



BLOGS

Preliminary Injunctions

Wisconsin Federal Court Rules Manufacturer's Planned Expansion to Amazon.com Violated the Wisconsin Fair Dealership Law.

A federal court in Wisconsin recently denied a manufacturer's motion to amend a previously issued injunction in which the manufacturer sought permission to sell products via Amazon.com. *Brava Salon Specialists, LLC v. REF N.A., Inc.*, 2023 WL 7709310 (W.D. Wis. Nov. 15, 2023).

A federal court in Wisconsin recently denied a manufacturer's motion to amend a previously issued injunction in which the manufacturer sought permission to sell products via Amazon.com. *Brava Salon Specialists, LLC v. REF N.A., Inc.*, 2023 WL 7709310 (W.D. Wis. Nov. 15, 2023). Brava Salon Specialists was the exclusive distributor of REF haircare products in Wisconsin, Minnesota, Iowa, and North Dakota. Brava filed a lawsuit against REF North America, the manufacturer of REF haircare products, seeking injunctive relief and damages based on allegations that REF wrongfully terminated Brava's rights to distribute REF haircare products, implemented online direct-to-consumer sales, and failed to fulfil its purchase orders. The court granted a preliminary injunction requiring REF to, among other things, continue to refer to Brava all orders for REF products originating from or seeking shipment to Brava's exclusive territory. REF subsequently asked the court to amend the injunction to allow it to sell products via Amazon.com into Brava's exclusive territory (and to report all such sales to Brava and pay Brava the dollar amount Brava would have received for each unit of product sold by REF to a salon located within Brava's territories). Brava opposed the amendment on the grounds that permitting REF to sell on Amazon.com would amount to a substantial change in the parties' distributorship agreement, and that REF also failed to satisfy the requirements of the Wisconsin Fair Dealership Law.

The court agreed with Brava and denied REF's proposed amendment. The court's reasoning was twofold. First, the WFDL requires manufacturers and distributors like REF to provide notice to dealers before making unilateral changes to the fundamentals of a grantor-distributor business relationship, and REF failed to provide such notice (or any notice at all prior to bringing a motion to amend the injunction). Second, even if REF had satisfied the necessary notice requirements of the WFDL, REF failed to show that its proposed amendment would satisfy the substantive requirements of the law. The WFDL permits modifications to grantor-distributor relationships only for "good cause," and REF failed to meet that standard, as it did not show either an objectively ascertainable need for the change or a proportionate response to that need. The court also separately allowed Brava to amend its complaint to add REF's parent company to the lawsuit and several WFDL and contract claims.

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