

Docket No. 90340-Agenda 24-May 2001.

BELLEVILLE TOYOTA, INC., Appellee, v. TOYOTA MOTOR SALES, U.S.A., INC., *et al.*,
Appellants.

Opinion filed March 15, 2002.

JUSTICE FITZGERALD delivered the opinion of the court:

Plaintiff, Belleville Toyota, Inc., sued defendants, Toyota Motor Sales, U.S.A., Inc., and Toyota Motor Distributors, Inc. Defendants are, respectively, the authorized importer and the wholesale distributor of new Toyota vehicles in the United States. Plaintiff claimed that defendants breached certain dealership agreements by allocating to plaintiff less than the full number of Toyota vehicles to which plaintiff was entitled. Plaintiff also claimed that defendants' conduct violated the Motor Vehicle Franchise Act (Act) (815 ILCS 710/1 *et seq.* (West 2000)). Following a jury trial, the circuit court of St. Clair County entered a multi-million dollar judgment against defendants. On appeal, the appellate court rejected defendants' numerous claims of error and affirmed the judgment of the trial court. 316 Ill. App. 3d 227. We granted defendants' petition for leave to appeal. 177 Ill. 2d R. 315. For the reasons discussed below, we affirm in part and reverse in part the judgment of the appellate court and remand this matter to the circuit court for further proceedings.

BACKGROUND

In 1973, Bill Newbold acquired an ownership interest in a Toyota dealership in Belleville, Illinois, and took over the dealership's day-to-day operations. The dealership, doing business under the name Bill Newbold Toyota, was one of approximately 100 Toyota dealerships in the five-state Chicago region. Bill Newbold, along with his son, Kent, operated the dealership under a series of dealer agreements with defendants. The earliest of the dealer agreements at issue in this litigation was executed in June 1980, and provided for a six-year term. Under the 1980 agreement, plaintiff was required to submit orders for Toyota products on forms supplied by defendants. In the event of a shortage of Toyota products, the "unit allocation" provision of the contract required that vehicles be allocated to plaintiff "principally on the basis of sales performance during the most recent representative period of adequate supply."

In 1986, upon expiration of the 1980 agreement, the parties entered into a new dealer agreement with a one-year term. In 1987, the parties entered into another one-year agreement, and in 1988, entered into a six-year agreement. Under the 1986, 1987 and 1988 agreements, defendants were to use their "best efforts" to provide Toyota products to plaintiff, subject to available supply. In the event of a shortage, defendants were required to allocate Toyota products among its dealers in a "fair and equitable manner."

In June 1989, defendants notified plaintiff of their intent to open a new Toyota dealership in Collinsville, Illinois. In response, on August 8, 1989, plaintiff filed a complaint against defendants under the Act, seeking to enjoin them from establishing a Collinsville dealership. Plaintiff twice amended its complaint to include claims for breach of contract and additional violations of the Act. Plaintiff alleged that defendants failed to allocate Toyota vehicles in the quantities contractually required and that defendants fraudulently concealed their conduct. According to plaintiff, defendants' breach was not discovered until the fall of 1990. Plaintiff further alleged that, in violation of the Act, defendants' allocation of vehicles was arbitrary, capricious, in bad faith, and unconscionable; defendants concealed their arbitrary and capricious allocation system; and defendants' conduct was willful and wanton. The trial court dismissed with prejudice plaintiff's claim for injunctive relief and denied defendants' motions challenging, *inter alia*, the timeliness of plaintiff's claims. In 1997, following several years of discovery, the parties proceeded to trial.

