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BLOGS

Duty of Good Faith and Fair Dealing

Oklahoma District Court Dismisses Bad Faith and Unfair Practices Claims Against Franchisor

Last month, an Oklahoma district court dismissed a bad faith counterclaim against a franchisor in *Sonic Industries LLC v. Halleran*, 2017 WL 239388 (W.D. Okla. Jan. 19, 2017). Oklahoma law recognizes an implied covenant of good faith and fair dealing in every contract but only allows recovery for breach of that covenant as an independent claim if there is a “special relationship” between the parties and evidence of adhesion. The court dismissed the bad faith claim after finding no evidence of adhesion in the contracts at issue.

The court further held that, under Florida law, a franchisee cannot pursue a statutory claim for deceptive and unfair trade practices against a franchisor if there is a written contract whose terms contradict the misrepresentations on which the franchisee claims to have relied. In such circumstances, the court reasoned, the franchisee cannot have reasonably relied on the alleged misrepresentations.

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