

SUPREME COURT OF ARIZONA

Johnson v. Earnhardt's Gilbert Dodge, Inc., 212 Ariz. 381

132 P.3d 825 (2006) · No. CV-05-0204-PR · Decided April 25, 2006

SUMMARY

The Arizona Supreme Court held that conflicting contract documents and parol evidence created genuine issues of material fact regarding whether a used-car dealer entered into a service contract with the purchaser under the Magnuson-Moss Warranty Act. The court further held that a separately paid service contract was not a written warranty under the Act. It vacated the court of appeals' decision, reversed the superior court's summary judgment for the dealer, and remanded for further proceedings.

CASE DETAILS

COURT	Supreme Court of Arizona
WRITING FOR THE COURT	Ryan, Justice; Ruth V. McGregor, Chief Justice; Rebecca White Berch, Vice Chief Justice; Andrew D. Hurwitz, Justice; W. Scott Bales, Justice
JURISDICTION	Arizona
DECIDED	April 25, 2006
DOCKET	CV-05-0204-PR
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Appeal from the superior court's grant of summary judgment in favor of a used-car dealer in an action alleging breach of the implied warranty of merchantability and revocation of acceptance under the Magnuson-Moss Warranty Act.
STANDARD OF REVIEW	Summary judgment is reviewed de novo. Summary judgment is proper only when no genuine issue of material fact exists and the moving party is entitled to judgment as a matter of law.
PRECEDENTIAL VALUE	published precedential opinion
PARTIES	Brenda Johnson v. Earnhardt's Gilbert Dodge, Inc.

TOPICS

- warranty
- consumer protection
- uniform commercial code
- summary judgment
- contract interpretation

PRACTICE AREAS

contracts

consumer protection

commercial law

civil procedure

QUESTIONS PRESENTED

1. Whether the evidence established as a matter of law that Earnhardt entered into a service contract with Johnson under the Magnuson-Moss Warranty Act.
2. Whether the DaimlerChrysler service contract and application constituted a written warranty under the Magnuson-Moss Warranty Act.
3. Whether summary judgment for Earnhardt was proper when the service-contract documents and parol evidence created genuine issues of material fact.

HOLDINGS

1. Whether Earnhardt entered into the service contract was a question of fact, not an issue resolvable as a matter of law on the existing record.
2. A service contract purchased for separate consideration cannot also constitute a written warranty under the Magnuson-Moss Warranty Act.

KEY QUOTATIONS

“We agree that a service contract that merely obligates a third party to provide services has not been “entered into” by the dealer, even when sold by the dealer.” (¶ 16)

“The conflicting language of the service contract and the service contract application, along with the parol evidence, creates sufficient questions of fact for Johnson's case to survive summary judgment on the issue of whether Earnhardt entered into the service contract.” (¶ 23)

“Thus, a service contract cannot also be a written warranty.” (¶ 29)

FACTUAL BACKGROUND

Brenda Johnson purchased a used 1997 Kia Sportage from Earnhardt's Gilbert Dodge, expressly subject to a fifteen-day or 500-mile limitation on the implied warranty of merchantability. In the same transaction, Johnson applied through Earnhardt to purchase a DaimlerChrysler service contract, paid separate consideration for it, and obtained signatures from herself and Earnhardt's finance manager. The service contract documents contained conflicting language about whether Earnhardt was a party or merely sold a contract between Johnson and DaimlerChrysler. Johnson later experienced mechanical problems and sued after Earnhardt refused to accept return of the vehicle.

PROCEDURAL HISTORY

Johnson purchased a used vehicle and a DaimlerChrysler service contract, then sued Earnhardt after experiencing unresolved mechanical problems. The superior court granted Earnhardt summary judgment, finding that Johnson had not entered into a service contract with Earnhardt. The court of appeals reversed, holding as a matter of law that Earnhardt had entered into the service contract and that the service contract constituted a

written warranty. The Arizona Supreme Court vacated the court of appeals' decision, reversed the superior court's summary judgment, and remanded for further proceedings.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

Remand to the superior court for further proceedings consistent with the opinion, including resolution of the factual issue whether Earnhardt entered into the service contract with Johnson.

CASES CITED

- Hill-Shafer P'ship v. Chilson Family Trust, 165 Ariz. 469, 473-74, 799 P.2d 810, 814-15 (1990)
- Corbin-Dykes Elec. Co. v. Burr, 18 Ariz. App. 101, 103, 500 P.2d 632, 634 (1972)
- Standage Ventures, Inc. v. State, 114 Ariz. 480, 482, 562 P.2d 360, 362 (1977)
- Leo Eisenberg & Co. v. Payson, 162 Ariz. 529, 532, 785 P.2d 49, 52 (1989)
- Taylor v. State Farm Mut. Auto. Ins. Co., 175 Ariz. 148, 154, 854 P.2d 1134, 1140 (1993)
- Wells Fargo Bank v. Ariz. Laborers, Teamsters & Cement Masons Local No. 395 Pension Trust Fund, 201 Ariz. 474, 482, ¶ 14, 38 P.3d 12, 20 (2002)
- Orme School v. Reeves, 166 Ariz. 301, 309, 802 P.2d 1000, 1008 (1990)
- Andrews v. Blake, 205 Ariz. 236, 240, ¶ 13, 69 P.3d 7, 11 (2003)
- Darner Motor Sales, Inc. v. Universal Underwriters Ins. Co., 140 Ariz. 383, 389-90, 682 P.2d 388, 394-95 (1984)
- Ross v. Bumstead, 65 Ariz. 61, 63, 173 P.2d 765, 766-67 (1946)
- Kassbaum v. Steppenwolf Prods., Inc., 236 F.3d 487, 494-95 (9th Cir. 2001)
- Sohapp v. Hodel, 911 F.2d 1312, 1320 (9th Cir. 1990)
- Ramsey v. Coughlin, 94 F.3d 71, 74 (2d Cir. 1996)
- Fountain v. Filson, 336 U.S. 681, 683, 69 S. Ct. 754, 93 L. Ed. 971 (1949)
- Century Med. Plaza v. Goldstein, 122 Ariz. 583, 585, 596 P.2d 721, 723 (App. 1979)
- Parrot v. DaimlerChrysler Corp., 212 Ariz. 255, ¶ 41, 130 P.3d 530, 537 (2006)
- Hull v. DaimlerChrysler Corp., 209 Ariz. 256, 259, ¶ 16, 99 P.3d 1026, 1029 (App. 2004)
- Ventura v. Ford Motor Corp., 180 N.J. Super. 45, 433 A.2d 801, 809-11 (Ct. App. Div. 1981)
- Rothe v. Maloney Cadillac, Inc., 142 Ill. App. 3d 937, 97 Ill. Dec. 61, 492 N.E.2d 497, 503-04 (1986), aff'd in part, rev'd in part, vacated in part and remanded, 119 Ill. 2d 288, 116 Ill. Dec. 207, 518 N.E.2d 1028 (1988)