



# Trademark Licensing

Stephen R. Reily

## How Many People Does It Take to Screw in a Trademark Licensing Agreement?

Because so many brand owners fail to appreciate how important licensing can be for their brand, many of those who do license choose to do so cheaply. Licensing cheaply usually means paying people too little, or paying too few people to do it well. It is important for brand owners to eventually learn the importance and role of licensing in building and managing a brand, but at the same time it is important for them to immediately recognize that a licensing program must be staffed both professionally and adequately.

How many people does it take to screw in a trademark licensing agreement? How many people does it take to develop a licensing plan, prospect for potential licensees, negotiate and close deals, manage product development, keep licensees accountable, and integrate (when possible) the licensing program with the brand's marketing mix? Read on.

### *Internal and External Management*

The choice, as many brand owners seem to think, is not between whether to manage trademark licensing internally or externally. The choice is getting the right input from the right number of people, a large number of people, upon each of whom the success of the trademark's licensing program will depend.

Successful licensing requires a person, a department, or an organization focused on coordinating the internal elements of the licens-

ing program, and a person, a department, or an organization focused on managing its external elements. Combining those functions in one role will hurt either the internal oversight or the external results, both of which must be optimized for success.

### *The Internally Focused Players*

*IP Manager.* This column has recently described the necessary and all-important role of an internal IP/merchandise manager. Such a person should coordinate the development and production of all branded products, whether sourced internally, developed by partners, or licensed, and will be responsible for consistency with brand management and trademark protection. This person can oversee the licensing deal making while doing that work. Primarily a program manager, this all-important employee is a licensing coordinator rather than a licensing entrepreneur.

*IP Counsel.* Brand owners need either in-house or outside counsel capable of addressing trademark protection within the context of branded product development. Many IP attorneys know trademark law, but not so many are good at advising their clients on how strict trademark protection (and ambitious registration) can accommodate creative and profitable deal making. The brand owner should authorize its brand/licensing managers to teach this lawyer if he or she doesn't understand both sides of that equation—or to hire a new attorney.

*Brand Manager.* Few players are more important to successful licensing, yet they often get ignored in the process or left off the

team. Brand managers must support licensing and must be taught to do so, if necessary. In exchange for their support they must be allowed to approve licensed products, but the buy-in that results will be worth this effort for all involved.

*Graphic Designers.* Internal or external graphic designers will develop and modify logos and brand artwork for merchandise.

### *The Externally Focused Players*

*Consultant on Licensing Plan.* An outside consultant is often the best person to help a brand owner consider how branded products and licensing should fit within its brand management and internal operations. Whether a company has been licensing its brand or not (and however it has developed ancillary products) working with such a consultant will straighten its thinking and help work on or correct its past mistakes.

*Deal-Maker and Deal-Managers.* This position can be filled in-house (by someone other than the IP manager), outside the company (by an agent), or by a combination thereof. Everyone who does this work needs to be creative, entrepreneurial, immersed in the brand, and sensitive to product development in the existing marketplace.

### *The Other Side*

*Licensee.* A licensee is a full member of the licensing team and must share many of the qualities of its partners. It must be great at understanding the brand, at developing new products, at making, selling, and distributing those products, and at listening and reporting accurately to the brand. In return the licensee must be treated as an indirect member of the brand team, and its work must be integrated as much as possible into the brand's marketing mix.

*Licensee's Counsel.* No one likes to deal with more lawyers than necessary, but in any contractual transaction both parties will do

