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BLOGS
Contracts

Court Grants Summary Judgment to Beer Supplier on Distributor's Breach of Implied Contract Claim

In *Boon Rawd Trading International Co., Ltd. v. Paleewong Trading Co.*, 2011 U.S. Dist. LEXIS 24963 (N.D. Cal. Mar. 8, 2011), a California federal district court recently granted a supplier's motion for summary judgment on all claims in a contract dispute with a long-time United States importer and distributor of its Singha Beer products. Although it was undisputed that the parties never had a written contract or even an oral agreement, the distributor claimed that an implied contract under California Civil Code § 1621 had manifested over the course of the parties' 30-year business relationship. While the court addressed several issues, it held that the distributor had "not proffered one scintilla of admissible evidence" of an implied importation contract between the parties, finding that their course of conduct did not equate to a meeting of the minds or a mutual promise to comply with agreed upon terms. Despite evidence that the distributor served for many years as the only importer of Singha Beer in certain areas of the United States, this fact alone, the court held, did not imply a "mutual understanding" that the distributor either had an indefinite right to import Singha Beer or that the right could only terminate with good cause and by compensating the distributor.

The court also denied the distributor's claim under the California Franchise Relations Act because no express or implied contract existed, let alone a franchise agreement. The court also determined that an importation business is not a "franchise" under the Act because an importer is not "offering, selling or distributing goods or services."