

**BLOGS**

Terminations

## Engine Distributor Spins Its Wheels in Termination Appeal

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In a terse, *per curiam* decision, the Eleventh Circuit Court of Appeals upheld a district court's determination that the preferential treatment given by a distributor to another manufacturer's products was grounds for termination of the distributor agreements. *Deutz Corp. v. Engine Distribs., Inc.*, 846 F. App'x 883 (11th Cir. 2021). Deutz is the U.S. affiliate of the German engine manufacturer by the same name. Engine Distributors, Inc. (EDI) distributes various "off highway" models of Deutz diesel engines. Over the course of several years, EDI began to promote Ford gasoline engines as an advantageous "solution" to certain environmental regulatory requirements imposed on the use of diesel engines, even steering potential Deutz purchasers to Ford products. After EDI ignored Deutz's demands that it cease such marketing practices, Deutz brought a lawsuit seeking a declaration its termination of the distribution agreements would be justified. EDI responded with what the district court referred to as "a slew" of counterclaims, some of which were dismissed in the early stages of the litigation. Ultimately, Deutz moved for summary judgment on its declaratory judgment claim and EDI's remaining counterclaims; EDI crossmoved for summary judgment on one of its counterclaims. The district court held that the undisputed facts showed that EDI's marketing practices were harmful to Deutz's goodwill, and thus constituted grounds for termination.

EDI appealed the decision, arguing that the district court had improperly resolved disputed issues of fact in ruling on Deutz's summary judgment motion. The Eleventh Circuit found this approach entirely unconvincing. The panel wrote, "EDI's primary contention on appeal is that the district court misapplied the summary judgment standard by resolving disputed issues of fact. But to the extent that EDI has not failed to properly preserve its arguments, the alleged disputed facts that EDI points to either were not disputed in the district court or, if disputed, are not actually material to the district court's ruling." The panel went on to cite the standard for granting summary judgment from FED. R. CIV. P. 56(a) and the principle articulated by the Supreme Court in *Anderson v. Liberty Lobby* that "[t]he mere existence of some alleged factual dispute between the parties will not defeat an otherwise properly supported motion for summary judgment." Hence, the Eleventh Circuit affirmed the district court's grant of summary judgment in favor of Deutz.

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