

BLOGS

Preliminary Injunctions

New Jersey Federal Court Denies Franchisor Preliminary Injunction Due to Delay

A federal court in New Jersey denied a motion for preliminary injunction because of the franchisor's delay in seeking relief. *H-1 Auto Care, LLC v. Lasher*, 2022 WL 13003468 (D.N.J. Oct. 21, 2022).

A federal court in New Jersey denied a motion for preliminary injunction because of the franchisor's delay in seeking relief. *H-1 Auto Care, LLC v. Lasher*, 2022 WL 13003468 (D.N.J. Oct. 21, 2022). In October 2020, franchisee Balhar Lasher told franchisor H-1 that he planned to close his two H-1 Auto Care businesses and file for bankruptcy due to the COVID-19 pandemic. When H-1 offered financial support in response, Lasher agreed to continue to operate one of the locations. He stopped reporting sales to H-1, however, and in January 2021 H-1 discovered that he had formed new corporate entities to operate competing businesses from the sites of each former franchise. H-1 sued Lasher, his entities, and certain of his employees on October 5, 2021, and moved for preliminary injunction on November 23. After the parties repeatedly requested extensions on their briefings, the court terminated the motion and ordered the parties to serve remaining briefs upon each other and refile when the briefing was complete. H-1 refiled its motion on March 14, 2022.

The court limited its analysis to H-1's showing of irreparable harm and held that H-1's delay of eleven months between learning of Lasher's formation of new corporate entities and its initial filing of the motion undercut its allegation that it faced irreparable harm if the injunction were not granted. Because H-1 made no effort to explain or justify its delay, the court found this factor dispositive and denied H-1's motion.

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