

## **CHAPTER 51-20.2 FRANCHISE MERCHANDISE RETURN**

### **51-20.2-01. Definitions.**

As used in this chapter, unless the context requires otherwise:

1. "Contractual arrangement" means a written franchise or other written agreement, by whatever name such agreement may be called, between a distributor and a dealer by which the dealer agrees to sell at retail and service the distributor's merchandise in a given location or locations, whether or not exclusively with respect to a given geographic area, and the distributor authorizes the dealer to sell, or sell and service, and agrees to supply an inventory of merchandise and, if the dealer is to perform service, an inventory of parts for that merchandise.
2. "Dealer" means a person, partnership, corporation, limited liability company, or other business entity which sells at retail and services new merchandise and is not engaged in the business of home solicitation sales.
3. "Distributor" means any manufacturer, wholesaler, or distributor of merchandise who has a contractual arrangement with a dealer for such merchandise.
4. "Merchandise" includes all new products of inventory intended for resale or retail sale by franchised dealers.

### **51-20.2-02. Dealers may recover value of merchandise or parts from distributor in certain cases.**

1. Whenever:
  - a. A distributor cancels or discontinues a contractual arrangement; or
  - b. A dealer cancels or discontinues a contractual arrangement because the distributor entered into a contractual arrangement with another dealer to sell in the same geographical area for which the first dealer had an exclusive dealership,the dealer may recover from the distributor the net cost to the dealer of all new and unused merchandise, and parts for such merchandise, held by the dealer at the time of cancellation or discontinuance of the contractual arrangement. The dealer may enforce the right given under this section by civil action commenced in district court in the county where the dealer has the dealer's principal place of business in North Dakota.
2. The provisions of this section are supplemental to any contractual rights which the dealer may have with respect to reimbursement for merchandise and parts inventory held by the dealer at cancellation or discontinuance of a contractual arrangement. The dealer may elect to pursue the dealer's rights under the contractual arrangement and under this section, but the dealer's total recovery may not exceed the net cost of the merchandise and parts, plus freight costs for return of the merchandise and parts, remaining in the dealer's hands at the time of cancellation or discontinuance, plus legal costs awarded by the court.

### **51-20.2-03. Exception.**

The provisions of this chapter do not apply to chapters 51-07, 51-19, 51-20, and 51-20.1.