

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI
SOUTHEASTERN DIVISION**

L&F BRANDS, INC.,)	Case No.
)	
Plaintiff,)	Judge:
)	
v.)	JURY TRIAL DEMANDED
)	
CROWN VALLEY WINERY, INC.,)	
)	
Serve: Joe H. Scott, Sr.)	
1065 Executive Pkwy. Ste. 300)	
St. Louis, MO 63141)	
)	
Defendant.)	

COMPLAINT

Comes now Plaintiff, by and through its legal counsel, and for its Complaint with Jury Demand, alleges and avers as follows:

JURISDICTION

1. Plaintiff L&F Brands, Inc. (hereinafter referred to as “L&F”) is a Nevada for-profit corporation, with its principal place of business in San Antonio, Texas, engaging in business activities throughout various states across the United States, including the State of Missouri.
2. Defendant Crown Valley Winery, Inc. (hereinafter referred to as “Crown Valley”) is a Missouri for-profit corporation engaging in business activities with its principal place of business in Missouri and its registered agent in St. Louis County, Missouri.
3. The amount in controversy between the parties herein exceeds \$75,000, and diversity jurisdiction applies pursuant to 28 U.S.C. § 1332 given the fact that L&F is a Nevada corporation and Crown Valley is a Missouri corporation.
4. L&F and Crown Valley entered into a Manufacturing Agreement (attached as Exhibit 1) which states that the parties agree that the exclusive venue for any action in any way relating to

the Agreement shall be the State or Federal Courts having jurisdiction over Ste. Genevieve, Missouri. *See* Exhibit 1 at 8.

FACTS

5. L&F was formed in order to operate, market, sell, and distribute adult beverages or alcohol products, with its primary products being chocolate and cream based wine blends and later a cream and coffee based alcohol blend. These products have been marketed under various names, including “CV,” “Els Iced Chocolate,” “Els Iced Chocolate Mint,” and “Els Iced Coffee.”

6. These products are produced, batched, blended, and bottled by Crown Valley, and then distributed to wholesale distributors for purposes of ultimate distribution to the general public.

7. On March 28, 2018, the parties entered into a Manufacturing Agreement that sets forth specific terms and conditions, including the requirement that Crown Valley produce each L&F product in strict compliance with formulas registered and approved by the Alcohol and Tobacco Tax and Trade Bureau (“TTB”). *See* Exhibit 1.

8. Section 5(b) of the Manufacturing Agreement prohibits Crown Valley from substituting Client Bulk supplies for the production of the product. *See* Exhibit 1 at 2.

9. Section 5(e) of the Agreement requires Crown Valley to blend the product based on a specific recipe given to Crown Valley by L&F. *See* Exhibit 1 at 2.

10. Section 11(b) of the Agreement states that Crown Valley “represents, warrants and covenants that . . . (ii) all Products will be produced and packaged in material accordance with the Client’s specifications.” *See* Exhibit 1 at 4.

11. Section 15 of the Agreement requires Crown Valley to comply with all applicable laws as it relates to the production of the product. *See* Exhibit 1 at 5.

12. Section 21(b) of the Agreement requires Crown Valley to defend, indemnify, reimburse,

and hold L&F harmless from any and all losses, claims, demands, damages, liability, or expenses, including reasonable attorney fees, resulting from any third party claims arising out of any act or omission, or failure to act by Crown Valley, or resulting from any violation of State or Federal Law, any act of willful misconduct, or negligence of Crown Valley. *See* Exhibit 1 at 8.

13. Section 26 of the Agreement allows recoupment of reasonable attorney fees and costs from the “prevailing party.” *See* Exhibit 1.

14. In July 2018, Crown Valley produced 3,136 cases of Els Iced Coffee at the request of L&F.

15. In mid-August 2018, L&F discovered that Crown Valley had used the wrong ingredients in producing this batch and that Crown Valley tried to add an additional ingredient after the batch was completed, causing an improper PH level which ultimately led to product failure.

16. Despite having knowledge of its mistakes, Crown Valley, by and through its agents/employees, hid and concealed this information from L&F and engaged in willful, wanton, and illegal deceptive practices to cover up its mistakes.

17. At the time this conduct was discovered by L&F, it had already distributed over half of the cases to various markets throughout the United States, and L&F was notified by its clients that the product they received was defective.

18. In addition to the costs and expenses paid to Crown Valley for the production of this batch, L&F incurred additional costs and expenses to retrieve the defective product from its distributors, to reimburse its clients for costs paid, and to destroy the defective product.

19. Further, and in addition to the monetary losses described above, L&F lost, and to date has been unable to recoup, sales in certain markets due to its delivery of the defective product.

20. In view of existing demand for the product in the marketplace, in October 2018, Crown Valley produced the last batch of Els Iced Coffee for L&F.

21. By October 2018, L&F had discovered that many cases of this batch of Els Iced Coffee were contaminated with bacteria which ultimately leads to product failure.

22. The bacterial contamination in these additional cases was caused by Crown Valley's failure to produce the product in a clean, sanitary environment or otherwise using unsanitary production equipment. Due to the actual bacterial contamination or chance of contamination, L&F could not sell over 6000 cases of the Els Iced Coffee.

23. L&F incurred additional expenses for the production cost and destruction of this additional defective product made by Crown Valley.

24. In September 2018, Crown Valley told L&F that it had additional Coffee Cream that would be available for future product blending, and based on this information L&F agreed to purchase 12 "totes" of this ingredient from Crown Valley.

25. Despite Crown Valley receiving payment in full for this ingredient, L&F discovered that Crown Valley never ordered, received, or utilized this ingredient in any L&F product.

COUNT I
Breach of Contract

26. L&F re-alleges Paragraphs 1 through 25 as though fully rewritten herein.

27. Crown Valley had a written contractual duty to manufacture L&F's product in accordance with specific formulas registered and approved by the TTB. *See* Exhibit 1.

28. Crown Valley breached this duty by using the wrong ingredient to produce L&F's product and by producing the product in a non-sterile environment, as well as failing to disclose such conduct.

29. As a direct result of Crown Valley's contractual breach, L&F suffered monetary damage

later described herein.

COUNT II
Breach of Express Warranty

30. L&F re-alleges Paragraphs 1 through 29 as though fully rewritten herein.

31. Section 11(b) of the Manufacturing Agreement contains an express warranty by Crown Valley that it would produce all product in material accordance with L&F's specifications. *See* Exhibit 1 at 4.

32. Crown Valley breached this warranty by using ingredients not contained in the specifications furnished by L&F.

33. As a direct and proximate cause of this breach, L&F sustained monetary damage as later described herein.

COUNT III
Breach of Implied Warranty of Good Faith

34. L&F re-alleges Paragraphs 1 through 33 as though fully rewritten herein.

35. Section 1-304 of the Uniform Commercial Code imposes a legal duty or obligation on a contractual party to exercise good faith in carrying out the duties, obligations, and terms of a contractual agreement.

36. Crown Valley breached that duty to L&F by manufacturing product utilizing incorrect ingredients, by manufacturing product in a non-sterile environment or otherwise using non-sterile equipment, by charging L&F for supplies or ingredients that Crown Valley never acquired on its behalf, and by engaging in willful, wanton, or deceptive practices in hiding its malfeasance from L&F.

37. As a direct and proximate cause of these breaches, L&F sustained monetary damages later described herein.

Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts



Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research



With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips



Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.