

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

BLOGS

Franchise Sales/Transactions

Court Dismisses Claim for Violation of New York Franchise Act on Statute of Limitations Grounds

In *Vysovsky v. Glazman*, 2011 U.S. Dist. LEXIS 51909 (S.D.N.Y. May 11, 2011), eight franchisees sued franchisor U.S. Pack Courier Services and various individuals for violations of the New York Franchise Act. The franchisees claimed that they paid franchise fees for unregistered franchises, a violation of the statute, and that they were entitled to damages, including the reimbursement of their franchise fees. After a jury found for the franchisees, the franchisor moved for judgment as a matter of law on the grounds that (among other things) the claims were barred by the three year limitations period set forth in the New York Franchise Act. The franchisor argued that because six of the plaintiffs became franchisees before 1998, and their action was not filed until 2001, their claims were subject to the limitations period. In opposing the motion, the six franchisees contended that because the franchisor was acquired by another company in 1999, the limitations period began to run as of that time. The court rejected this argument—and ruled in favor of the franchisor—on the ground that because the franchisees were seeking reimbursement of their royalty fees, the court should look to when the franchisees first started paying fees as a measure for applying the limitations period.