

84TH CONGRESS
2D SESSION

H. R. 11555

IN THE HOUSE OF REPRESENTATIVES

MAY 31, 1956

Mr. FOGARTY introduced the following bill; which was referred to the Committee on Interstate and Foreign Commerce

A BILL

To amend the Federal Trade Commission Act, with respect to certain unfair methods of competition and certain unfair practices in the distribution of new motor vehicles in interstate commerce.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled.*

3 That sections 17 and 18 of the Federal Trade Commission
4 Act, as amended (15 U. S. C. 57, 58), are renumbered as
5 sections 18 and 19, respectively, and such Act is further
6 amended by inserting after section 16 thereof the following
7 section:

8 "SEC. 17. (a) For the purposes of section 5 it shall be

1 deemed an unfair method of competition and an unfair act
2 or practice in commerce.

3 “(1) For any manufacturer of motor vehicles to induce
4 by means of coercion, intimidation, or discrimination any
5 of its dealers to order or accept for delivery any products
6 of any kind.

7 “(2) For a dealer knowingly to sell, other than to an-
8 other dealer of such manufacturer, a new motor vehicle for
9 resale as a new motor vehicle in competition with other
10 dealers of such manufacturer without first affording such
11 manufacturer an opportunity to repurchase such motor ve-
12 hicle at the price paid therefor and for such manufacturer to
13 refuse to repurchase such motor vehicle at such price under
14 a plan adopted by such manufacturer which is equitable to
15 all dealers and consistent with the financial resources of such
16 manufacturer.

17 “(3) For any manufacturer of motor vehicles to hold
18 out or require that warranties will be fulfilled and services
19 rendered by all of its dealers, without effectuating a reason-
20 able system of compensating all of its dealers for maintaining
21 the personnel and facilities required to fulfill such warranties
22 and render such services.

23 “(4) For any manufacturer of motor vehicles, without
24 the consent of the dealer concerned, to cancel the privilege

1 or right of any of its dealers to sell the products of such
2 manufacturer, unless—

3 “(A) the contract, agreement or arrangement gov-
4 erning the dealership contains mutually agreed upon
5 standards by reference to which the duties and obliga-
6 tions of the dealer under such contract, agreement, or
7 arrangement may be determined; and

8 “(B) the dealer has failed to perform in a reason-
9 able manner one or more of such duties and obligations.

10 “(5) For any manufacturer to cancel, terminate or fail
11 to renew the privilege or right of any dealer to sell the prod-
12 ucts of such manufacturer without agreeing to effectuate an
13 equitable liquidation of the assets of the dealership.

14 “(b) For the purposes of this section—

15 “(1) The term ‘manufacturer of motor vehicles’ in-
16 cludes any corporation which acts for such a manufacturer
17 in connection with the distribution of new motor vehicles
18 in commerce.

19 “(2) The term ‘dealer’ means a franchised retail seller
20 of motor vehicles.”

21 SEC. 2. This Act shall take effect on November 1, 1956.

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