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## BLOGS

Tortious Interference

# Ninth Circuit Affirms Dismissal of Franchisee's Complaint for Alleged Intentional Interference With Economic Relations

The United States Court of Appeals for the Ninth Circuit has affirmed the dismissal of a franchisee's complaint alleging that franchisor Charter Practices International ("CPI") improperly refused to renew his franchise. *Robinson v. Charter Practices Int'l, LLC*, 2017 WL 2684122 (9th Cir. June 21, 2017). The franchisee had purchased a veterinary hospital from CPI and at the same time also owned and operated independent veterinary clinics that were not part of his CPI franchise. Initially, CPI had not enforced a noncompetition covenant contained in the parties' franchise agreement; however, when the term of the original franchise agreement ended and the franchisee tried to renew, CPI notified the franchisee of its intent to enforce the covenant in the renewal agreement going forward. The franchisee did not divest himself of his independent clinics, and the parties did not execute a renewal agreement. Instead, the franchisee sued CPI for breach of contract, breach of the covenant of good faith and fair dealing, and intentional interference with economic relations.

After affirming the dismissal of the franchisee's first two claims, the Ninth Circuit held that the franchisee had not adequately alleged that CPI intentionally interfered with economic relations. The court noted that conduct between business competitors is not improper if the conduct is in the defendant's competitive interest and not done for an improper purpose, such as spite or ill will. Because the franchisee had only alleged that CPI's actions in not renewing the franchise agreement were done to maximize potential profits, and because the franchisee did not otherwise allege improper means that were independently wrongful by reason of statutory or common law, the Ninth Circuit affirmed the district court's dismissal of his complaint.

## Related People

### Maisa Frank

Partner

Washington, D.C.

202.295.2209

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