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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2013

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A N A C T

RELATING TO COMMERCIAL LAW -- GENERAL REGULATORY PROVISIONS -- THE
RHODE ISLAND FAIR DEALERSHIP ACT

Introduced By: Representative Brian P. Kennedy

Date Introduced: February 14, 2013

Referred To: House Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 6-50-2, 6-50-4 and 6-50-7 of the General Laws in Chapter 6-50
2 entitled "The Rhode Island Fair Dealership Act" are hereby amended to read as follows:

3 **6-50-2. Definitions.** -- In this chapter:

4 (1) "Community of interest" means a continuing financial interest between the grantor
5 and the grantee in either the operation of the dealership business or the marketing of such goods
6 or services;

7 (2) "Dealer" means a person who is a grantee of a dealership situated in this state, and
8 any successor in interest;

9 (3) "Dealership" means any of the following:

10 (i) A contract or agreement, either expressed or implied, whether oral or written,
11 between two (2) or more persons, by which a person is granted the right to sell or distribute goods
12 or services, or use a trade name, trademark, service mark, logotype, advertising or other
13 commercial symbol, in which there is a community of interest in the business of offering, selling
14 or distributing goods or services at wholesale, retail, by lease, agreement or otherwise.

15 (4) "Good cause" means for the purposes of this act, good cause for terminating,
16 canceling or nonrenewal shall ~~include, but not be limited to,~~ mean:

17 (i) The failure by the dealer to substantially comply with the reasonable requirements
18 imposed by the grantor; or

1 [\(ii\) Any](#) ~~any~~ of the reasons listed in subdivisions 6-50-4(a)(1) -- (a)(6).

2 (5) "Grantor" means a person who grants a dealership, [and any successor in interest](#);

3 (6) "Person" means a natural person, partnership, joint venture, corporation or other
4 entity.

5 ~~**6-50-4. Notice of termination or change in dealership Good cause--**~~**Notice of**
6 **termination or change in dealership.** -- (a) Notwithstanding the terms, provisions, or conditions
7 of any agreement to the contrary, a grantor shall provide a dealer sixty (60) days prior written
8 notice of termination, cancellation, or nonrenewal. The notice shall state all the reasons for
9 termination, cancellation, or nonrenewal and shall provide that the dealer has thirty (30) days in
10 which to cure any claimed deficiency; provided that a dealer has a right to cure three (3) times in
11 any twelve (12) month period during the period of the dealership agreement. The sixty (60) day
12 notice provisions of this section shall not apply and the termination, cancellation or nonrenewal
13 may be made effective immediately upon written notice, if the reason for termination,
14 cancellation or nonrenewal is in the event the dealer: (1) voluntarily abandons the dealership
15 relationship; (2) is convicted of a felony offense related to the business conducted pursuant to the
16 dealership; (3) engages in any substantial act which tends to materially impair the goodwill of the
17 grantor's trade name, trademark, service mark, logotype or other commercial symbol; (4) makes a
18 material misrepresentation of fact to the grantor relating to the dealership; (5) attempts to transfer
19 the dealership (or a portion thereof) without authorization of the grantor; or (6) is insolvent, files
20 or suffers to be filed against it any voluntary or involuntary bankruptcy petition, or makes an
21 assignment for the benefit of creditors or similar disposition of assets of the dealer business.

22 (b) If the reason for termination, cancellation, or nonrenewal is nonpayment of sums due
23 under the dealership, the dealers shall be entitled to written notice of such default, and shall have
24 ten (10) days in which to cure such default from the date of such notice. A dealer has the right to
25 cure three (3) times in any twelve (12) month period during the period of the dealership
26 agreement.

27 (c) If the reason for termination, cancellation or nonrenewal is for violation of any law,
28 regulation or standard relating to public health or safety, the dealer shall be entitled to immediate
29 written notice and shall have twenty-four (24) hours to cure such violation.

30 [\(d\) No grantor may terminate, cancel, or fail to renew a dealership, directly or indirectly,](#)
31 [other than for good cause.](#)

32 **6-50-7. Action for damages and injunctive relief.** -- If any grantor violates this chapter,
33 a dealer may bring an action against such grantor in any court of competent jurisdiction for
34 damages sustained by the dealer as a consequence of the grantor's violation, together with the

1 actual costs of the action, including reasonable actual attorneys' fees, and the dealer also may be
2 granted injunctive relief against unlawful termination, cancellation, or nonrenewal. [For purposes](#)
3 [of this chapter, damages shall include, without limitation, reasonable compensation for the fair](#)
4 [market value of the dealer's business with relation to the dealership.](#)

5 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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- 1 This act would require "good cause" before a dealership can be terminated, cancelled or
- 2 non-renewed.
- 3 This act would take effect upon passage.

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