SUPREME COURT OF TENNESSEE

Owner-Operator Independent Drivers Association, Inc. v. Concord EFS, Inc.

59 S.W.3d 63 (Tenn. 2001) · Decided September 12, 2001

SUMMARY

The Tennessee Supreme Court held that independent truck drivers and their association were not intended third-party beneficiaries of contracts governing credit-card fuel transactions. Because the plaintiffs lacked standing to enforce the no-surcharge provisions, the court reversed the Court of Appeals and reinstated summary judgment for the defendants. The court also articulated a revised framework for determining intended third-party beneficiary status under Tennessee law.

CASE DETAILS

COURT	Supreme Court of Tennessee
WRITING FOR THE COURT	Adolpho A. Birch, Jr.; E. Riley Anderson; Frank F. Drowota, III; Janice M. Holder; William M. Barker
JURISDICTION	Tennessee
DECIDED	September 12, 2001
DISPOSITION	reversed
PROCEDURAL POSTURE	Defendants appealed from the Court of Appeals' partial reversal of the trial court's grant of summary judgment. The Tennessee Supreme Court granted review to decide whether the plaintiffs were intended third-party beneficiaries entitled to enforce contracts containing no-surcharge provisions.
STANDARD OF REVIEW	Summary judgment is reviewed de novo because it presents questions of law and not factual disputes; no presumption of correctness attaches to the lower court's ruling.
PRECEDENTIAL VALUE	Published Tennessee Supreme Court opinion; precedential.
PARTIES	Flying J, Inc., Pilot Corporation, Concord EFS, Inc., EFS National Bank, Inc. v. Owner-Operator Independent Drivers Association, Inc., Harold Landry, Jimmy Hux (d/b/a Hux Trucking), Richard Kershman, Laurel Barrick

TOPICS

third party beneficiary · contracts · commercial litigation · summary judgment · standing

PRACTICE AREAS

contract law · commercial litigation · civil procedure · appellate procedure

QUESTIONS PRESENTED

1. Whether the plaintiffs were intended third-party beneficiaries of the EFS-Flying J and EFS-Pilot contracts and therefore could enforce the no-surcharge provisions.
2. What analytical test Tennessee courts should use to distinguish intended third-party beneficiaries from incidental beneficiaries.
3. Whether the plaintiffs were intended third-party beneficiaries of the Visa-EFS and MasterCard-EFS contracts.

HOLDINGS

1. A third party is an intended beneficiary entitled to enforce a contract only if the contracting parties have not otherwise agreed, recognition of the third party's right to performance is appropriate to effectuate the parties' intent, and the contract or surrounding circumstances indicate either that performance will satisfy an obligation or discharge a duty owed by the promisee to the third party or that the promisee intends to give the third party the benefit of the promised performance.
2. The plaintiffs were not intended third-party beneficiaries of the EFS-Flying J and EFS-Pilot contracts and therefore had no right to enforce the no-surcharge provisions.
3. The plaintiffs were not intended third-party beneficiaries of the Visa-EFS and MasterCard-EFS contracts.
4. Summary judgment was properly granted to the defendants because the plaintiffs lacked an enforceable third-party beneficiary right.

KEY QUOTATIONS

> *"A third party is an intended third-party beneficiary of a contract, and thus is entitled to enforce the contract's terms, if"* (59 S.W.3d at 70)

> *"Therefore, we hold that the plaintiffs are incidental beneficiaries and, as such, have no right to enforce the contracts."* (59 S.W.3d at 73)

> *"Thus, on appeal, we review the grant of summary judgment de novo to determine whether the requirements of Tenn.R.Civ.P. 56 have been met."* (59 S.W.3d at 68)

FACTUAL BACKGROUND

Independent truck drivers and members of Owner-Operator purchased fuel at Flying J and Pilot truck stops using Visa or MasterCard cards issued by EFS. The plaintiffs alleged that Flying J and Pilot imposed surcharges in violation of contracts with EFS prohibiting surcharges on credit-card transactions. The contracts incorporated

Visa and MasterCard rules and provided chargeback procedures through which cardholders could seek relief from improper surcharges.

PROCEDURAL HISTORY

The plaintiffs filed suit alleging that Flying J and Pilot violated contracts with EFS by imposing surcharges on fuel purchased with Visa and MasterCard credit cards. The trial court treated the defendants' Rule 12.02(6) motions to dismiss as motions for summary judgment and granted summary judgment to the defendants. The Court of Appeals affirmed summary judgment concerning the Visa-EFS and MasterCard-EFS contracts but reversed as to the EFS-Flying J and EFS-Pilot contracts. The Tennessee Supreme Court reversed the Court of Appeals and reinstated the trial court's grant of summary judgment.

DISPOSITION

reversed

REMAND INSTRUCTIONS

The Court of Appeals' judgment was reversed, and the trial court's grant of summary judgment to the defendants was reinstated.

CASES CITED

- Oman Construction Co. v. Tennessee Central Railway Co., 212 Tenn. 556, 370 S.W.2d 563 (1963)
- Exchange Bank of St. Louis v. Rice, 107 Mass. 37 (1871)
- Fourth Ocean Putnam Corp. v. Interstate Wrecking Co., 66 N.Y.2d 38, 495 N.Y.S.2d 1, 485 N.E.2d 208 (1985)
- Seaver v. Ransom, 224 N.Y. 233, 120 N.E. 639 (1918)
- Willard v. Claborn, 220 Tenn. 501, 419 S.W.2d 168 (1967)
- Moore Construction Co. v. Clarksville Department of Electricity, 707 S.W.2d 1 (Tenn. Ct. App. 1985)
- First Tennessee Bank National Association v. Thoroughbred Motor Cars, Inc., 932 S.W.2d 928 (Tenn. Ct. App. 1996)
- United American Bank of Memphis v. Gardner, 706 S.W.2d 639 (Tenn. Ct. App. 1985)
- Abraham v. Knoxville Television, Inc., 757 S.W.2d 8 (Tenn. Ct. App. 1988)
- Speaker v. Cates Co., 879 S.W.2d 811 (Tenn. 1994)
- Raritan River Steel Co. v. Cherry, Bekaert & Holland, 329 N.C. 646, 407 S.E.2d 178 (1991)
- Hartman Ranch Co. v. Associated Oil Co., 10 Cal. 2d 232, 73 P.2d 1163 (1937)
- Cowden v. Sovran Bank/Central South, 816 S.W.2d 741 (Tenn. 1991)
- Hill v. City of Chattanooga, 533 S.W.2d 311 (Tenn. Ct. App. 1975)