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# WTO Obtains Summary Judgment on Behalf of Two Major Automotive Companies in Separate Dealer Disputes

News
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In March 2012, WTO obtained summary judgment on behalf of two major automotive companies in separate dealer disputes in California and New York.

On March 12, WTO obtained summary judgment on behalf of Chrysler Group LLC, the new Chrysler company, and Old Carco Motors LLC, the former Chrysler LLC, in federal district court for the Southern District of New York in a case involving the constitutionality of a Kentucky state dealer statute enacted after Old Carco's bankruptcy. The Kentucky statute, which purported to give former Chrysler, Jeep and Dodge dealers whose dealer agreements had been rejected in Old Chrysler's bankruptcy proceedings rights to block new dealers from opening in the rejected dealers' former markets, was struck down by the federal court on the grounds it was preempted by the Bankruptcy Court's orders. The court dismissed a similar claim against a Colorado state dealer statute after finding there was no case and controversy based on Colorado's admission that the Colorado statutes could not apply to Chrysler Group.

On March 27, WTO obtained summary judgment in federal

## Related Practices

Franchise

district court in California on behalf of Mercedes-Benz USA (MBUSA) in a case involving MBUSA's exercise of its contractual right of first refusal to its Fresno dealer's sale of its dealership. The frustrated buyer, Fresno Motors, which alleged that MBUSA belatedly and unlawfully exercised its right of first refusal, brought claims against MBUSA of intentional interference with contract and prospective advantage, and violation of the California Unfair Competition Law and state dealer laws, as well as fraudulent concealment with respect to actions after MBUSA's exercise. In a published decision, the court dismissed all claims related to the exercise as a matter of law and, as to the fraudulent concealment claim, upon the undisputed facts.

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