Case After Finding Lack of Personal Jurisdiction

In *Ohio Learning Centers, LLC et al. v. Sylvan Learning, Inc. et al.*, No. RDB-10-1932, 2012 U.S. Dist. LEXIS 57151 (D. Md. Apr. 24, 2012), the United States District Court for the District of Maryland granted an Ohio-based franchisee's motion to dismiss for lack of personal jurisdiction in a case brought against it and the franchisor by another Ohio-based franchisee, holding that the defendant franchisee did not have sufficient minimum contacts with the state of Maryland. The plaintiff franchisee had sued both the franchisor and defendant franchisee in Maryland alleging fraudulent inducement to purchase a franchise against the franchisor and tortious interference, antitrust, and conspiracy claims against the defendant franchisee.

Although the plaintiff franchisee argued that the defendant franchisee had sufficient minimum contacts with Maryland because he attended quarterly meetings and a weeklong training session in Maryland and made monthly payments to and purchased supplies and promotional materials from the franchisor in Maryland, the court rejected those arguments. Instead, it held that the defendant franchisee's contacts were "isolated," "infrequent and negligible," and "can hardly be said to be 'continuous and systematic.'" The court also rejected the plaintiff's argument that jurisdiction was appropriate based on a conspiracy theory of personal jurisdiction. Under that theory, a court may exercise personal jurisdiction over a nonresident defendant without sufficient contacts with the forum if the nonresident defendant was part of a conspiracy that committed jurisdictionally sufficient acts within the forum. Here, the court held that the plaintiff had failed to make a prima facie showing of conspiracy because it had not sufficiently pled facts in the Complaint in support of the conspiracy claim.