

RCW 19.98.010 Cancellation of contract—Parties' duties.

Whenever any person, firm, or corporation engaged in the sale of equipment, repair parts, or services therefor enters into a written or oral contract with a supplier of equipment, or repair parts whereby the dealer agrees to maintain a stock of parts and equipment and either party to such contract desires to cancel or discontinue the contract, unless the dealer should desire to keep such parts and equipment the supplier shall pay the dealer for the equipment and reasonable reimbursement for services performed in connection with assembly and predelivery inspections of the equipment. The payment shall be in the amount of one hundred percent of the net cost of all unused complete equipment, including transportation charges paid by the dealer. Equipment purchased more than twenty-four months prior to the cancellation or discontinuance of the dealer agreement is subject to a weather allowance adjustment. The supplier assumes ownership of new unused complete equipment F.O.B. the dealer location. The supplier shall pay the dealer in the amount of ninety-five percent of the current net prices on repair parts, including superseded parts listed in current price lists, catalogs, or electronic catalogs which parts had previously been purchased from the supplier and held by the dealer on the date of the cancellation or discontinuance of such contract or thereafter received by the dealer from the supplier. The supplier shall also pay the dealer a sum equal to five percent of the current net price of all parts returned for the handling, packing, and loading of such parts for return, unless the supplier elects to catalog or list the inventory and perform packing and loading of the parts itself. However, the provisions of this section shall apply only to repair parts which are new, unused, and in resalable condition. The provisions of this section do not apply to repair parts that were purchased by the dealer in sets of multiple parts unless the sets are complete and in resalable condition, or to parts the supplier can demonstrate were identified as nonreturnable when ordered by the dealer.

Upon the payment of such amounts, the title to the equipment or repair parts shall pass to the supplier making such payment, and the supplier shall be entitled to the possession of such equipment and repair parts.

All payments or allowances of credit due dealers under this section shall be paid or credited by the supplier within ninety days after the return of the repair parts or the transfer of equipment. After the ninety days, all sums of credits due include interest at the rate of eighteen percent per year. Title to equipment, attachments, and accessories is transferred to the supplier F.O.B. the dealer location.

The provisions of this section shall apply to any part return adjustment agreement made between a dealer and a supplier.

A supplier must repurchase specific data processing and computer communications hardware specifically required by the supplier to meet the supplier's minimum requirements and purchased by the dealer in the prior five years and held by the dealer on the date of termination. The supplier must also purchase software required by and sourced from the supplier, provided that the software is used exclusively to support the dealer's business with the supplier. The purchase price is the original net cost to the dealer, less twenty percent per year.

A supplier must repurchase, and the dealer must sell to the supplier, specialized repair tools. As applied in this section,

specialized repair tools are defined as those tools required by the supplier and unique to the diagnosis or repair of the supplier's products. For specialized repair tools that are in new, unused condition and are applicable to the supplier's current products, the purchase price is one hundred percent of the original net cost to the dealer. For all other specialized repair tools, the purchase price is the original net cost to the dealer less twenty percent per year.

A supplier must repurchase, and the dealer must sell to the supplier, current signage. As used in this section, "current signage" means the principal outdoor signage required by the supplier that displays the supplier's current logo or similar exclusive identifier, and that identifies the dealer as representing either the supplier or the supplier's products, or both. The purchase price is the original net cost to the dealer less twenty percent per year, but may in no case be less than fifty percent of the original net cost to the dealer.

The provisions of this section shall be supplemental to any agreement between the dealer and the supplier covering the return of equipment and repair parts so that the dealer can elect to pursue either his or her contract remedy or the remedy provided herein, and an election by the dealer to pursue his or her contract remedy shall not bar his or her right to the remedy provided herein as to equipment and repair parts not affected by the contract remedy.

The provisions of this section 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 January 1, 1976. Any contract in force and effect on January 1, 1976, which by its own terms will terminate on a date subsequent thereto shall be governed by the law as it existed prior to this chapter: PROVIDED, That no contract covered by this chapter may be canceled by any party without good cause. For the purposes of this section, good cause shall include, but shall not be restricted to, the failure of any party to comply with the lawful provisions of the contract, the adjudication of any party to a contract as a bankrupt, wrongful refusal of the supplier to supply equipment and repair parts therefor. [2002 c 236 s 2; 1975 1st ex.s. c 277 s 1.]