
HOUSE BILL 1794

State of Washington

66th Legislature

2019 Regular Session

By Representatives Stanford, MacEwen, Blake, Vick, Kirby, Young, Reeves, and Appleton

Read first time 01/31/19. Referred to Committee on Commerce & Gaming.

1 AN ACT Relating to agreements between licensed marijuana
2 businesses and other people and businesses, including royalty and
3 licensing agreements relating to the use of intellectual property;
4 and amending RCW 69.50.395.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **Sec. 1.** RCW 69.50.395 and 2017 c 317 s 16 are each amended to
7 read as follows:

8 (1) A licensed marijuana business may enter into (~~a licensing~~
9 ~~agreement, or consulting contract, with any individual, partnership,~~
10 ~~employee cooperative, association, nonprofit corporation, or~~
11 ~~corporation,~~) an agreement with any person, business, or other
12 entity for:

13 (a) Any goods or services that are registered as a trademark
14 under federal law (~~(~~or~~)~~), under chapter 19.77 RCW, or under any other
15 state or international trademark law;

16 (b) Any unregistered trademark, trade name, or trade dress; or

17 (c) Any trade secret, technology, or proprietary information used
18 to manufacture a cannabis product or used to provide a service
19 related to (~~(a)~~) any marijuana business.

1 (2) ~~((All))~~ Any agreements ~~((or contracts))~~ entered into by a
2 licensed marijuana business, as authorized under this section, ~~((must~~
3 ~~be disclosed to the state liquor and cannabis board))~~ may include:

4 (a) A royalty fee calculated based on the net revenue of the
5 licensed marijuana business for use of the intellectual property,
6 provided that the royalty fee is no greater than an amount equivalent
7 to ten percent of the licensed marijuana business's net revenue;

8 (b) A royalty fee or flat rate calculated based on sales of each
9 product that includes the licensed intellectual property;

10 (c) A flat rate or lump sum calculated based on time or
11 milestones;

12 (d) Terms giving either party exclusivity or qualified
13 exclusivity as it relates to use of the intellectual property;

14 (e) Quality control standards as necessary to protect the
15 integrity of the intellectual property;

16 (f) Enforcement obligations to be undertaken by the licensed
17 marijuana business;

18 (g) Covenants to use the licensed intellectual property; and

19 (h) Assignment of licensor improvements of the intellectual
20 property.

21 (3) Any agreement that complies with the terms of this section
22 may not subject the other party to the agreement to investigation or
23 qualification by the liquor and cannabis board.

24 (4) All agreements entered into by a licensed marijuana business,
25 as authorized by this section, are subject to the liquor and cannabis
26 board's recordkeeping requirements as established by rule.

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