

**BLOGS**

Fraud/Misrepresentation

Oklahoma Federal Court Denies Franchisor's Motion to Dismiss Fraud Counterclaims

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A federal court in Oklahoma denied a motion to dismiss a franchisee's fraud counterclaims. *Pizza Inn, Inc. v. Odetallah*, 2022 WL 1671122 (W.D. Okla. May 25, 2022). Two years after entering into a franchise agreement with a twenty-year term, Pizza Inn and its franchisee, Fawzi Allen Odetallah, entered into a renewal agreement whose term was only ten years. When that term expired, Pizza Inn brought infringement claims against Odetallah in Texas and Oklahoma. Odetallah alleged that he first received a fully executed copy of the renewal agreement in the course of the lawsuit, and counterclaimed against Pizza Inn for fraud and duress, among other claims. He alleged that Pizza Inn had fraudulently induced him to sign the renewal agreement and that it was not supported by consideration. Pizza Inn moved to dismiss Odetallah's counterclaims for failure to state a claim, statute of limitations, and improper venue.

The court denied the motion, holding that the fraud counterclaim was pleaded with sufficient particularity when it alleged that Pizza Inn took advantage of Odetallah's limited English proficiency and threatened to close his franchise if he did not sign the renewal agreement. The court also held that the statute of limitations had not run for the purposes of the motion because Odetallah had alleged that he only discovered the fraud in 2021. Finally, the court held that Pizza Inn waived its challenge to the venue when it failed to assert it in a previous motion to dismiss.

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