

**BLOGS**

State Franchise Laws/Violations/Terminations

Court Denies Distributor's Motion for Summary Judgment on Wisconsin Fair Dealership Law Claims

A federal court in Wisconsin recently denied a haircare product dealer's motion for summary judgment on its Wisconsin Fair Dealership Law (WFDL) and breach of contract claims against the dealer's national distributor. *Brava Salon Specialists, LLC v. REF N. Am., Inc.*, 2024 WL 3443799 (W.D. Wis. July 16, 2024).

A federal court in Wisconsin recently denied a haircare product dealer's motion for summary judgment on its Wisconsin Fair Dealership Law (WFDL) and breach of contract claims against the dealer's national distributor. *Brava Salon Specialists, LLC v. REF N. Am., Inc.*, 2024 WL 3443799 (W.D. Wis. July 16, 2024). Brava Salon Specialists is a Wisconsin-based dealer of haircare products manufactured and distributed by REF North America. Brava's distributorship agreement with REF North America granted Brava the exclusive right to distribute products in Wisconsin and Minnesota. Brava sued after falling out over the sale of REF products via Amazon and the expansion of Brava's territory to Florida. Brava alleged that third-party sales of REF North America's products on Amazon violated the WFDL because it imposed a substantial change in Brava's competitive circumstances without proper notice. REF North America counterclaimed, alleging breach of the distributorship agreement.

Brava sought and obtained a temporary restraining order and later a preliminary injunction against REF North America. Brava then moved for summary judgment. At issue was the WFDL's prohibition on termination, cancellation, failure to renew, and/or substantial change of the competitive circumstances of a dealership contract without good cause, adequate notice, and other statutory requirements. The court denied summary judgment on Brava's WFDL claims, concluding that WFDL protections did not extend to Brava's sales in Florida. With respect to Brava's claims concerning third-party sale of REF products on Amazon, the court found that genuine disputes of material fact precluded summary judgment. The court likewise denied summary judgment on Brava's claims concerning new requirements REF North America imposed on U.S. dealers because Brava did not establish beyond reasonable dispute that the changes amounted to a "substantial change to [its] competitive circumstances." The court noted that "non-discriminatory, system-wide changes do not generally constitute a 'substantial change in competitive circumstances.'" The court also denied Brava summary judgment on its breach of contract claims and REF's counterclaims.

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