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BLOGS

Choice of Forum/Venue

Court Enforces Franchise Agreement's Forum Selection Clause

An Ohio federal court recently granted a franchisor's motion to transfer venue to Illinois based on the franchise agreement's forum selection clause. *Egrsco, LLC v. Evans Garment Restoration, LLC*, 2009 WL 3259432 (S.D. Ohio, Oct. 8, 2009). After the franchisee-plaintiffs suspended the operation of their franchise and sued the franchisor in Ohio, the franchisor moved to transfer venue under the agreement. The plaintiffs argued that the forum selection clause was invalid because: (1) its language was permissive, not mandatory; (2) the franchise agreement was the product of fraud; and (3) enforcing the forum selection clause would contravene Ohio's public policy. The court rejected these arguments.

The court found that the clause was not vague or unreasonable simply because it required the plaintiffs to sue in the defendant's state of operation but allowed the defendant to sue the plaintiffs in their home state. Next, the court determined that the plaintiffs' fraud allegation consisted of a general reference to the factual allegations underlying their claims, which was insufficient to invalidate the clause. Finally, the court determined that Ohio public policy did not provide an exclusive right for the lawsuit to be brought in Ohio.