



## Appeals Court Ruling Could End Pricing Inequities

**C**an a truck manufacturer charge different dealers different prices for the same models of trucks? In August, a federal appeals court in St. Louis, MO, said “No.” The ruling reaffirms what many dealers have long contended—OEMs must

extend equal pricing to all dealers—and figures to have an immediate and far-reaching impact on the way trucks are priced by OEMs.

In this case, Reeder-Simco GMC, Inc., based in Fort Smith, AR, claimed that defendant Volvo GM Heavy Truck Corporation had engaged in illegal price discrimination by charging it higher prices for trucks than it charged other Volvo dealers.

Reeder-Simco also claimed that Volvo had targeted the dealership for elimination as part of a systemwide dealer consolidation initiative called “Volvo Vision,” and that Volvo sought to drive Reeder-Simco out of business by steering deals to other Volvo dealers through the discriminatory pricing.

Following a jury trial, the lower court

**Standardized pricing models could become the norm for pricing trucks.**

awarded the dealer more than \$3.9 million in damages, as well as reimbursement of attorneys’ fees and legal costs.

On appeal, Volvo argued that federal prohibitions against price discrimination did not apply to truck OEMs. The appeals court found Volvo’s argument unpersuasive, upholding the trial court’s judgment in all respects.

Despite the recent ruling, the case is not yet over. Volvo, with assistance from the Truck Manufacturers Association, has filed a request that the appeal be heard again, this time by all of the judges on the appeals court, a rarely-granted procedure called en banc review.

The Reeder-Simco case stands as a clear warning to OEMs who might be tempted to be less than even-handed in their pricing practices. The message: “If you do it, you could pay a price.” This warning should resonate especially for those OEMs who are pursuing dealer consolidation programs like the program that was implicated in Reeder-Simco.

Reeder-Simco and other cases challenging deal-by-deal pricing as being discriminatory are almost certain to lead to changes in truck OEM pricing practices. Look for OEMs concerned

about potential liability to move away from ad hoc deal-by-deal pricing models toward more standardized pricing similar to that used by automobile manufacturers.

I see such a change as a positive development for truck dealers and OEMs alike, because it would largely eliminate the potential for inappropriate favoritism of certain dealers by OEMs.

It also would enable OEMs to streamline their pricing models, freeing up thousands of hours in employee time and countless dollars being

spent by OEMs on situational pricing mechanisms.

### About The Author

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