

Johannesburg High Court prevents closure of 4 Romans Pizza stores

A Romans Pizza franchisee has secured a significant court victory against Romans Pizza and its CEO, John Nicolakakis.



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Last week, Romans Pizza franchisee Basil Kassimatis approached the Johannesburg High Court seeking an urgent interdict after he received a letter from the attorneys of his franchisor asserting that he'd failed to sign franchise agreements and neglected to make payments for alleged outstanding royalty fees as demanded.

This notification gave Kassimatis a two-month notice, with the intended closure of his stores on 7 December 2023.

Kassimatis, a former COO of Romans Pizza, has been involved in protracted negotiations with Romans Pizza and Nicolakakis specifically regarding the status of his stores' franchise agreements. He subsequently sought urgent relief in an attempt to prevent the closure of four of his stores, which would have left at least 38 employees jobless weeks before Christmas.

The court ruled in Kassimatis' favour, determining that the franchisor must allow him to continue the operation of his franchise businesses. Additionally, the court ordered Kassimatis to pay contested royalty fees into the trust account of attorneys, maintaining these funds as stakeholders until a final determination is reached.

These payments are to be calculated based on the respondent's structure of royalty fees applicable to all franchisees.

While Kassimatis will continue to dispute the franchisor's claims that he breached their agreement, this case goes beyond the four stores in question.

"What we are dealing with here is nothing short of corporate bullying by a franchisor and its CEO who clearly has no qualms rendering dozens of people jobless at this time of year," said Kassimatis.



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What Kassimatis and his employees are faced with is an example of a broader issue within the franchising industry, where large franchisors wield significant power over dependent franchisees, putting their licenses at risk based on arbitrary decisions.

Franchisees, unfortunately, receive minimal protection in such instances. Industry bodies like the Franchise Association, ostensibly designed to represent the interests of both parties, often skew in favour of franchisors.

In light of these challenges, Kassimatis believes the time has come for a comprehensive reassessment of the franchising sector, its regulations, and the rights afforded to franchisees.

With this in mind, he intends to approach the Competition Commission to raise this issue of potential anti-competitive behaviour.

For Kassimatis, it's critical to address this power imbalance and ensure a fair and equitable environment for all stakeholders involved.

"We will continue to fight for our employees and their families, at a time when South Africa cannot afford more unemployment. We also remain committed to our customers, and the communities we serve. We will continue to operate our franchise stores diligently and in accordance with the law, while advocating for a more just and transparent franchising industry," added Kassimatis.

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