

**BLOGS**

Damages

## New Jersey Federal Court Awards \$7 Million in Damages for Franchisees' Breach

After a two-day bench trial, a federal court in New Jersey found franchisees breached real estate franchise agreements and awarded the franchisor over \$7 million in damages. *Coldwell Banker Real Estate, LLC. v. Bellmarc Group LLC*, 2021 WL 4129492 (D.N.J. September 9, 2021).

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At trial, Bellmarc was found to have breached the franchise agreements by failing to pay royalty payments, failing to repay promissory notes to Coldwell Banker, and failing to convey to Coldwell Banker collateral required under a security agreement. The court awarded damages with 18% interest, per the terms of the franchise agreements, based on unpaid royalty and marketing fees, liquated damages based on the monthly average amount of fees owed multiplied by 36 months, and unpaid promissory notes. The court also awarded Coldwell Banker an accounting of all unreported transactions, and \$50,000 for Bellmarc's trademark infringement following termination, for a total award of \$7,593,262.80, plus reasonable attorneys' fees and costs.

### Related People

#### **Maisa Frank**

Partner

Washington, D.C.

202.295.2209

[maisa.frank@lathropgpm.com](mailto:maisa.frank@lathropgpm.com)

#### **Richard C. Landon**

Partner

Minneapolis

612.632.3429

[richard.landon@lathropgpm.com](mailto:richard.landon@lathropgpm.com)

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