

Looking for New Revenue Streams? License Your Brand With These Tips

In today's restaurant industry, ordinary chefs have morphed into full-fledged culinary stars. Many are approached with a "menu" of opportunities they never dreamed of to create revenue streams through brand licensing.

From Joanna and Chip of Magnolia Table on HGTV to Wolfgang Puck on HSN and Chef Thomas Keller with Hestan, today's top chefs are in high demand for more than just their restaurant experience. They're putting their names on delivered meal kits, branded cookware and housewares. Yet as chefs enter this new territory, it is critical that they receive protection for their brand through appropriate contracts. These contracts, called "intellectual property licenses," may address essential terms such as royalty payments and subtle issues such as influence over packaging.

Controlling Quality

One of the first considerations in intellectual property licensing is quality control. No reputable chef wants to be associated with inferior products that will reflect poorly on him or her. A good license will enable the chef to have a say in the quality of materials used to manufacture the products, the appearance of packaging and the content of advertising.

Look for a partner with a track



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record of success with the products that will be covered by the license. Ideally, the partner will have the manufacturing capacity to meet the projected demand for the products and an established distribution network to get the products to consumers.

Minding the Brand Footprint

The license should specify the products on which the chef's brand can be used, as well as the channels of trade (brick and mortar vs online/Amazon) and geographic areas in which the products can be sold. I recommend that a chef keep his or her options open by granting limited rights at the beginning of a relationship. If the initial products are successful, the scope of the license can be expanded to include additional products, channels of trade and geographic areas.

Minimum Royalties are King

(or Queen)

A savvy advisor will ensure the brand owner receives minimum royalty payments and that the licensing partner uses its "best efforts" to sell the licensed products. Other terms to facilitate success include requiring the licensing partner to produce a detailed plan for marketing the products and to spend a minimum dollar amount on advertising and promotion. It would also be wise to limit the time period in which the licensed products can be sold after the license ends, because the next licensing partner will not want its products to compete with those of the previous licensing partner.

Think Ahead

To be prepared for licensing opportunities, we recommend that our clients file U.S. trademark applications for their names and brands covering a variety of products and services. Consider filing applica-



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tions in other countries as well to maximize your licensing options.

Today we see more opportunities than ever for the chef or culinary personality to create new revenue streams for his or her brand through intellectual property licensing. A well-crafted agreement can increase your likelihood of success. As in fine cooking, proper execution of intellectual property licenses depends on experience, skill, and a bit of artistry.