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Franchisees terminated by Quiznos seek injunction to stay in system

Ten store operators claim laws broken, contracts breached

By Janet Forgive, Rocky Mountain News
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Ten terminated Quiznos franchisees filed papers Friday for an injunction to keep the Denver-based sandwich chain from severing their agreements.

The move comes after the company, through its subsidiary QFA Royalties LLC, terminated deals with 10 members of the board of the Toasted Sandwich Franchisee Association, a group that often is critical of the company's practices.

Documents filed in U.S. District Court in Denver allege the terminations constitute a breach of contract and a violation of state statutes that protect franchisees, said Justin Klein, the franchisees' New Jersey attorney. None of the affected franchises is in Colorado.

"If the franchisees are going to leave the system, they want to do it on their own terms, not because of Quiznos' unilateral decision that the franchisees have done something wrong," Klein said.

Quiznos terminated the franchises after the TSFA posted a tribute to franchisee Bob Baber, who killed himself last month in a California Quiznos and left a note detailing his troubles with the company.

In a statement, Quiznos said it found the association's use of Baber's suicide "deplorable" but said that wasn't the reason for the terminations.

"The agreements were terminated because the franchisees violated their obligation not to damage their fellow franchise owners who work hard every day to help build the brand and their businesses," the statement said.

A slew of lawsuits by franchisees and former franchisees, including Baber, allege that the company promises profits that are out of line with reality; that it forces franchisees to pay approved vendors too much for supplies; that it allows stores to be built close together and cannibalize each other; and that it blankets markets with coupons that further lighten the franchisees' bottom line.

John Schodron is part of a Wisconsin lawsuit filed last month. Schodron, who works full time as a contractor to pay the bills, says he and his wife have run their 5 1/2-year-old Quiznos store without pay and have yet to see any return on their \$170,000 investment.

Sales rose steadily before flattening this year, Schodron said, but the bottom line hasn't kept up, largely because food costs remain too high.

This year, Quiznos filed a lawsuit in U.S. District Court in Denver against the franchisee group, its board and some officers, saying the TSFA's use of Quiznos' logo is trademark infringement.

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