

**BLOGS**  
Contracts

## New Jersey Court Rules Contract and Statute Preclude Claims

The United States District Court for the District of New Jersey recently granted a franchisor's motion to dismiss a franchisee's counterclaims for, among other things, fraud and a breach of the New Jersey Consumer Fraud Act ("NJCFA"). *Yogo Factory Franchising, Inc. v. Ying*, 2014 U.S. Dist. LEXIS 61968 (D.N.J. May 5, 2014). Ying's counterclaims were premised on allegations that he was induced into purchasing franchises by pre-contract misrepresentations of earnings potential, investment costs, and services to be provided by Yogo Factory.

In dismissing the fraud claim, the court concluded the franchisee had failed to plead with particularity, and, in any event, an integration clause in the franchise agreements and a franchise questionnaire signed by Ying, through which he expressly denied receiving promises outside of the parties' agreements, foreclosed any claim that he reasonably relied on any representations. Further, relying on Third Circuit precedent, the district court ruled the NJCFA does not apply to the sale of franchises.

### Related People

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