

A yellow triangle pointing downwards, located to the left of the 'BLOGS' header.

BLOGS

Choice of Forum/Venue

Texas Court Enforces Forum-Selection Clause Against Guarantor

The Texas Court of Appeals recently affirmed a trial court's ruling that a franchise agreement's forum-selection clause was enforceable against a guarantor who had not signed the agreement. *Pritchett v. Gold's Gym Franchising, LLC*, 2014 Tex. App. LEXIS 1281 (Tex. Ct. App. Feb. 4, 2014). The forum-selection clause at issue designated Texas as the exclusive venue for disputes. Pritchett, a guarantor to the franchise agreement who owned a 50% interest in the corporate franchisee, argued that the Texas court lacked personal jurisdiction over him because he did not conduct business in Texas and because he did not sign the franchise agreement containing the forum-selection clause. The trial court rejected Pritchett's argument and the Texas Court of Appeals affirmed.

The appellate court ruled that the guaranty's language providing, "Guarantors do hereby agree to be personally bound by . . . each and every provision in the [Franchise] Agreement" incorporated by reference the franchise agreement's forum-selection clause into the guaranty. Consequently, the mandatory forum-selection clause was enforceable against the agreement's guarantors and barred Pritchett from contesting personal jurisdiction. Furthermore, despite Pritchett's contention that he did not sign the guaranty, the court concluded that the trial court's ruling necessarily implied a finding that he signed the guaranty and, therefore, affirmed his obligations.

Related People

Maissa Frank

Partner

Washington, D.C.

202.295.2209

maissa.frank@lathropgpm.com