



## **DQOA Scores Major Legal Victory: Franchisees' Rights Protected**

Judge Carrigan's ruling is in, the rights of franchise owners to operate under the guiding principles and spirit of their original and time-tested franchise agreements are safe. We are proud to report that legal action taken by the DQOA against IDQ/ADQ succeeded in protecting your rights.

It was our belief that IDQ/ADQ had attacked several fundamental characteristics of the Collins Settlement Agreement, previous franchise models and rights of franchisees in the Dairy Queen system. The arbitrator's recent decision in our favor asserted that the conduct that we challenged was indeed improper and should cease immediately. The victory is a testament to the work and commitment of DQOA to act on behalf of your interests. It is also a tribute to you, the franchisees, and our legal team, who displayed the necessary courage to step forward and speak out against harmful and improper practices.

The details of the claim and the arbitrator's ruling are important. In short, the systematic imposition of the Grill & Chill single sourcing and critical mass concept through franchise renewal, relocation, transfers, upgrading and expiring agreements was ruled to violate the competition provisions of the Collins Settlement Agreement. The arbitrator ruled that the IDQ/ADQ efforts to establish supply chain unification unilaterally, a practice that could increase many franchisees' costs by eliminating competition, were improper.

DQOA's successful opposition to the single sourcing of the supply chain as anti-competitive was the biggest victory in this fight. By quietly establishing a monopoly, IDQ/ADQ could hurt franchisees to the point

where they were no longer profitable. The ruling explicitly restricts this behavior, no longer allowing IDQ/ADQ the practice of having an exclusive supplier of any single product unless the DQOA/DQOC agrees on your behalf. Your right to stock your franchise with the best ingredients and supplies at the best cost has been protected.

The Collins settlement, which serves as a benchmark for the relationship between IDQ/ADQ and the DQOA and you, held up and continues to apply to essential business transactions. The arbitrator's ruling thwarted IDQ/ADQ's efforts to re-establish the monopoly situation that we confronted and defeated in the Collins case.

While we are encouraged and vindicated by the results of this case, we did encounter a minor setback. The issue relating to branded products in an altered form, regarding crushed Oreos, went in favor of IDQ/ADQ. Commercially and materially, this is of minimal significance, because we have operated this way for years since the inception of the Blizzard.

Most significantly, however, the overall ruling overwhelmingly favors and protects the rights of DQOA members and all franchisees. We reiterate that the historical success of the Dairy Queen franchise depends on the local tastes and flavors of the local communities that it serves. Our legal actions do not signify an attack on the Grill & Chill concept, but rather a unified front against improper conduct that threatens the existence of your franchises.

We are confident that this display of unity and courage will signal a stronger and more proactive DQOA. The Association is only as strong as its members' willingness to contribute to its cause. This was evidenced by the recent events that culminated in legal victory.

**FOR MORE INFORMATION, OR TO JOIN US IN PROTECTING  
YOUR RIGHTS, PLEASE VISIT [WWW.DQOA-DQOC.COM](http://WWW.DQOA-DQOC.COM).**