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BLOGS

Choice of Forum/Venue

Puerto Rico Federal Court Upholds Clause Selecting Florida Forum

A federal court in Puerto Rico granted a franchisor's motion to transfer a case to the United States District Court for the Southern District of Florida based on the forum selection clause in the franchise agreements. *Caribbean Rests., LLC v. Burger King Corp.*, 2014 U.S. Dist. LEXIS 76352 (D.P.R. June 3, 2014). Burger King and Caribbean Restaurants entered into 182 franchise agreements for Burger King restaurants located throughout Puerto Rico. When Burger King attempted to assert control over Caribbean's expenditure of funds for advertising, promotion, and public relations, by requiring Caribbean to contribute its four percent local advertising and promotion requirement to Burger King, Caribbean filed suit in Puerto Rico, claiming that Burger King violated Puerto Rico's "Law 75" and breached franchise agreements and other obligations. Burger King moved to dismiss or transfer based on the parties' contractual choice of Florida forum in their contracts.

The Puerto Rico court found that the forum selection clauses were freely negotiated and free from fraud and overreaching. The court noted that when a contract contains a valid forum selection clause, a district court should transfer the case, unless extraordinary circumstances unrelated to the convenience of the parties clearly disfavor transfer. In this case, the court found all relevant public interest factors weighed in favor of granting the transfer.

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