CHAPTER 135
DEALERSHIP PRACTICES

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

History: 1973 c. 179; s. 35.17 correction.

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. Rosow Oil Co. v. Heinman, 72 Wis. 2d 696, 242 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 who provide services in the state. Michigan Sales Corp. v. Acme United Corp., 557 F.2d 1163 (1977). See: Boatland, 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).


The fair dealership law: Good cause for review. Riteris and Robertson, WBB March, 1986.


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.


135.03 Cancellation and alteration of dealerships.

135.04 Notice of termination or change in dealership.

135.05 Application or arbitration agreements.

135.06 Action for damages and injunctive relief.

135.07 Nonapplicability.

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.” Foerster, 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) (a) share a financial interest in the improvement 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. Robert Loewen-America, Inc. 139 Wis. 2d 593, 407 N.W.2d 873 (1987).

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

Contracts between an IMO and chiropractors for the provision of chiropractic services to IMO members did not do not establish the chiropractors as dealerships under ch. 135. Bakke Chiropractic Clinic v. Physicians Plus Insurance, 215 Wis. 2d 605, 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. Baldeuw Company v. Tri-Clover, Inc. 2000 WI 20, 233 Wis. 2d 57, 606 N.W.2d 145, 99–0541. See also Baldeuw Company v. Tri-Clover, Inc. 183 F.3d Supp. 2d 1116 (2002).

Assuming without deciding that the size of the local economy relative to the cost of the putative dealer’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 an economic interest in this case. Moe v. Benefit U.S.A. Corp. 2007 WI App 254, 306 Wis. 2d 812, 743 N.W.2d 691–06–1512.

Under sub. (2), a “dealer” is defined in ch. 135 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 government and political and corporate. The general term “corporation” presumably 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 participants who operated its golf courses constituted “dealerships” under sub. (3). Benson v. City of Madison, 2017 WI 65, 766 Wis. 2d 35, 897 N.W.2d 16, 23–1566.

A wine grantor-dealer relationship is not included within the definition of a dealership (s. 135.02 (3) (b)). Section 135.066 (2) provides the definitive definition of intoxicating liquor for purposes of this chapter, and that definition explicitly excludes wine. Winemore, Inc. v. Capitol–Hustinx 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 Telephone, 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. Freeburg 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 possibility of the service is in the process of happening of an uncertain condition. Simos v. Embassy Suites, Inc. 983 F.2d 1404 (1993).

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

If a grantor is losing substantial money under the dealership agreement, it may constitute “good cause” for changes in the contract, including termination. Morley–Murphy Co. v. Zenith Electronics, Inc. 143 F.3d 373 (1996).

This chapter specifies who may take advantage of its protections through the terms “dealers” and “dealership” and obviates the need to resort to conflict of laws principles. The 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 approval of its distributors’ substradists may create a contractual relationship between the manufacturer and the subdistributor subject to this chapter. Praefke Auto Electric & Battery Company, Inc. v. Tecumseh Products Company, Inc. 255 F.3d 460 (2001).

The distinction between a dealer and a manufacturer’s representative is discussed. Al Bishop Agency, Inc. v. Lithonia–Division of National Services, Inc. 474 F. Supp. 828 (1979).
The employment relationship in question was not a “dealership.” O’Leary v. Sterling Extruding Corp. 533 F. Supp. 1205 (1982).

The plaintiff was not a “dealer” since money advanced to the company for fixtures and inventory was refundable. Moore v. Tandy Corp. Radio Shack Div. 631 F. Supp. 1037 (1986).

It is improper to determine whether under sub. (3) a “community of interest” exists by examining the effect termination has on a division of the plaintiff. U.S. v. Davis, 756 F. Supp. 1162 (1990).

The plaintiff’s investment in “goodwill” was not sufficient to afford it protection. Smith v. Rainsoft, 548 F. Supp. 1413 (1986).


The fair dealer’s “community of interest” must be substantial in view of the grantor’s investment in the business. Smith v. Rainsoft, 548 F. Supp. 1413 (1986).

Nothing in the text or legislative history of ch. 135 suggests that the legislature intended to preclude co-ops from being dealers. Sub. (2) defines a dealer as “a person who is engaged in a dealership.” Sub. (6) defines a person as a “corporation or other entity.” Under s. 185.02, a co-op is “an association incorporated” in the state. Thus a co-op is a corporation or other entity within sub. (6) and subject to ch. 135. Build−r’s Warehouse v. Kevin Lumber & Cedar Inc. 482 F. Supp. 2d 1065 (2007).

In determining whether a plaintiff has a right to sell under the WFDL, the most important factor is the dealer’s ability to transfer the product itself, or title to the product, or commit the grantor to a transaction at the moment of the agreement to sell. A manufacturer’s representative, defined as an independent contractor who solicits orders for a manufacturer’s product from potential customers and is paid a commission on resulting sales, is a position consistently excluded from the WFDL. Northland Sales, Inc. v. Maas Corp. 556 F. Supp. 2d 928 (2008).

The WFDL expresses no concern for the mission or other motivation underlying the franchise question; it asks only whether sales occur. Not does the statute draw any distinction between for-profit and not-for-profit entities. The stated concern is with fair business relations, and it is beyond dispute that nonprofit corporations can be substantial businesses. Matters it matters not whether the purported dealer be called a “dealer” in everyday conversation; what matters is only how the statute defines the term. Girl Scouts of Manitou Council, Inc. v. Girl Scouts of the United States of America, Inc. 357 F. Supp. 2d 1080 (2005).


135.03 Cancellation and alteration of dealingships. No grantor, directly or through any officer, agent or employee, may cancel, fail to renew or substantially change the competitive circumstances of a dealership agreement without good 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 perform changes that are essential, reasonable, and not discriminatory. St. Joseph Equipment v. Massey−Ferguson, Inc. 546 F. Supp. 1245 (1982).


When parties continue their relations after the term of a dealership contract has expired, the contract has been renewed for another period of time. Girl Scouts of Manitou Council, Inc. v. Girl Scouts of the United States of America, Inc. 571 F. Supp. 2d 992 (2008).

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 occurs when the grantor takes actions that amount to an effective end to the formal contractual relationship between the parties continues in force. Girl Scouts of Manitou Council, Inc. v. Girl Scouts of the United States of America, 700 F. Supp. 2d 1055 (2011). Affirmed in part, reversed in part. 646 F.3d 983 (2011).

“Good cause” is not limited to the statutory definition of the term under s. 135.02 (4). A grantor’s own circumstances can constitute good cause. Constructive Termination Under the Wisconsin Fair Dealership Law. Cross and Janssen. Wis. Law. June 1997.

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, nonrenewal or substantial change in competitive circumstances is nonpayment of sums due under the dealership, 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. Butte, 100 Wis. 2d 169, 301 N.W.2d 216 (1981).

The notice requirement of this section applies to substantial changes of circumstances that are 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 524, 548 N.W.2d 519 (1996), 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. Lithonia, etc. 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. Guar-marra 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 noneclusive dealership agreement in violation of s. 135.03. However, the defendant’s assignment of a second distributor was a violation of s. 135.02 because it caused a change in the competitive circumstances of the plaintiff’s truck 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. 2d992 (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:** 1973 c. 179.

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. 482.

In an action for termination of a dealership upon written notice not complying with this chapter and without good cause, the statutory limitations started running upon the receipt of the termination notice. Les Moise, Inc. v. Rossignol Ski Co., Inc. 125 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).


A cause of action accrued when a defective notice under s. 135.04 was given, not when the dealership was actually terminated. Hammil v. Richfield Mfg. Corp. 719 F.2d 252 (1983).

This section does not restrict recovery of damages with respect to inventory on hand at the time of termination to “fair wholesale market value.” Kealey Pharmacy v. Walgreen Co. 761 F.2d 345 (1985).

The parties were properly included under this section. Bright v. Land O’ Lakes, Inc. 844 F.2d 436 (7th Cir. 1988).

There is no presumption in favor of injunctive relief and against damages for lost future profits. Frieberg Farm Equip. v. Van Dale, Inc. 978 F.2d 395 (1992).


An arbitration award that did not award attorney fees was enforceable. Parties may agree upon their own legal expenses when resolving disputes: what the parties may do, an arbitrator as their mutual agent may also do. George Watts & Son, Inc. v. Tiffany & Co. 248 F.3d 577 (2001).

135.065 Temporary injunctions. In any action brought by a dealer against a grantor under this chapter, any violation of this chapter by the grantor is deemed an irreparable injury to the dealer for determining if a temporary injunction should be issued.

**History:** 1977 c. 171.

Four factors considered in granting preliminary injunction are discussed. The loss of good will constituted irreparable harm. Reinders Bros. v. Rain Bird Eastern Sales Corp. 627 F.2d 44 (1980).

The court did not abuse its discretion in granting a preliminary injunction notwithstanding the arguable likelihood that the defendant would ultimately prevail at trial. Menominee Rubber Co. v. Gould, Inc. 657 F.2d 164 (1981).

A presumption of irreparable harm exists in favor of a dealer when a violation is shown. For the presumption to apply, a dealership relationship must be shown to exist. Price Engineering Co. v. Vickes, Inc. 774 F. Supp. 1160 (1991).

If a plaintiff establishes the likelihood of a violation of this chapter, the statute creates a rebuttable presumption that the plaintiff is entitled to an injunction. If neither party presents evidence on the issue, the rebuttable presumption created by the statute remains in favor of the dealer. If, however, the grantor presents evidence of the absence of irreparable injury, the presumption is no longer relevant, and the dealer must come forward with evidence of irreparable injury to support the grantor’s evidence. S&S Sales Corp. v. Marvin Lumber & Cedar Co., 435 F. Supp. 2d 879 (2006).

135.066 Intoxicating liquor dealerships. (1) LEGISLATIVE FINDINGS. The legislature finds that a balanced and healthy 3−tier system for distributing intoxicating liquor is in the best interest of this state and its citizens; that the 3−tier system for distributing intoxicating liquor has existed since the 1930’s; that a balanced and healthy 3−tier system ensures a level system between the manufacturer and wholesale tiers; that a wholesale tier consisting of numerous healthy competitors is necessary for a balanced and healthy 3−tier system; that the number of intoxicating liquor wholesalers in this state is in significant decline; that this decline threatens the health and stability of the wholesale tier; that the regulation of all intoxicating liquor dealerships, regardless of when they were entered into, is necessary to promote and maintain a wholesale tier consisting of numerous healthy competitors; and that the maintenance and promotion of the 3−tier system will promote the public health, safety and welfare. The legislature further finds that a stable and healthy wholesale tier provides an efficient and effective means for tax collection. The legislature further finds that the problems between intoxicating liquor wholesalers and manufacturers have been subject to state regulation since the enactment of the 21st Amendment to the U.S. Constitution and that the parties to those dealerships expect changes to state legislation regarding those dealerships.

(2) DEFINITION. “Intoxicating liquor” has the meaning given in s. 125.02 (8) minus wine.

NOTE: Sub. (2) is known as renumbered sub. (2) (a) by the legislative reference bureau under s. 13.92 (14m) (bm) 2.

(5) NONAPPLICABILITY. This section does not apply to any of the following dealerships:

(a) Dealerships in which a grantor, including any affiliate, division or subsidiary of the grantor, has never produced more than 200,000 gallons of intoxicating liquor in any year.

(b) Dealerships in which the dealer’s net revenues from the sale of all of the grantor’s brands of intoxicating liquor constitute less than 5 percent of the dealer’s total net revenues from the sale 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 (4m) (5).
135.066 DEALERSHIP PRACTICES

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 ch. 135 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 ch. 135. Ch. 135 expresses public policy and its provisions may not be waived. 66 Atty. Gen. 11.