

SUPREME COURT OF ARKANSAS

Larry Hobbs Farm Equipment, Inc. v. CNH America, LLC

374 Ark. 268 (2008) (Ark. 2008) · No. No. 08-1056 · Decided September 18, 2008

SUMMARY

The Supreme Court of Arkansas accepted certification of three questions concerning the Arkansas Farm Equipment Retailer Franchise Protection Act. The questions address whether product or trademark withdrawal constitutes good cause for franchise termination, whether rebranding creates statutory liability, and whether the statute provides remedies beyond inventory repurchase, damages, costs, and attorney fees.

CASE DETAILS

COURT	Supreme Court of Arkansas
WRITING FOR THE COURT	Per Curiam
JURISDICTION	Arkansas
DECIDED	September 18, 2008
DOCKET	No. 08-1056
DISPOSITION	other
PROCEDURAL POSTURE	The Supreme Court of Arkansas accepted certification from the United States District Court for the Eastern District of Arkansas of three questions of Arkansas law concerning the Arkansas Farm Equipment Retailer Franchise Protection Act.
PRECEDENTIAL VALUE	Published per curiam order accepting certification; the order resolves the certification question but does not decide the underlying statutory questions on their merits.
PARTIES	Larry Hobbs Farm Equipment, Inc., d/b/a Hobbs Farm Implement and Hobbs Farm Equipment v. CNH America, LLC, d/b/a Case IH, Successor in Interest to DMI, Inc.

TOPICS

- appellate procedure
- appellate jurisdiction
- statutory interpretation
- commercial litigation
- remedies

PRACTICE AREAS

QUESTIONS PRESENTED

1. Whether the market withdrawal of a product, trademark, or trade name constitutes good cause to terminate a franchise under Arkansas Code Annotated section 4-72-204(a)(1).
2. Whether Arkansas Code Annotated section 4-72-310(b)(4) creates liability when a manufacturer terminates, cancels, fails to renew, or substantially changes dealership-agreement competitive circumstances because of product rebranding or discontinuation of a particular trade name or trademark while continuing to sell the product under another name or trademark.
3. Whether the remedies for violating the Arkansas Farm Equipment Retailer Franchise Protection Act are limited to inventory repurchase for termination without good cause and damages, costs, and attorney's fees resulting from failure to repurchase inventory under Arkansas Code Annotated section 4-72-309, or whether additional remedies are available.

HOLDINGS

1. The Arkansas Supreme Court accepted certification of the three questions because the certified questions concerned Arkansas law that could be determinative of the federal proceeding and appeared to lack controlling precedent in Arkansas Supreme Court decisions.

FACTUAL BACKGROUND

The underlying dispute involved the termination or alteration of a farm-equipment dealership franchise after the manufacturer withdrew or rebranded a product, trademark, or trade name. The federal district court determined that the dispute required answers to unresolved questions of Arkansas law concerning good cause, statutory liability, and available remedies under the Arkansas Farm Equipment Retailer Franchise Protection Act. The federal court certified those questions to the Arkansas Supreme Court.

PROCEDURAL HISTORY

Judge J. Leon Holmes of the United States District Court for the Eastern District of Arkansas filed a certifying order requesting answers to three Arkansas-law questions that could be determinative of a pending federal action. The Arkansas Supreme Court accepted certification and established briefing, argument, and case-processing requirements; it did not decide the certified questions on the merits in this order.

DISPOSITION

other