

mobile manufacturer engaged in commerce and any automobile dealer which purports to fix the legal rights and liabilities of the parties to such agreement or contract.

(c) The term “automobile dealer” shall mean any person, partnership, corporation, association, or other form of business enterprise resident in the United States or in any Territory thereof or in the District of Columbia operating under the terms of a franchise and engaged in the sale or distribution of passenger cars, trucks, or station wagons.

(d) The term “commerce” shall mean commerce among the several States of the United States or with foreign nations, or in any Territory of the United States or in the District of Columbia, or among the Territories or between any Territory and any State or foreign nation, or between the District of Columbia and any State or Territory or foreign nation.

(e) The term “good faith” shall mean the duty of each party to any franchise, and all officers, employees, or agents thereof to act in a fair and equitable manner toward each other so as to guarantee the one party freedom from coercion, intimidation, or threats of coercion or intimidation from the other party: *Provided*, That recommendation, endorsement, exposition, persuasion, urging or argument shall not be deemed to constitute a lack of good faith.

(Aug. 8, 1956, ch. 1038, § 1, 70 Stat. 1125.)

**§ 1222. Authorization of suits against manufacturers; amount of recovery; defenses**

An automobile dealer may bring suit against any automobile manufacturer engaged in commerce, in any district court of the United States in the district in which said manufacturer resides, or is found, or has an agent, without respect to the amount in controversy, and shall recover the damages by him sustained and the cost of suit by reason of the failure of said automobile manufacturer from and after August 8, 1956, to act in good faith in performing or complying with any of the terms or provisions of the franchise, or in terminating, canceling, or not renewing the franchise with said dealer: *Provided*, That in any such suit the manufacturer shall not be barred from asserting in defense of any such action the failure of the dealer to act in good faith.

(Aug. 8, 1956, ch. 1038, § 2, 70 Stat. 1125.)

**§ 1223. Limitations**

Any action brought pursuant to this chapter shall be forever barred unless commenced within three years after the cause of action shall have accrued.

(Aug. 8, 1956, ch. 1038, § 3, 70 Stat. 1125.)

**§ 1224. Antitrust laws as affected**

No provision of this chapter shall repeal, modify, or supersede, directly or indirectly, any provision of the antitrust laws of the United States.

(Aug. 8, 1956, ch. 1038, § 4, 70 Stat. 1125.)

**§ 1225. State laws as affected**

This chapter shall not invalidate any provision of the laws of any State except insofar as

there is a direct conflict between an express provision of this chapter and an express provision of State law which can not<sup>1</sup> be reconciled.

(Aug. 8, 1956, ch. 1038, § 5, 70 Stat. 1126.)

**§ 1226. Motor vehicle franchise contract dispute resolution process**

**(a) Election of arbitration**

**(1) Definitions**

For purposes of this subsection—

(A) the term “motor vehicle” has the meaning given such term in section 30102(6) of title 49;<sup>1</sup> and

(B) the term “motor vehicle franchise contract” means a contract under which a motor vehicle manufacturer, importer, or distributor sells motor vehicles to any other person for resale to an ultimate purchaser and authorizes such other person to repair and service the manufacturer’s motor vehicles.

**(2) Consent required**

Notwithstanding any other provision of law, whenever a motor vehicle franchise contract provides for the use of arbitration to resolve a controversy arising out of or relating to such contract, arbitration may be used to settle such controversy only if after such controversy arises all parties to such controversy consent in writing to use arbitration to settle such controversy.

**(3) Explanation required**

Notwithstanding any other provision of law, whenever arbitration is elected to settle a dispute under a motor vehicle franchise contract, the arbitrator shall provide the parties to such contract with a written explanation of the factual and legal basis for the award.

**(b) Application**

Subsection (a) shall apply to contracts entered into, amended, altered, modified, renewed, or extended after November 2, 2002.

(Pub. L. 107-273, div. C, title I, § 11028, Nov. 2, 2002, 116 Stat. 1835.)

REFERENCES IN TEXT

Section 30102(6) of title 49, referred to in subsec. (a)(1)(A), probably should be “section 30102(a)(6) of title 49”, which was redesignated section 30102(a)(7) of title 49 by section 24109(b)(2) of Pub. L. 114-94, div. B, title XXIV, Dec. 4, 2015, 129 Stat. 1706.

CODIFICATION

Section was enacted as part of the 21st Century Department of Justice Appropriations Authorization Act, and not as part of act Aug. 8, 1956, ch. 1038, which comprises this chapter.

**CHAPTER 28—DISCLOSURE OF AUTOMOBILE INFORMATION**

Sec.	
1231.	Definitions.
1232.	Label and entry requirements.
1232a.	Repealed.
1233.	Violations and penalties.

<sup>1</sup> So in original. Probably should be “cannot”.

<sup>1</sup> See References in Text note below.