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BLOGS
Contracts

California Federal Court Grants Supplier's Motion to Dismiss

In *Green Desert Oil Group, et al. v. BP West Coast Products, et al.*, 2011 U.S. Dist. LEXIS 131140 (N.D. Ca. Nov. 14, 2011), the U.S. District Court for the Northern District of California granted a supplier's motion to dismiss, finding that the plaintiffs failed to state a claim upon which relief could be granted regarding their claims of breach of contract, negligence, and violation of unfair competition laws.

The plaintiffs, who are gas station franchisees, brought a class action lawsuit against BP West Coast Products LLC and BP Products North America, Inc. (BP), the franchisor of gas stations, and Retalix, Ltd. (Retalix), a supplier of computer software. The plaintiffs alleged that BP breached various agreements by forcing them to buy and use a defective point of sale system with software provided by Retalix. The plaintiffs also brought claims against Retalix for breach of contract, negligence, and violation of unfair competition laws.

In granting Retalix's motion to dismiss, the court found that the plaintiffs' breach of contract claim, which was based on the contract between BP and Retalix to manufacture and install a computer software system into franchisees' point of sales systems, was without merit because the contract specifically stated that BP was the beneficiary and there was no express contractual provision showing that the plaintiffs were intended beneficiaries. As further support for this finding, the court noted that, under the contract, BP was the only party who could bring claims against Retalix. The court also concluded that the plaintiffs' negligence claim was without merit because the plaintiffs failed to show that Retalix owed them any duty of care regarding the computer software system. Finally, the court found that the plaintiffs' unfair competition law claim failed to identify any particular unfair or fraudulent business practice other than three misrepresentations which constituted an allegation of fraud. Because the plaintiffs failed to plead fraud with particularity, however, the court concluded dismissal was warranted. As additional grounds for dismissal, the court noted that the forum selection clause in the contract between BP and Retalix likely would have prevented the filing of all of the plaintiffs' claims with the court.