



ADVISORY BULLETIN

May 27, 2020

Supersedes March 21, 2019

Intellectual Property – Brands and Recipes

Medical marijuana facility licensees and adult-use establishment licensees are permitted to use another company's brand or recipes or both – also known as Intellectual Property – to create and sell marijuana products if the two parties have a licensing agreement approved by the MRA. As used in this bulletin, the term “licensor” refers to the party licensing its company's brand, recipe, and/or manufacturing techniques to the licensee.

Licensing agreements:

- May not have any term or condition that would allow the licensor to exercise control over or participate in the management of the licensee to the degree that the licensor would meet the definition of “applicant.” This does not include control or policy terms specific to the licensing agreement (e.g. production method, packaging).
- May include provisions for reciprocal insurance, however, the provision must clearly state that insurance required by the agreement is in addition to any insurance policy required to be maintained as a condition of state licensure. The licensor cannot be a named insured on the insurance policy required to be maintained as a condition of state licensure.
- Must include all royalty payment terms between the licensor and the licensee. Royalties may be paid based on one or a combination of the following:
 - The number of units sold
 - A monthly rate
- May also provide for the provision of consulting services provided that the services to be provided are specifically named and the payment terms for those services are clearly defined, reasonable, and do not allow the licensor to exercise control over or participate in the management of the licensee to the degree that the licensor would meet the definition of “applicant.”
- May not include any term or condition that would allow the licensor to receive more than 10% of the gross or net profit from the licensee during any full or partial calendar or fiscal year.
- May not include any terms or conditions that indicate that a violation of the terms of the agreement would result in the licensor obtaining an ownership interest in the licensed facility/establishment or taking ownership of marijuana product owned by the licensed facility/establishment.
- Terms purporting to allow the licensee to use an assumed name or doing business as (DBA) in the operation of the licensee are not operative unless the licensee has registered the assumed name with the LARA Corporations Division or the DBA with the

This advisory bulletin does not constitute legal advice and is subject to change. Licensees are encouraged to seek legal counsel to ensure their operations comply with all applicable laws and rules.



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appropriate county and has provided MRA with documentation approving use of the assumed name or DBA.

Licensees must provide a complete, unredacted copy, of the licensing agreement to MRA for review and approval. When an agreement is “approved” it means that it does not appear that the licensor meets the definition of “applicant” for the licensed facility/establishment. MRA makes no representation or opinion as to the legal sufficiency of the agreement. Each party should consult independent legal counsel if questions exist about the terms or legal consequences of entering into a licensing agreement.

For licensing agreements entered into by medical marijuana facility licensees, submit the licensing agreement to MRA-Applications@michigan.gov

For licensing agreements entered into by adult-use establishment licensees, submit the licensing agreement to MRA-AdultUseLicensing@michigan.gov

Licensing agreements entered into jointly by medical marijuana and adult-use licensees may be directed to either email address above.

The Marijuana Regulatory Agency Medical Facilities Licensing Section may be contacted via email at MRA-Applications@michigan.gov or by phone at 517-284-8599. For more information about the Marijuana Regulatory Agency, please visit www.michigan.gov/MRA