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BLOGS

Terminations

Motive Irrelevant in Evaluating Decision to Terminate

In *Atlantis Petroleum, LLC v. Getty Petroleum Marketing, Inc., et al.*, 2011 U.S. Dist. LEXIS 105437 (E.D. Penn. Sept. 15, 2011), the United States District Court for the Eastern District of Pennsylvania reiterated the principle that motive is irrelevant in termination cases, so long as a valid reason exists to terminate a dealership agreement.

The plaintiff, a gasoline distributor that also managed service stations, sued the defendant-owner of service stations for breach of the Petroleum Marketing Practices Act, claiming that the defendant had improperly terminated the service station management agreements between the parties. The court held that while there was a question of fact sufficient to survive summary judgment regarding the actual date of termination, the defendant established permissible grounds to terminate the agreements and subleases at issue. In doing so, it noted that numerous courts have rejected arguments by franchisees or dealers that the franchisor/distributor was terminating based on improper motive, and held that where there is a valid reason for terminating the agreement (here, nonpayment of fees), the franchisor/distributor is within its rights to terminate despite any added business benefits it may obtain in the process.