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BLOGS

Terminations

Under Ohio Law, Manufacturers' New Joint Venture Could Not Terminate Beer Distributors Without Just Cause

The Ohio Alcoholic Beverages Franchise Act ("ABFA") precludes a manufacturer from terminating a distributor of alcoholic beverages without consent or just cause. The statute specifies that "a manufacturer's sale, assignment, or other transfer of the manufacturer's product or brand to another manufacturer over which it exercises control" does not constitute just cause to terminate a distributor, but that just cause is not required for termination that occurs within 90 days of "a successor manufacturer['s] acqui[sition of] all or substantially all of the stock or assets of another manufacturer through merger or acquisition . . ."

When Miller and Coors formed a joint venture called MillerCoors and then terminated existing Miller and Coors wholesale distributors, the distributors filed suit, alleging that the termination violated the ABFA because it was without just cause. In *Beverage Distributors, Inc. v. Miller Brewing Company*, 2011 U.S. Dist. LEXIS 30583 (S.D. Ohio Mar. 22, 2011), an Ohio federal court granted the distributors' motion for summary judgment. The court found that Miller and Coors each exercised control over the MillerCoors joint venture, so there was no just cause for termination under the ABFA. The court also held that this ability to exercise control over the joint venture precluded MillerCoors from being a protected "successor manufacturer" under the statute.