

OPENING A CRAFT BREWERY – LAWS AND CONSIDERATIONS


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1

LEGAL DISCLAIMER

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2

ENTITY CHOICE

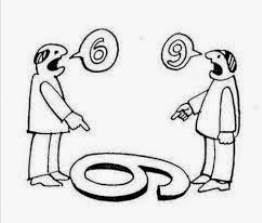
- The protection an entity provides is not always clear to founders.
- Also, if the entity changes at some point then the mountain of licensing paperwork has to begin again. So it is important to go through the process of choosing the perfect entity type at the start.




3

ENTITY CHANGES

Quite often original founders start seeing things differently. Unfortunately, if they didn't use an attorney in the beginning, the entity documents may not give clear direction of how things will be managed.



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4

SECURITIES LAW





- Breweries tend to not realize securities laws exist, let alone apply to them.
- But the need for cash frequently leads them into investor territory when raising capital.
- Consequently, be prepared to back track on these issues and get the appropriate paperwork cooking quickly.



5

CONTRACTS

- Craft brewing is a contract heavy industry and clients have frequently signed agreements before they walk through your doors.
- Many such agreements are very one-sided and, sometimes by law, almost impossible to escape after the fact.
 - Distribution agreements are a great example in this regard.
- Lease review also requires brewery specific knowledge to be effective.
- Tell your clients: you sign an agreement you are married to the other party!



6

REGISTRATION & UPDATES



- Breweries need to register and update with federal, state, and local agencies.
- The alphabet soup is real:
 - TTB
 - IRS
 - FDA
 - SEC
 - ABC
 - BOE
 - FTB
 - SOS
 - EDD



7

COMPLIANCE





Each state has its own unique set of alcohol laws, both in regard to what you are allowed to do as well as how you can do it. It is extremely important to understand your local laws, as well as the federal laws.



8

INTELLECTUAL PROPERTY

- Many craft breweries fail to establish their intellectual property rights early on.
- If a mark has become integral to the business identity, then changing that mark may be very difficult later on. But these considerations have to be balanced by a risk assessment in terms of possible infringement liability.
- Lastly, many craft breweries do not entirely understand what exactly gives them IP rights in the first place.



9

EMPLOYMENT & LABOR LAW





- Employees? Or independent contractors?
- Hourly? Or salary?
- Do you know the current minimum wage?
- Safety compliance.
- Records:
 - Which ones?
 - Consistency is key!



10

COVID-19 IMPACT

- New models as businesses try to pivot under new requirements and new environment
 - Mergers/Acquisitions
 - Contract/Alt Props
 - Direct to consumer



11

THANK YOU!



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12
