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The Anatomy of Lost Profits Claims in Franchise Cases

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Claims seeking the recovery of lost profits are becoming increasingly more common in franchise litigation, particularly after franchise termination. Because both the franchisor and the franchisee enter into the relationship with the expectation of profit, a termination frustrates both sides' expectations and the economic rationale for entering the relationship in the first place. Although historically franchisees were more likely to assert these claims in reaction to terminations, more recently franchisors have also pursued such claims when franchisees leave the relationship before the end of the contract term. This article provides a brief history of the law governing claims for lost profits, outlines selected issues facing litigants under the current law, and concludes by offering some opinions about best practices for litigants relating to lost profits, particularly in the franchise context.

For the full article, please click [here](#).