



DEPARTMENT OF THE TREASURY  
Alcohol and Tobacco Tax and Trade  
Bureau

***Industry Circular***

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**Tie-In Sales - An Unlawful Trade Practice**

**To: Distilled Spirits Plants, Breweries, Wineries, Taxpaid Wine Bottling Houses, Wholesale Liquor Dealers, Importers, Retailers, and Others Concerned**

**What is the purpose of this circular?**

Our purpose in publishing this circular is to remind industry members and others that tie-in sales of alcohol beverages are prohibited. The tied house provisions of the Federal Alcohol Administration Act define a prohibited means to induce as a requirement that a retailer purchase one product in order to purchase a desired product.

**What is a tie-in sale?**

The tie-in sale described below is a form of an unlawful quota sale covered by the Federal Alcohol Administration Act in 27 U.S.C. § 205(b)(7).

Title 27 CFR § 6.72, "Tie-in" sales, reads:

The act by an industry member of requiring that a retailer purchase one product (as defined in § 6.11) in order to obtain another constitutes a means to induce within the meaning of the Act. This includes the requirement to take a minimum quantity of a product in standard packaging in order to obtain the same product in some type of premium package, i.e., a distinctive decanter, or wooden or tin box. This also includes combination sales if one or more products may be purchased only in combination with other products and not individually. However, an industry member is not precluded from selling two or more kinds or brands of products to a retailer at a special combination price, provided the retailer has the option of purchasing either product at the usual price, and the retailer is not required to purchase any product it does not want. See § 6.93 for combination packaging of products plus non-alcoholic items.

The combination packaging addressed in § 6.93 involves combinations of alcohol beverages with nonalcohol products. Section 6.72 addresses combinations of alcohol beverages only because the section deals with "products" as defined in § 6.11.

The tie-in sale results in a violation when the means to induce results in the exclusion of a competitor's products. Under section 6.152(d), this type of practice is deemed to put a retailer's independence at risk in the context of establishing exclusion. Section

6.152(d) covers "(t)he act by an industry member of requiring a retailer to purchase one alcoholic beverage product in order to be allowed to purchase another alcoholic beverage product at the same time."

**What are some examples of tie-in sales?**

Tie-in sales occur when a retailer must purchase:

- A certain amount of regular distilled spirits, whether bottled or cased, in order to be allowed to purchase distilled spirits in a special holiday container or packaging.
- Ten cases of Winery X's Merlot from a wholesaler only if it purchases ten cases of the winery's Chardonnay.
- A particular tequila-margarita mix combination if it purchases a certain amount of normal tequila cased goods. An industry member, however, may package a bottle of tequila with a bottle of nonalcoholic margarita mix.
- A two-bottle package containing one each of a winery's Merlot and Chardonnay in order to get the Merlot.

A requirement is present in these examples because the retailer is forced, compelled, or expected to purchase one product in order to obtain the product he or she wants. A tie-in sale occurs regardless of whether the two products are the same brand or different brands of products.

**Who should I contact concerning the information in this circular?**

If you have any questions about tie-in sales, you may contact Desmond Wosser at e-mail address [Desmond.Wosser@ttb.treas.gov](mailto:Desmond.Wosser@ttb.treas.gov) or write to the:

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**Signed by  
Arthur Libertucci**

Arthur J. Libertucci  
Administrator

Alcohol and Tobacco Tax and Trade Bureau (TTB)