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Senate Bill 868 (Substitute S-2 as reported by the Committee of the Whole)

Sponsor: Senator Kevin Hertel

Committee: Regulatory Affairs

CONTENT

The bill would amend the Michigan Liquor Control Code to modify the definitions of "brand" and "brand extension" for certain alcoholic beverages. Specifically, a brand would include various names of the supplier, and the bill would specify that new products using similar branding to an existing product would be considered a brand extension. The bill also specifies that distribution rights in effect before the bill's effective date would be preserved but that any new products after the bill's effective date that were based on a brand already in existence before the bill's effective date would still be considered brand extensions under the bill.

Under the bill, a supplier's legal name, assumed name, trade name, or any doing-business-as name would not be considered a brand name if used on the container or packaging if the product included two or more brands of different suppliers, in which case the supplier that registered the product with the Liquor Control Commission would have to appoint the wholesaler or wholesalers that had the rights to that supplier's underlying brand.

MCL 426.1105

BRIEF RATIONALE

Liquor distribution rights are organized according to specific branding and brand extensions on different alcohol products, often depending on slightly different products from the same supplier. According to testimony, there is some misinterpretation of the statute that regulates this industry that has led to distributors putting brand markings on products that result in a business advantage. Accordingly, it has been suggested that the definitions of branding and brand extensions be modified to prevent this practice.

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

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