

Limits to the WFDL: Distributor Must Honor Forum Selection Clause

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Dealers beware: forum selection clauses may be more powerful than you think. According to a recent decision out of the U.S. District Court for the Western District of Wisconsin, unless extraordinary circumstances exist that go beyond mere inconvenience, the [Wisconsin Fair Dealership Law \(WFDL\)](#) cannot be used by dealers to avoid the enforcement of manufacturers' forum selection clauses.

In the case, plaintiff ACD Distribution, LLC, a toy and game distributor based in Middleton, Wisconsin, sued defendant manufacturer Wizards of the Coast, LLC under the WFDL, alleging that Wizards terminated its distribution agreement without "good cause." Shortly thereafter, the manufacturer moved to transfer the case to the Western District of Washington, in accordance with the agreement's forum selection clause. The distributor opposed the transfer, contending that the clause undermined the purpose of the WFDL and was therefore invalid.

The district court disagreed. Ruling in favor of the defendant manufacturer, the court noted that contractually valid forum selection clauses should be enforced absent "extraordinary circumstances unrelated to the convenience of the parties." In doing so, the court rejected the plaintiff's argument that transfer would undermine the purpose of the WFDL since the claim would still arise under the Wisconsin law, and federal judges routinely interpret and apply the laws of other states. In a final blow to the distributor, the opinion emphasized that, even if the policies underlying the WFDL were impeded by the change in venue, the WFDL itself does not speak directly to forum selection clauses. While policy considerations are one factor to be weighed, standing alone they do not qualify as "extraordinary circumstances" justifying nullification of an otherwise valid forum selection clause.

Key Takeaways:

- The WFDL is a dealer-friendly statute – by limiting its scope, this decision marks a significant victory for manufacturers.
- Unless extraordinary circumstances exist which go beyond mere inconvenience, the WFDL cannot be used by dealers to avoid the enforcement of manufacturers' forum selection clauses.

- Moving forward, this ruling enhances the reliability of distribution agreements and gives manufacturers greater flexibility in choosing how to conduct business.

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