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BLOGS

Noncompetes

Split Results for Franchisors in Eastern District of Michigan

Two judges in the same Michigan federal district court issued different rulings in non-compete cases recently. In the first case, *Domino's Pizza Franchising, LLC v. Yeager*, 2:09-cv-14704 (E.D. Mich. Jan. 25, 2010), the court handed Domino's a victory in its efforts to enforce its post-term rights. Domino's had sued after the defendants breached their obligations by continuing to operate pizza restaurants using the franchisor's marks and failing to return proprietary information. The defendants denied liability. After Domino's provided photographic evidence that the defendants continued to display Domino's marks, the court granted it a preliminary injunction. Applying Nevada law, the court also found that the covenant not to compete was reasonable in time (one year) and territory (ten miles). Gray Plant Mooty represents Domino's in this case.

In the second case, *Victory Lane Quick Oil Change, Inc. v. Hoss et al.*, 2010 U.S. Dist. LEXIS 16441 (E.D. Mich. Feb. 24, 2010), the court denied the franchisor's request to enforce its franchise agreement's noncompete provision. The court held that the franchisor did not establish that the ten-mile geographic limitation was reasonable after it conceded in a hearing that its shops normally draw business from within a three-mile radius. Just as it had denied a preliminary injunction to the franchisor earlier in the case, the court denied summary judgment to Victory Lane on its noncompete claim.