

**BLOGS**

Encroachment

Dealer's Encroachment Claims Dismissed

In Aston Martin Lagonda of North America, Inc. v. Lotus Motorsports, Inc., 2014 U.S. Dist. LEXIS 35909 (D. Mass. Mar. 18, 2014), a Massachusetts federal court partially granted Aston Martin's motion to dismiss the defendant-dealer's counterclaims. Aston Martin had sought a declaratory judgment that the parties' dealer agreement did not prohibit it from locating a new dealer within 8.7 miles of Lotus's existing dealership, but outside of its territory. Lotus, which had served as the sole Aston Martin dealership in New England (except for one dealership) since 1996, claimed the supplier had agreed not to open another dealership in the region. It filed numerous counterclaims alleging violations of the Automobile Dealers Day in Court Act, state unfair competition statutes, and common law. Lotus claimed that, based on Aston Martin's alleged representations and encouragement, it moved its dealership to a new location, investing more than \$700,000 in the new facility. Locating a competing dealer nearby would harm Lotus.

Regarding the alleged violation of the Automobile Dealers Day in Court Act, the court held that Lotus could not show that Aston Martin had threatened coercion or intimidated it. According to the court, conclusory statements that the supplier demanded consent to the appointment of a new dealer did not meet the requirements of the statute. As to the alleged unfair competition, the law applies only if the competing dealership is within the dealer's relevant market (defined as a radius of eight miles from any boundary of the existing dealership). Here, the new dealership was 8.7 miles from Lotus's dealership; thus, the statute did not apply. The court did hold that Lotus had adduced enough facts to overcome the motion to dismiss on other claims.

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