

WTO Prevails in Decision of National Importance for U.S. Auto Industry

News

Apr 20, 2012

DENVER - Wheeler Trigg O'Donnell (WTO) announced that the Denver-based civil litigation firm recently secured a motion for summary judgment in an automotive franchise case of national significance.

Star Chrysler-Jeep v. Chrysler Group LLC (C.D.Cal. Apr. 9, 2012)

As co-national trial counsel to Chrysler Group LLC, WTO successfully defended its client against automobile dealership Star Chrysler-Jeep in Glendale, California. Star had filed suit against Chrysler Group for alleged "oppressive and unreasonable" terms in a letter of intent to enter into a franchise agreement. Star's franchise agreement had been rejected along with 788 others in 2009 during the former Chrysler LLC's bankruptcy-proceeding.

Star had won the right to receive Chrysler Group's customary and usual letter of intent through arbitration proceedings mandated by the U.S. Congress and signed into law by President Obama in December 2009. However, when faced with the usual and customary terms of Chrysler Group's letter of intent, Star claimed that several of the terms were

unreasonable and violative of existing law.

On Monday, April 9, 2012, Judge Gary Allen Feess of the U.S. District Court for the Central District of California agreed with the arguments advanced by Chrysler Group and made by WTO's attorneys and granted Chrysler Group's motion for summary judgment in its entirety. This order affirms Chrysler Group's position that it fully complied with statutory requirements that it provide former Chrysler LLC dealers who won the right to receive a customary and usual letter of intent following the nationwide arbitrations of 2010.

Between January and July 2010, WTO, along with the Boston office of Wilmer Hale, responded to 418 arbitration demands made to Chrysler Group following the bankruptcy of the former Chrysler LLC, which rejected the dealer agreements of 789 dealers. The arbitrations were a dominant legal issue in 2010 for the manufacturer of Chrysler, Jeep, and Dodge vehicles, and were closely monitored by the entire U.S. automobile industry.

"The Court's Order reinforces what has been clear since the close of the statutorily-mandated arbitrations in 2010," said Hugh Gottschalk, WTO managing partner and co-lead trial counsel in the Star Chrysler-Jeep case. "Namely, that Chrysler Group fully complied with its statutory obligations to provide its customary and usual letter of intent to the few, former Chrysler LLC dealers that prevailed in their arbitrations."

WTO's franchise practice group represents franchisors, manufacturers, and distributors in disputes with their franchisees or dealers, or in matters related to their distribution networks. WTO helps its clients resolve disputes involving all facets of the relationship between franchisors and franchisees, including dealer fraud, establishments, terminations, relocations, franchise modifications, product introductions, and allocation of products. Beyond federal and

state dealer-based or franchise-based statutory claims, WTO routinely defends the common law claims that typically accompany franchise-act-based statutory claims, such as business torts, breach of contract, bad faith, and RICO.

[Read more](#) about this case in the *Denver Business Journal*.