

UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF
WISCONSIN

Sunrise Marine, LLC v. Aqua Traction Marine, LLC

Sunrise Marine · No. 25-CV-722 · Decided January 6, 2026

SUMMARY

The United States District Court for the Eastern District of Wisconsin denied Aqua Traction Marine, LLC’s motion to dismiss Sunrise Marine, LLC’s amended complaint. The court held that Sunrise Marine plausibly alleged that Aqua Traction violated the Wisconsin Fair Dealership Law by failing to protect Sunrise Marine’s exclusive territory, and that the claim was not conclusively barred by the statute of limitations. The court also allowed Sunrise Marine’s breach of contract and breach of the implied duty of good faith and fair dealing claims to proceed.

CASE DETAILS

COURT	United States District Court for the Eastern District of Wisconsin
WRITING FOR THE COURT	Byron B. Conway
JURISDICTION	United States District Court for the Eastern District of Wisconsin
DECIDED	January 6, 2026
DOCKET	25-CV-722
DISPOSITION	other
PROCEDURAL POSTURE	Defendant moved under Federal Rule of Civil Procedure 12(b)(6) to dismiss the plaintiff’s amended complaint asserting claims under the Wisconsin Fair Dealership Law, breach of contract, and breach of the implied duty of good faith and fair dealing.
STANDARD OF REVIEW	On a Rule 12(b)(6) motion, the court accepts well-pleaded factual allegations as true, draws reasonable inferences in the plaintiff’s favor, and determines whether the complaint states a facially plausible claim for relief. Dismissal based on an affirmative statute-of-limitations defense is proper only when the complaint plainly reveals that the action is untimely.
PRECEDENTIAL VALUE	persuasive

TOPICS

- motions to dismiss
- contracts
- breach of contract
- implied covenant of good faith
- statute of limitations

PRACTICE AREAS

contracts

commercial litigation

civil procedure

franchise and dealership law

QUESTIONS PRESENTED

1. Whether the complaint plainly established that Sunrise Marine's Wisconsin Fair Dealership Law claim was barred by the one-year statute of limitations.
2. Whether alleged inaction or failure to protect a dealer's territory can plausibly constitute a substantial change in competitive circumstances under the Wisconsin Fair Dealership Law.
3. Whether Sunrise Marine plausibly alleged that Aqua Traction breached the dealership agreement's territorial-protection obligations.
4. Whether Sunrise Marine plausibly alleged a breach of the implied duty of good faith and fair dealing based on Aqua Traction's failure to verify or police territorial compliance.

HOLDINGS

1. The statute of limitations did not require dismissal because the complaint did not establish that the WFDL claim necessarily accrued more than one year before the action was filed.
2. A grantor's abandonment of its obligation to protect a dealer's exclusive territory from encroachment may plausibly violate Wis. Stat. § 135.03 even if the alleged violation consists of inaction rather than an affirmative act.
3. The complaint plausibly alleged that Aqua Traction's conduct and inaction substantially changed the competitive circumstances of Sunrise Marine's dealership agreement without good cause.
4. The breach-of-contract claim could proceed because Sunrise plausibly alleged that Aqua Traction failed to take reasonable and available steps to enforce its contractual promise to protect Sunrise's territory.
5. Sunrise plausibly alleged a separate claim for breach of the implied duty of good faith and fair dealing based on Aqua Traction's alleged refusal to verify whether dealers used products within their assigned territories.

KEY QUOTATIONS

“To avoid dismissal under Rule 12(b)(6), a complaint must “state a claim to relief that is plausible on its face.”” (§ 2)

“The plaintiff must affirmatively plead himself out of court; the complaint must ‘plainly reveal that the action is untimely under the governing statute of limitations.’” (§ 3.1)

“Nothing in the language, structure, or history of Wis. Stat. § 135.03 requires a violation to be premised on an affirmative act by the grantor.” (§ 3.2)

“Whether Aqua Traction’s actions were sufficient to satisfy its contractual obligation is a fact intensive inquiry that cannot be resolved on a motion to dismiss.” (§ 3.3)

“Although courts are accustomed to seeing a good faith and fair dealing claim pled alongside breach of contract claim, a good faith and fair dealing claim is not merely a breach of contract claim by another name.” (§ 3.4)

FACTUAL BACKGROUND

Sunrise Marine was an Aqua Traction dealer operating under a dealership agreement that assigned it an exclusive territory and required Aqua Traction to protect each dealer's territory and prevent territorial overlap. Sunrise alleged that another Aqua Traction dealer repeatedly operated within Sunrise's territory and that Aqua Traction failed to take adequate or timely measures to stop the encroachment despite repeated complaints. Aqua Traction eventually stated that it would not spend more time on the situation, after which Sunrise filed claims under the Wisconsin Fair Dealership Law, for breach of contract, and for breach of the implied duty of good faith and fair dealing.

PROCEDURAL HISTORY

Sunrise Marine filed the action in Oconto County Circuit Court on April 11, 2025. Aqua Traction removed the action to the Eastern District of Wisconsin based on complete diversity and moved to dismiss the amended complaint. The district court denied the motion in its entirety.

DISPOSITION

other

CASES CITED

- Bell Atl. Corp. v. Twombly, 550 U.S. 544, 570 (2007)
- Ashcroft v. Iqbal, 556 U.S. 662, 678 (2009)
- McCauley v. City of Chicago, 671 F.3d 611, 616 (7th Cir. 2011)
- Alvarado v. Litscher, 267 F.3d 648, 651 (7th Cir. 2001)
- BBL, Inc. v. City of Angola, 809 F.3d 317, 325 (7th Cir. 2015)
- Brooks v. Ross, 578 F.3d 574, 581 (7th Cir. 2009)
- Freeman v. Metro. Water Reclamation Dist. of Greater Chicago, 927 F.3d 961, 965 (7th Cir. 2019)
- Swierkiewicz v. Sorema, N.A., 534 U.S. 506, 510-14 (2002)
- Chi. Bldg. Design, P.C. v. Mongolian House, Inc., 770 F.3d 610, 614 (7th Cir. 2014)
- Logan v. Wilkins, 644 F.3d 577, 582 (7th Cir. 2011)
- United States v. Lewis, 411 F.3d 838, 842 (7th Cir. 2005)
- Les Moise, Inc. v. Rossignol Ski Co., 122 Wis. 2d 51, 57, 361 N.W.2d 653, 656 (1985)
- Barry v. Minahan, 127 Wis. 570, 573, 107 N.W. 488, 490 (1906)
- Frieburg Farm Equip., Inc. v. Van Dale, Inc., 978 F.2d 395, 400-01 (7th Cir. 1992)
- Techmaster, Inc. v. Compact Automation Prods., LLC, 462 F. Supp. 2d 932, 941 (W.D. Wis. 2006)
- Betco Corp. v. Peacock, 876 F.3d 306, 310 (7th Cir. 2017)

- Foseid v. State Bank, 197 Wis. 2d 772, 796-97, 541 N.W.2d 203, 213 (Ct. App. 1995)

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