

BLOGS

Attorneys' Fees

Massachusetts Federal Court Denies Franchisor's Attorneys' Fees Request

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A federal court in Massachusetts has denied a franchisor's summary judgment motion which sought attorneys' fees related its defense of previously dismissed claims. *Patel v. 7-Eleven*, 2023 WL 35357 (D. Mass Jan. 4, 2023). Four individuals who operate 7-Eleven franchises pursuant to franchise agreements brought a putative class action against 7-Eleven alleging that it wrongfully classified them as independent contractors instead of 7-Eleven employees, in violation of the Massachusetts Independent Contractor Law and the Massachusetts Wage Act. 7-Eleven counterclaimed for a declaratory judgment declaring that the franchise agreements are void if the franchisees are deemed employees, breach of contract, and contractual indemnity. The district court granted 7-Eleven summary judgment on the employment claims against it concluding that the franchisees are properly classified as independent contractors under Massachusetts law. 7-Eleven then moved for summary judgment on its remaining claims and sought attorneys' fees.

The court denied the motion as to 7-Eleven's attorneys' fees, holding that the franchise agreements at issue do not permit a fee award. The court rejected 7-Eleven's argument that a fee award was available pursuant to the agreements' indemnification provisions requiring the franchisees to indemnify 7-Eleven for losses arising out of or relating to the franchises and their operations. The provision does not specifically reference defense costs or attorneys' fees, and the court reasoned that the provision would not have limited the amount of indemnification available were it meant to include attorneys' fees.

Related People

Eli Besignor

Partner

Minneapolis

612.632.3438

eli.besignor@lathropgpm.com

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