

Many different distribution arrangements share certain characteristics with franchises and in some cases may be difficult to distinguish from a franchise. These include Sales Agency, Dealership, Distributorship and other intellectual property licensing agreements. Notwithstanding, the distinction between these arrangements and a franchise, like a franchise in each of these arrangements the parties are independent contractors, each having no authority to bind the other contracting party.

Often the parties to these arrangements use different terminology to describe themselves, their relationship and the contract governing the relationship. For example, parties to a distribution arrangement may title their contract "Dealer Agreement", "Distributor Agreement", "Sales Agency Agreement", "Sales Representation Agreement", License Agreement" or a variety of other titles, and in the contract may refer to themselves as "Distributor/Dealer", "Seller/Distributor", "Manufacturer/Sales Agent", "Licensor/Licensee" or a variety of other titles and combinations. But the names by which the parties choose to call themselves or their contract is not determinative of their relationship: what counts is the legal substance of their relationship, and that can be determined only by examination and analysis of the contract as a whole. As Shakespeare said, "What's in a name? That which we call a rose would by any other name smell as sweet."

In a Sales Agency arrangement one person (the "Sales Agent") sells goods supplied by another person (the "Supplier") to end users for the Supplier's account, title to the goods passing directly from Supplier to end user through the agency of the Sales Agent. Usually the Supplier delivers the sold goods directly to the end user, although in some arrangements the Sales Agent may assume this obligation, maintaining a stock of goods on hand. The Supplier usually compensates the Sales Agent on a fixed or variable commission basis and (less often) may reimburse the Sales Agent for expenses it incurs.

In a Dealership arrangement one person (the "Dealer") also sells goods supplied by another person (the "Supplier") to end users, but now for the Dealer's account, title to the goods passing from Supplier to Dealer, and then from the Dealer to the end user upon resale by the Dealer. Normally the Dealer maintains a stock of the goods, but sometimes the Supplier will drop ship the goods directly to the end user on behalf of the Dealer. The Dealer generates profit by marking up the goods it resells, and is responsible for expenses it incurs. Although Dealers in a Dealer network may share some common characteristics with each other and the Supplier, normally each Dealer adopts its own business style and image, displaying the Supplier's Trade-mark only in a secondary manner (e.g., on the goods, their packaging or point of sale advertising). Dealers may carry the goods of several different Suppliers or just a single Supplier; in the latter case it may be difficult to distinguish the Dealership arrangement from a product franchise.

A Distributorship arrangement is similar to a Dealership arrangement except that in this case one person (the "Distributor") buys the goods from the Supplier for sale in quantity to Dealers or to one or more other Distributors at a lower distribution level, rather than for sale at retail to end users. As in a Dealership arrangement, a Distributor usually adopts its own business style and image, the Supplier's Trade-mark appearing only in a secondary manner on the goods or packaging and the Distributor's advertising material.

In a "simple" intellectual property Licensing arrangement (despite the name such arrangements can be quite complex), the owner of intellectual property such as a patent, trade-mark or know-how (the "Licensor") grants another person (the "Licensee") the right to use the intellectual property to make, use and/or sell goods for the Licensee's own account. Typically the Licensee pays the Licensor a royalty based on production, sales or on some other formula basis. Common "simple" Licensing arrangements include:

- One-on-one Trade-mark Licensing, where the Licensee manufactures Trade-marked goods in accordance with the Licensor's specifications.
- Collateral product Licensing, where the Licensor's Trade-mark, which is well-known in one context (e.g. a soft drink), is licensed for use in a different context (e.g. cups or other decorative items embossed with the Trade-mark).
- Cross-licensing, where two or more Licensors license each other to use some or all of their respective intellectual property in order to take advantage of available synergies.
- Licensing entered into during the course of settlement negotiations in infringement litigation, where the Licensor will grant the alleged infringer a license to use the intellectual property mark for a specified time period.