



**BLOGS**

Bankruptcy

## Minnesota Bankruptcy Court Enjoins Franchisee’s Breach of Post-Termination Noncompete

A Minnesota bankruptcy court granted Fantastic Sams summary judgment and enjoined a former franchisee from violating the post-termination noncompete in its franchise agreements after the franchisee rejected the agreements in bankruptcy. *EllDan Corp. v. Fantastic Sams Franchise Corp.*, 2023 WL 3394917 (Bankr. Minn. May 11, 2023).

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The court granted summary judgment in favor of Fantastic Sams. It found that the franchisee was violating the franchise agreements’ valid and enforceable noncompete provision. Furthermore, the court rejected the franchisee’s argument that its rejection of the agreements eliminated them in their entirety or limited Fantastic Sams to monetary relief in the bankruptcy proceeding. The court held that, under bankruptcy law, the franchisee’s post-petition rejection constituted a breach of the franchise agreements, leaving Fantastic Sams whatever remedies were available to it under non-bankruptcy law for such a breach.

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