

## Trademark Licensing in Practice: Trademark Agreements that Perform, Protect, and Scale

Association of Corporate Counsel San Francisco Bay Area IP Symposium

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September 25, 2025

This handout compares licensor-friendly and licensee-friendly approaches to common contractual clauses specific to trademark license agreements. Each clause includes both a general description of how the bias shifts and sample contractual language.

Clause Subject	Licensor-Friendly	Licensee-Friendly
Grant of Rights	Narrow scope; field, territory, and exclusivity tightly limited; broad reservation of rights.	Broad grant; multi-channel, worldwide; exclusive rights; minimal carve-outs.
	“Licensor hereby grants Licensee a non-exclusive, non-transferable license to use the Licensed Mark solely on the Approved Products within the Territory during the Term. All rights not expressly granted are reserved to Licensor.”	“Licensor grants Licensee the exclusive, sublicenseable, worldwide right and license to use the Licensed Mark in connection with all products and services marketed or sold by Licensee and its affiliates, without restriction as to channels of trade.”

Exclusivity	Exclusivity conditioned on sales/performance; defaults to non-exclusive if not met.	Full exclusivity for licensee; no conditions or performance thresholds.
	“Exclusivity is conditioned on Licensee achieving the minimum annual sales targets set forth in Exhibit B. Failure to meet such targets shall automatically convert the license to non-exclusive.”	“Licensor shall not grant any other licenses nor itself use the Licensed Mark in the Territory for the Term. Exclusivity shall not be subject to performance conditions.”
Term and Renewal	Short initial term; renewals at Licensor’s discretion; termination for convenience.	Long term; automatic renewals; termination tightly limited.
	“This Agreement shall continue for an initial term of three (3) years. Renewal shall be at Licensor’s sole discretion upon ninety (90) days’ written notice.”	“The Term shall be ten (10) years, automatically renewing for successive five (5) year periods unless Licensee provides notice of non-renewal.”
Financial Terms	Higher royalties; gross sales basis; frequent reporting; broad audit rights.	Lower royalties; net sales with deductions; quarterly reporting; capped audit frequency.
	“Licensee shall pay royalties equal to ten percent (10%) of Gross Sales of Licensed Products, with no deductions except for documented returns. Licensee shall provide	“Licensee shall pay royalties equal to three percent (3%) of Net Sales, defined as gross sales less returns, discounts, freight, and taxes. Reports shall be provided quarterly.

	detailed sales reports monthly and Licensor may audit records at any time.”	Licensor may audit no more than once annually, at its expense.”
Sublicensing / Assignment	No sublicensing without consent; change of control requires approval.	Broad sublicensing rights; free assignment to affiliates or in M&A deals.
	“Licensee shall not sublicense, assign, or transfer this Agreement without Licensor’s prior written consent. Any change of control of Licensee shall constitute an assignment requiring such consent.”	“Licensee may sublicense the rights granted herein to its affiliates and distributors without consent. Assignment is permitted in connection with any merger, consolidation, or sale of substantially all assets.”
Infringement Enforcement	Licensor retains sole right to enforce; damages belong exclusively to Licensor.	Licensee has first right to enforce in its territory; keeps damages.
	“Licensor shall have the sole right, but not the obligation, to enforce the Licensed Mark. All damages recovered shall belong exclusively to Licensor.”	“Licensee shall have the first right to enforce the Licensed Mark in the Territory. Licensee may retain any damages recovered after reimbursing its litigation costs.”

Termination	Broad breach triggers; no cure; immediate termination; no sell-off.	Narrow breach triggers; cure periods; long sell-off rights.
	“Licensor may terminate this Agreement immediately upon any breach by Licensee, without opportunity to cure. Upon termination, Licensee shall cease all use and destroy all inventory.”	“Termination for breach shall be effective only after written notice and a ninety (90) day cure period. Upon termination, Licensee shall have twelve (12) months to sell off existing inventory.”

#### **Avoiding Naked Licensing**

Clause Subject	Licensor-Friendly	Licensee-Friendly
Quality Control	Strict QC rights; licensor discretion on approvals.	Objective QC tied to specs; approvals deemed granted if no timely response.
	“Licensee shall submit pre-production samples of all Licensed Products for Licensor’s prior written approval. Licensor may, in its sole discretion, reject any product or marketing material.”	“Licensee shall ensure products meet the objective specifications in Exhibit C. Approval shall not be unreasonably withheld, and deemed granted if Licensor does not respond within fifteen (15) business days.”
Inspection Rights	Licensor may inspect anytime, without notice.	Limited inspections; advance notice; capped frequency.

	“Licensor may inspect Licensee’s facilities and records at any time, without notice.”	“Licensor may conduct inspections upon thirty (30) days’ written notice, limited to once per calendar year, during normal business hours.”
Termination for QC Breach	Immediate termination with no cure.	Cure period required before termination.
	“Any failure to maintain quality standards shall be grounds for immediate termination, without opportunity to cure.”	“In the event of a quality deviation, Licensee shall have sixty (60) days to cure before termination may be effected.”

#### Enforcement Rights and Obligations

Clause Subject	Licensor-Friendly	Licensee-Friendly
Who Enforces	Licensor retains sole right; licensee must notify.	Licensee has first right in its territory if Licensor does not act.
	“Only Licensor shall have the right to initiate enforcement actions, and Licensee shall promptly notify Licensor of any infringement.”	“Licensee shall have the first right to bring enforcement actions in its Territory. If Licensor does not act within 30 days of notice, Licensee may proceed independently.”
Control of Litigation	Licensor selects counsel and controls settlement.	Licensee controls litigation in territory; consults Licensor only on global issues.

	“Licensor shall control all enforcement actions, including selection of counsel and settlement decisions.”	“Licensee shall control litigation in the Territory, subject only to consulting Licensor on settlement terms that affect Licensor’s broader rights.”
Cost & Recovery	Licensee bears costs; Licensor keeps all recovery.	Enforcing party keeps recovery after costs.
	“Licensee shall bear all costs of enforcement. Any recovery shall belong to Licensor.”	“The enforcing party shall first recoup its costs and retain all remaining damages.”

#### Marketplace & Influencer Use

Clause Subject	Licensor-Friendly	Licensee-Friendly
Approval & Takedown	Licensor has sole discretion; immediate takedown rights.	Approval cannot be unreasonably withheld; takedown only for good cause.
	“All influencer content must be pre-approved by Licensor in writing. Licensor may require immediate takedown of any content in its sole discretion.”	“Influencer content shall be subject to Licensor’s review, but approval shall not be unreasonably withheld, and takedown requests must be supported by good cause.”
Content Ownership	Licensor owns all content (work for hire).	Influencer retains ownership; Licensor receives license.

	“All influencer content shall be deemed ‘work made for hire.’ To the extent not so deemed, Influencer assigns all rights to Licensor.”	“Influencer retains ownership of content and grants Licensor a non-exclusive, royalty-free license to use such content during the Term.”
Reseller Rights	Resellers limited to approved channels; online sales prohibited unless authorized.	Broad reseller freedom across customary channels.
	“Resellers may sell Licensed Products only through channels expressly approved in writing by Licensor. Online marketplace sales are prohibited unless expressly authorized.”	“Resellers may market and sell Licensed Products through all customary retail and online channels, without additional approval.”