SUPREME JUDICIAL COURT OF MAINE

Ford Motor Company v. Darling's

2014 ME 7 (Me. 2014) · No. BCD-12-583 · Decided January 21, 2014

SUMMARY

The Maine Supreme Judicial Court considered whether Ford’s termination of the Blue Oval Certified incentive program modified its franchise relationship with Darling’s under Maine’s Business Practices Between Motor Vehicle Manufacturers, Distributors and Dealers Act. The court held that the incentive program was part of the franchise arrangement and that Ford’s failure to provide written notice by certified mail violated the Act. The court affirmed the Board’s and Business and Consumer Docket’s rulings in most respects, but vacated the monetary damages award because the Board lacked authority to award damages and remanded for a jury determination of damages.

CASE DETAILS

COURT	Supreme Judicial Court of Maine
WRITING FOR THE COURT	Levy, J.; Saufley, C.J.; Alexander, J.; Mead, J.; Gorman, J.; Jabar, J.
JURISDICTION	Maine
DECIDED	January 21, 2014
DOCKET	BCD-12-583
DISPOSITION	vacated
PROCEDURAL POSTURE	Appeal from the Business and Consumer Docket's affirmance of decisions and orders of the Maine Motor Vehicle Franchise Board concerning Ford's termination of the Blue Oval Certified incentive program.
STANDARD OF REVIEW	The court directly reviews the agency decision for errors of law when the Business and Consumer Docket acts in an intermediate appellate capacity under Maine Rule of Civil Procedure 80C. Statutory and constitutional interpretation are reviewed de novo. Alleged constitutional violations are reviewed de novo.
PRECEDENTIAL VALUE	published precedential opinion of the Maine Supreme Judicial Court
PARTIES	Darling's, Maine Automobile Dealers Association v. Ford Motor Company

TOPICS

statutory interpretation | administrative law | judicial review of agency action | appellate procedure | damages

PRACTICE AREAS

administrative law | statutory interpretation | appellate procedure | consumer protection | remedies

QUESTIONS PRESENTED

1. Whether the Blue Oval Certified incentive program was part of the Ford-Darling's franchise arrangement under 10 M.R.S. § 1171(6).
2. Whether section 1174(3)(B) requires strict compliance with ninety days' written notice by certified mail before a manufacturer substantially and adversely modifies a franchise, notwithstanding actual notice.
3. Whether the statutory presumption that the Board's factual findings are correct unless rebutted by clear and convincing evidence violates the Maine Constitution's right to trial by jury.
4. Whether the Maine Motor Vehicle Franchise Board has authority to award monetary damages under the Dealers Act.
5. Whether Ford's failure to make each incentive payment constituted multiple violations subject to multiple civil penalties under 10 M.R.S. § 1171-B(3).

HOLDINGS

1. The Blue Oval Certified program was part of the overall franchise arrangement between Ford and Darling's because the Dealers Act's term "arrangement" encompasses the broader course of dealing contemplated by the parties' agreement, including future incentive programs.
2. Compliance with 10 M.R.S. § 1174(3)(B)'s requirement of ninety days' written notice by certified mail is mandatory; actual notice or informal communications do not suffice.
3. The presumption under 10 M.R.S. § 1189-B(2) that the Board's factual findings are correct unless rebutted by clear and convincing evidence does not violate article I, section 20 of the Maine Constitution.
4. The Maine Motor Vehicle Franchise Board lacks jurisdiction to award monetary damages under the Dealers Act; damages must be determined by the court.
5. Ford committed one violation, not a separate violation for each unpaid incentive payment, because the violation was the single franchise modification without required notice.

KEY QUOTATIONS

> *"Viewed holistically, the SSA and the BOC program are part of the overall franchise "arrangement" that existed between Ford and Darling's."* (¶ 27)

> *"Because the statutory scheme here intends to ensure that the Board has the opportunity to review claims of unfair trade practices within an expedited schedule, requiring the manufacturer to give a specific form of notice to "start the clock running" is essential."* (¶ 30)

> *"As made clear by the plain language and structure of the statute, it is the court, and not the Board, that may ultimately award damages."* (¶ 46)

FACTUAL BACKGROUND

Darling's operated as a Ford dealer under a 1989 Ford Service and Sales Agreement. Ford introduced the Blue Oval Certified customer-satisfaction incentive program, which paid qualifying dealers a 1.25% cash bonus on the retail price of each vehicle sold. Ford terminated the program on March 31, 2005, without providing Darling's ninety days' written notice by certified mail, and replaced it with other incentive programs. The termination allegedly deprived Darling's of substantial bonus payments and led to the administrative proceedings.

PROCEDURAL HISTORY

Darling's filed a twelve-count administrative complaint against Ford before the Maine Motor Vehicle Franchise Board. The Board found that terminating the Blue Oval Certified program violated the Dealers Act's notice requirement, imposed one civil penalty, awarded damages and attorney fees, and made related factual findings. Ford and Darling's separately petitioned for review under Maine Rule of Civil Procedure 80C; the petitions were consolidated and transferred to the Business and Consumer Docket, which conducted a jury trial on whether the program was part of the franchise and substantially adversely affected Darling's investment or return on investment. The court affirmed the Board's civil-penalty and damages rulings, and the parties appealed.

DISPOSITION

vacated

REMAND INSTRUCTIONS

The award of $145,223.08 in monetary damages is vacated. The case is remanded to the Superior Court, through the Business and Consumer Docket, for a determination of damages, with Darling's bearing the burden of proving damages by a preponderance of the evidence. The judgment is affirmed in all other respects.

CASES CITED

- Darling's v. Ford Motor Co., 2006 ME 22, 892 A.2d 461
- N.A. Burkitt, Inc. v. Champion Road Mach. Ltd., 2000 ME 209, ¶¶ 5-6, 763 A.2d 106
- Hallissey v. Sch. Admin. Dist. No. 77, 2000 ME 143, ¶ 14, 755 A.2d 1068
- Dyer v. Superintendent of Ins., 2013 ME 61, ¶ 11, 69 A.3d 416
- Carrier v. Secretary of State, 2012 ME 142, ¶ 12, 60 A.3d 1241
- McGee v. Secretary of State, 2006 ME 50, ¶ 5, 896 A.2d 933
- Givertz v. Maine Medical Center, 459 A.2d 548, 554 (Me. 1983)
- Seider v. Board of Examiners of Psychologists, 1998 ME 78, ¶¶ 4-7, 710 A.2d 890
- Frame v. Millinocket Regional Hospital, 2013 ME 104, ¶¶ 14-27
- Michaud v. Northern Maine Medical Center, 436 A.2d 398, 402 (Me. 1981)

- Bell v. Walton, 2004 ME 146, ¶¶ 7-12, 861 A.2d 687
- Sparks v. Sparks, 2013 ME 41, ¶ 19, 65 A.3d 1223
- Irish v. Gimbel, 1997 ME 50, ¶¶ 6-14, 691 A.2d 664
- Smith v. Hawthorne, 2006 ME 19, ¶¶ 20-25, 892 A.2d 433
- Meeker v. Lehigh Valley R.R. Co., 236 U.S. 412, 430 (1915)
- Walker v. N.M. & S. Pac. R.R. Co., 165 U.S. 593, 596 (1897)
- State v. One 1981 Chevrolet Monte Carlo, 1999 ME 69, ¶ 6, 728 A.2d 1259
- Portland Pipe Line Corp. v. Environmental Improvement Commission, 307 A.2d 1, 11 (Me. 1973)
- State v. McGillicuddy, 646 A.2d 354, 355 (Me. 1994)
- Clark v. State Employees Appeals Board, 363 A.2d 735, 736-39 (Me. 1976)
- Conners' Case, 121 Me. 37, 39-40, 115 A. 520 (1921)
- Town of Eagle Lake v. Commissioner, Department of Education, 2003 ME 37, ¶ 7, 818 A.2d 1034
- Blue Yonder, LLC v. State Tax Assessor, 2011 ME 49, ¶ 10, 17 A.3d 667
- Pease v. Foulkes, 128 Me. 293, 298, 147 A. 212 (1929)
- Trans Coastal Corp. v. Curtis, 622 A.2d 1186, 1189 (Me. 1993)
- Foss v. Ingeneri, 561 A.2d 498, 498-99 (Me. 1989)
- Dairy Farm Leasing Co. v. Hartley, 395 A.2d 1135, 1138 (Me. 1978)