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BLOGS

State Franchise and Dealer Laws

Minnesota Court of Appeals Affirms Dismissal of Dealership's Unfair Practices and Pricing Discrimination Claims

The Minnesota Court of Appeals recently affirmed rulings against a dealership which alleged violations of Minnesota distribution and dealership laws. *North Star Int'l Trucks, Inc. v. Navistar, Inc.*, 2013 Minn. App. Unpub. LEXIS 294 (Minn. Ct. App. Apr. 8, 2013). In this case, a franchised truck dealership, North Star, alleged that truck manufacturer Navistar violated the dealership agreements between the parties as well as Minnesota's laws against unfair practices by manufacturers, changing the competitive circumstances of a dealership agreement without good cause, and price discrimination. The alleged offending conduct by Navistar included shrinking North Star's exclusive territory, establishing a new dealer in the former territory, and discriminatorily offering pricing discounts. At the conclusion of trial, dealer North Star was denied all relief sought.

The court of appeals affirmed the trial court's finding that North Star had waived its statutory claim by failing to dispute the reduction in its territory for twelve months, and by lodging written objections to other conduct without addressing the territorial reduction. It also affirmed the trial court's finding that Navistar had good cause to change the competitive circumstances of the dealership because North Star had not complied with several provisions of the parties' dealership agreement. The relevant provisions of the agreement were found to be "essential," "reasonable," and "uniformly" imposed, which thereby satisfied the statute's "good cause" requirement. The court rejected North Star's argument that Navistar's failure to enforce the cited provisions against other dealerships negated "good cause." Finally, the appellate court affirmed the trial court's conclusion that North Star was not entitled to injunctive relief on its pricing discrimination claims because the discrimination had stopped, adequate legal remedies existed for it in the form of damages, and North Star failed to show irreparable harm because its dealership agreement had not been terminated.

Related People

Maissa Frank

Partner

Washington, D.C.

202.295.2209

maissa.frank@lathropgpm.com