

**BLOGS**

State Franchise and Dealer Laws

Federal Court Allows to Proceed Dealer's Claims Against GM Under the Minnesota Vehicle Sale and Distribution Act

A federal court in Minnesota recently denied General Motors' motion to dismiss a lawsuit brought by one of its dealers, Lupient Chevrolet. *Lupient Chevrolet, Inc. v. General Motors LLC*, 2020 WL 335996 (D. Minn. Jan. 21, 2020). Lupient operates a Chevrolet motor vehicle dealership. Under the parties' dealership agreement, Lupient is required to maintain a certain level of sales performance, which is measured by comparing Lupient's sales to the sales opportunities within the geographical areas assigned to Lupient. The agreement also prohibits GM from unreasonably refusing to approve any change to Lupient's executive management team. In 2018, GM notified Lupient that its sales performance was unsatisfactory. Lupient sued, alleging GM violated the Minnesota Vehicle Sale and Distribution Act (MVSDA) and breached its implied covenant of good faith and fair dealing by improperly assigning geographical areas to Lupient that artificially depressed Lupient's measured sales performance, and by unreasonably denying Lupient's request to change its executive management team. In response, GM filed a motion to dismiss.

GM asserted a handful of arguments but none were successful. First, GM argued Lupient's claims were not ripe because Lupient had not yet suffered any damages. The court disagreed, holding damages need not be pled with specificity. Second, GM argued against the retroactive application of the MVSDA, but the MVSDA expressly provides that it applies retroactively. Third, GM argued Lupient failed to allege GM was not applying its performance standards uniformly, but the court held Lupient pled facts supporting the position that GM's application of its performance standard was not fair, reasonable, equitable, or based on accurate information in violation of the MVSDA. Fourth, GM argued Lupient's good faith and fair dealing claim was duplicative of its MVSDA claims, but the court noted such duplicative claims are permitted. Finally, GM argued Lupient's claim regarding the change in its executive team failed on the facts, but the court rejected GM's reliance on evidence outside of the pleadings at the motion to dismiss stage to demonstrate Lupient's allegations were false.

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