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BLOGS

State Franchise and Dealer Laws

Massachusetts Supreme Court Clarifies Manufacturer's Duty to Defend

In a case of first impression, the Massachusetts Supreme Judicial Court has clarified the duty that a motor vehicle manufacturer owes a dealer to assume defense of a claim. *Ferreira v. Chrysler Grp. LLC*, 2014 Mass. LEXIS 336 (Mass. June 11, 2014). Ferreira purchased a new Jeep Wrangler from Somerset Auto Group, which came with a limited warranty by Chrysler. After experiencing ongoing problems with the vehicle, Ferreira sent a letter to Somerset and Chrysler alleging that both were at fault for the problems with the vehicle. In response, Somerset demanded that Chrysler assume its defense and indemnify it against Ferreira's claims pursuant to state law. After Ferreira filed suit, the trial court granted Chrysler's motion for summary judgment, and an intermediate appellate court affirmed.

The issue before the Massachusetts Supreme Judicial Court was whether Chrysler had a duty to defend Somerset in the specific context the case presented. The court affirmed the dismissal of Somerset's claims on a basis not accepted by the courts below. In construing the particular Massachusetts statute involved, the state's high court held that, when a plaintiff's claim is against both the manufacturer and the dealer, neither owes a statutory duty to defend the other.

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