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BLOGS

Class Actions

Missouri Federal Trial Court Certifies Class of Former Managers of Franchisor-Owned Restaurants in Employment Dispute

A United States District Court in the Eastern District of Missouri recently granted class certification to certain former general managers of company-owned Panera restaurants in connection their employment dispute with the company. *Boswell v. Panera Bread Co.*, 2015 WL 6445396 (E.D. Mo. Oct. 23, 2015). The class of former general managers alleged that Panera breached a buy-out provision in their employment agreements and also committed fraud because it never intended to comply with the provision. Panera contested the allegations, contending, among other things, that the buy-out provision was orally modified during the life of the employment agreements.

The court granted the former general managers' motion for class certification after considering the factors required under the federal rules. Among the relevant considerations, the court held that common questions of law and fact—*e.g.*, whether Panera intended to comply with the buy-out provision when it entered into the agreements and whether the provision was subsequently modified—predominated over issues affecting only individual class members. In support of its finding, the court stated that breach of contract claims and claims of fraud based on uniform misrepresentations in a form contract are particularly well suited for class resolution. Before reaching the class certification issue, the court rejected Panera's argument that its offer of judgment to the class representatives, prior to class certification, rendered the representatives' claims moot. The court observed that the law is somewhat unsettled on the issue but found that, in any event, Panera's offer of judgment failed to offer the class representatives full relief because they were potentially entitled to punitive damages on their fraud claim.

Related People

Maissa Frank

Partner

Washington, D.C.

202.295.2209

maissa.frank@lathropgpm.com