



BLOGS
Transfers

Ohio Federal Court Transfers Franchisee's Antitrust Class Action

A federal court in Ohio recently transferred to Georgia a class action alleging that a franchisor violated federal antitrust laws and breached license agreements by requiring its franchisees to use certain vendors and suppliers. *Synergy Hotels, LLC v. Holiday Hosp. Franchising, LLC*, 2021 WL 5979297 (S.D. Ohio Dec. 17, 2021).

A federal court in Ohio recently transferred to Georgia a class action alleging that a franchisor violated federal antitrust laws and breached license agreements by requiring its franchisees to use certain vendors and suppliers. *Synergy Hotels, LLC v. Holiday Hosp. Franchising, LLC*, 2021 WL 5979297 (S.D. Ohio Dec. 17, 2021). The plaintiff, a Holiday Inn franchisee, brought a class action against the franchisor alleging abusive supplier practices. The franchisee contended the franchisor created an unlawful scheme that required Holiday Inn franchisees to use certain mandatory vendors and suppliers for a majority of the goods and services used to run their franchised businesses. The franchisee also claimed the suppliers charged franchisees above-market rates and provided the franchisor with a kickback to incentivize the franchisor's selection of the supplier.

The franchisor moved to transfer the case to Georgia on the basis of a mandatory forum selection clause in the license agreements, arguing that it was also in the interests of justice to avoid waste, cost, and inconsistency of decisions with several similar cases involving the same defendants and the same plaintiff's attorney. The franchisee argued that Ohio was a valid forum under the forum selection clause in the license agreements, but the court agreed with the franchisor and transferred the case to the Northern District of Georgia. While the court found the forum selection clause ambiguous and susceptible to multiple interpretations, the court reasoned that to give full meaning to all of its parts, the clause required that the licensee only sue the franchisor in select forums including the Northern District of Georgia, and not in Ohio. The court further held that the franchisees were properly subject to jurisdiction and venue in the Northern District of Georgia, that public interest factors such as administrative considerations and the familiarity of the Northern District of Georgia with Georgia law favored transfer, and that the interests of judicial economy and avoidance of inconsistent judgments favored transfer as well.

Related People

Frank J. Sciremammano

Partner

Washington, D.C.

202.295.2232

frank.sciremammano@lathropgpm.com

Related Services

[Franchise & Distribution](#)