



CITY OF BEVERLY HILLS STAFF REPORT

Meeting Date: November 4, 2010
To: Honorable Mayor & City Council
From: Cheryl Friedling, Deputy City Manager for Public Affairs
Subject: License Agreement to Manage City's Trademark License Program
Attachments: 1. None

INTRODUCTION

The City is the owner of the BEVERLY HILLS SHIELD DESIGN trademark ("Shield"). This report provides the City Council with an opportunity to review the City's Shield License Agreement with the Beverly Hills Chamber of Commerce ("Chamber"), as well as the linked agreement between the Chamber and Bradford Licensing Associates ("Bradford"), the licensing agent. Both of these agreements have lapsed, however, a letter agreement was executed to continue services on a day-to-day basis under the previous license agreement until a decision was made regarding the City's contract with the Chamber.

The City Council's Branding and Licensing Committee (Council Members Krasne and Mirisch) met on several occasions to discuss matters relating to the status of the agreements between the Chamber of Commerce and Bradford Licensing Associates. The Committee agreed to continue to the current agreement while negotiations took place but ultimately recommended that this matter should be addressed by the entire City Council.

DISCUSSION

In March 2007, the City and Chamber entered into a license agreement to permit the Chamber to be a licensee and promote both brand enhancing and revenue generating opportunities for the Shield. At the same time, the City approved the selection of Bradford as the licensing agent for the Shield. Accordingly, a parallel agreement was entered into between the Chamber and Bradford wherein Bradford serves as the licensing agent to market the Shield and pursue licensing opportunities.

As stated above, the City Council's Branding and Licensing Committee (Council Members Krasne and Mirisch) have been meeting to discuss matters relating to the status of the agreements between the Chamber of Commerce and Bradford Licensing Associates. This process began early 2010 and negotiations have yet to be finalized. Accordingly, the matter is being brought forward to be addressed by the entire City Council.

At this point, it is not in the best interest for the City's brand to be at a standstill. We believe that if significant opportunities are to be achieved in the future, particularly as the economy improves and new branding opportunities emerge, it is in the City's best interest to formalize our arrangement through long-term contracts, rather than continue on a day-to-day extension of the current contracted terms. While all parties (City, Chamber and Bradford) have conducted ongoing discussions for several months, these negotiations have not resulted in agreement or closure. Accordingly Staff recommends that the existing letter agreement with the Chamber be terminated so that staff can immediately re-initiate negotiations and finalize new contract documents for the long-term vitality of the licensing program.

As for the existing licenses that promote the City's brand and development of licensing revenue, specifically the JT Brands agreement, that agreement will continue while we move to this next step of re-initiating negotiations. Staff also recognizes that Bradford is pursuing specific licensing opportunities such as a potential licensing arrangement for apparel-related retail stores in China which will also continue. Staff believes that it is in each party's interest to finalize ongoing contractual terms so that any uncertainties regarding future arrangements do not inhibit progress at this time in the marketplace.

FISCAL IMPACT

The City's revenue stream from branded products with current license agreements will continue. Any other revenue could vary based on the direction received from the City Council regarding the existing agreements.

RECOMMENDATION

Staff recommends that the existing letter agreement with the Chamber of Commerce be terminated and that staff immediately re-initiate negotiations and finalize new contract documents.

Cheryl Friedling
Approved By

