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Judge Dismisses Suit Over Diageo’s 100% Agave Tequila Labels

A federal court in Brooklyn said plaintiffs offered too little evidence to show they paid a premium for Casamigos and Don Julio.

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Diageo won the dismissal of a proposed class action that accused the company of falsely marketing Casamigos and Don Julio tequilas as “100% agave,” after a federal judge in Brooklyn found that the buyers who sued did not adequately show they were harmed.

U.S. District Judge LaShann DeArcy Hall, of the Eastern District of New York, ruled Wednesday that the plaintiffs, a group that included individual consumers and restaurants, had not provided enough support for their claim that they paid more for the products because of deceptive labeling. The lawsuit, filed last year, said buyers would have chosen different brands or paid less for Diageo's tequila if they had known the labels were false.

In her ruling, Hall focused on the limits of the evidence presented by the plaintiffs. She wrote that the court could not reasonably infer widespread and systemic mislabeling from a study based on five samples. The order said the plaintiffs had not shown, in a legally sufficient way, how the alleged labeling problem translated into concrete injury to them.

The case centered on one of the most important claims in the tequila market. Products labeled "100% agave" are generally sold at a premium because the description signals to buyers that the spirit was made entirely from agave sugars rather than from a mixed formula. The plaintiffs argued that consumers paid that premium on the understanding that Casamigos and Don Julio met that standard.

Diageo rejected the allegations. A company spokesperson said the spirits group was "gratified that the court rejected plaintiffs' adulteration allegations in their entirety." The company had been fighting claims that the labels misled consumers about what was in the bottles.

The plaintiffs' lawyers strongly disagreed with the ruling and signaled the fight may not be over. Steve Berman, one of the lawyers representing the buyers, said in a statement that the decision "gets the record wrong" and that the plaintiffs may ask the court to reconsider. In a separate statement, the plaintiffs said consumers pay more for tequila labeled "100% agave" and should receive what they believe they are buying. They also said independent laboratory testing of Diageo tequilas found that none of the tested products came close to being made entirely from 100% agave.

The lawsuit was part of a broader set of cases against Diageo in federal court in Brooklyn. Hall had put several related suits on hold while she considered the first-filed case. Her decision is likely to shape how those other claims proceed, if they continue at

all.

The ruling matters beyond this dispute because ingredient and origin claims play a central role across the beverage business, especially in spirits. Tequila labels carry legal, pricing, and branding weight, and producers often rely on terms such as “100% agave” to differentiate products in a crowded market. The decision could ease some legal pressure on beverage companies facing similar mislabeling suits when plaintiffs cannot clearly show economic harm or present broad enough evidence to support claims of systematic wrongdoing. At the same time, the case shows that premium labeling language remains a point of risk for producers because it can become the basis for consumer fraud litigation when buyers argue they paid more in reliance on those statements.

The case is Avi Pusateri et al v. Diageo North America, No. 1:25-cv-02482-LDH-CHK, in the U.S. District Court for the Eastern District of New York. Lawyers for the plaintiffs include Steve Berman and Nathaniel Tarnor of Hagens Berman and David Fernandes of Baron Budd. Diageo is represented by Timothy Martin, Ellen Holloman, and Christopher Le Coney of Kaplan Martin.