

CHAPTER 98-86

Committee Substitute for Senate Bill No. 280

An act relating to sales contracts for motor vehicle or truck repair parts; creating s. 686.30, F.S.; providing for contract agreement; providing requirements with respect to agreements between manufacturers and distributors of and dealers in motor vehicle or truck repair parts; requiring that termination of such contracts be done in good faith; providing definitions; providing penalties for terminating a contract in specified circumstances; providing for attorney's fees for the prevailing party in certain legal actions; prohibiting coercion respecting exclusive purchase of parts; allowing the negotiation of an exclusive contract; providing for injunctive relief; providing applicability; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Section 686.30, Florida Statutes, is created to read:

686.30 Contract agreements for repair parts for motor vehicles and trucks; termination must be done in good faith; definition of good cause; prohibited practices; failure to pay sum specified on cancellation of contract; liability.—

(1) Any manufacturer of repair parts for motor vehicles or trucks who enters into a contract with a distributor of repair parts whereby the distributor agrees to maintain a stock of parts may not terminate or cancel any such contract with the distributor without good cause.

(2) For the purposes of this section:

(a) “Good cause” for terminating or canceling a contract is limited to failure by the person, firm, corporation, or limited liability company in the business of selling and retailing or wholesaling to comply with those requirements imposed by the written contract between the parties. Further, the determination by the manufacturer of good cause for such termination or cancellation must be made in good faith.

(b) The term “repair parts” means any products that are installed on a motor vehicle or truck or any product used in the process of repairing a motor vehicle or truck.

(c) The term “distributor” means any person, firm, corporation, or limited liability company engaged in the business of selling, retailing, or wholesaling automotive repair parts.

(d) The term “manufacturer” means any person engaged in the business of manufacturing, assembling, repackaging, or relabeling new or unused automotive repair parts.

(3) If a contract is terminated in violation of paragraph (2)(a), the manufacturer is liable for 100 percent of the net cost of parts still in the distribu-

tor's inventory, 5 percent of the costs of loading and handling, and reasonable freight charges that have been paid by the distributor. The prevailing party in a legal action arising out of such a violation is entitled to attorney's fees. The obligations of a manufacturer apply to any successor in interest or assignee of that manufacturer. A successor in interest includes any purchaser of assets or stock, any surviving corporation or limited liability company resulting from a merger or liquidation, any receiver, or any trustee of the original manufacturer.

(4) A manufacturer of repair parts who enters into a contract with a distributor may not coerce or attempt to coerce a distributor into a refusal to purchase automotive repair parts or equipment from another manufacturer. A manufacturer and distributor may enter into an exclusive contract. Negotiating an exclusive contract shall not be considered coercion.

Section 2. Section 686.30, Florida Statutes, does not apply to any agreement or franchise agreement as defined in section 320.60, Florida Statutes.

Section 3. This act applies to new contracts entered into or amended on or after October 1, 1998.

Section 4. This act shall take effect October 1, 1998.

Became a law without the Governor's approval May 22, 1998.

Filed in Office Secretary of State May 21, 1998.