

A solid yellow right-angled triangle pointing downwards and to the right.

BLOGS

Terminations

Court Finds Lack of Good Cause to Terminate Under Wisconsin Law

Issue 141 of *The GPMemorandum* on the April 14, 2011, reported on the dispute that developed because Compressor & Pump Repair Services (CPR) refused to sign Kaeser Compressors, Inc.'s (Kaeser) current form of dealership agreement. CPR had been Kaeser's exclusive dealer in the territory for over 20 years, but when Kaeser requested that CPR sign its current form of dealership agreement, which provided for a non-exclusive territory, CPR refused. Kaeser sought a declaration that it had good cause to terminate the dealership agreement under the Wisconsin Fair Dealership Law (WFDL) due to CPR's failure to sign the current form of dealership agreement.

The court now has disagreed and found that Kaeser lacked good cause to terminate. *Kaeser Compressors, Inc. v. Compressor & Pump Repair Services*, 2011 U.S. Dist. LEXIS 53435 (E.D. Wis. May 18, 2011). Under the WFDL, in order to show good cause for termination, Kaeser needed to demonstrate that the changes imposed under the current form of dealership agreement were both "essential and reasonable." Kaeser argued that the same changes were imposed on all other dealers in its system, and that the changes were necessary to Kaeser's continued growth and profitability. While the court considered Kaeser's economic circumstances in deciding whether the changes were essential and reasonable, the court found that Kaeser could not terminate the dealership simply because it could make more money without CPR. Kaeser was a profitable business and unable to demonstrate that the changes were essential to its overall operation or profitability or to avoid substantial losses.