

Franchise Disputes

Cozen O'Connor's litigators represent franchisors in major disputes. We advise and advocate for clients in franchise litigation, arbitrations, and mediations that involve all aspects of the franchisor-franchisee relationship. We represent franchise clients in federal courts across the country and in court-ordered, contractual, and voluntary arbitrations and mediations. Depending on the franchise agreement, alternative dispute resolution forums may include AAA, JAMS, or FranArb.

As a top business litigation firm, Cozen O'Connor is well positioned to handle the full array of litigation strategies and contract issues that underlie a significant portion of franchise disputes. From product displays to staffing requirements to accounting procedures, almost every aspect of a franchise operation is stipulated in the contract. Our attorneys routinely analyze sophisticated franchise agreements and develop persuasive strategies to promote the interests of our clients. Our business litigators work in collaboration with the firm's intellectual property attorneys, who often assist with franchise disputes involving misuse or misappropriation of trademarks, copyrights, trade dress, or trade secrets.

Our franchisor clients benefit from Cozen O'Connor's deep trial experience, as this is an area of law where it pays to be proactive. Franchisors must often enforce the terms of their agreements to maintain their brand's value. While Cozen O'Connor is known for its ability to resolve potential conflicts at the early stages, our attorneys are accomplished trial lawyers who can readily try cases that do not settle.

SERVICE AREAS

- Represent franchisors in breach of contract claims, including those of nonpayment of royalty, advertising, and/or marketing fees and refusal to abide system standards
- Lead intellectual property litigation, particularly if a terminated franchisee continues to use a franchisor's trademarks, service marks, and/or trade dress
- Defend franchisors in disputes over disclosures made before a franchise agreement is executed concerning actual or potential sales, initial investment or operating costs, income, or profit from franchised or non-franchised units
- Defend franchisors in disputes over encroachment, the sale of franchise goods in a non-branded outlet, and online operations, including allegations of a breach of the covenant of good faith
- Advocate for franchisors' ability to make unilateral modification of the franchise business system and to terminate or nonrenew contracts with select franchisees

Experience

Achieved a favorable outcome on behalf of a franchisor's employee in a criminal action.

Secured dismissal, which was affirmed on appeal, of a large class action pending in Illinois state court concerning a convenience store's franchise agreement.

Successfully resolved a matter brought against a restaurant franchisor arising from a motor vehicle accident alleged to have been caused by the service of alcohol at a franchise location.

Obtained final summary judgment on behalf of a hotel franchisor in a slip and fall case centered on a patron's allegation that he slipped on naturally occurring ice.

Represented 7-Eleven, Inc. in actions against various franchisees related to preliminary restraints and



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Related Practice Areas

- Commercial Litigation

breach of contract issues resulting in monetary damages.

Obtained final summary judgment on behalf of a hotel franchisor in a breach of privacy case.

Represented a shareholder in a dispute involving more than \$100 million in connection with the sale of multiple franchised locations, in which an adverse shareholder attempted to purchase our client's interest and stop the sale. After a two-week bench trial, we obtained an order in our client's favor that required the sale to proceed and allowed our client to retain a minority interest in the business and to serve as a senior executive in the new entity.

Won summary judgment on behalf of Marriott International in a multimillion-dollar wrongful death lawsuit brought by the family of a man who died when a suicide bomber drove into a Marriott hotel in Pakistan. We successfully argued that, under the operative franchise agreement, the franchisee was responsible (under either U.S. or Pakistani law) for handling all security measures at the hotel. This result was affirmed on appeal to the U.S. Court of Appeals for the Fourth Circuit.

Obtained dismissal of a lawsuit on behalf of a hotel franchisor for allegations of negligence stemming from an incident on the premises of a franchisee and allegations of an agency relationship between the franchisor and franchisee.
