

Hawaii law a precedent for nation's auto dealers

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U.S. District Judge Helen Gillmor ruled that the Hawaii Motor Vehicle Licensing Act is the controlling law in a contract dispute involving Hawaii-based Cycle City Ltd. and Wisconsin-based motorcycle manufacturer Harley-Davidson.

A ruling by U.S. District Judge Helen Gillmor in Hawaii could set a precedent in lawsuits between motor vehicle manufacturers and dealers across the country.

Gillmor ruled that the Hawaii Motor Vehicle Licensing Act is the controlling law in a contract dispute involving Hawaii-based Cycle City Ltd. and Wisconsin-based motorcycle manufacturer Harley-Davidson.

Harley-Davidson had sought to transfer the case to Wisconsin, which "could give Harley-Davidson an unfair advantage of fighting a case originating and factually developed in Hawaii," said Cycle City attorney Robert Zarco.

Ensuring that the case stays in the islands will ensure that it is heard in "a court that is familiar with Hawaii's local economy, transportation system and particular public interests," Zarco said.

Cycle City filed suit in March alleging that Harley-Davidson violated the Hawaii Motor Vehicle Licensing Act in its refusal to renew a long-standing distributorship agreement, a relationship dating back to 1966.

After a series of negotiations in 2013, Harley-Davidson told Cycle City it would not renew the deal under its original terms.

In the lawsuit, Cycle City alleges that Harley-Davidson then imposed "onerous" and "restrictive" financial terms including substantial inflation of prices for parts and supplies.

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