

A solid yellow right-angled triangle pointing towards the top-left corner.

BLOGS

Terminations

Pennsylvania Supreme Court Allows Immediate Termination of Franchisee Despite Contractual Period to Cure

In a case of first impression under Pennsylvania law, that state's highest court has held that there are some situations in which a franchisor can terminate its franchisee without any right to cure even if a franchise agreement provides otherwise. *LJL Transportation, Inc. v. Pilot Air Freight Corp.*, 2009 WL 144561 (Pa. Jan. 22, 2009). The egregious circumstances in this case were that the franchisee in bad faith was diverting business to a competitor of the franchisor. In that situation, the Pennsylvania court held, immediate termination was warranted because the breach "was serious and incurable" in that it went "directly to the essence of the contract, which is so exceedingly grave as to irreparably damage the trust between the contracting parties."