



## BLOGS

Jurisdiction and Procedure

# Michigan Federal Court Grants Motion to Dismiss for Lack of Personal Jurisdiction and *Forum Non Conveniens*

A federal court in Michigan granted a motion to dismiss claims that franchisor Bateel International, LLC had violated the Michigan Franchise Investment Law and the Texas Business Opportunity Act. *Luxury Concepts, Inc. v. Bateel Int'l LLC*, 2023 WL 3606649 (E.D. Mich. May 23, 2023).

A federal court in Michigan granted a motion to dismiss claims that franchisor Bateel International, LLC had violated the Michigan Franchise Investment Law and the Texas Business Opportunity Act. *Luxury Concepts, Inc. v. Bateel Int'l LLC*, 2023 WL 3606649 (E.D. Mich. May 23, 2023). Luxury Concepts Inc. entered into a franchise agreement with Bateel, which granted Luxury the right to develop retail outlets and an e-commerce business for the sale and promotion of products in Michigan. The parties later entered into a second franchise agreement for the State of Texas. Luxury alleged that Bateel and several of its directors had failed to meet their obligations under the franchise agreements. Specifically, Luxury alleged that once Bateel learned of Luxury's success in e-commerce, Bateel took measures to improperly rid itself of the franchisee, such as changing payment terms, stopping shipments, and initiating direct sales to American customers. Bateel and the individual directors moved to dismiss the complaint, arguing that the court lacked personal jurisdiction over the defendants or, alternatively, that the matter should be dismissed under the doctrine of *forum non conveniens*.

The court agreed that it could not exercise personal jurisdiction over the individual directors because Luxury failed to demonstrate that the individuals involved with Bateel had sufficient connection to Michigan. While the court found that Bateel, a United Arab Emirates-based company, had sufficient connections to Michigan subjecting it to the court's jurisdiction, it dismissed the case under the doctrine of *forum non conveniens*. Critical to the court's analysis was the choice-of-law provision in the franchise agreements providing that the agreements would be interpreted and construed under the laws of the UAE. The court found a reasonable connection between the UAE and the agreements because Bateel is based in the UAE, negotiations occurred in the UAE, and three individual defendants are residents of the UAE. Once it validated the choice of law provision, the court determined that the courts of the UAE are best situated to apply the law of the UAE and dismissed the case.

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