

BLOGS

Preliminary Injunctions

Court Partially Grants Truck Manufacturer's Request for Preliminary Injunction

A Virginia federal court partially granted Volvo Group North America's motion for a preliminary injunction to stop the proposed sale of a group of truck dealerships. *Volvo Grp. N. Am., LLC v. Truck Enters., Inc.*, 2016 WL 1479687 (W.D. Va. Apr. 14, 2016). Volvo initiated the suit against a group of truck dealers who owned and operated seven dealerships, four of which sold both Volvo and Kenworth trucks, two of which sold Kenworth and Isuzu trucks, and one that sold only Kenworth trucks. The dealers entered into an agreement with a third party to sell the dealerships in a package deal. In response, Volvo filed a complaint alleging, among other things, that the proposed sale frustrated Volvo's contractual and statutory rights of first refusal. Volvo also filed a motion for preliminary injunction requesting that the court (1) stop the sale until the scope of Volvo's rights could be determined, and (2) require the dealers to disclose the terms of the sale that were specific to the Volvo portions of the "dual dealerships" so that Volvo could determine whether to exercise its right of first refusal. The dealers opposed the motion and argued that Volvo could not purchase only the Volvo portions of the dealerships and instead had to take the place of the third-party buyer and purchase all or none of the dealerships.

The court held that Volvo was entitled to an injunction staying the proposed sale pending the outcome of the litigation. In doing so, the court explained that the holder of a right of first refusal cannot be forced to purchase more than what is contractually agreed to, and highlighted that the Volvo dealer agreements specifically contemplated that only Volvo assets would be subject to the right of first refusal. However, the court denied Volvo's request to require the dealers to provide information related to the value of the Volvo portions of the "dual dealerships." The court determined that because it had enjoined the proposed sale pending the outcome of the litigation, Volvo would not suffer any harm from not immediately receiving the financial information.

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