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Jurisdiction and Procedure

Court Holds New Issues Arise When Manufacturer Terminates Dealership Franchise After Previous Litigation

When a dealership franchise was terminated following litigation between the manufacturer and dealers, the Minnesota Court of Appeals found that the termination created new issues and new litigation was not barred. *North Star Int'l Trucks, Inc. v. Navistar, Inc.*, 2013 Minn. App. Unpub. LEXIS 447 (Minn. App. May 20, 2013). The dealership franchisee, North Star International Trucks, had previously brought suit against Navistar in 2009, alleging eight claims, including that Navistar threatened termination of its franchise in bad faith. Though the jury made advisory findings that Navistar acted in good faith, the district court ultimately determined that the claim was not ripe, because Navistar had not terminated the franchise. One month after the district court's order, Navistar terminated North Star's franchise. North Star again brought suit, alleging, among other things, that Navistar acted in bad faith and without good cause in terminating its franchise. Navistar moved to dismiss all counts as barred by res judicata and collateral estoppel. North Star in turn moved for summary judgment as to the claim of bad faith. The trial court granted Navistar's motion to dismiss and denied North Star's motion for summary judgment as moot. The court of appeals reasoned that North Star's claim was not barred under res judicata or collateral estoppel because at the time the jury made its findings, North Star had not yet been terminated or subjected to the conduct alleged in the second action. Therefore, the issues North Star asserted in the second action could not be identical to those in the prior action. For the same reasons, the court concluded that it was improper to dismiss North Star's summary judgment motion as moot. Accordingly, the court reversed and remanded for consideration of North Star's summary judgment motion on the merits.

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