

MICHIGAN LIQUOR CONTROL CODE OF 1998 (EXCERPT)
Act 58 of 1998

436.1307 Sales territory; master distributor defined.

Sec. 307. (1) A manufacturer, an outstate seller of wine, and a master distributor shall grant to each of its wholesalers a sales territory within which the wholesaler is a distributor of the specified brand or brands of the manufacturer, outstate seller of wine, or master distributor under an agreement as required under this act. The territory is the territory agreed on between the wholesaler and manufacturer, outstate seller of wine, or master distributor. Except as provided for in subsection (9) and beginning June 1, 2010, a manufacturer, outstate seller of wine, or master distributor shall not grant the right to sell a specified brand or brands of wine in a sales territory to more than 1 wine wholesaler. A master distributor shall not itself distribute a specified brand or brands of wine in the same sales territory where that master distributor has granted the right to distribute that specified brand or brands of wine in that sales territory to another wine wholesaler.

(2) Notwithstanding subsection (1), a brand extension is not a new or different brand. A manufacturer or outstate seller of wine shall assign a brand extension to the wholesaler that was granted the sales territory for the brand from which the brand extension resulted.

(3) Subsection (2) does not apply if, before January 1, 1994, a manufacturer or outstate seller of wine had assigned a brand extension to a wholesaler that was not the appointed wholesaler for the brand from which the brand extension was made.

(4) Subsection (2) does not apply if, before October 1, 2019, a successor manufacturer or successor outstate seller of wine had assigned a brand extension to a wholesaler that was not the appointed wholesaler for the brand from which the extension was made.

(5) A manufacturer of a mixed wine drink, mixed spirit drink manufacturer, outstate seller of a mixed wine drink, or outstate seller of mixed spirit drink shall grant to each of its wholesalers an exclusive sales territory in which the wholesaler is a distributor of the specified brand or brands of the manufacturer or outstate seller. The territory is the territory agreed on between the wholesaler and the manufacturer of a mixed wine drink, mixed spirit drink manufacturer, outstate seller of mixed wine drinks, or outstate seller of mixed spirit drink.

(6) Notwithstanding subsection (5), a brand extension is not a new or different brand. A manufacturer of a mixed wine drink, mixed spirit drink manufacturer, outstate seller of a mixed wine drink, or outstate seller of mixed spirit drink shall assign a brand extension to the wholesaler that was granted the exclusive sales territory for the brand from which the brand extension resulted.

(7) Subsection (6) does not apply if, before January 1, 1994, a manufacturer of a mixed wine drink, mixed spirit drink manufacturer, outstate seller of a mixed wine drink, or outstate seller of mixed spirit drink had assigned a brand extension to a wholesaler that was not the appointed wholesaler for the brand from which the brand extension was made.

(8) Subsection (6) does not apply if, before October 1, 2019, a successor manufacturer or successor outstate seller of mixed wine drink or mixed spirit drink had assigned a brand extension to a wholesaler that was not the appointed wholesaler for the brand from which the brand extension was made.

(9) Subsection (1) does not prohibit any of the following:

(a) A manufacturer of wine, an outstate seller of wine, mixed spirit drink manufacturer, outstate seller of mixed spirit drink, or a master distributor from continuing or renewing an agreement under this act with a wholesaler for a specified brand or brands for any county or part of a county where more than 1 wholesaler has an agreement with the manufacturer of wine, outstate seller of wine, mixed spirit drink manufacturer, outstate seller of mixed spirit drink, or master distributor in effect on June 1, 2010 if the wholesaler had an agreement to distribute that specified brand or brands in that county or that part of a county and was a master distributor or was actively selling that brand or brands of wine or mixed spirit drink to a retailer in that county or that part of a county on June 1, 2010.

(b) A wholesaler from selling or transferring the wholesaler's distribution rights or a manufacturer of wine, outstate seller of wine, mixed spirit drink manufacturer, outstate seller of mixed spirit drink, or master distributor from approving the sale or transfer of a wholesaler's distribution rights to a specified brand or brands of wine or mixed spirit drink for any county or part of a county to another wholesaler if the selling or transferring wholesaler, or any of its predecessors, had the right to distribute that brand or brands of wine or mixed spirit drink in that county or part of that county and was actively selling that brand or brands to a retailer in that county or that part of a county on June 1, 2010 or was acting as a master distributor for that county or part of that county on June 1, 2010.

(10) As used in this section, "master distributor" means, notwithstanding section 109(4), a wholesaler that acts in the same or similar capacity as a wine maker, wine manufacturer, outstate seller of wine, mixed spirit drink manufacturer, or outstate seller of mixed spirit drink for a brand or brands of wine or mixed spirit drink

to other wholesalers on a regular basis in the normal course of business.

History: 1998, Act 58, Imd. Eff. Apr. 14, 1998;—Am. 2010, Act 213, Imd. Eff. Nov. 17, 2010;—Am. 2018, Act 406, Imd. Eff. Dec. 19, 2018;—Am. 2020, Act 114, Imd. Eff. July 1, 2020;—Am. 2021, Act 19, Eff. Aug. 23, 2021.