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## BLOGS

Post-Termination Injunctions

# New Jersey Federal Court Denies Franchisor's Request for Injunction

A federal district court in New Jersey also recently denied a franchisor's motion to preliminarily enjoin the continued operation of five terminated franchises because the franchisor failed to demonstrate that it would suffer irreparable harm in the absence of injunctive relief. *7-Eleven, Inc. v. Sodhi*, 2016 WL 541135 (D.N.J. Feb. 9, 2016). 7-Eleven had terminated the defendants' franchise agreements because they caused the net worth of their stores to fall below contractually mandated levels. While the court found 7-Eleven had demonstrated a likelihood of success on the merits of its breach of contract claim and that the public interest weighed in favor of enforcing the contracts, the court concluded that 7-Eleven failed to demonstrate irreparable harm.

To support its claim of irreparable harm, 7-Eleven argued that the franchisees' continued unauthorized operation of their stores was hurting its brand reputation and its interests in the properties where the stores were located. The court began by observing, however, that a presumption of irreparable harm no longer exists in either of the circumstances offered by 7-Eleven. The court went on to hold that evidence of customer complaints related to one of the franchisees' stores was insufficient to show irreparable harm to 7-Eleven's reputation. The court further held that while the loss of unique property may constitute irreparable harm in certain circumstances, 7-Eleven had failed to demonstrate that irreparable harm had occurred or was likely to occur to the properties occupied by the franchisees in this case.

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