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Constellation Brands asks court to let it end Colorado distributor deal worth hundreds of millions

The dispute tests whether Colorado franchise law lets suppliers reclaim lucrative alcohol distribution rights from wholesalers

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Constellation Brands is pressing to end its franchise relationship with Coors Distributing Company in Colorado, arguing that state franchise law allows the company to cut ties with the wholesaler even though the distribution rights at issue are worth hundreds of

millions of dollars.

Brewbound reported on Tuesday, November 24, that Constellation is challenging an order that has blocked it from terminating the relationship with Coors Distributing Company, known as CDC. The dispute has moved into ongoing litigation over whether Colorado law gives the supplier the right to end the agreement.

At the center of the case is the value and control of the rights to distribute Constellation brands in Colorado. Those rights, according to the company’s position described by Brewbound, are valued in the hundreds of millions of dollars. That figure shows how much is at stake for both sides in a fight that goes beyond a single contract and reaches into the economics of beverage distribution.

Constellation’s argument is that Colorado’s franchise law supports termination under the circumstances in this case. The company is relying on its reading of the statute and on what Brewbound described as recent legislative interpretations. CDC, which has been protected for now by a court order, stands to lose access to a highly valuable portfolio if Constellation prevails.

The case highlights the tension that often exists in the U.S. three-tier alcohol system, where suppliers, wholesalers and retailers operate in separate parts of the market. In many states, franchise laws were written to give wholesalers stability and to prevent suppliers from shifting brands too easily from one distributor to another. Those protections can make it difficult for a supplier to end a longstanding relationship, especially when the brands involved generate substantial sales and carry significant market value.

That legal structure is one reason disputes like this can become lengthy and expensive. A wholesaler’s rights to handle a major beer, wine or spirits portfolio are often treated as a core business asset, and a supplier’s ability to redirect those rights can reshape market coverage, pricing leverage and long-term strategy in a state. When the rights are worth hundreds of millions of dollars, the legal arguments over contract terms and statutory language can have consequences well beyond the companies directly involved.

For Constellation, the fight also appears to reflect a broader effort to control its distribution network in an important market. Brewbound said the company’s position underscores its strategic approach to distribution and the complexity of unwinding a franchise agreement once it is in place. Colorado is a meaningful state for alcohol sales and logistics, and changes in distribution can affect how quickly brands reach retailers, bars and restaurants.

The outcome could matter across the beverage business because franchise disputes often serve as a signal to brewers, wine producers, spirits companies and wholesalers about how secure distribution rights really are. If a court accepts Constellation’s reading of Colorado law, suppliers may see stronger grounds to revisit or terminate distributor relationships under certain conditions. If the protections for CDC remain in place, wholesalers may view that as support for the durability of franchise rights even when suppliers want to reorganize their networks.

That potential effect is especially important because the value assigned to distribution rights influences transactions, financing and negotiations throughout the alcohol industry. Wholesalers buy, sell and borrow against those rights, while suppliers weigh them when entering new markets or reshaping existing ones. A ruling in a case involving assets valued in the hundreds of millions of dollars could influence how future contracts are priced and how aggressively both sides litigate termination disputes.

The litigation remains active, and the immediate question is whether Constellation can persuade the court that Colorado law permits the termination it is seeking. Until that issue is resolved, the case will remain a closely watched test of how state franchise protections apply when a major beverage company tries to reclaim or reassign valuable brand distribution rights.