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BLOGS

State Franchise and Dealer Laws

Florida Federal Court Dismisses Dealer's Fraud Claims Stemming from End of Product Line

The United States District Court for the Southern District of Florida granted a manufacturer's motion to dismiss fraud claims brought by one of its dealers in *Broward Motorsports of Palm Beach, LLC v. Polaris Sales, Inc.*, 2018 WL 1072211 (S.D. Fla. Feb. 27, 2018). The plaintiff, Broward Motorsports, was a dealer of various Polaris products, including Victory motorcycles. In late 2016, it entered its first dealer agreement with Polaris for six product lines, with a term ending June 30, 2017. After entering into the agreement, Broward Motorsports received a letter from Polaris stating that Polaris was looking forward "to a long and profitable relationship" with the dealer. Months later, Polaris notified the dealer that it was ending the Victory Motorcycle line, and would not renew the agreement for that specific line after June 2018. Broward Motorsports sued, arguing Polaris had fraudulently induced it into entering the agreement, because (1) Florida's dealer protection statute entitled it to perpetual renewals of the agreement, and (2) Polaris's representation regarding a "long and profitable relationship" suggested the agreement for the Victory line would be renewed beyond 2018.

In granting Polaris's motion to dismiss, the court found that it was unreasonable as a matter of law to believe that Florida's dealer protection statute, which set forth a procedure for terminating dealer agreements, required perpetual renewals of such agreements. In fact, Polaris indisputably had complied with the statute's procedural requirements, and the agreement itself disclosed that it was subject to nonrenewal. Regarding the "long and profitable relationship" letter, the court found that it could not have fraudulently induced Broward Motorsports into entering the agreement, since (1) Broward Motorsports had not received the letter until *after* it had entered the original agreement, and (2) the parties' "relationship" had not ended, as Broward Motorsports would continue to carry five other Polaris product lines even after the Victory line ended. Finding that no reasonable person could think the dealer agreement was "everlasting without exception," the court dismissed Broward Motorsports' claims.

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