

**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 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 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, the agreement need not apply to all brands sold by the supplier or brewer and may apply to only one (1) brand. No supplier or brewer shall provide by the written agreement for the distribution of a brand 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 such quality control standards as are specified in writing from time to time 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 regulations promulgated pursuant thereto; and
 - (d) The distributor has received written notice of them from such owner.
- (3) A distributor may sell to only those licensed retailers, religious, charitable or fraternal organizations located within his designated geographical territory as provided in this section and to his employees and to other distributors of the same brand. No brand 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 such other action of the brewer, supplier or distributor that is consistent with the terms of their agreement, and such 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 such modification. When a distributor is prevented from selling or servicing retailers within his territory due to natural disasters, labor disputes or other such causes beyond his control, the distributor may allow another distributor of the same brand of malt beverages to sell and service that brand within his 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 of malt beverage by the distributor.

Effective: July 15, 2014

History: 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.