

**BLOGS**

Choice of Law

Washington Federal Court Rejects Wisconsin Distributor's Request to Apply Wisconsin's Fair Dealership Law

A federal court in Washington held that a distributor failed to demonstrate that Wisconsin law, particularly the Wisconsin Fair Dealership Law (WFDL), should apply to a distribution agreement that specified that the agreement is to be governed by the laws of the State of Washington. *ACD Distrib., LLC v. Wizards of the Coast, LLC*, 2020 WL 3266196 (W.D. Wash. June 17, 2020). ACD, located in Wisconsin, and Wizards of the Coast (WOTC), located in Washington, entered into a distribution agreement that granted ACD the right to distribute WOTC's gaming products in Wisconsin. At the end of the term, WOTC elected not to renew the distribution agreement and did not provide ACD with a reason for its decision. The agreement's governing law and forum selection clause both specified Washington. ACD commenced an action alleging that WOTC's failure to renew the agreement violated the WFDL and breached a duty of good faith and fair dealing. WOTC filed a motion seeking a ruling that Washington, not Wisconsin law, applied, and therefore it was entitled to a partial judgment on the pleadings with respect to the WFDL claim.

The court granted WOTC's motion on the grounds that ACD failed to meet its burden to demonstrate that Wisconsin has a materially greater interest in having its law applied over Washington's. The parties agreed that there is a real conflict between Washington and Wisconsin law because Washington does not have a law prohibiting a dealership from failing to renew a distribution agreement without good cause, unlike the WFDL. Therefore, ACD had to satisfy a three-pronged test in order to have Wisconsin law apply and to avoid the choice of law provision in the agreement. The court held that ACD failed to demonstrate that Wisconsin had a "materially greater interest," reasoning that ACD failed to establish that applying Washington law would contravene Wisconsin's intent of protecting dealers against unfair treatment, especially since ACD agreed that Washington law would apply. Thus, the court enforced the Washington choice of law provision, granted WOTC's motion, and dismissed the WFDL claim.

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