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BLOGS

Terminations

Change in Identity of Distributor Negates Claim by Dealer Under North Carolina Wine Act

In *The Country Vintner of North Carolina v. Gallo Winery, Inc.*, 2010 U.S. Dist. Lexis 110615 (E.D.N.C. Oct. 18, 2010), a wine retailer sued for wrongful termination under the North Carolina Wine Distribution Agreements Act. The plaintiff, Country Vintner, had previously been a wholesaler of the Alamos brand of Argentinean wine for the entire state of North Carolina. In 2009, the manufacturer of Alamos replaced its original U.S. distributor (Billington) with a new distributor, Gallo. Gallo, upon taking over U.S. distribution of Alamos wine, began supplying its own wholesalers, effectively preventing Country Vintner from continuing to wholesale Alamos in North Carolina.

Country Vintner sued, claiming that Gallo had terminated its distribution agreement without providing the statutory notice required under the Wine Act. However, Country Vintner had no written agreement with Gallo, Billington, or the wine's manufacturer. Further, Country Vintner did not claim that the new distributor, Gallo, had ever orally agreed to continue supplying it with wine. Instead, Country Vintner asserted that an "agreement" exists under the Wine Act whenever a dealer has been given distribution rights. The court rejected this interpretation and looked to the plain meaning of the statute. Because Gallo, the new distributor of Alamos, had never entered into an agreement with Country Vintner, Gallo was not bound by the Wine Act's notice requirements and was free to distribute through wholesalers of its own choosing.