

STATE OF MAINE
CUMBERLAND, ss

BUSINESS AND CONSUMER COURT
Location: Portland
Docket No.: BCD-AP-16-03

FCA US LLC,)
)
)
Petitioner,)
)
v.)
)
MATTHEW DUNLAP, in his capacity as)
Secretary of State of the State of Maine, &)
DARLING’S,)
)
Respondents.)

**ORDER ON FCA US LLC’s
M.R. Civ. P. 80C APPEAL**

Petitioner FCA US LLC appeals the Maine Motor Vehicle Franchise Board’s (the “Board”) Order On Remand dated October 14, 2016. FCA is represented by Attorneys Robert D. Cultice and Daniel Rosenthal. Attorneys Judy Metcalf and Noreen Patient represent Respondent Darling’s. Intervener Maine Auto Dealers Association is represented by Attorney Matthew Warner.

I. Background

a. Facts

This action arises from the question of whether 10 M.R.S. § 1176 allows Darling’s and FCA to enter an agreement requiring Darling’s to provide verification of the retail rate customarily charged for labor beyond the posting requirement found in Section 1176 for the purpose of reimbursement for warranty work performed. The parties’ agreement required further documentation on the part of Darling’s in order to receive reimbursement for warranty repair work performed on behalf of FCA. Further

details of the history of the dispute may be found in the Court's Order on FCA US LLC's M.R. Civ. P. 80C Appeal dated June 6, 2016.

b. Remand

In the Court's Order on FCA US LLC's M.R. Civ. P. 80C Appeal dated June 6, 2016, the Court found that the legislative intent of the statute was to make the posting of the retail rate customarily charged in a place conspicuous to the dealer's customers determinative of the rate by which the dealerships would be reimbursed for warranty work performed on behalf of manufacturers. The Court remanded the matter to the Maine Motor Vehicle Franchise Board with instructions to find whether the statute permitted the parties to contract to require the dealers to provide further verification of the retail rate customarily charged.

On remand, the Board determined that even where terms requiring further verification of the retail rate customarily charged appeared in Dealer agreements, "§1182 precludes enforcement of such requirements." (Order on Remand, Oct. 14, 2016 at 2). FCA appeals from the Board's determination.

II. Standard of Review

Board decisions appealed to the Superior Court pursuant to 10 M.R.S.A. § 1189-B(1) are reviewed for errors of law. When the claimed error involves the interpretation of a statute, the Court reviews the Board's interpretation de novo. *See Ford Motor Co. v. Darling's*, 2014 ME 7, ¶ 15, 86 A.3d 35. "When the dispute involves an agency's interpretation of a statute administered by it, the agency's interpretation, although not conclusive, is entitled to great deference and will be upheld unless the statute plainly compels a contrary result." *Wood v. Superintendent of Ins.*, 638 A.2d 67, 70 (Me. 1994)

(quotation omitted). If the statute is ambiguous, the Court reviews whether the agency's construction is reasonable. *Guilford Transp. Indus. v. Pub. Utils. Comm'n*, 2000 ME 31, ¶ 11, 746 A.2d 910 (citation omitted).

Here, the Board administers Section 1176 and its interpretation thereof is entitled to deference unless the statute compels a contrary result. *See* 10 M.R.S.A. § 1188(1), (2) (the Board shall “review written complaints filed with the [B]oard by persons complaining of conduct governed by this chapter” and the Board shall “issue written decisions and may issue orders to a franchisee or franchisor in violation of this chapter”).

III. Discussion

The Court previously determined that the statute was ambiguous as to whether the contract terms requiring verification of the retail rate customarily charged were prohibited. On remand, the Board found that any requirements of proof of the retail rate customarily charged for labor performed other than the statutorily required posting of the rate would be in violation of Chapter 204 of Title 10 of the Maine Revised Statutes and therefore “deemed against public policy and ... void and unenforceable.” 10 M.R.S. § 1182. This interpretation of statute is reasonable, therefore, the Court defers to the expertise of the Board.

In this case, the Court has already found that the legislative intent of the statute was to level the power inequality between manufacturers and dealers with respect to reimbursement for warranty repairs performed. It would produce an absurd result if manufacturers were able to use their superior bargaining power to contractually eliminate the safeguards set out by the Legislature. The Court defers to the Board's interpretation of statute and affirms the decision of the Board.

