



# Warner Legal Corner

LEGAL TOPICS FOR THE AUTOMOTIVE INDUSTRY

Volume Five, August 2021

## How Auto Suppliers Can Minimize COVID-19's Delayed Impact on the Auto Supply Chain

As COVID-19 hit and a wave of shutdowns began, the automotive industry feared uncertainty. Many questions arose surrounding the shutdowns' impact on sales and if force majeure would play a part. Although COVID-19 affected nearly everyone in the industry, few suppliers faced significant issues. While the shutdowns did not immediately distress the industry as feared, those effects are now coming home to roost and are impacting virtually all automotive suppliers.

Last year's lower production and sales in certain industries (automotive, construction and the like), mixed with higher levels of demand and production in others (consumer electronics and medical devices), are now leading to shortages and increased prices of key raw materials. As you navigate these choppy waters, it's best to have a plan.

- **Gather your documents.** Automotive supply is rarely based on a contract you can hold in your hands. It is a nomination letter, a purchase order, a set of terms and conditions referenced in the purchase order and other documents referenced and incorporated into these. Review all of them to understand your leverage points and determine your course of action.
- **Review your contract documents with your end game in mind.** Do you want to exit the relationship? Do you want to increase prices to your customers? Or do you simply want to counter your supplier's demands for a price increase?
- **Devise your strategy.** Depending on your contract terms, you may be entitled to enforce the price, pass-through the price increase or take a definitive position on your contract and your relationship with your supplier or customer.

For more information from Warner's Automotive Industry Group, visit their [webpage](#) or log onto [www.wnj.com](http://www.wnj.com).



**Tom Manganello**  
[tmanganello@wnj.com](mailto:tmanganello@wnj.com)  
313.263.6855



**Elaine Taylor**  
[etaylor@wnj.com](mailto:etaylor@wnj.com)  
586.876.4045



CENTER FOR  
AUTOMOTIVE  
RESEARCH

## ATTORNEY SPOTLIGHT

### Homayune Ghaussi



Warner Partner Homayune Ghaussi focuses dually on both supply chain litigation and commercial contract negotiation, primarily for automotive suppliers. Having worked with the automotive industry for 18 years, he regularly represents clients in complex litigation and commercial disputes, including through jury trials and arbitration hearings.

His preference is to step in earlier to: "Spend a few hours in the outset, reviewing and understanding your contracts to reduce the risk of spending months or years with us in litigation at the end." It's his litigation experience, however, that gives Homayune valuable insight into how those contracts are likely to be interpreted if a problem arises.

An executive at a Tier 1 automotive supplier, who regularly retains Homayune to better understand potential legal ramifications of its customer contracts, describes his advice as invaluable. "It allowed us to proactively address issues with our customer that we would have missed had we not had his guidance."

Homayune has been named among the *Best Lawyers in America*® in Commercial Litigation; a Top Lawyer in Litigation and Commercial and Intellectual Property Law by *Dbusiness*; and a Michigan Super Lawyer. He serves as the chair of Warner's Supply Chain Litigation Practice Group and on the firm's Management Committee and Pro Staff Committee. In 2014, he won Warner's "Mentor of the Year Award" that is given to a partner who goes above and beyond in mentoring associates at the firm.

Check out Homayune's [full bio](#) here.

Connect with Warner's Tom Manganello and Elaine Taylor at the [CAR Management Briefing Seminars](#) in Traverse City, Michigan, August 4-5, 2021.

Click [here](#) to access Warner's Legal Corner Resource Page on OESA's website.



Warner Legal Corner