Franchise Renewals—"You Want Me to Do *What*?"

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The 1970s and 1980s were boom years for franchising. Many of the long-term franchise agreements executed during those decades are now expiring. Often the franchisor and franchisee want to renew the relationship, but economic and competitive conditions may be very different at the time of renewal than they were at the beginning.

When franchise agreements expire, franchisors that choose to offer a new or renewal term to existing franchisees typically require the franchisee to sign the then-current form of franchise agreement. Sometimes these agreements contain terms drastically different from those under which the franchisee has been operating. As a condition of renewal, the franchisor also may require the franchisee to update its premises, equipment, or systems, often at considerable expense. This article explores the franchisor's right to impose new contract terms and capital outlays as conditions for renewal.

The Existing Agreement

Because every franchise relationship is a contractual one, the first place to look for the rights of the parties on renewal is the existing agreement. If that agreement grants a term in perpetuity, or expressly provides that the relationship can be renewed on the same terms as the expiring agreement, there is little room for discussion. If the franchisor wants to alter the terms of the relationship, it will have to convince each renewing franchisee that accepting the changes is beneficial.

Most franchise agreements, however, have a fixed term and expressly provide either that there is no right to renew or that renewal is subject to the franchisee signing the franchisor's then-current form of agreement. Such contractual language would appear to allow the franchisor to make any changes that it wants when offering renewal, so long as they are imposed on new franchisees and all renewing franchisees. However, statutes and case law suggest otherwise. The applicable statutes and precedent pertaining to franchise renewals must be examined to determine the extent to which a franchisor can impose new and substantially different terms or conditions upon renewal.

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States That Regulate Renewal Rights

At least sixteen states and two other U.S. jurisdictions regulate the renewal of franchise relationships.[1] These include Arkansas,[2] California,[3] Connecticut,[4] Delaware,[5] Hawaii,[6] Illinois,[7] Indiana,[8] Iowa,[9] Michigan,[10] Minnesota,[11] Mississippi,[12] Missouri,[13] Nebraska,[14] New Jersey,[15] Washington,[16] Wisconsin,[17] Puerto Rico,[18] and the Virgin Islands.[19] In addition, many states have adopted statutes that regulate renewals of petroleum and automobile dealerships, heavy equipment dealerships, alcoholic beverage distributorships, and other specific industries.[20] The federal Petroleum Marketing Practices Act (PMPA)[21] also regulates the renewal of the franchise relationships that it covers.

These statutes generally impose certain conditions or procedural requirements on franchisors that do not wish to renew a franchise agreement, including that a franchisor have "good cause" for nonrenewal,[22] that it give the franchisee an opportunity to cure when nonrenewal is based on a breach of the agreement,[23] that it give notice of nonrenewal within a specified period of time before the franchise agreement expires,[24] that it repurchase inventory and equipment from the franchisee or pay the franchisee for the goodwill of the franchise,[25] or that it waive any noncompete agreements.[26] Such statutes often provide for damages or injunctive relief if the franchisor violates their requirements.

When a franchise agreement expressly negates the franchisee's right to renew upon expiration of the franchise's initial term, most courts agree that the franchisee has no renewal right even if there is an applicable renewal statute. For example, in *Thompson v. Atlantic Richfield Co.*,[27] a federal court in Washington noted the offering circular's explicit statement that the franchises were not automatically renewable and held that the Washington Franchise Investment Protection Act (FIPA) did not override the language of the agreement.[28] As the Washington Supreme Court observed in *Craig D. Corp. v. Atlantic Richfield Co.*,[29] the *Thompson* court found that the franchisee's argument was based in part on the "incorrect assumption that FIPA created an automatic right to renew a franchise."[30] Statutes in at least two states, Indiana and Nebraska, do not prohibit a franchisor from expressly providing that the franchise agreement is not renewable upon expiration, or that the agreement is renewable only if the franchisee meets certain reasonable conditions.[31] Michigan's statute also "does not require a renewal provision."[32]

It is less clear whether the renewal statutes apply when the parties' franchise agreement is silent about renewal. Some

commentators argue that the statutes only apply when a franchisor expressly grants the franchisee an option to renew the franchise upon expiration of the present term, while others contend that the statutes apply to all franchise relationships.[33]

In *Ziegler v. Rexnord*,[34] one of the few reported decisions on the subject, the Wisconsin Supreme Court applied the Wisconsin Fair Dealership Law (WFDL).[35] However, the court did not have to decide whether the statute governed in the absence of a renewal provision because the parties apparently agreed that it controlled. In *General Aviation, Inc. v. Cessna Aircraft Co.*,[36] the Sixth Circuit held that, because it was interpreting one of the provisions in the parties' agreement as a renewal clause, it did not need to resolve whether a renewal provision is required in order to trigger the antidiscrimination provisions in the Michigan Franchise Investment Law.[37]

If the franchisee does have a renewal right, whether under contractual or statutory language, the next question is to what extent a franchisor may impose new conditions upon renewal. Several of the states with renewal statutes make it clear that a franchisor may permissibly require that the franchisee execute a new and different franchise agreement. Under the Iowa statute, for example, the franchisor may require that the franchisee meet the then-current requirements for franchises and that the franchisee execute a new agreement incorporating the then-current terms and fees for new franchises.[38]

California's statute allows a franchisor to refuse renewal if the parties

> fail to agree to changes or additions to the terms and conditions of the franchise agreement, if such changes or additions would result in renewal of the franchise agreement on substantially the same terms and conditions on which the franchisor is then customarily granting renewal franchises, or if the franchisor is not then granting a significant number of renewal franchises, the terms and conditions on which the franchisor is then customarily granting original franchises.[39]

Similarly, the PMPA, which generally prohibits nonrenewal of a franchise relationship unless the franchisor both complies with notice requirements and bases its decision on one of the grounds set forth in the statute, expressly permits nonrenewal if the parties fail "to agree to changes or additions to the provisions of the franchise if . . . such changes or additions are the result of determination made by the franchisor in good faith and in the normal course of business."[40]

Even in the absence of an explicit recognition of a franchisor's right to impose new or different terms upon renewal, courts generally interpret renewal statutes as permitting changes. In *Craig D. Corp.*,[41] the Washington Supreme Court considered whether a franchise renewal offer that included significant changes to an existing franchise agreement constituted a termination or nonrenewal of the existing agreement under the FIPA. The court held, as a matter of law, that it did not.[42]

The court first recognized that the parties' agreement expressly stated that Atlantic Richfield made no commitment regarding renewal beyond the term of the gas station lease and that a substantially different form of business relationship might be offered upon its expiration.[43] The court adopted the reasoning of *Thompson*[44] that a franchisee's dissatisfaction with some of the terms offered in a new agreement did not equal a refusal to renew or a termination by the franchisor.[45] Finally, the court reasoned that there was nothing in the statute's language that explicitly prohibited a franchisor from making substantial changes and that it was difficult to read the act's nonrenewal and termination provisions as providing an implied prohibition against such changes.[46]

The WFDL has generated a substantial body of renewal case law.[47] Under the WFDL, a grantor may not "terminate, cancel, fail to renew, or substantially change the competitive circumstances of a dealership agreement without good cause."[48] Good cause is defined to include the

> [f]ailure by a dealer to comply substantially with essential and reasonable requirements imposed upon him by the grantor, or sought to be imposed by the grantor which requirements are not discriminatory as compared with requirements imposed on other similarly situated dealers either by their terms or in the manner of their enforcement.[49]

Although the WFDL provides express protection against substantial changes in competitive circumstances, courts interpreting this law repeatedly have held that it does not prohibit a franchisor from imposing new and even substantially different terms and provisions upon renewal. In *Bresler's 33 Flavors Franchising Corp. v. Wokosin*,[50] for example, the parties entered a fixed-term franchise agreement that granted the franchisee an option to renew under "the form then being used" by the franchisor.[51] When the initial franchise terms expired, the franchisor required that the franchisee execute its current agreement form, which contained a number of changes, including those covering the required advertising contributions, royalties, product costs, and termination provisions. The franchisor also required that the franchisee remodel its premises. The franchisee refused to execute the new agreement and sued, claiming that the franchisor had to show good cause for conditioning renewal on the execution of the new agreement.[52]

The *Bresler's* court first rejected the franchisee's argument that the offer of the new agreement constituted a "failure to renew" under the WFDL.[53] The court recognized that Bresler's had "offered to renew the franchisee agreement on the terms presently being used" but that the Wokosins had refused to renew on those terms.[54] The court also rejected the franchisee's claim that the new agreement violated the WFDL by substantially changing the competitive circumstances of the dealership. The court found that the franchisees had not met their burden of proof given that they were being treated the same as all similarly situated Bresler's franchisees.[55]

In *Ziegler*,[56] the Wisconsin Supreme Court found it significant that the WFDL's definition of good cause included failure of the dealer to comply substantially with essential and reasonable requirements imposed by the grantor and with those "sought to be imposed by the grantor."[57] As the court reasoned, the phrase "sought to be imposed" suggests legislative recognition that the grantor could change the terms of the relationship.[58] The court therefore held that

> when a dealer refuses to substantially comply with the terms of a contract offered by the grantor, the grantor may have good cause to terminate, cancel, or fail to renew the relationship at the expiration of the original contract, provided the requirements imposed by the grantor are essential, reasonable, and nondiscriminatory.[59]

In *East Bay Running Store, Inc. v. Nike, Inc.*,[60] the Seventh Circuit considered whether Nike's new policy prohibiting its dealers from selling Nike Air products by mail, catalog, or website was a substantial change in the competitive circumstances of East Bay's dealership under the WFDL.[61] The court rejected East Bay's argument that the new policy worked a substantial change merely because of its impact on East Bay's profits. "Even though a new policy may hurt the profitability of some dealers, the prohibition of substantial changes in competitive circumstances was not meant to prohibit system-wide changes."[62]

The Seventh Circuit also noted in *East Bay* that "it would hardly be consistent with the purposes of the WFDL to permit individual dealerships, such as East Bay, to preempt the effective implementation of a nondiscriminatory business decision such as the policy put forth by Nike."[63] The court ultimately concluded that, because there was no "substantial change in the competitive circumstances amounting to *de facto* or constructive termination of the dealership, Nike was not required to show good cause for its decision to implement the new policy."[64]

Similarly, in *Wisconsin Music Network, Inc. v. Muzak Limited Partnership*,[65] the parties' agreement required the franchisor to offer the franchisee, on expiration of the existing contract, a new agreement under the same terms as the agreement then being offered to similarly situated licensees. After the parties' agreement expired, the franchisor offered the franchisee a new agreement that included a number of new provisions that the franchisee found objectionable. The parties negotiated for more than a year. When they could not reach an agreement, the franchisor notified the franchisee that it would terminate their relationship.

The franchisee sued, alleging that the franchisor had violated the WFDL by failing to renew. The district court found that the franchisor had not violated the WFDL because the new requirements in the offered agreement were essential, reasonable, and nondiscriminatory.[66] The Seventh Circuit affirmed, stating that "It is not unreasonable for Muzak to rewrite its license agreements in an orderly fashion, incorporating new terms as the agreements require renewal. All franchisees with expired agreements have been offered the agreement containing the [new] terms; eventually all Muzak affiliates will execute the new contract."[67]

In *Re/Max North Central, Inc. v. Patricia Cook*,[68] the franchisee operated both a residential and a commercial real estate brokerage in an exclusive territory that Re/Max had granted. The franchisor offered a renewal agreement that permitted the franchisee to continue operating the residential and commercial brokerage office, but that also permitted Re/Max to appoint agents in her territory to handle commercial properties. The franchisee claimed, among other things, that this provision changed her competitive circumstances in violation of the WFDL. The federal district court disagreed, and the Seventh Circuit affirmed. The Seventh Circuit recognized that, although the WFDL provides that a grantor cannot fail to renew and cannot substantially change the competitive circumstances of a dealership without good cause, franchisors are not prohibited from making systemwide, nondiscriminatory changes in response to market conditions. According to the Seventh Circuit, the franchisor is entitled to maintain uniform contract terms with its franchisees and to rewrite franchise agreements in an orderly fashion.[69]

Many nonrenewal cases involve gasoline station franchises under the PMPA.[70] One of the statutory grounds for nonrenewal under the PMPA is "the failure of the franchisor and the franchisee to agree to changes or additions to the provisions of the franchise, if . . . such changes or additions are the result of determinations made by the franchisor in good faith and in the normal course of business."[71]

Courts construing this provision have recognized that, although the PMPA offers important protections to franchisees from arbitrary changes, Congress also anticipated that franchisors and franchisees might not agree upon new terms and therefore permitted failure to agree as a ground for nonrenewal.[72] In *Svela v. Union Oil Co.*,[73] the Ninth Circuit rejected a franchisee's argument that the conversion of his full-service lease to a fast-service lease constituted a refusal to renew under the PMPA. The court held that the PMPA did not require a franchisor to renew under the same terms and conditions as the expiring lease and that renewal could be based on substantially different terms and conditions.[74]

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In contrast, in *L.M.P. Service, Inc. v. Shell Oil Co.*,[75] a Maryland federal court concluded that the franchisor had violated the PMPA by using the threat of nonrenewal to force a substantial change in the franchise relationship. The court recognized that failure to agree to new terms is a permissible ground for nonrenewal. The franchisor in this case had never actually approached the franchisee to negotiate new terms and instead tried to force the franchisee to accept the terms of its proposed agreement or suffer nonrenewal.[76]

Additionally, courts construing the PMPA's good-faith requirement have held that they may not second-guess "the economic impact of an otherwise legitimate business decision by the franchisor."[77] Good faith simply means that the franchisor does not have a discriminatory motive and is not attempting to force nonrenewal of the franchise relationship.[78] In other words, the test is subjective and requires an examination of the franchisor's intent rather than merely the effect of its actions.[79] Furthermore, that a proposed change or addition to the franchise agreement "might make it difficult

for [a dealer] to remain in business and earn a profit is irrelevant to a finding of good faith."[80]

Common Law Issues Concerning Renewals

If there is no applicable renewal statute, franchisees might still raise claims under the common law when a franchisor attempts to impose new terms upon renewal. That happened in *Payne v. McDonald's*[81] when the franchisor advised the franchisee that it had to rebuild its restaurant premises as a condition for renewal. The expiring franchise agreement did not grant the franchisee a right to renew the franchise and, in fact, expressly disclaimed any renewal right upon expiration. Illinois's franchise statute does not require a franchisor to renew, so the franchisee asserted that the franchisor breached an implied covenant of good faith and fair dealing. The Maryland federal court found this contention to be without merit, holding that McDonald's had not acted unfairly, even though the franchisee would be required to incur considerable construction expense, because McDonald's had no obligation to renew at all.[82]

A Massachusetts federal court reached the same conclusion in *Zuckerman v. McDonald's*.[83] In *Zuckerman*, the franchisee sued the franchisor for breach of contract, misrepresentation, and fraud, claiming that the franchisor had refused to renew certain franchise agreements that expressly provided for a twenty-year term "with no promise or representation as to the renewal."[84] The court held that under Illinois law the covenant of good faith and fair dealing only applies if the contract is ambiguous.[85] Finding the renewal provision to be unambiguous, the court held that McDonald's could not be liable for bad-faith refusal to renew even if that refusal was arbitrary and capricious.[86]

Franchisees have not fared much better when their agreements did grant renewal rights. In *Watkins & Son Pet Supplies v. Iams Co*.,[87] the Sixth Circuit considered whether the renewal clause in the parties' franchise agreement implied a duty to negotiate in good faith. The provision at issue stated that the agreement would "automatically expire without any further action by either party" at the end of the term and that it "may be renewed thereafter on terms mutually agreeable to the parties only in a writing signed by the parties."[88] The court found that nothing on the face of the parties' contract manifested an intent to reach a future agreement and that the clause merely indicated that future renewals "may" be executed on "mutually agreeable" terms.[89] Because the contract made clear that the franchisor retained discretion to refuse to renew, the court held that there was no requirement to negotiate.[90]

The *Watkins & Son* court distinguished *Vylene Enterprises, Inc. v. Naugles (In re Vylene Enterprises)*,[91] in which the Ninth Circuit held that the franchisor was obligated to negotiate the renewal terms in good faith. In *Vylene*, the parties entered a ten-year franchise agreement that included an option to extend the franchise for an additional eight years "on terms and conditions to be negotiated."[92] The *Vylene* court concluded that, although the renewal clause was too vague to establish an enforceable right to renew, the provision did obligate the franchisor to negotiate in good faith. The Ninth Circuit also upheld the lower court's findings that the franchisor had not satisfied its burden by simply offering a new and different franchise agreement on a take-it-or-leave-it basis. The appellate court may well have been swayed by the lower court's determination that the new agreement "was commercially unreasonable and that Naugles knew or should have known that Vylene would reject it," particularly since the franchisee had previously rejected the same agreement.[93]

Franchisees have also alleged fraud, misrepresentation, or promissory estoppel based upon purported verbal assurances regarding renewals. In *Watkins & Son*,[94] in addition to its claims for breach of the implied covenant of good faith and fair dealing, the franchisee asserted that the franchisor had made parol promises of renewal if it would agree to become an exclusive distributor of Iams products and that it had relied on those promises to its detriment. In rejecting the franchisee's claims, the court relied on the franchise agreement's integration clause, which clearly provided that the terms of the written agreement superseded all prior, existing, and contemporaneous agreements, whether written or oral. The court held, therefore, that any reliance upon the alleged promises was unreasonable as a matter of law.[95]

Conclusion

When a franchise agreement expressly negates any right to renew upon expiration, no right of renewal will be implied under either statutes or common law. This is less clear with fixed-term agreements that do not address renewal, but most courts will not imply a statutory or common law right to renew these contracts either. If the franchise agreement contains a right of renewal upon expiration, it is probable that neither statutes nor precedent will prohibit contract changes as long as they agree with the franchisor's then-current form of agreement. However, no case has yet tested changes that completely alter the nature of the business.[96] Accordingly, franchisors still need to be wary. If the ultimate goal is to keep franchisees, franchisors should provide renewal agreements that not only consider changes in the industry and the economy, but also allow room for a mutually beneficial relationship without testing the boundaries of the law.

Endnotes

1. Twenty years ago, CDs were bought in banks, not in "big box appliance superstores," and computers took up entire rooms, not the palm on one's hand. Beloit College annually assembles the "Mindset List," a compilation of items that indicate the viewpoints and frame of reference of entering students. An August 24, 2000, press release lists information about the Class of 2005, most of whom were born in 1983. In comparing what has happened in the last twenty years, the Mindset List notes that for these eighteen-nineteen year olds: "there has always been Diet Coke," "they were born the same year as the PC and the Mac," "they have always used email," and "Ron Howard and Rob Reiner have always been balding older film directors." The study highlights that it has only been in the last twenty years that newspapers have been printed in color, that prescription drugs come in child proof caps, that IBM Selectrics have become antiques, and that "it has paid to Discover." See http://www.beloit.edu/~pubaff/releases/mindset_2005 .html.

2. It should be noted that state statutes vary in the types of relationships that they reach. Therefore, when considering the effect of these

statutes, one must first determine whether the statute is applicable to the particular relationship at issue.

3 *See* Arkansas Franchise Practices Act, ARK. CODE ANN. §§ 4–72–201 *et seq.*

4. *See* California Franchise Relations Act, CAL. BUS. & PROF. CODE §§ 20000 *et seq.*

5. *See* Connecticut Franchise Act, CONN. GEN. STAT. §§ 42–133e *et seq.*

6. *See* Delaware Franchise Security Law, DEL. CODE ANN. tit. 6, §§ 2551 *et seq.*

7. *See* Hawaii Franchise Investment Act, HAW. REV. STAT. §§ 482E *et seq.*

8. *See* Illinois Franchise Disclosure Act, 815 ILL. COMP. STAT. § 705/20.

9. *See* Indiana Deceptive Franchise Practices Act, IND. CODE §§ 23–2–2.5 *et seq.*

10. *See* Iowa Franchise Act, IOWA CODE ANN. §§ 523H *et seq.*, 537A.10.

11. *See* Michigan Franchise Investment Law, MICH. COMP. LAWS § 445.1527.

12. *See* Minnesota Franchise Law, MINN. STAT. §§ 80C.01 *et seq.*

13. *See* Mississippi Franchise Act, MISS. CODE ANN. § 75–24–51.

14. *See* Missouri Franchise Act, MO. ANN. STAT. §§ 407.400 *et seq.*

15. *See* Nebraska Franchise Practices Act, NEB. REV. STAT. § 87–401.

16. *See* New Jersey Franchise Practices Act, N.J. REV. STAT. § 87–401.

17. *See* Washington Franchise Investment Protection Act, WASH. REV. CODE §§ 19.100.010 *et seq.*

18. *See* Wisconsin Fair Dealership Law, WIS. STAT. §§ 135.01 *et seq.*

19. *See* Puerto Rico, 10 P.R. LAWS ANN. §§ 278 *et seq.*

20. *See* Virgin Islands, 12A V.I. CODE ANN. §§ 130–139.

21. *See, e.g.*, ALA. CODE §§ 8–20–1 *et seq.* (motor vehicles); ALA. CODE §§ 28–9–1 *et seq.* (beer); CAL. BUS. & PROF. CODE §§ 22900 *et seq.* (equipment dealers); HAW. REV. STAT. §§ 481G-1 *et seq.* (office machines); N.C. GEN. STAT. §§ 188–1200 *et seq.* (wine); MINN. STAT. § 325E.05 (agricultural implements); MINN. STAT. §§ 80E.01 *et seq.* (motor vehicles).

22. 15 U.S.C. §§ 2801 *et seq.*

23. Arkansas (good cause or in accordance with franchisor's current policies, practices, and standards that are not arbitrary and capricious); Connecticut (good cause or alteration of underlying lease); Delaware (good cause or not in bad faith); Hawaii (good cause or in accordance with current terms and standards established by franchisor and equally applicable to all franchisees or justifiable basis for distinguishing between franchisees); Indiana (good cause and not in bad faith unless agreement expressly provides otherwise); Iowa (good cause and not arbitrary or capricious or in bad faith); Minnesota (if less than 180 days' notice, must have good cause and failure to cure); Nebraska (good cause as defined by statute); New Jersey (good cause as defined by statute); Wisconsin (good cause as defined by statute); Puerto Rico (just cause as defined by statute); Virgin Islands (good cause as defined by statute).

24. Minnesota requires that a franchisee be given an opportunity to cure if nonrenewal is for good cause and Wisconsin requires an opportunity to cure if nonrenewal is for claimed deficiency.

25. Arkansas (ninety days); California (180 days or franchisor must repurchase inventory); Connecticut (sixty days in most situations); Delaware (ninety days); Hawaii (written notice before end of term); Illinois (six months); Indiana (ninety days); Iowa (six months); Michigan (six months if term of franchise was less than five years in order to avoid paying compensation); Minnesota (sixty days if for good cause, otherwise 180 days); Mississippi (ninety days unless nonrenewal is based on criminal misconduct, fraud, abandonment, bankruptcy, insolvency, or bad check); Missouri (same as Minnesota); Nebraska (sixty days except in certain listed situations); New Jersey (sixty days unless franchisee abandons or is convicted of indictable offense related to franchisee's business); Washington (one year to avoid paying for good will); Wisconsin (ninety days unless for franchisee's insolvency, assignment for benefit of creditors, or bankruptcy); Virgin Islands (120 days).

26. Illinois (franchisor required to compensate franchisee for business unless it waives noncompete or provides at least six months' notice of nonrenewal); Michigan (franchisor required to compensate franchisee for inventory, supplies, equipment, fixtures, and furnishings if franchise is less than five years and franchisee either is required to comply with noncompete or does not receive six months' notice of nonrenewal); Washington (franchisor required to compensate franchisee for inventory, supplies, equipment, and furnishings purchased from franchisor or required to conduct franchisee's business and also for goodwill unless franchisee is given one-year notice of nonrenewal).

27. In Illinois, a franchisor is required either to repurchase franchisee's business or compensate franchisee for diminution in value of business unless it waives noncompete or provides at least six months' notice of nonrenewal. In Michigan, a franchisor may be required to compensate the franchisee if the term of the franchise is less than five years, unless any noncompete agreement is waived.

28. 649 F. Supp. 969 (W.D. Wash. 1986).

29. *Id.* at 973. *See also* Zuckerman v. McDonald's Corp., 35 F. Supp. 2d 135 (D. Mass. 1999) ("contract terms unambiguously provide that defendant is under no obligation to renew the license or grant plaintiffs a new license"); Payne v. McDonald's Corp., 957 F. Supp. 749 (D. Md. 1997).

30. 860 P.2d 1015 (Wash. 1993).

31. *Id.* at 1021.

32. The Indiana Deceptive Franchise Practices Act says that "[t]his chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement." IND. CODE §§ 23–2–2.5 *et seq.* The Nebraska Franchise Practices Act states that "[t]his section shall not prohibit a franchise from providing that the franchise is not renewable or that the franchise is only renewable if the franchisor or franchisee meets certain reasonable conditions." NEB. REV. STAT. § 87–404.

33. Michigan Franchise Investment Law, MICH. COMP. LAWS ANN. § 445.1527(e). *But see* Gen. Aviation, Inc. v. Cessna Aircraft Co., 13 F.3d 178 (6th Cir. 1993), in which the court concluded that it "need not determine whether the [Michigan Franchise Investment Law] requires a renewal provision in the franchise agreement in order for the antidiscrimination provision to apply, or whether it does not require parties to include a renewal provision in their contracts and the anti-discrimination provision applies only if they do."

34. *See* Robert B. Calihan, Andrew P. Zappia, Steven Emmons, Rochelle B. Spandorf & Craig Tractenberg, *Franchise Transfer, Succession and Renewal Issues*, IFA'S 34TH ANNUAL LEGAL SYMPOSIUM (2001), at 44–45.

35. 433 N.W.2d 8 (Wis. 1988).

36. *Id.*

37. 13 F.3d 178 (6th Cir. 1993).

38. *Id.* at 182–83.

39. IOWA CODE ANN. §§ 523H.8, 537A.10(8).

40. CAL. BUS. & PROF. CODE § 20025(f).

41. 15 U.S.C. § 2802(a), (b)(3).

42. 860 P.2d 1015 (Wash. 1993).

43. *Id.* at 1023.

44. *Id.* at 1021.

45. 649 F. Supp. 969 (W.D. Wash. 1986).

46. *Craig D. Corp.*, 860 P.2d at 1021.

47. *Id.*

48. WIS. STAT. ANN. §§ 135.01 *et seq.*

49. *Id.* § 135.03.

50. *Id.*

51. 591 F. Supp. 1533 (E.D. Wis. 1984).

52. *Id.* at 1535.

53. *Id.* at 1538.

54. *Id.* at 1537.

55. *Id.*

56. *Id.* at 1538.

57. 433 N.W.2d 8 (Wis. 1988).

58. *Id.* at 12.
59. *Id.*
60. *Id.* at 14.
61. 890 F.2d 996 (7th Cir. 1989).
62. *Id.* at 999. The court was careful to note that this case was not about a termination, cancellation, or nonrenewal of the dealership agreement, but only whether there was a substantial change in competitive circumstances.
63. *Id.* at 1000.
64. *Id.* at 1001 (citing St. Joseph Equip. v. Massey-Ferguson, Inc., 546 F. Supp. 1245 (W.D. Wis. 1982)).
65. *Id.*
66. 5 F.3d 218 (7th Cir. 1993).
67. *Id.* at 221.
68. *Id.* at 224.
69. 272 F.3d 424 (7th Cir. 2001).
70. *Id.* at 432.
71. 15 U.S.C. §§ 2801 *et seq.*
72. 15 U.S.C. § 2802(b)(3)(A).
73. *See* L.M.P. Serv., Inc. v. Shell Oil Co., 128 F. Supp. 2d 287 (D. Md. 2000).
74. 807 F.2d 1494 (9th Cir. 1987).
75. *Id.* at 1500.
76. *L.M.P. Serv.*, 128 F. Supp. 2d at 287.
77. *Id.* at 290.
78. Unified Dealer Group v. Tosco Corp., 16 F. Supp. 2d 1137, 1142 (N.D. Cal. 1998) (quoting Valentine v. Mobil Oil Corp., 789 F.2d 1390, 1392 (9th Cir. 1986)).
79. *Id.* at 1142.
80. *Id.*
81. *Id.* at 1143.
82. 957 F. Supp. 749 (D. Md. 1997).
83. *Id.* at 758–59.
84. 35 F. Supp. 2d 135 (D. Mass. 1999).
85. *Id.* at 137.
86. *Id.* at 143.
87. *Id.* at 143–44.
88. 254 F.3d 607 (6th Cir. 2001).
89. *Id.* at 610.
90. *Id.* at 615.
91. *Id.*
92. 90 F.3d 1472 (9th Cir. 1996).
93. *Id.* at 1473.
94. *Id.* at 1477.
95. 254 F.3d 607 (6th Cir. 2001).
96. *Id.* at 614.
97. In *Re/Max North Central, Inc. v. Patricia Cook*, the franchisee argued that a renewal provision that allowed the franchisor to appoint commercial-only agents in her territory effectively changed the nature of the business. The court rejected that argument, however, because the franchisee was not prohibited from continuing to engage in that business. *See supra* note 69 and accompanying text.