

244.585 Distributor of malt beverages not to sell outside his designated territory -- Contract between distributor and supplier.

- (1) It shall be unlawful for any distributor to sell any brand or product name of malt beverage in the Commonwealth of Kentucky, except in the territory described in a written agreement between the supplier or brewer and distributor, authorizing sale by the distributor of that brand and product name within a designated area, and within that designated area the distributor shall not refuse to sell or offer reasonable service to licensed retailers during the normal business hours of the distributor. Where a supplier or brewer sells several brands and named products, the agreement need not apply to all brands and named products sold by the supplier or brewer and may apply to only one (1) brand and product name. No supplier or brewer shall provide by the written agreement for the distribution of a brand or named product of malt beverages to more than one (1) distributor for all or any part of the designated territory. Upon request, all territorial agreements shall be filed with the department.
- (2) Each distributor shall comply with current, written quality control standards as determined by the owner of the trademark of the brand of malt beverage, provided those controls are:
 - (a) Normal industry practice;
 - (b) Reasonably related to the maintenance of quality control;
 - (c) Consistent with the provisions of this chapter and all administrative regulations promulgated under this chapter; and
 - (d) Communicated to the distributor through written notice of them from the owner.
- (3) A distributor may sell to only those licensed retailers, religious, charitable, or fraternal organizations located within its designated geographical territory as provided in this section and to the distributor's employees and to other distributors of the same brand. No brand or product name of malt beverage may be sold in the Commonwealth of Kentucky without prior written approval of the brewer and supplier filed with the department.
- (4) A territorial designation in any agreement between a distributor and brewer or supplier pursuant to this section shall be modified only in accordance with all the rights and duties of the distributor and brewer or supplier contained in any written agreement between them or by any other action of the brewer, supplier, or distributor that is consistent with the terms of their agreement, and this modification shall be filed pursuant to the provisions of this section. The board shall require each party to verify that the level of service within the designated territory will not be adversely affected by the modification. When a distributor is prevented from selling or servicing retailers within its territory due to natural disasters, labor disputes, or other causes beyond the distributor's control, the distributor may allow another distributor of the same brand or named product of malt beverages to sell and service that brand within its territory upon approval of the brewer or supplier.
- (5) No provisions of any agreement shall expressly or impliedly establish or maintain the resale price of any brand or product name of malt beverage by the distributor.

Effective: June 29, 2017

History: Amended 2017 Ky. Acts ch. 62, sec. 111, effective June 29, 2017. -- Amended 2014 Ky. Acts ch. 22, sec. 25, effective July 15, 2014. -- Amended 2010 Ky. Acts ch. 24, sec. 599, effective July 15, 2010. -- Amended 1982 Ky. Acts ch. 117, sec. 1, effective July 15, 1982.