COURT OF APPEALS OF MARYLAND

Pabst Brewing Company v. Frederick P. Winner, Ltd.

Pabst Brewing · No. No. 8, September Term, 2021 · Decided March 25, 2022

SUMMARY

The Maryland Court of Appeals held that a successor beer manufacturer under Maryland's Successor Manufacturers Law must replace the existing beer manufacturer as the holder of the Maryland license or permit authorizing the sale, distribution, or importation of the beer brand. A change in corporate ownership or control, without a change in the entity holding the relevant permit, does not create a successor beer manufacturer entitled to terminate a distributor agreement without cause. Because Pabst retained the relevant permit after Blue Ribbon acquired its parent company, Pabst could not invoke the statute to terminate Winner's distribution agreement without cause.

CASE DETAILS

COURT	Court of Appeals of Maryland
WRITING FOR THE COURT	Biran, J.; Getty, C.J.; McDonald, J.; Watts, J.; Hotten, J.; Booth, J.; Wilner, J., Senior Judge, specially assigned
JURISDICTION	Maryland
DECIDED	March 25, 2022
DOCKET	No. 8, September Term, 2021
DISPOSITION	affirmed
PROCEDURAL POSTURE	Pabst petitioned for certiorari after the Court of Special Appeals reversed summary judgment entered in Pabst's favor. The Court of Appeals reviewed the statutory interpretation issue de novo and affirmed the intermediate appellate court's judgment.
STANDARD OF REVIEW	De novo review of the interpretation of the Successor Manufacturers Law and the grant of summary judgment; no material facts were disputed.
PRECEDENTIAL VALUE	published precedential opinion
PARTIES	Pabst Brewing Company v. Frederick P. Winner, Ltd.

TOPICS

statutory interpretation · legislative history · commercial litigation · contracts · corporate law

PRACTICE AREAS

statutory interpretation · contracts · commercial litigation · corporate law

QUESTIONS PRESENTED

1. Whether a person or entity qualifies as a successor beer manufacturer under Md. Code Ann., Alco. Bev. § 5-201(a)(5) when it acquires control of a beer manufacturer's parent company but does not replace the existing beer manufacturer as the holder of the Maryland license or permit authorizing sale, distribution, or importation of the brand.
2. Whether Pabst could terminate Winner's distribution agreement without cause under the Successor Manufacturers Law after the change in corporate ownership.

HOLDINGS

1. A person or license holder is a successor beer manufacturer only when it replaces the previous beer manufacturer as the holder of the Maryland license or permit authorizing the sale, distribution, or importation of the relevant beer brand.
2. Because Blue Ribbon was not a successor beer manufacturer, Pabst could not invoke the Successor Manufacturers Law to terminate Winner's distribution agreement without cause; the Beer Franchise Fair Dealing Act therefore prohibited the termination absent good cause.

KEY QUOTATIONS

> *"As discussed below, the SML applies only where the beer manufacturer that holds a Maryland license or permit to sell, distribute, or import a brand of beer is replaced by another as the license holder with respect to that brand."* (2)

> *"Thus, the plain language of § 5-201(a)(5) contemplates that a "successor beer manufacturer" takes the place of an existing "beer manufacturer.""* (14)

> *"For all of the above reasons, we agree with Winner that, in order to qualify as a successor beer manufacturer with respect to a beer brand, the would-be successor must replace the previous beer manufacturer as the license holder with respect to the brand."* (36)

> *"The plain language of the SML provides that a person or license holder is a successor beer manufacturer if it replaces a beer manufacturer with the right to sell, distribute, or import a brand of beer."* (39)

FACTUAL BACKGROUND

Pabst and Winner's predecessor entered into a beer distributorship relationship in 1994, followed by a 2014 distributor agreement covering Pabst brands in Maryland. In 2014, Blue Ribbon purchased all equity interests in Pabst's parent entity, but Pabst remained the operating company, retained its Maryland nonresident dealer permit, and did not transfer its brand assets or contracts. Pabst later terminated Winner's agreement without cause, asserting that the transaction made Blue Ribbon a successor beer manufacturer under Maryland law.

PROCEDURAL HISTORY

Winner sued Pabst in the Circuit Court for Baltimore County for declaratory and injunctive relief and damages for breach of a beer distributorship agreement after Pabst terminated the agreement without cause. The circuit court ultimately granted summary judgment to Pabst, concluding that Blue Ribbon was a successor beer manufacturer under Maryland's Successor Manufacturers Law. The Court of Special Appeals reversed, holding that a stock acquisition did not replace Pabst as the holder of the Maryland permit. The Court of Appeals granted certiorari and affirmed the Court of Special Appeals, remanding for further proceedings.

DISPOSITION

affirmed

REMAND INSTRUCTIONS

The case was remanded to the circuit court for further proceedings consistent with the Court of Special Appeals' opinion.

CASES CITED

- Frederick P. Winner, Ltd. v. Pabst Brewing Co., 2017 WL 5593529 (Md. Ct. Spec. App. Nov. 21, 2017)
- Frederick P. Winner, Ltd. v. Pabst Brewing Co., 249 Md. App. 402 (2021)
- Pabst Brewing Co. v. Frederick P. Winner, Ltd., 474 Md. 631 (2021)
- Uthus v. Valley Mill Camp, Inc., 472 Md. 378, 385 (2021)
- Matter of Collins, 468 Md. 672, 689 (2020)
- Blackstone v. Sharma, 461 Md. 87, 113 (2018)
- Lockshin v. Semsker, 412 Md. 257, 275-76 (2010)
- Mayor & Town Council of Oakland v. Mayor & Town Council of Mountain Lake Park, 392 Md. 301, 316 (2006)
- In re O.P., 470 Md. 225, 255 (2020)
- Bell v. Chance, 460 Md. 28, 53 (2018)
- Dole Food Co. v. Patrickson, 538 U.S. 468, 474-75 (2003)
- Alexander & Alexander Inc. v. B. Dixon Evander & Assocs., Inc., 336 Md. 635, 658 (1994)
- Tri County Wholesale Distribs., Inc. v. Labatt USA Operating Co., 828 F.3d 421, 424-29 (6th Cir. 2016)
- Gulfside Distributors, Inc. v. Becco Ltd., 985 F.2d 513, 514-15 (11th Cir. 1993)
- Bird v. Wilmington Soc. of Fine Arts, 43 A.2d 476, 483 (Del. Ch. 1945)
- Cargill, Inc. v. JWH Special Circumstance LLC, 959 A.2d 1096, 1109 (Del. Ch. 2008)
- Skouras v. Admiralty Enterprises, Inc., 386 A.2d 674, 681 (Del. Ch. 1978)
- Storetrax.com, Inc. v. Gurland, 397 Md. 37, 52 (2007)
- Wheeling v. Selene Finance LP, 473 Md. 356, 405 n.2 (2021)