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BLOGS

State Franchise and Dealer Laws

Wisconsin Fair Dealership Law Applies to Girl Scouts Organization

A Girl Scouts organization has successfully sued to enjoin Girl Scouts USA (GUSA) from taking away its territory, convincing the Seventh Circuit that the action violated Wisconsin's Fair Dealership Law (WFDL). In *Girl Scouts of Manitou Council, Inc. v. Girl Scouts of the USA, Inc.*, 2011 U.S. App. LEXIS 10911 (7th Cir. May 31, 2011), the appeals court reversed a district court and granted summary judgment to the local organization. The Seventh Circuit rejected the lower court's reasoning that application of the WFDL would violate GUSA's First Amendment freedom of expression rights. While GUSA claimed that its action of reducing the number of local councils furthered its goal of increasing racial and ethnic diversity, the Seventh Circuit found that there was no evidence to support that claim. The court also found no reason why the WFDL should not apply to nonprofit entities like GUSA. Because the WFDL applied, GUSA needed good cause to terminate Manitou. GUSA did not meet that burden. Specifically, the court found no evidence that the proposed redrawing of council boundaries (which resulted in Manitou losing all of its territory) was essential or even helpful to GUSA's stated goals.