

**SUB-LICENSE AGREEMENT (FOOD OUTLET)**

**THIS AGREEMENT** made effective the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

**BETWEEN:**

**SUB-LICENSOR**  
(the "Sub-Licensor")

**OF THE FIRST PART**

- and -

**SUB-LICENSEE**  
(the "Sub-Licensee")

**OF THE SECOND PART**

**WHEREAS:**

- (a) LICENSOR (the "Licensor"), as the result of the expenditure of time, effort and money, has acquired experience and skill in the development, opening and operating of shops, restaurants or other outlets involving the production, merchandising and sale of [food products] and other related products utilizing a specially designed building or an alternative outlet with specified equipment, equipment layouts, interior and exterior accessories, identification schemes, products, management programs, standards, specifications and procedures and propriety trademarks and trade names, all of which may be improved, further developed or otherwise modified from time to time and all of which are referred to in this Agreement as the "Licensor's System";
- (b) The Sub-Licensor licenses from LICENSOR, and hereby sub-licenses to the Sub-Licensee, some of its rights to, interest in trademarks or trade names " \_\_\_\_\_ " and such other trademarks and trade names as are now designated or which may hereafter be designated as a part of the Licensor's System (hereinafter called the "Trademarks"), all of which Sub-Licensor has used to identify LICENSOR Outlet services operated pursuant to the Licensor's System and of the food, beverage and other products sold or used therein in order to identify for the public by the association of the Trademarks the source of goods and services marketed thereunder and to represent to the public the high and uniform standards of quality, cleanliness, appearance and service available at a \_\_\_\_\_ outlet;
- (c) The Sub-Licensee desires to make use of the trademark " \_\_\_\_\_ " and to enjoy the benefits of this trademark and the other trademarks and trade names of LICENSOR and of the Licensor's System;
- (d) The Sub-Licensee understands and acknowledges the importance of the high and uniform standards of quality, cleanliness, appearance and service, the value of the Licensor's System and the necessity of opening and operating the LICENSOR Outlet in conformity with the Licensor's System and in accordance with the Sub-Licensor's standards and specifications, and LICENSOR's standards and specifications which form part of the Licensor's System.

**NOW THEREFORE IN CONSIDERATION OF** the mutual covenants herein contained and the consideration paid hereunder, the parties agree as follows:

**ARTICLE I - DEFINITIONS**

**"Gross Sales"** shall mean the total amount of all sales at or from the LICENSOR Outlet of all merchandise of any nature, and all other receipts of business at or from the LICENSOR Outlet, either for cash or credit/debit or both, or for any other consideration, including all orders taken and merchandise sold at or from the LICENSOR Outlet and filled or delivered from any other store or place or any merchandise that is produced within the Sub-Licensed Premises for the LICENSOR Outlet and sold on or from any other store or place, but shall not include:

- (a) an exchange of merchandise between stores of the Sub-Licensee where the exchange is made solely for the convenient operation of the Sub-Licensee's business and is not the completion of a sale on or from the Sub-Licensed Premises;
- (b) returns to shippers or manufacturers;
- (c) any amounts collected on behalf of and paid to a taxing authority by the Sub-Licensee for retail sales, excise, goods and services, or similar tax imposed by a governmental authority;

but there may be deducted in the computation of Gross Sales:

- (d) cash or credit refunds to customers for goods returned, but only if the selling price of the goods returned is included in the computation of Gross Sales; or
- (e) the selling price of goods returned by customers for exchange, but only if the selling price of the goods returned and the selling price of the goods delivered to the customers in exchange are included in the computation of Gross Sales.

“LICENSOR” shall mean the trade name by which \_\_\_\_\_ operates under as head Licensor of LICENSOR Outlets.

“Sub-Licensed Premises” shall mean the location of the LICENSOR outlet located at \_\_\_\_\_.

#### ARTICLE 2 - GRANT OF SUB-LICENSE

The Sub-Licensor hereby grants to the Sub-Licensee upon the terms and conditions herein contained, the right and license to operate one (1) LICENSOR Outlet (hereinafter referred to as the “LICENSOR Outlet”) and to use in connection therewith the Trademarks and the Licensor’s System, including all confidential information which now exists or may be acquired hereafter and set forth in the Licensor Operations & Procedures Manual or other related manuals provided by the Sub Licensor or otherwise disclosed to Sub-Licensor's licensees, at the Sub-Licensed Premises.

#### ARTICLE 3 - DURATION

Except as is otherwise provided in this Agreement, the term of this Agreement (the “Term”) shall be as follows:

- (a) The term of this Agreement shall commence on the \_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ and shall expire on the \_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ and thereafter shall automatically renew for successive periods of \_\_\_ year(s) each, unless:
  - (i) either Sub-Licensor or Sub-Licensee terminates this Agreement as of the expiration of the initial or any successive period by giving the other party at least \_\_\_\_\_ days' prior written notice of termination, and this Agreement shall terminate on the anniversary date of the initial or successive period, or
  - (ii) any third party lease under which Sub-Licensor now holds the Sub-Licensed Premises expires or is terminated.
- (b) In addition to the other rights of the parties hereunder the Sub-Licensor shall have the right on \_\_\_\_\_ days' written notice to the Sub-Licensee, to close the LICENSOR Outlet and terminate this Agreement.
- (c) Without limiting the generality of the foregoing, the Sub-Licensee acknowledges and agrees that the Sub-Licensor or LICENSOR each have the right to terminate the head license agreement, between the Sub-Licensor and LICENSOR, with respect to the LICENSOR Outlet, and the Sub-Licensee acknowledges and agrees that the Sub-Licensor has the right hereunder to terminate this

Agreement, on \_\_\_\_\_ days' written notice to the Sub-Licensee, if the following conditions have been met:

- (i) Gross Sales of the LICENSOR Outlet are less than \$\_\_\_\_\_ per year; and
- (ii) the LICENSOR Outlet has been operated by the Sub-Licensee, the Sub-Licensor or any other sub-licensee of the Sub-Licensor, at the Sub-Licensed Premises for a minimum of one (1) year.

The Sub-Licensee agrees that if rights of termination are exercised by the Sub-Licensor or LICENSOR to terminate the head license agreement as hereinbefore provided, this Agreement shall terminate concurrently.

#### **ARTICLE 4 - DUTIES OF THE SUB-LICENSEE**

The Sub-Licensee understands and acknowledges that every detail of the Licensor's System is important to the Sub-Licensor, to the Sub-Licensee and to other Sub-Licensees in order to develop and maintain high and uniform standards of quality, cleanliness, appearance, service, facilities, and techniques, to increase the demand for LICENSOR products and to protect and enhance the reputation and goodwill of LICENSOR. The Sub-Licensee therefore hereby covenants as follows:

##### **4.1 Training**

The Sub-Licensee is responsible for and shall undertake to provide all required training with respect to the LICENSOR Outlet and Licensor's System as and when requested by the Sub-Licensor.

**THIS IS A 16-PAGE AGREEMENT.**