Syllabus

NOTE: Where it is feasible, a syllabus (headnote) will be released, as is being done in connection with this case, at the time the opinion is issued. The syllabus constitutes no part of the opinion of the Court but has been prepared by the Reporter of Decisions for the convenience of the reader. See *United States* v. *Detroit Timber & Lumber Co.,* 200 U. S. 321, 337.

SUPREME COURT OF THE UNITED STATES

Syllabus

MAC'S SHELL SERVICE, INC., ET AL. *v.* SHELL OIL PRODUCTS CO. LLC ET AL.

CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIRST CIRCUIT

No. 08–240. Argued January 19, 2010—Decided March 2, 2010*

The Petroleum Marketing Practices Act (Act) limits the circumstances in which franchisors may "terminate" a service-station franchise or "fail to renew" a franchise relationship. 15 U. S. C. §§2802, 2804. Typically, the franchisor leases the service station to the franchisee and permits the franchisee to use the franchisor's trademark and purchase the franchisor's fuel for resale. §2801(1). As relevant here, service-station franchisees (dealers) filed suit under the Act, alleging that a petroleum franchisor and its assignee had constructively "terminate[d]" their franchises and constructively "fail[ed] to renew" their franchise relationships by substantially changing the rental terms that the dealers had enjoyed for years, increasing costs for many of them. The dealers asserted these claims even though they had not been compelled to abandon their franchises, and even though they had been offered and had accepted renewal agreements. The jury found against the franchisor and assignee, and the District Court denied their requests for judgment as a matter of law. The First Circuit affirmed as to the constructive termination claims, holding that the Act does not require a franchisee to abandon its franchise to recover for such termination, and concluding that a simple breach of contract by an assignee of a franchise agreement can amount to constructive termination if the breach resulted in a material change effectively ending the lease. However, the court reversed as to the constructive nonrenewal claims, holding that such a claim cannot be maintained once a franchisee signs and operates under a

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*Together with No. 08–372, *Shell Oil Products Co. LLC et al.* v. *Mac's Shell Service, Inc., et al.,* also on certiorari to the same court.

renewal agreement.

Held:

1. A franchisee cannot recover for constructive termination under the Act if the franchisor's allegedly wrongful conduct did not compel the franchisee to abandon its franchise. Pp. 6–15.

(a) The Act provides that "no franchisor . . . may . . . terminate any franchise," except for an enumerated reason and after giving written notice, §2802(a)–(b), and specifies that "'termination' includes cancellation," §2801(17). Because it does not further define those terms, they are given their ordinary meanings: "put [to] an end" or "annul[ed] or destroy[ed]." Thus, the Act prohibits only franchisor conduct that has the effect of ending a franchise. The same conclusion follows even if Congress used "terminate" and "cancel" in their technical, rather than ordinary, senses. This conclusion is also consistent with the general understanding of the constructive termination doctrine as applied in analogous legal contexts—*e.g.,* employment law, see *Pennsylvania State Police* v. *Suders,* 542 U. S. 129, 141–143—where a termination is deemed "constructive" only because the plaintiff, not the defendant, formally ends a particular legal relationship—not because there is no end to the relationship at all. Allowing franchisees to obtain relief for conduct that does not force a franchise to end would ignore the Act's scope, which is limited to the circumstances in which franchisors may terminate a franchise or decline to renew a franchise relationship and leaves undisturbed state-law regulation of other types of disputes between petroleum franchisors and franchisees, see §2806(a). This conclusion is also informed by important practical considerations, namely, that any standard for identifying those breaches of contract that should be treated as effectively ending a franchise, even though the franchisee continues to operate, would be indeterminate and unworkable. Pp. 6–12.

(b) The dealers' claim that this interpretation of the Act fails to provide franchisees with protection from unfair and coercive franchisor conduct that does not force an end to the franchise ignores the availability of state-law remedies to address such wrongful conduct. The Court's reading of the Act is also faithful to the statutory interpretation principle that statutes should be construed "in a manner that gives effect to all of their provisions," *United States ex rel. Eisenstein* v. *City of New York,* 556 U. S. ___, ___, because this interpretation gives meaningful effect to the Act's preliminary injunction provisions and its alternative statute-of-limitations accrual dates. Pp. 12–14.

2. A franchisee who signs and operates under a renewal agreement with a franchisor may not maintain a constructive nonrenewal claim under the Act. The Act's text leaves no room for such an interpreta-

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tion. It is violated only when a franchisor "fail[s] to renew" a franchise relationship for an enumerated reason or fails to provide the required notice, see §2802, and it defines "fail to renew" as a "failure to reinstate, continue, or extend the franchise relationship," §2801(14). A franchisee that signs a renewal agreement cannot carry the threshold burden of showing a "nonrenewal of the franchise relationship," §2805(c), and thus necessarily cannot establish that the franchisor has violated the Act. Signing their renewal agreements "under protest" did not preserve the dealers' ability to assert nonrenewal claims. When a franchisee signs a renewal agreement—even "under protest"—there has been no "fail[ure] to renew," and thus no violation of the Act. The Act's structure and purpose confirm this interpretation. Accepting the dealers' contrary reading would greatly expand the Act's reach. Pp. 15–19.

524 F. 3d 33, reversed in part, affirmed in part, and remanded.

ALITO, J., delivered the opinion for a unanimous Court.