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BLOGS

State Franchise and Dealer Laws

District Court Grants Summary Judgment for Supplier, Denying Claim That Supplier Unlawfully Refused to Grant Transfer Request

The United States District Court for the Southern District of Texas has granted supplier Thermo King Corporation's motion for summary judgment, finding that Thermo King did not violate Texas' Fair Practices of Equipment Manufacturers, Distributors, Wholesalers, and Dealers Act by denying a dealer's request to transfer its dealership to Doggett Company, LLC. *Doggett Co., LLC v. Thermo King Corp.*, 2017 WL 3267796 (S.D. Tex. Aug. 1, 2017). Thermo King's basis for denying the transfer was that Doggett was affiliated with another trucking company. Doggett alleged that this rationale was not a "reasonable requirement consistently imposed by the supplier," as required by the Texas law. The court held, however, that the protections of the Texas law did not apply because the dealer had not formally submitted a request to sell its dealership to Doggett. The court found that neither the informal emails and conversations between the dealer and Thermo King—nor the letter from Doggett to Thermo King asking to buy the dealership—satisfied the plain language of the statute requiring the dealer to submit a prescribed written request to transfer. Accordingly, the court granted Thermo King's motion for summary judgment, and denied Doggett's cross-motion. The case has now been appealed to the Fifth Circuit.

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