

What's in a State Dealer Law's Name?

Believe it or not, if you sell or distribute equipment, a "farm equipment" dealer law may apply to you, even if you do not make or sell farm equipment. Don't be fooled by a law's name—while the title may suggest a limited scope (like "farm equipment"), the law may in fact apply to industrial, construction, outdoor power and other types of equipment and perhaps even other types of products or services.

State legislatures often expand the scope of existing dealer laws instead of enacting new ones. They may just modify the definition of terms like "dealer" or "products" within the laws to expand their coverage. Unfortunately, legislatures do not always remember to change the title of the law to reflect the expanded scope. So a law titled as a "farm equipment" dealer law can apply to many types of products. This can come as a surprise to unsuspecting manufacturers and dealers that think they can rely on the law's title to determine whether it applies to them.

This inadvertent name game can have severe consequences, as the parties recently discovered in *L.H. Jones Equip. Co. v. Swenson Spreader LLC*, 687 S.E.2d 353 (W.Va. 2009). In that case, the court held that the West Virginia Farm Equipment Dealer Contract Act applied to a manufacturer and dealer of salt spreaders and de-icing products. Despite the fact that the Act's name suggests that it applies only to farm equipment, the Act covers dealers of other types of equipment including construction, industrial or outdoor power equipment. The court held that despite the somewhat misleading name, the Act applied to the parties and precluded termination of the dealer without compliance with the Act's notice and inventory repurchase requirements. This was unfortunate for the manufacturer because it had assumed the law did not apply to it when it terminated the dealer's contract. The "Farm Dealer" law allowed the salt spreader dealer to pursue a claim against the manufacturer for damages and attorney fees in connection with the termination.

Even if a state law's title does not mention the type of product you sell, you must take a closer look to determine when and how state dealer laws apply to your business. Reinhart's [Commercial and Competition Law Group](#) helps manufacturers and dealers understand dealer and franchise laws and their implications. Please feel free to contact a team member regarding your legal needs.

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