



AUTOMOTIVE ALERT: FEDERAL COURT REJECTS OFFER OF “NEXT” DEALERSHIP CLAIMS

A federal court granted summary judgment on a claim related to an alleged promise that a dealer would receive the “next” dealership in the area. See *Archer Motor Sales Corp. v. Mazda Motor of Amer., Inc.*, No. H-08-3587, Mem. & Order (S.D. Tex. Sep. 17, 2009). The plaintiff claimed that in June 1986, a manufacturer represented that it would offer the next Houston-area dealership point to the plaintiff. In 1990, the manufacturer offered and awarded a new dealership to another dealer. In January 2004, the manufacturer provided application documents to another dealer that had a proposal for a Houston-area dealership and sent a letter to the applicant indicating the application had been approved in July of that year. On August 6, 2004, the manufacturer filed the Evidence of Franchise form with the Texas Department of Transportation, indicating that the dealer had been approved. The new dealership began operating October 8, 2004. Archer filed suit on October 6, 2008, claiming that the manufacturer breached the June 1986 letter contract and asserting a promissory estoppel claim based on the same letter.

The parties agreed that a four-year statute of limitations period applied to the breach of contract and promissory estoppel claims. Archer claimed that the offer and award of a dealership in 1990 were excluded from the 1986 contract by an oral side agreement. In granting summary judgment for the manufacturer, the District Court found that the oral side agreement was in conflict and inconsistent with the prior written contract and that the claims accrued in 1990 when the “next” dealership was not offered to Archer. In addition, the court found that the cause of action for the alleged “offer” to the other dealer in 2004 (which was the basis of the plaintiff’s claims) accrued when it was made on July 29, 2004, and was thus time-barred even though the second dealership did not open until October 2004. The court declined to apply the discovery rule because the operation of the second dealership was not inherently undiscoverable and also noted that public documents were filed with the state agency in August 2004.

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