

BLOGS

State Franchise and Dealer Laws

Connecticut Franchise Act Found Inapplicable, but Court Relies on Unfair Trade Practices Statute to Block Distributor Termination

A trial court preliminarily enjoined termination of a distributor based on the Connecticut Unfair Trade Practices Act in *Walker Indus. Prods. v. Intelligent Motion Sys., Inc.*, 2009 WL 3417438 (Conn. Super. Ct. Oct. 1, 2009). The distributor-plaintiff brought wrongful termination claims under both the Connecticut Franchise Act and CUTPA. The court held that the plaintiff failed to show a likelihood of success on the merits of its claim under the Connecticut Franchise Act because its business was not “substantially associated” with the manufacturer’s trademarks, as required under the franchise act.

But the CUTPA claim was deemed to be broader and to have sufficient evidentiary support to block the termination. The court found that the manufacturer had engaged in bad-faith practices. It had taken customer and market information from the distributor under false pretenses and used the information to lure customers away from the distributor. It also told customers that the distributor was about to be terminated in an attempt to redirect customers. The court therefore enjoined the termination.