CHAPTER 135
DEALERSHIP PRACTICES

135.01 Short title. This chapter may be cited as the “Wisconsin Fair Dealership Law.”

History: 1973 c. 179; 2021 a. 238 s. 45.
This chapter was enacted for the protection of the interests of the dealer whose economic livelihood may be impaired by the dealership grantor, whatever its size. Rose Oil Co. v. Heiman, 72 Wis. 2d 690, 236 N.W.2d 176 (1976).

This chapter covers only agreements entered into after April 5, 1974. Wipperfurth v. U-Haul Co. of Western Wis., Inc., 101 Wis. 2d 586, 304 N.W.2d 767 (1981).

This chapter is constitutional; it may be applied to out-of-state dealers when provided by contract. C.A. Marine Sup. Co. v. Brunswick Corp., 557 F.2d 1163. See also Boattland, Inc. v. Brunswick Corp. 558 F.2d 818.

When a dealer did not comply with all the terms of acceptance of a dealership agreement, no contract was formed and this chapter did not apply. Century Hardware Corp. v. Acme United Corp., 467 F. Supp. 350 (1979).


135.02 Definitions. In this chapter:

(1) “Community of interest” means a continuing financial interest between the grantor and grantee in either the operation of the dealership business or the marketing of such goods or services.

(2) “Dealer” means a person who is a grantee of a dealership situated in this state.

(3) “Dealership” means any of the following:

(a) A contract or agreement, either expressed or implied, whether oral or written, between 2 or more persons, by which a person is granted the right to sell or distribute goods or services, or use a trade name, trademark, service mark, logotype, advertising or other commercial symbol, in which there is a community of interest in the business of offering, selling or distributing goods or services at wholesale, retail, by lease, agreement or otherwise.

(b) A contract or agreement, either expressed or implied, whether oral or written, between 2 or more persons by which a wholesaler, as defined in s. 125.02 (21), is granted the right to sell or distribute intoxicating liquor or use a trade name, trademark, service mark, logotype, advertising or other commercial symbol related to intoxicating liquor. This paragraph does not apply to dealerships described in s. 135.066 (5) (a) and (b).

(4) “Good cause” means:

(a) Failure by a dealer to comply substantially with essential and reasonable requirements imposed upon the dealer by the grantor, or sought to be imposed by the grantor, which requirements are not discriminatory as compared with requirements imposed on other similarly situated dealers either by their terms or in the manner of their enforcement; or

(b) Bad faith by the dealer in carrying out the terms of the dealership.

(5) “Grantor” means a person who grants a dealership.

(6) “Person” means a natural person, partnership, joint venture, corporation or other entity.


A cartage agreement between an air freight company and a trucking company did not create a “dealership” under this chapter. Kania v. Airborne Freight Corp., 99 Wis. 2d 746, 300 N.W.2d 63 (1981).

A manufacturer’s representative was not a “dealership.” Foester, Inc. v. Atlas Metal Parts Co., 105 Wis. 2d 17, 313 N.W.2d 60 (1981).

This chapter applies exclusively to dealerships that do business within the geographic confines of the state. Swan Sales Corp. v. Jos. Schlitz Brewing Co., 126 Wis. 2d 16, 374 N.W.2d 640 (Ct. App. 1985).

Two guideposts for determining the existence of a “community of interest” under sub. (3) are: 1) a shared financial interest in the operation of the dealership or the marketing of a good or service; and 2) the degree of cooperation, coordination of activities, and sharing of common goals in the parties’ relationship. Ziegler Co., Inc. v. Rexnord, Inc., 139 Wis. 2d 593, 407 N.W.2d 873 (1987).

A substantial investment or distribution of a dealership from a typical vendor–vendor relationship; establishing a loss of future profits is not sufficient. Gunderjohn v. Loe- wen-America, Inc., 179 Wis. 2d 201, 507 N.W.2d 115 (Ct. App. 1993).

Competitions between an HMO and chiropractors for the provision of chiropractic services to HMO members did not also establish the chiropractors as dealerships under this chapter. Bakke Chiropractic Clinic v. Physicians Plus Insurance, 215 Wis. 2d 665, 573 N.W.2d 542 (Ct. App. 1997), 97–1169.

A dealership is a contract or agreement establishing a particular sort of commercial relationship that encompasses an extraordinary diverse set of business relationships not limited to the traditional franchise. The focus of the analysis must be on whether the business relationship can be said to be situated in the state after examining a broad set of factors outlined by the court. Baldwin Co. v. Tri-Clover, Inc., 2000 WI 20, 233 Wis. 2d 57, 606 N.W.2d 145, 98–0581. See also Baldwin Co. v. Tri-Clover, Inc., 183 F. Supp. 2d 1116 (2002).

Assuming without deciding that the size of the local economy relative to the cost of the grantee’s inventory of the grantor’s products is a relevant factor in determining the existence of a community of interest, that factor did not demonstrate the existence of a community of interest in this case. Moe v. Benelli U.S.A. Corp., 2007 WI App 25, 306 Wis. 2d 812, 743 N.W.2d 691, 06–1512.

Under sub. (2), “a dealer” is defined in this chapter to mean “a person who is a grantee of a dealership situated in this state.” Sub. (3) defines “dealership” in part as “contract or agreement . . . between 2 or more persons, by which a person is granted the right to sell or distribute goods or services . . . .” Sub. (6) defines “person” as “a natural person, partnership, joint venture, corporation, or other entity” and a city is a municipal corporation. Under s. 990.01 (26), “person” includes all partnerships, associations, and bodies politic and corporate. The general term “corporation” presuppositionally should be read to include more specific types of corporations. Under the facts of this case, the relationships between the defendant city and the golf pro plaintiffs who operated its golf courses constituted “dealings” under sub. (3). Benson v. City of Madison, 2017 WI 65, 374 Wis. 2d 35, 897 N.W.2d 842, 15–2360.

A wine grantor–dealer relationship is not included within the definition of a dealership in sub. (3) (b). Section 135.066 (2) provides the operative definition of intoxicating liquor to mean for purposes of this chapter, and that definition explicitly excludes wine. Winebox, Inc. v. Capitol-Huston Co., Inc., 2018 WI 60, 381 Wis. 2d 732, 914 N.W.2d 631, 17–1595.

When an otherwise protected party transfers a protected interest to a third party; a “community of interest” is destroyed and the party removed from WFDL protection. Lakefield Telephone Co. v. Northern Telecom, Inc., 970 F.2d 392 (1992).

A community of interest exists when a large proportion of a dealer’s revenues are derived from the dealership, or when the alleged dealer has made sizable investments specialized in the grantor’s goods or services. Fivebark Farm Equip. v. Van Dale, Inc. 978 F.2d 395 (1992).

There is no “community of interest” in the sale of services not yet in existence when the availability of the services is dependent on the happening of an uncertain condition. Simms v. Embassy Suites, Inc., 983 F.2d 1404 (1993).

This chapter does not protect a manufacturer’s representative that lacks the qualified authorization to sell to the authority or community manufacturer to a sale. Sales & Marketing Assoc., Inc. v. Huffy Corp., 57 F.3d 602 (1995).

If a grantor is losing substantial money under the dealership relationship, it may constitute “good cause” for changes in the contract, including termination. Morley–Murry Co. v. Zenith Electronics, Inc., 142 F.3d 373 (1998).

This chapter specifies who may take advantage of its protections through the terms “dealership” and “dealership” and obviates the need to resort to conflict of laws principles. Investment in the state without in-state sales does not bring a party within the coverage of the chapter. Generac Corp. v. Caterpillar, Inc., 172 F.3d 971 (1999).

A manufacturer’s right of appraisal applies only if the manufacturer wishes to state a contractual relationship between the manufacturer and the subdistributor subject to this chapter. Pratteke Auto Electric & Battery Co. v. Tecumseh Products Co., 255 F.3d 468 (7th Cir.).

The WFDL expresses no concern for the mission or other motivation underlying the sales in question; it asks only whether sales occur. Nor does the statute draw any

135.05 Application to arbitration agreements.

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135.05 Temporary injunctions.

135.066 Intoxicating liquor dealerships.

135.07 Nonapplicability.
135.02 DEALERSHIP PRACTICES

135.02 Purposes; rules of construction; variation by contract. (1) This chapter shall be liberally construed and applied to promote its underlying remedial purposes and policies.

(2) The underlying purposes and policies of this chapter are:

(a) To promote the compelling interest of the public in fair business relations between dealers and grantees, and in the continuation of dealerships on a fair basis;

(b) To protect dealers against unfair treatment by grantees, who inherently have superior economic power and superior bargaining power in the negotiation of dealership agreements;

(c) To provide dealers with rights and remedies in addition to those existing by contract or common law;

(d) To govern all dealings, including any renewals or amendments, to the full extent consistent with the constitutions of the United States and this State.

(3) The effect of this chapter may not be varied by contract or agreement. Any contract or agreement purporting to do so is void and unenforceable to that extent only.

History: 1997 c. 171.


Federal law governs the enforcement of an arbitration clause even though that clause did not provide the relief guaranteed by this chapter, contrary to this section and s. 135.05. Madison Beauty Supply v. Helene Curtis, 167 Wis. 2d 217, 481 N.W.2d 644 (Ct. App. 1992).


The relinquishment of territory and the signing of a guaranty agreement were considered insufficient to bring a retailer within this law. Rochester v. Royal Appliance Mfg. Co., 569 F. Supp. 736 (1983).

135.03 Cancellation and alteration of dealerships. No grantor, directly or through any officer, agent or employee, may terminate, cancel, or fail to renew or substantially change the competitive circumstances of a dealership agreement without cause. The burden of proving good cause is on the grantor.

History: 1973 c. 179; 1977 c. 171.

A grantor may cancel, terminate, or non-renew a dealership if the dealer refuses to make changes that are essentially reasonable, and does not discriminate against the dealer. A failure to substantially comply with the changes constitutes good cause. Ziegler Co., Inc. v. Rexnord, 147 Wis. 2d 308, 433 N.W.2d 8 (1988).

A drug supplier violated this section through non-renewal without good cause all dealership agreements with independently owned pharmacies in the state. Kealey Pharmacy & Home Care Service, Inc. v. Walgreen Co., 761 F.2d 345 (1985).

This chapter did not apply to a grantor's action that was due to business exigencies unrelated to the dealer and was done in a nondiscriminatory manner. Remus v. Amoco Oil Co., 794 F.2d 1238 (1986).

Economic duress may serve as a basis for a claim of constructive termination of a dealership. JPM, Inc. v. John Denny, 943 F.2d 70 (1986).

A grantor's substantial loss of money as a result of changes in the franchise relationship is a good cause for changes in the contract, including termination. Morley-Murphy Co. v. Zenith Electronics, Inc., 245 Wis. 2d 105 (1998).

This chapter is applicable to nonprofit grantees. Girl Scouts of Manitowoc Council, Inc. v. Girl Scouts of the United States of America, 646 F.3d 983 (2011).

A drug supplier failed to meet their burden of proof that their competitive circumstances were substantially changed by a new agreement. Bresler's 33 Flavors Franchising Corp. v. Wkosin, 591 F. Supp. 1533 (1984).


When parties continue their relations after the term of a dealership contract has expired, the contract has been renewed for another period of the same length. Pratte Auto Electric & Battery Co. v. Tecumseh Products Co., 110 F. Supp. 2d 899 (2000).

Reversed on other grounds. 255 F.3d 460 (2001).

Assignment of a second distributor in Wisconsin did not breach the agreement or cause a substantial change in the competitive circumstances of the nonexclusive dealership agreement in violation of this section. However, the defendant's assignment of a second distributorship was a violation of s. 135.04 because it caused a substantial change in the competitive circumstances of the plaintiff's truck distributorship. Yankee Distributors, Inc. v. Ford Motor Co., 269 Wis. 2d 762, 677 N.W.2d 268 (2004).

Assignment of a second distributor in Wisconsin did not breach the agreement or cause a substantial change in the competitive circumstances of the nonexclusive dealership agreement in violation of this section. However, the defendant's assignment of a second distributorship was a violation of s. 135.04 because it caused a substantial change in the competitive circumstances of the plaintiff's truck distributorship. Yankee Distributors, Inc. v. Ford Motor Co., 269 Wis. 2d 762, 677 N.W.2d 268 (2004).

When an action becomes so egregious as to amount to constructive termination of the dealership this section is violated. Constructive termination of a dealership agreement may be shown when the grantor takes actions that amount to an effective end to the competitive meaningful aspects of the dealership relationship, regardless of whether the formal contractual relationship between the parties continues in force. Girl Scouts of Manitowoc Council, Inc. v. Girl Scouts of the United States of America, 700 F. Supp. 2d 1055 (2011).


“Good cause” is not limited to the statutory definition of the term under s. 135.02 (4) (a). A grantor’s own circumstances do not constitute good cause for reasonable, essential, and nondiscriminatory changes in the way it does business with dealers. To show good cause for making a substantial change in the competitive circumstances of a dealership agreement, the grantor must demonstrate: 1) an objectively ascertainable need for change; 2) a proportionate response to that need; and 3) a nondiscriminatory action. This chapter applies to nonexclusive for-profit entities, and, as such, the court cannot judicially craft a lower threshold for when not-for-profit organizations wish to substantially change the competitive circumstances of a dealership agreement. Girl Scouts of the United States of America, Inc. v. Girl Scouts of the United States of America, 700 F. Supp. 2d 1055 (2011).


135.04 Notice of termination or change in dealership.

Except as provided in this section, a grantor shall provide a dealer at least 90 days’ prior written notice of termination, cancellation,
nonrenewal or substantial change in competitive circumstances. The notice shall state all the reasons for termination, cancellation, nonrenewal or substantial change in competitive circumstances and shall provide that the dealer has 60 days in which to rectify any claimed deficiency. If the deficiency is rectified within 60 days the notice shall be void. The notice provisions of this section shall not apply if the reason for termination, cancellation or nonrenewal is insolvency, the occurrence of an assignment for the benefit of creditors or bankruptcy. If the reason for termination, cancellation, or nonrenewal or substantial change in competitive circumstances is nonpayment of sums due the order of the dealer, the dealer shall be entitled to written notice of such default, and shall have 10 days in which to remedy such default from the date of delivery or posting of such notice.

History: 1973 c. 179.

A grantor must give a 90-day notice when termination is for nonpayment of sums due. White Hen Pantry v. Butke, 100 Wis. 2d 216, 301 N.W.2d 216 (1981).

The notice requirement of this section applies to substantial changes of circumstances of a dealership, not a dealership agreement. Actions that substantially change competitive circumstances and that are controlled by the grantor or are allowed by the dealership agreement require the statutory notice. Jungbluth v. Hometown, Inc., 201 Wis. 2d 320, 548 N.W.2d 519 (1994), 94–1523.

Steps that the grantor requires the dealer to take in order to rectify a deficiency must be reasonable. Al Bishop Agency, Inc. v. Lithuania, 474 F. Supp. 828 (1979).


The insolvency exception to the notice requirement did not apply to insolvency that was not known to the grantor at the time of termination. Bruno Wine & Spirits v. Guimarra Vineyards, 573 F. Supp. 337 (1983).

Assignment of a second distributor in Wisconsin did not breach the agreement or cause a substantial change in the competitive circumstances of the nonexclusive dealership agreement in violation of s. 135.03. However, the defendant’s assignment of a second distributorship was a violation of this section because it caused a substantial change in the competitive circumstances of the plaintiff’s truck-trailer distributorship and the defendant failed to provide the plaintiff with 90 days’ written notice. Wisconsin Compressed Air Corp. v. Gardner Denver, Inc., 571 F. Supp. 2d 992 (2008).

135.045 Repurchase of inventories. If a dealership is terminated by the grantor, the grantor, at the option of the dealer, shall repurchase all inventories sold by the grantor to the dealer for resale under the dealership agreement at the fair wholesale market value. This section applies only to merchandise with a name, trademark, label or other mark on it which identifies the grantor.

History: 1977 c. 171.


135.05 Application to arbitration agreements. This chapter shall not apply to provisions for the binding arbitration of disputes contained in a dealership agreement concerning the items covered in s. 135.03, if the criteria for determining whether good cause existed for a termination, cancellation, nonrenewal or substantial change of competitive circumstances, and the relief provided is no less than that provided for in this chapter.

History: 1977 c. 171.

Federal law required enforcement of an arbitration clause even though that clause did not provide the relief guaranteed by this chapter, contrary to this section and s. 135.025. Madison Beauty Supply v. Helene Curtis, 167 Wis. 2d 237, 481 N.W.2d 644 (Ct. App. 1992).

135.06 Action for damages and injunctive relief. If any grantor violates this chapter, a dealer may bring an action against such grantor in any court of competent jurisdiction for damages sustained by the dealer as a consequence of the grantor’s violation, together with the actual costs of the action, including reasonable attorney fees, and the dealer also may be granted injunctive relief against unlawful termination, cancellation, nonrenewal or substantial change of competitive circumstances.

History: 1973 c. 179; 1993 a. 842.

In an action for termination of a dealership upon written notice not complying with this section, if the grantor fees allowed the limitation started running from the date the receipt of the termination notice. Les Moise, Inc. v. Rossignol Ski Co., Inc., 122 Wis. 2d 51, 361 N.W.2d 653 (1985).

The term “actual costs of the action” includes appellate attorney fees. Siegel v. Lear, Inc., 156 Wis. 2d 621, 457 N.W.2d 533 (Ct. App. 1990).

of intoxicating liquor during the dealer’s most recent fiscal year preceding a grantor’s cancellation or alteration of a dealership.

(6) SEVERABILITY. The provisions of this section are severable as provided in s. 990.001 (11).

History: 1999 a. 9; 2021 a. 238 ss. 44, 45.

A wine grantor–dealer relationship is not included within the definition of a dealership in s. 135.02 (3) (b). Sub. (2) provides the operative definition of intoxicating liquor for purposes of this chapter, and that definition explicitly excludes wine. Winebow, Inc. v. Capitol–Husting Co., Inc., 2018 WI 60, 381 Wis. 2d 732, 914 N.W.2d 631, 17–1595.

135.07 Nonapplicability. This chapter does not apply:

(1) To a dealership to which a motor vehicle dealer or motor vehicle distributor or wholesaler as defined in s. 218.0101 is a party in such capacity.

(2) To the insurance business.

(3) Where goods or services are marketed by a dealership on a door to door basis.


When a “dealer” under this chapter is also a “franchisee” under ch. 553, the commissioner of securities may deny, suspend, or revoke the franchisor’s registration or revoke its exemption if the franchisor has contracted to violate or avoid the provisions of this chapter. This chapter expresses public policy and its provisions may not be waived. 66 Att’y Gen. 11.