

# SALES AND EXCHANGE

## CHAPTER 329

H. B. No. 780

(Goebel, Schaffer, Stallman, Anderson (McHenry) )  
(Tough, Shablow, Bader)

### AUTO AND IMPLEMENT DEALERS' FRANCHISE CONTRACTS

#### AN ACT

To amend and reenact sections 51-07-01, 51-07-02 and 51-07-03 of the North Dakota Century Code Supplement, relating to discontinuance of contracts, determining prices and liability for cancellation.

*Be It Enacted by the Legislative Assembly of the State of North Dakota:*

§ 1. **Amendment.)** Section 51-07-01 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

**51-07-01. Retail Implement or Car Dealer May Recover Price of Articles Upon Discontinuance of Contract by Wholesaler or Retail Dealer.)** Whenever any person, firm, or corporation engaged in the business of selling and retailing farm implements and repair parts for farm implements, or in the business of selling and retailing automobiles, or trucks, or repair parts for automobiles or trucks, enters into a written contract evidenced by franchised agreement whereby such retailer agrees to maintain a stock of parts or complete or whole machines, or attachments with any wholesaler, manufacturer, or distributor of farm implements or machinery or repair parts therefor, or automobiles or trucks or repair parts therefor, and either such wholesaler, manufacturer, or distributor or the retailer desires to cancel or discontinue the contract, such wholesaler, manufacturer, or distributor, shall pay to such retailer unless the retailer should desire to keep such merchandise, a sum equal to one hundred percent of the net cost of all current unused complete farm implements, machinery and attachments and automobiles and trucks including transportation charges which have been paid by such retailer, and eighty-five percent of the current net prices on repair parts listed in current price list or catalogue which parts had previously been purchased from such wholesaler, manufacturer or distributor, and held by such retailer on the date of the cancellation or discontinuance of such contract.

The wholesaler, manufacturer or distributor shall also pay such retailer a sum equal to 5 percent of the current net price of all parts returned for the handling, packing and loading of such parts back to the wholesaler, manufacturer or distributor. Upon the payment of the sum equal to one hundred percent of the net cost of such farm implements, machinery, and attachments and automobiles and trucks, plus transportation charges and eighty-five percent of the current net prices on repair parts, plus five percent handling and loading costs on repair parts only, plus freight charges which have been paid by the retailer, or automobiles or trucks, plus freight charges, or repair parts therefor, plus 5 percent handling and loading costs on repair parts only, the title to such farm implements, farm machinery, and repair parts, or automobiles, or trucks or parts therefor, shall pass to the manufacturer, wholesaler, or distributor making such payment, and such manufacturer, wholesaler, or distributor shall be entitled to the possession of such farm implements or automobiles or trucks, or repair parts therefor.

The provisions of this section relating to a retailer's right to cancel or discontinue a contract and receive payment for machines, attachments, and parts returned shall apply to all contracts now in effect which have no expiration date and are a continuing contract, and all other contracts entered into or renewed after July 1st, nineteen hundred and sixty-three. Any contract in force and effect on July 1st, nineteen hundred and sixty-three, which by its own terms will terminate on a date subsequent thereto shall be governed by the law as it existed prior to the nineteen hundred and sixty-three amendment.

**§ 2. Amendment.)** Section 51-07-02 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

**51-07-02. Prices of Implements, Machinery, Automobiles and Parts—How Determined.)** The prices of farm implements, machinery, and repair parts therefor, and of automobiles, trucks, and repair parts therefor, required to be paid to any retail dealer as provided in section 51-07-01, shall be determined by taking one hundred percent of the net cost on farm implements, machinery, and attachments, automobiles and trucks, and eighty-five percent of the current net price of repair parts therefor as shown upon the manufacturer's, wholesaler's or distributor's price lists or catalogues in effect at the time such contract is canceled or discontinued.

**§ 3. Amendment.)** Section 51-07-03 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

**51-07-03. Failure to Pay Sum Specified on Cancellation of Contract—Liability.)** In the event that any manufacturer, wholesaler, or distributor of farm machinery, farm implements, and repair parts for farm machinery, and farm implements, or of automobiles, trucks, and repair parts therefor, upon cancellation of a contract by either a retailer or a manufacturer, wholesaler or distributor, fails or refuses to make payment to such dealer as is required by section 51-07-01, or refuses to supply farm machinery, farm implements, and repair parts for farm machinery and farm implements or automobiles or trucks, or repair parts therefor, to any retailer of such products, who may have a retail sales contract dated after July 1st, nineteen hundred and sixty-three, or a contract with no expiration date or a continuing contract in force or effect on the effective date of the nineteen hundred and sixty-three amendment, with such manufacturer, wholesaler, or distributor, such manufacturer, wholesaler or distributor shall be liable in a civil action to be brought by such retailer for one hundred percent of the net cost of such farm implements, machinery and attachments, automobiles and trucks, plus transportation charges which have been paid by the retailer and eighty-five percent of the current net price of repair parts, plus five percent for handling and loading plus freight charges which have been paid by the retailer.

Approved March 13, 1963.

---

## CHAPTER 330

S. B. No. 199  
(Morgan, Bopp, Luick)

---

### FALSE ADVERTISING

#### AN ACT

Pertaining to false or misleading advertising on articles sold or offered for sale to the public, including the price thereof, and providing for a penalty.

*Be It Enacted by the Legislative Assembly of the State of North Dakota:*

**§ 1. False and Misleading Advertising Prohibited.)** No person, firm, corporation, or association with intent to sell, dispose of, increase the consumption of, or induce the public to enter into an obligation relative to, or to acquire title or interest in any food, drug, medicine, patent and proprietary product, merchandise, security, service, medical treatment, paint, varnish, oil, clothing, wearing apparel, machinery, or any-

thing offered to the public, shall make, publish, disseminate, circulate, or place before the public, or directly or indirectly shall cause to be made, published, disseminated, circulated, or placed before the public in a newspaper, or other publication, or in the form of a book, notice, handbill, poster, bill, circular, pamphlet, tab, label, letter, or in any other way, an advertisement which contains any assertion, representation, or statement of fact, including the price thereof, which is untrue, deceptive, or misleading regarding such food, drug, medicine, patent and proprietary product, merchandise, security, service, medical treatment, paint, varnish, oil, clothing, wearing apparel, machinery, or anything offered to the public.

**§ 2. Penalty.)** Any person, firm, corporation, partnership, or association or any employee or agent thereof who violates any of the provisions of this Act is guilty of a misdemeanor and shall be punished by a fine of not to exceed one hundred dollars or by imprisonment in the county jail for not more than thirty days, or by both such fine and imprisonment.

Approved March 16, 1963.