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## BLOGS

### Terminations

# Court Denies Competing Summary Judgment Motions in Suit for Wrongful Termination of Equipment Dealer in Puerto Rico

The United States District Court for the District of Puerto Rico recently denied summary judgment motions brought by both parties in *Casco, Inc. v. John Deere Construction Co. Sr Forestry Co.*, 2014 U.S. Dist. LEXIS 120472 (D.P.R. Aug. 26, 2014). Casco alleged that John Deere had violated the Puerto Rico Dealers Act (Law 75) when it unilaterally cancelled a purchase order for an excavator that Casco had sold to a customer. Casco asserted that the cancellation negatively impacted its cash flow and resulted in constructive termination of the distributor agreement. The core issue on the motion was whether John Deere had “just cause” to terminate, which is required under Law 75. John Deere argued that it did have just cause to cancel the purchase order because Casco failed to comply with John Deere’s “new model requirements,” which obligated the distributor to carry certain inventory and engage in product training. John Deere also argued it had just cause because Casco was behind on its payment obligations. Casco, meanwhile, asserted that its failure to comply with the “new model requirements” did not amount to just cause for termination, because the requirements had not been strictly enforced by John Deere in other circumstances. Casco also asserted that it would not have defaulted on its payment obligations had John Deere filled the purchase order. The court found that resolution of the “just cause” issue turned on a question of fact—specifically, whether compliance with the “new model requirements” was an essential obligation of the distributorship—and therefore denied summary judgment to both parties.

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