Matter of Mercedes-Benz Fin. Servs. v Albert Five Star Towing Serv. Corp.
2024 NY Slip Op 35126(U)
December 13, 2024
Supreme Court, Albany County
Docket Number: Index No. 906821-24
Judge: Kimberly A. O'Connor
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STATE OF NEW YORK
SUPREME COURT COUNTY OF ALBANY

In the Matter of:

MERCEDES-BENZ FINANCIAL SERVICES USA LLC,

Petitioner/Plaintiff,

-against-

DECISION AND ORDER/JUDGMENT
Index No.: 906821-24

ALBERT FIVE STAR TOWING SERVICE CORP., and THE NEW YORK STATE DEPARTMENT OF MOTOR VEHICLES,

Respondents/Defendants.

(Supreme Court, Albany County, All Purpose Term)

(Justice Kimberly A. O'Connor, Presiding)

APPEARANCES: LAW OFFICES OF RUDOLPH J. MEOLA
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O'CONNOR, J.:

Petitioner/plaintiff Mercedes-Benz Financial Services USA LLC ("Mercedes") has brought an application in this combined special proceeding, pursuant to Lien Law § 201-a, action for declaratory judgment and plenary action for an order of the Court, among other things, declaring a garagekeeper's lien asserted by respondent/defendant Albert Five Start Towing Service

Corp. ("garage") against a certain 2020 Mercedes-Benz motor vehicle, bearing vehicle identification number ("VIN") WDDZF8EB2LA710004 ("vehicle"), null and void.

By Order to Show Cause (Lynch, J.), dated July 23, 2024, the Court directed the garage to immediately release the vehicle to Mercedes upon the filing of an undertaking in the sum of Sixty Thousand Dollars ($60,000.00). The Court then enjoined the garage from removing the subject vehicle from this State and its location, and from disassembling, transferring, selling, pledging, assigning or otherwise disposing of the vehicle, or permitting the vehicle to become the subject of a security interest or statutory lien, except for delivery to the petitioner as directed, until further Court order; and prohibited the DMV from transferring title to the subject vehicle until petitioner takes possession of the vehicle or the proceeding is determined. The record indicates that petitioner posted the required bond, and that the vehicle was subsequently released to petitioner.

The garage joined issue on August 22, 2024, opposing Mercedes' application and asserting counterclaims against Mercedes for unjust enrichment and quantum meruit. Mercedes filed a motion to dismiss the garage's counterclaims on August 29, 2024, and replied to the garage's Answer. The garage opposed the motion to dismiss, and Mercedes replied in further support of dismissal. Respondent/defendant the New York State Department of Motor Vehicles ("DMV") has not appeared in this proceeding and action, or otherwise taken a position on the merits of Mercedes' petition and complaint.

Discussion

I. Validity of the Garage's Lien

In its petition/complaint, Mercedes argues that the garage failed to comply with the notice requirements of Lien Law § 201 and § 202. Moreover, Mercedes asserts that the garage's lien is invalid because, among other things, the garage failed to contact Mercedes regarding its purported

charges prior to accruing them, and failed to present any proof demonstrating that Mercedes or the owner had consented to the charges relating to the repairs made to the vehicle. Mercedes further alleges that the garage has not shown that Mercedes specifically agreed to any storage charges by the garage relating to the vehicle.

Within its Answer, the garage denied knowledge or information sufficient to form a belief in response to Mercedes' claim for declaratory relief. The garage asserted general denials in response to the remaining causes of action alleged by Mercedes. As affirmative defenses, the garage alleged failure to state a cause of action, lack of jurisdiction due to improper service, as well as laches and unclean hands.[1]

Lien Law § 184(1) provides, in relevant part, that

> [a] person keeping a garage . . . or place for the storage, maintenance, keeping or repair of motor vehicles . . . and who in connection therewith tows, stores, maintains, keeps or repairs any motor vehicle . . . at the request or with the consent of the owner . . . has a lien upon such motor vehicle . . . for the sum due for such towing, storing, maintaining, keeping or repairing of such motor vehicle . . . and may detain such motor vehicle . . . at any time it may be lawfully in his [or her] possession until such sum is paid.

The purpose of Lien Law § 184, known as a garageman's or garagekeeper's lien, "is to provide the repair shop with security for the labor and material it expends which enhance the value of the vehicle" (*Grant St. Contr. v. Cortland Paving Co.*, 55 A.D.3d 1106, 1107 [3d Dep't 2008], quoting *Gen. Motors Acceptance Corp. v. Anthony J. Minervini, Inc.*, 301 A.D.2d 940, 941 [3d Dep't 2003]; *see Matter of Nat'l Union Fire Ins. Co. v. Eland Motor Car Co.*, 85 N.Y.2d 725, 730 [1995]; *Slank v. Dell's Dodge Corp.*, 46 A.D.2d 445, 448 [4th Dep't 1975]). Thus, the statute

[1] The Court notes that the garage's allegation of improper service is without merit. By Order to Show Cause (Lynch, J.), dated July 23, 2024, the Court directed Mercedes to serve the DMV, the New York State Attorney General, and the garage by First Class Mail and by CPLR Article 3 service by August 12, 2024. Mercedes submitted proof of service via First Class mail upon the required entities by August 5, 2024, and submitted further proof of service that the commencing papers were served upon the garage pursuant to CPLR 306 on August 8, 2024.

inures to the benefit of a garage owner who can establish that: "(1) the garage is the bailee of the motor vehicle . . . ; (2) it has performed garage services or stored the vehicle with the vehicle owner's consent . . . ; (3) there was an agreed-upon price, or if no agreement on price had been reached, the charges are reasonable for the services supplied . . . ; and (4) the garage is a duly registered motor vehicle repair shop as required under article 12-A of the Vehicle and Traffic Law" (*Matter of Nat'l Union Fire Ins. Co. v. Eland Motor Car Co.*, 85 N.Y.2d at 730 [internal citations omitted]; *Matter of Daimler Trust & Daimler Title Co. v. SG Autobody LLC*, 112 A.D.3d 1123, 1124 [3d Dep't 2013]; *Matter of Toyota Motor Credit Corp. v. Impressive Auto Ctr., Inc.*, 80 A.D.3d 861, 864 [3d Dep't 2011]).

However, Lien Law § 184, "is in derogation of common law and thus is strictly construed" (*Matter of Santander Consumer USA, Inc. v. Steve Jayz Automotive, Inc.*, 197 A.D.3d 1407, 1409 [3d Dep't 2021] [internal quotation marks and citation omitted]; *see Matter of Santander Consumer USA, Inc. v. A-1 Towing Inc.*, 163 A.D.3d 1330, 1331 [3d Dep't 2018]; *Matter of Ally Fin. Inc. v. Oakes Towing Serv., Inc.*, 130 A.D.3d 1355, 1356 [3d Dep't 2015]). Further, the burden of demonstrating that a garage has complied with all requirements of Lien Law § 184 and that a valid garageman's lien exists is affirmatively placed on the garage (*see Matter of Nat'l Union Fire Ins. Co. v. Eland Motor Car Co.*, 85 N.Y.2d at 730; *Matter of Daimler Trust & Daimler Title Co. v. SG Autobody LLC*, 112 A.D.3d at 1124; *Matter of Toyota Motor Credit Corp. v. Impressive Auto Ctr., Inc.*, 80 A.D.3d at 864; *Matter of DCFS Trust v. New York State Dep't of Motor Vehicles*, 13 Misc.3d 1056, 1059 [Sup. Ct., Kings County 2006]). Therefore, a lien claim that does not strictly comply with § 184(1) is "null and void" (*Matter of Daimler Trust & Daimler Title Co. v. SG Autobody LLC*, 112 A.D.3d at 1125; *see F&N Corvette & Classics v Corvette Repairs, Inc.*, 206 A.D.2d 349 [2d Dep't 1994]).

Upon review of the record, the Court finds that the garage failed to establish the validity of its garagekeeper's lien on the vehicle. As relevant here, to assert a valid garage lien under Lien Law § 184(1), a garage owner must prove that the vehicle was stored with the owner's consent (*see Matter of Nat'l Union Fire Ins. Co. v. Eland Motor Car Co.*, 85 N.Y.2d at 730; *Matter of Daimler Trust & Daimler Title Co. v. SG Autobody LLC*, 112 A.D.3d at 1124-1125; *Grant St. Contr. v. Cortland Paving Co.*, 55 A.D.3d at 1107; *BMW Bank of N. Am. v. G & B Collision Ctr., Inc.*, 46 A.D.3d 875, 876 [2d Dep't 2007]; *Phillips v. Catania*, 155 A.D.2d 866, 866 [4th Dep't 1989]; *see General Motors Acceptance Corp. v. Chase Collision, Inc.*, 140 Misc.2d 1083, 1085 [Sup. Ct., Suffolk County 1988]). Moreover, "storage fees must be specifically authorized to be included as part of a lien on a vehicle" (*Grant St. Contr. v. Cortland Paving Co.*, 55 A.D.3d at 1107; *see Matter of BMW Bank of N. Am. v. G & B Collision Ctr., Inc.*, 46 A.D.3d at 876; *Phillips v. Catania*, 155 A.D.2d at 866).

The Court finds that the garage failed to demonstrate that the owner consented to the garage's repair and storage of the vehicle at an agreed upon price. In opposition to its motion to dismiss, the garage included a form initialed and dated on November 29, 2023, by an individual named Wilson Arevalo. Within this form there are the initials "WA" next to a section entitled "AUTHORIZATION TO REPAIR" which states:

> I hereby authorize Albert Five Star Towing Service Corp to repair the vehicles describe above as per the shop's estimate for the amount of the claim settlement in regard to the property damage for the above vehicle. I do understand that all parts will be disposed of. **This is not an authorization to repair. Initial Here:**

It is notable that in that section and throughout the form it states that "[t]his not an authorization to repair" (NYSCEF Doc. No. 24). The garage also submitted an invoice from the garage, dated August 12, 2024, which lists Arevalo's name and the vehicle's identifying information. The document listed "storage" from November 29, 2023, through August 12, 2024, with a total listed

price of Twelve Thousand Eight Hundred and Fifty Dollars ($12,850.00) (NYSCEF Doc. No. 5). The document then stated: "Repairs as shown on Estimates" with a total price of Twenty-Four Thousand Seven Hundred and Ninety-Eight Dollars ($24,798.00) (NYSCEF Doc. No. 5). There is no signature or other form of authorization on this invoice.

Within the garage's repair form, dated November 29, 2023, the relevant section initialed is entitled "AUTHORIZATION TO REPAIR" yet within the same section, the document clarifies that any consent provided is "not an authorization to repair" (NYSCEF Doc. No. 24). Due to the conflicting language contained within this form, the Court finds that the document fails to establish that Arevalo consented to the garage's repair and storage of the vehicle at an agreed upon price. Similarly, the Court finds that the invoice provided fails to demonstrate consent by the owner at an agreed upon price, as the invoice was dated on August 12, 2024, after this hybrid proceeding action was commenced, and does not include any indication of consent or authorization to the fees listed (NYSCEF Doc. No. 24). Even if Arevalo's consent had been established, Mercedes disputes that Arevalo is the titled owner of the vehicle, and maintains that the vehicle owner is Nora E. Rivera. No certificate of title has been submitted and the record is not clear as to the true identity of the titled vehicle owner. In the absence of such proof, the Court finds that the garage, as the entity asserting a garagemen's lien over the vehicle, failed to establish that Arevalo was the titled owner of the vehicle. Moreover, the garage failed to demonstrate that it is a duly registered motor vehicle repair shop as required under article 12-A of the Vehicle and Traffic Law. Based upon the foregoing, the Court finds that the garage's lien is null and void.

II. Mercedes' Motion to Dismiss Counterclaims

Within its Answer, the garage claims that it should be compensated by Mercedes for unjust enrichment and quantum meruit in the amount of Thirty-Seven Thousand Five Hundred Dollars

($37,500.00). In support of recovery under the doctrine of quantum meruit, the garage states that it provided services in good faith for the repair and storage of the vehicle, and had a reasonable expectation to be compensated for the reasonable value of the services provided. The garage contends that Mercedes "acquiesced" in the provision of such services by taking possession of the vehicle after the repairs were completed and will benefit from the garage's services, labor, and equipment. In support of recovery under the doctrine of unjust enrichment, the garage argues that Mercedes was unjustly enriched by the labor and services provided by the garage, at the garage's expense. Under this theory, the garage maintains that it is entitled to fair compensation for work and services performed on the vehicle, as well as costs for the garage's storage and preservation of the vehicle. The garage states that the vehicle's repair, storage, towing, and labor cost the garage Thirty-Seven Thousand Five Hundred Dollars ($37,500.00).

In support of dismissal, Mercedes argues that the garage's unjust enrichment and quantum meruit counterclaims must be dismissed because the pleading fails to present facts showing that the garage had a relationship with Mercedes, as the individual alleged to have induced the garage to provide the subject services. Mercedes argues that the garage failed to allege that it had any relationship with Mercedes which induced the garage to repair or store the vehicle, and emphasizes that the garage never alleged that it had any communication or contact with Mercedes prior to the completion of the garage's alleged repairs. As an additional ground for dismissal, Mercedes maintains that unjust enrichment and quantum meruit are not available where the cause of action duplicates or replaces a conventional contract claim, which the garage alleges to have had with Wilson Arevalo for the repair of the vehicle.

In opposition to the motion to dismiss, the garage argues that it has the right to recover storage costs from Mercedes for the time it stored the vehicle at its premises, regardless of the fact

that Mercedes now has possession of the vehicle. With respect to its unjust enrichment counterclaim, the garage maintains that it would be unfair for Mercedes to retain the vehicle without reimbursing the garage for the repairs performed on the vehicle, as Mercedes has substantially benefitted from the garage's work on the vehicle. Similarly, the garage argues that it has a claim for quantum meruit because it provided and performed services in good faith with a reasonable expectation of being compensated for its work. While acknowledging that Mercedes did not authorize or consent to the repair and storage of the vehicle, the garage argues that Mercedes has obtained the benefit of the repairs, labor and expense without providing compensation for it.

In further opposition to Mercedes' motion to dismiss, the garage submitted the affidavit of Joel Peralta, the President of the garage. Peralta stated that upon the request of the vehicle's purported owner, the garage agreed in good faith to perform repairs upon the vehicle with the expectation of compensation for the work performed. Peralta confirmed that he spent Twenty-Five Thousand Dollars ($25,000.00) on repair costs, with an additional Twelve Thousand Five Hundred Dollars ($12,500) incurred for storage of the vehicle. Peralta argued that Mercedes should not be able to "retain the benefit of the work and labor the garage performed" on the vehicle and stressed that Mercedes "is not acting in good faith and has benefitted" at the garage's expense (NYSCEF Doc. No. 23). In further support, Peralta included documents he alleges confirm the expenses the garage incurred in the repair and storage of the vehicle.

In reply, Mercedes argues that the garage failed to demonstrate a "sufficiently close relationship" with Mercedes that could have caused reliance or inducement by the garage (citing *Georgia Malone & Co., Inc. v. Rieder*, 19 N.Y.3d 511, 511 [2012]). Mercedes maintains that the garage never interacted with Mercedes and does not allege that it performed any services at the

instruction of Mercedes. Mercedes then restates that the garage is precluded from seeking equitable relief through causes of action for unjust enrichment or quantum meruit, because equitable remedies are limited to instances where there is no remedy at law, and the garage maintains that it had an express contract with Arevalo related to the garage's repair of the vehicle.

"On a motion to dismiss pursuant to CPLR 3211(a)(7) for failure to state a claim, [the Court] must afford the [pleading] a liberal construction, accept the facts as alleged in the pleading as true, confer on the nonmoving party the benefit of every possible inference and determine whether the facts as alleged fit within any cognizable legal theory" (*Santander Consumer USA, Inc. v. Kobi Auto Collision & Paint Ctr., Inc.*, 183 A.D.3d 984, 987 [3d Dep't 2020] [internal quotation marks and citations omitted]; *see Davis v. Boeheim*, 24 N.Y.3d 262, 268 [2014]). "To prevail on the equitable theory of quantum meruit, a party must prove (1) performance of services in good faith, (2) acceptance of the services by the person [or entity] for whom they were rendered, (3) an expectation of compensation, and (4) the reasonable value of the services performed" (*Santander Consumer USA, Inc. v. Kobi Auto Collision & Paint Ctr., Inc.*, 183 A.D.3d at 987 [internal quotation marks and citations omitted]).

Considering the foregoing, the Court finds that the garage adequately plead a cause of action for equitable relief under the theory of quantum meruit. In its counterclaim, the garage alleged that it provided and performed services in good faith with "a reasonable expectation to be compensated for preserving and protecting the collateral" (NYSCEF Doc. No. 13). The garage alleged that Mercedes "acquiesced in the provision of" the garage's services and will benefit from the services, labor, and equipment provided by the garage (NYSCEF Doc. No. 13). Although the record reflects that the services may have been performed at Arevalo's request, the garage's counterclaim adequately pleads that Mercedes accepted the services rendered by the garage by

taking possession of the repaired Mercedes-Benz and benefitted from the garage's services without paying the garage for them (*see Santander Consumer USA, Inc. v. Kobi Auto Collision & Paint Ctr., Inc.*, 183 A.D.3d at 988). Moreover, while Mercedes objects to the pursuit of equitable relief considering the existence of a contract between the garage and Arevalo, the Court finds that this contract would not preclude a claim for quantum meruit as an equitable remedy, as no contract existed between the garage and Mercedes, the parties to whom the claim of quantum meruit pertains. Accordingly, the Court denies Mercedes' motion to dismiss the garage's counterclaim for quantum meruit (*see id.* at 988).

With respect to the garage's counterclaim for unjust enrichment, the Appellate Division, Third Department has held that for a garage to recover against a vehicle lienholder for unjust enrichment, the garage needs "to establish that petitioner was enriched, at respondent's expense, and that equity and good conscience do not permit petitioner to retain what respondent seeks to recover" (*Matter of Daimler Tr. and Daimler Tit. Co. v. SG Autobody LLC*, 112 A.D.3d 1123, 1125 [3d Dep't 2013], citing *Georgia Malone & Co., Inc. v. Rieder*, 19 N.Y.3d at 516 [citation omitted]; *Santander Consumer USA, Inc. v. Kobi Auto Collision & Paint Ctr., Inc.*, 183 A.D.3d at 988). Under these circumstances, a counterclaim for unjust enrichment will fail where the garage "is unable to prove that it performed services *for* petitioner, rather than that petitioner received a benefit as a result of respondent performing services for someone else" *(Matter of Daimler Tr. and Daimler Tit. Co. v. SG Autobody LLC*, 112 A.D.3d at 1125).

The garage has not alleged that it performed repair services on the vehicle for Mercedes. Notably, the garage concedes that the services were completed at the behest of the vehicle's purported owner. Regardless of whether the garage performed repair services on the vehicle in good faith and with a reasonable expectation that they would be compensated by the purported

owner of the vehicle, the garage's counterclaim fails to allege a sufficient connection between the garage and Mercedes "to form the basis for an unjust enrichment claim" (*Georgia Malone & Co., Inc. v. Rieder*, 19 N.Y.3d at 519; *see Santander Consumer USA, Inc. v. Kobi Auto Collision & Paint Ctr., Inc.*, 183 AD3d at 988). Based on the foregoing, the Court finds that dismissal of the garage's counterclaim for unjust enrichment is warranted, and grants Mercedes' motion to dismiss the garage's second counterclaim for unjust enrichment.

Any remaining arguments not specifically addressed herein have been considered and found to be lacking in merit or need not be reached in light of this determination.

According, it is hereby

ORDERED AND ADJUDGED, that the petition is granted to the extent that it is

ADJUDGED AND DECLARED, that respondent/defendant Albert Five Star Towing Service Corp. failed to establish the existence of a valid garagekeeper's lien against a certain 2020 Mercedes-Benz motor vehicle, bearing VIN: WDDZF8EB2LA710004 for the reasons stated herein; and it is further

ORDERED, ADJUDGED AND DECLARED, that, pursuant to Lien Law § 201-a, the lien asserted by respondent/defendant Albert Five Star Towing Service Corp. against a certain 2020 Mercedes-Benz motor vehicle, bearing VIN: WDDZF8EB2LA710004 is cancelled; and it is further

ORDERED AND ADJUDGED, that within 45 days of service of this judgment upon it, respondent/defendant DMV is directed to invalidate any title to the vehicle issued as a result of the public auction, reject any application for title or lien release based upon respondent/defendant Albert Five Star Towing Service Corp.'s claimed lien, and restore title to plaintiff/petitioner Mercedes-Benz Financial Services USA LLC; and it is further

ORDERED, that all stays are terminated; and it is further

ORDERED, that Mercedes-Benz Financial Services USA LLC's motion to dismiss Albert Five Star Towing Service Corp.'s counterclaim for unjust enrichment is granted; and it is further

ORDERED, that Mercedes-Benz Financial Services USA LLC's motion to dismiss Albert Five Star Towing Service Corp.'s counterclaim for quantum meruit is denied; and it is further

ORDERED, that the parties shall appear for a **virtual conference** via Microsoft Teams on ***January 8, 2024 at 10:00 a.m.,*** to discuss petitioner/plaintiff Mercedes-Benz Financial Services USA LLC's remaining causes of action and Albert Five Star Towing Service Corp.'s remaining counterclaim. If the parties resolve the remaining claims in advance of the conference date and notify Chambers in writing of such resolution, the conference will be cancelled.

This memorandum constitutes the Decision and Order/Judgment of the Court. The original Decision and Order/Judgment is being uploaded to the NYSCEF system for filing and entry by the Albany County Clerk. The signing of this Decision and Order/Judgment and uploading to the NYSCEF system shall not constitute filing, entry, service, or notice of entry under CPLR 2220 and 22 NYCRR § 202.5-b(h)(2). Counsel is not relieved from the applicable provisions of those rules with respect to service and notice of entry of the Decision and Order/Judgment.

SO ORDERED, ADJUDGED, AND DECLARED.

ENTER.

Dated: December 13, 2024
Albany, New York

Kimberly A. O'Connor

HON. KIMBERLY A. O'CONNOR
Acting Supreme Court Justice

12/16/2024

Papers Considered:

1. Verified Petition/Complaint, dated July 17, 2024; Summons, dated July 17, 2024; Order to Show Cause (Lynch, J.), dated July 23, 2024; Affidavit of Service, sworn to August 5, 2024; Affirmation of Service, dated August 23, 2024;
2. Answer with Counterclaims, dated August 22, 2024;

3. Mercedes' Motion to Dismiss Counterclaims, dated August 29, 2024; Affirmation of John M. Dubuc, Esq., in Support of Motion, dated August 29, 2024
4. Reply Affirmation of John M. Dubuc, Esq., dated September 10, 2024, with Exhibits 1-3 annexed;
5. Affirmation of Michael C. Posner, Esq., in Opposition to Motion to Dismiss, dated October 7, 2024; Affidavit of Joel Peralta in Opposition, sworn to October 7, 2024, with annexed Exhibit A; *and*
6. Reply Affirmation of John M. Dubuc, Esq., dated October 9, 2024.