

SUPREME JUDICIAL COURT OF MAINE

Darling's v. Ford Motor Co., 2006 ME 22

892 A.2d 461 (Me. 2006) · Decided March 2, 2006

SUMMARY

The Maine Supreme Judicial Court affirmed summary judgment for Darling's, holding that Ford violated 10 M.R.S. § 1176 by charging back previously approved and paid warranty claims after the statutory thirty-day approval and payment periods. The court held that Ford could not rely on the audit authority in § 1176-A or impose a unilateral post-deadline charge-back procedure, while noting that judicial relief could remain available for contractual, fraudulent, or otherwise unlawful claims.

CASE DETAILS

COURT	Supreme Judicial Court of Maine
WRITING FOR THE COURT	Levy, J.; Clifford, J.; Alexander, J.; Calkins, J.
JURISDICTION	Maine
DECIDED	March 2, 2006
DISPOSITION	affirmed
PROCEDURAL POSTURE	Ford appealed from a summary judgment for Darling's holding that Ford violated 10 M.R.S. § 1176 by charging back previously approved and paid warranty claims outside the statutory time limits.
STANDARD OF REVIEW	Summary judgment is reviewed for errors of law, viewing the record in the light most favorable to the party against whom judgment was entered. Questions of statutory interpretation are reviewed de novo.
PRECEDENTIAL VALUE	Published precedential opinion of the Supreme Judicial Court of Maine
PARTIES	Ford Motor Company v. Darling's

TOPICS

- statutory interpretation
- commercial litigation
- damages
- equitable relief

PRACTICE AREAS

- Commercial law
- Automobile franchise law
- Statutory interpretation
- Summary judgment
- Damages and injunctive relief

QUESTIONS PRESENTED

1. Whether the Superior Court correctly applied the Supreme Judicial Court's prior decision on remand in entering summary judgment for Darling's.
2. Whether 10 M.R.S. § 1176 barred Ford from unilaterally charging back previously approved and paid warranty claims after the statutory thirty-day approval and payment periods had expired.

HOLDINGS

1. The Superior Court correctly entered judgment for Darling's because Ford's sole theory supporting the charge-backs was that they were authorized by 10 M.R.S. § 1176-A, and that theory had already been rejected in the prior appeal.
2. Under the version of 10 M.R.S. § 1176 applicable to the litigation, a manufacturer may not unilaterally charge back previously approved and paid warranty claims after the statutory thirty-day periods for approval or disapproval and payment have expired.

KEY QUOTATIONS

“Although section 1176 does not, as Ford notes, specifically refer to charge-backs, it clearly states the timing requirements for the settlement of warranty claims.” (¶ 9)

“A manufacturer is not free to abrogate the statute by imposing its own protocol granting itself a second opportunity to disapprove previously paid warranty claims outside the statutory deadline.” (¶ 10)

“It does mean, however, that Ford cannot unilaterally impose its own remedy by charging Darling's for previously approved and paid warranty claims outside the window of opportunity authorized by section 1176.” (¶ 10)

FACTUAL BACKGROUND

Darling's, a Ford dealership in Bangor, performed warranty repairs on Ford automobiles under a franchise agreement. Ford approved and paid Darling's warranty claims within the statutory processing periods, but later audited some claims and charged them back after the statutory deadlines had expired. The parties did not dispute that the charge-backs occurred outside both thirty-day windows in the version of 10 M.R.S. § 1176 applicable to the litigation.

PROCEDURAL HISTORY

Darling's sued Ford in 2001, alleging that Ford's charge-backs of previously paid warranty claims violated 10 M.R.S. § 1176 and seeking damages and injunctive relief. The Superior Court initially granted summary judgment for Ford based on 10 M.R.S. § 1176-A. In a prior appeal, the Supreme Judicial Court held that section 1176-A authorized audits involving customer or dealer incentives but not warranty claims, vacated the judgment, and remanded. On remand, the Superior Court entered summary judgment for Darling's on the section 1176 claim, later denied injunctive relief after a jury-waived trial, and awarded \$2,340.01 in damages plus attorney fees. Ford appealed, and the Supreme Judicial Court affirmed.

DISPOSITION

affirmed

CASES CITED

- Darling's v. Ford Motor Co., 2003 ME 21, 825 A.2d 344
- Darling's v. Ford Motor Co., 1998 ME 232, 719 A.2d 111
- Reliance Nat'l Indem. v. Knowles Indus. Servs. Corp., 2005 ME 29, 868 A.2d 220
- Landis v. Hannaford Bros., 2000 ME 111, 754 A.2d 958

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