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## BLOGS

State Franchise and Dealer Laws

# Equipment Manufacturer Defeats Claims Under Minnesota and Wisconsin Dealer Statutes

A federal court in Minnesota recently ruled that a manufacturer was not liable under Minnesota or Wisconsin dealer statutes when its five-year relationship with a dealer ended over disputes about the noncompete obligation in a new form of annual contract. In *Tri-State Bobcat Inc. v. FINN Corp.*, 2018 WL 4268898 (D. Minn. Sept. 6, 2018), Tri-State Bobcat brought suit against FINN Corp., a manufacturer of hydroseeders and other landscaping equipment, after the parties failed to agree on terms for a 2016 dealer agreement. While the parties were negotiating terms for the new contract, Tri-State expanded its relationship with a manufacturer of forestry equipment. The proposed 2016 FINN agreement had expressly prohibited sales of that manufacturer's products. Tri-State insisted that it did not view FINN and the other manufacturer as competitors, despite FINN's statements to the contrary, therefore Tri-State objected to the new FINN agreement. Because the parties did not agree on the 2016 dealer agreement, FINN ended the relationship, and Tri-State argued that this amounted to a violation under state dealer laws.

Representing FINN in the suit, Gray Plant Mooty argued on summary judgment that the statutes could not have been violated because FINN attempted to renew Tri-State on terms that were consistent with its other dealers. Unlike the other dealers, Tri-State refused to sign that agreement (despite leading FINN to believe it would) while simultaneously expanding its relationship with a manufacturer FINN had identified as a competitive threat. The court agreed, concluding that FINN had neither terminated the parties' previous agreement (which had expired at the end of 2015) nor failed to renew the agreement, as Tri-State simply refused to sign a 2016 contract based on noncompete terms that it did not like. The new noncompete terms were found to be reasonable and did not "substantially change the competitive circumstances" of the relationship, because FINN sales accounted for a mere 5 percent of TriState's overall revenue and the new terms did not significantly diminish the dealer's viability.

In addition to dismissing Tri-State's claims at summary judgment, the court also ruled in favor of FINN on its own counterclaims for unpaid accounts receivable and charge-back penalties for out-of-territory sales before the end of the dealership.

## Related People

### Maissa Frank

Partner

Washington, D.C.

202.295.2209

[maissa.frank@lathropgpm.com](mailto:maissa.frank@lathropgpm.com)