

UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA

Durkin v. Mercedes-Benz USA LLC

Durkin · No. 25-cv-03064-WHO · Decided July 15, 2025

SUMMARY

The United States District Court for the Northern District of California granted Mercedes-Benz USA LLC’s motion to compel arbitration in Carleen Durkin’s Song-Beverly Consumer Warranty Act action. The court held that Mercedes-Benz USA was an intended third-party beneficiary of the arbitration provision in Durkin’s vehicle lease and that her claims fell within the provision’s scope. The action was stayed pending completion of arbitration, with the parties ordered to provide status updates.

CASE DETAILS

COURT	United States District Court for the Northern District of California
WRITING FOR THE COURT	William H. Orrick
JURISDICTION	United States District Court for the Northern District of California
DECIDED	July 15, 2025
DOCKET	25-cv-03064-WHO
DISPOSITION	other
PROCEDURAL POSTURE	Defendant removed the plaintiff's Song-Beverly Consumer Warranty Act action from California state court and moved to compel arbitration under an arbitration provision in the vehicle lease.
STANDARD OF REVIEW	The court applied the Federal Arbitration Act's mandatory enforcement standard, determining whether a valid arbitration agreement covered the dispute and whether MBUSA, although a nonsignatory, could enforce the agreement under California contract law.
PRECEDENTIAL VALUE	unpublished district court order; persuasive only
PARTIES	Carleen A. Durkin v. Mercedes-Benz USA LLC

TOPICS

- arbitration
- third party beneficiary
- consumer protection
- contracts
- civil procedure

PRACTICE AREAS

QUESTIONS PRESENTED

1. Whether MBUSA, a nonsignatory to the vehicle lease, could enforce the lease's arbitration provision as an intended third-party beneficiary.
2. Whether Durkin's Song-Beverly claims fell within the scope of the lease's arbitration provision.
3. Whether the court needed to reach MBUSA's alternative equitable-estoppel theory.

HOLDINGS

1. MBUSA may enforce the lease's arbitration provision as an intended third-party beneficiary because the lease expressly names MBUSA as a third-party beneficiary and the provision satisfies California's third-party-beneficiary requirements.
2. Durkin's claims against MBUSA fall within the scope of the arbitration agreement because her relationship with MBUSA and her claims arise out of or relate to the lease and resulting relationship.
3. The court did not reach MBUSA's alternative equitable-estoppel theory because MBUSA was entitled to compel arbitration as an intended third-party beneficiary.

KEY QUOTATIONS

“The motion is *GRANTED*, and Durkin’s claims are stayed pending arbitration.” (at 1)

“Third-party beneficiaries may enforce the provisions of a contract if they demonstrate that “in light of the ‘relevant circumstances’”” (at 2)

“All these factors lead me to conclude that MBUSA is entitled to compel Durkin’s claims against it to arbitration.” (at 4)

FACTUAL BACKGROUND

Carleen Durkin leased a 2023 Mercedes-Benz EQB-Class from Mercedes-Benz of Marin and signed a Motor Vehicle Lease Agreement. The lease contained an arbitration provision expressly identifying Mercedes-Benz USA LLC as a third-party beneficiary authorized to elect arbitration of claims or disputes arising out of or relating to the lease or resulting relationships. Durkin asserted two Song-Beverly Consumer Warranty Act claims against MBUSA, and MBUSA sought to compel arbitration.

PROCEDURAL HISTORY

Durkin filed the action in the Superior Court of California, County of Marin, on February 25, 2025. MBUSA removed the action to the Northern District of California on April 3, 2025, and moved to compel arbitration. The district court granted the motion and stayed the claims pending arbitration.

DISPOSITION

other

CASES CITED

- AT&T Mobility LLC v. Concepcion, AT&T Mobility LLC v. Concepcion, 563 U.S. 333, 336 (2011)
- Dean Witter Reynolds, Inc. v. Byrd, 470 U.S. 213, 218 (1985)
- Lifescan, Inc. v. Premier Diabetic Servs., Inc., 363 F.3d 1010, 1012 (9th Cir. 2004)
- Ferguson v. Corinthian Colls., Inc., 733 F.3d 928, 938 (9th Cir. 2013)
- Brennan v. Opus Bank, 796 F.3d 1125, 1130 (9th Cir. 2015)
- Herrera v. Cathay Pac. Airways Ltd., 104 F.4th 702, 707 (9th Cir. 2024) (as amended)
- Murphy v. DirecTV, Inc., 724 F.3d 1218, 1233-34 (9th Cir. 2013)
- Kramer v. Toyota Motor Corp., 705 F.3d 1122, 1128-29 (9th Cir. 2013)
- Ngo v. BMW of N. Am., LLC, 23 F.4th 942, 946 (9th Cir. 2022)
- Goonewardene v. ADP, LLC, 6 Cal. 5th 817, 830 (2019)
- Garcia v. Truck Ins. Exch., 36 Cal. 3d 426 (1984)
- Smalheiser, et al. v. Mercedes-Benz USA LLC, No. 3:24-cv-00219-JD (N.D. Cal.), Dkt. No. 26
- Attalah, et al. v. Mercedes-Benz USA, LLC, et al., No. 24-cv-01245-JDE (C.D. Cal.)

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