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Arkansas Supreme Court Requires One Wholesaler for Kirkland Signature Beverages

The ruling treats the Costco house label as a single brand, limiting suppliers’ ability to divide distribution rights in Arkansas.

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The Arkansas Supreme Court has ruled that beverages sold in the state under the Kirkland Signature name must be handled by a single wholesaler, siding with the Arkansas Department of Finance and Administration in a case that could shape how

brand ownership and distribution rights are treated in the state’s alcohol market.

In an opinion published Thursday, the court decided a dispute brought by Arkansas Wine and Spirits Wholesale, LLC over the wholesale distribution of Kirkland Signature beverages in Arkansas. The justices said the state’s system requires one wholesaler for those products, rejecting an arrangement that would have allowed different wholesalers to handle different Kirkland Signature beverages.

The court’s decision turned on how the Kirkland Signature name should be treated under Arkansas law. According to the ruling, the products at issue are to be treated as part of a single brand even if particular beverages are produced by different manufacturers. That reading means the products cannot be split among multiple wholesalers inside Arkansas simply because they come from separate producers or suppliers.

The opinion was issued by a majority of the court, with at least one justice dissenting. The published materials indicate that the dissent disagreed with the majority’s reading of the law and the structure of the distribution arrangement, though the brief case summary released with the opinion does not spell out the full reasoning on each side. The split shows that the case raised a significant legal question about how Arkansas applies its alcohol distribution rules to umbrella brands that cover multiple products.

At the center of the dispute was the state’s wholesale system for alcoholic beverages, an area that is tightly regulated in Arkansas and in many other states. Under that framework, suppliers and brand owners typically appoint wholesalers to move products through the market. The question in this case was whether the Kirkland Signature name could be treated as a collection of separate product lines, each potentially assigned to a different wholesaler, or whether the state could require all beverages sold under that name to go through one appointed distributor.

The Supreme Court backed the state’s position. By affirming a single-wholesaler rule for the Kirkland Signature label, the court reinforced the authority of the Department of Finance and Administration to apply Arkansas distribution law in a way that emphasizes exclusivity at the brand level. In practical terms, that means wholesalers, suppliers and importers that want to sell products under a shared brand name in Arkansas may face

limits on how flexibly they can structure their distribution agreements.

That matters beyond this one dispute because many alcoholic beverage portfolios now include labels that cover products made by different producers, in different categories, or in different countries. The court’s approach could make Arkansas a more restrictive market for those arrangements if a shared brand name is enough to trigger a single-wholesaler requirement across the entire line. For wine and spirits companies, and potentially for other beverage businesses operating under broad umbrella brands, the ruling may strengthen the hand of incumbent distributors and make market entry or brand expansion more difficult.

The decision also gives wholesalers a clearer signal about how Arkansas may view exclusive rights tied to a brand name. If a label is treated as one brand for legal purposes, a wholesaler that secures that appointment may gain control over a wider range of products than it would if each product were analyzed separately. That could affect negotiations between suppliers and distributors and may influence how new labels are built, named and introduced in the state.

The case is Arkansas Wine and Spirits Wholesale, LLC v. Department of Finance and Administration, No. CV-23-544. The opinion was published Oct. 8 by the Arkansas Supreme Court. The full decision, including the majority’s reasoning and the dissent, is available through the court’s published opinion system.