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BLOGS

Terminations

Mississippi Supreme Court Clarifies Time Frame for Automobile Dealers to Challenge Terminations

The Mississippi Supreme Court has ruled that a terminated automobile dealership has until the effective date of termination to file a complaint challenging the termination, rejecting an argument that the Mississippi Motor Vehicle Commission law requires a dealer to file such a challenge within 60 days of receiving a notice of termination. *Nissan N. Am., Inc. v. Tillman*, 273 So. 3d 710, 711 (Miss. 2019). Nissan terminated plaintiff Ann C. Tillman's Natchez, Mississippi car dealership, Great River, because of unsatisfactory sales. Great River's agreement with Nissan required ninety days' notice of termination, which Nissan provided on November 23, 2016. The effective date of the termination was February 21, 2017. Mississippi's Motor Vehicle Commission law only requires an automobile manufacturer to provide at least 60-days' notice of termination, but requires any dealer who wants to challenge termination to file a verified complaint "within the 60-day notice period." Tillman's complaint was filed February 17, 2017 — more than 60 days after the dealership's receipt of notice, but prior to the effective date of the termination. The Motor Vehicle Commission barred Tillman's complaint as untimely filed, and the chancery court reversed.

The Mississippi Supreme Court agreed with the chancery court and rejected Nissan's argument that the statutory language requiring a complaint to be filed "within the 60-day notice period" should be understood to mean that the complaint must be filed within sixty days of the dealer receiving notice of termination. Instead, the court pointed out that "[t]he only defined 60 day notice period involving the *termination* of a dealership agreement is the minimum sixty days preceding the proposed termination date." Since that period is "plainly tethered to the effective date of termination," a dealership has until the effective date — any time within the required 60-day notice period — to file a complaint. The court further observed that a separate provision of the same statute, § 63-17-73(1)(d)(ix), provided for filing a protest 60 days after "receipt of written notification," demonstrating the legislature's capacity to tie a notice period to the receipt of written notice. In dissent, Justice Griffis argued that the majority's decision would undermine the attempt by a dealer to have disputes regarding termination resolved by the effective date of termination by providing greater notice than required by the statute. For instance, even if a manufacturer were to provide a year's notice, the dealership would still have until the date of termination to file its complaint.

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