



Al fresco: Guests eat on the patio at Joan's on Third in West Hollywood.

PHOTO BY HEW CHEN/ALAMY

Eateries Fed Up

DINING: Joan's on Third and its licensed location each claim the other carried out practices which harmed the brand.

By **DAINA BETH SOLOMON** Staff Reporter

CLAIMS that celebrated West Hollywood restaurant **Joan's on Third** willfully botched prospects for a Santa Monica offshoot are seemingly tough to swallow.

"It doesn't make a lot of sense to me, honestly," said franchise lawyer **Barry Kurtz** of **Lewitt Hackman** in Encino, who is not involved in the dispute. "This doesn't make sense that the licensor that's operated a quali-

ty operation for so many years wouldn't share standards and recipes."

Yes, that's just what a pair of restaurant companies are saying took place when they opened Joan's on Third in Santa Monica this summer with a license deal from chef **Joan McNamara**, renowned for her gourmet comfort food and celebrity clientele.

The new Joan's claims the old Joan's failed to provide support. The old Joan's said the new eatery served poor-quality food, and

it wants to end the agreement. Each has sued the other.

The dispute highlights a common problem for restaurateurs seeking expansion: quality control without keeping watch in the kitchen.

"If you're not there for basic day-to-day operations, you can't control everything," said **Suzanne Tracht**, chef-owner of acclaimed L.A. restaurant **Jar**, who experienced a failed licensing deal in Long Beach several years ago. "It's really hard to maintain the quality,

the brand integrity."

Her recipes, just as McNamara's, are known for precise preparations that take more skill than whipping up a Subway sandwich. Picking the right partner is crucial.

"You're in bed with that person," said Tracht. "They have to respect you, like you, act like you."

Wolfgang Puck Worldwide Inc. of Beverly Hills aims to ensure its operations are simple enough to be duplicated across nearly 50 quick-serve eateries. Selecting partners with successful track records is essential, said President **Joe Essa**.

"If they fail, we look in the mirror first, and think: What didn't we do right?" he said.

Kurtz said that first-time restaurant licensors sometimes struggle to help partner companies get off the ground. At the same time, they sometimes realize too late that their partners lack skills to run the business.

"There can be a breakdown on both sides," Kurtz said.

McNamara and attorneys for both sides declined to comment, citing the pending lawsuits.

Branching out

McNamara, who opened the original Joan's 20 years ago on a stretch of Third Street near the Beverly Center, licensed her brand last year to **Joan's Santa Monica** of Delaware. **Walter Perkowitz**, who used to manage steakhouse chains, is chief operating officer of **RC Est 1860 Co.** of Illinois, which owns 60 percent of Joan's Santa Monica. Interestingly, the original Joan's owns 40 percent.

The original Joan's was supposed to receive 3 percent of gross revenues and eventually take 40 percent of the company's profits, according to the lawsuits.

The Santa Monica team spent more than \$2.5 million designing, constructing and stocking a 5,000-square-foot space in a new condo complex a block from the Santa Monica Pier, according to their legal filings. They signed a 10-year lease and hired nearly a hundred people to serve what turned out to be an average of 700 customers a day.

But the promising expansion turned sour soon after opening day.

McNamara said she found moldy cheese, rancid chickpeas and spoiled tuna salad on sale in Santa Monica, according to court documents. Her celebrated macaroni and cheese was hacked into lopsided, undersized chunks. The omelet tasted chewy and tough, as if cooked at a diner.

Such culinary crimes could "damage

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the brand and reputation of all of Joan's operations," Joan's on Third said in a lawsuit filed in November in Los Angeles County Superior Court.

The Santa Monica team had already filed its own lawsuit in August, claiming that Joan's was suffering seller's remorse. They allege Joan's failed to provide adequate instruction and support and then made intrusive and disruptive inspections.

For now, the eatery still operates as Joan's on Third, refusing to comply with McNamara's demand that it erase all traces of the brand, from the white floor tiles to the Chinese chicken salad. Joan's on Third Santa Monica is seeking at least \$225,000 in damages, but it was unclear from court documents if it wished to permanently stay in business as Joan's.

With the next court date not scheduled until summer, the dispute will play out for now in the court of public opinion. Joan's on Third wrote on its Facebook page in November that the Santa Monica site no longer had permission to use its name.

Speculation buzzed online about a "copycat" posing as Joan's. But on a recent afternoon, shoppers at both locations appeared oblivious to the controversy.

"It's the same place," said **Tatiana Itskovitz**, sitting on the Santa Monica patio a day after dining at Joan's on Third Street. She

then noticed a large sign in the window that declared: "Joan's on Third TM is a licensed trademark of Joan's on Third Licensing, L.L.C. This establishment is independently owned and operated."

Still, she said her Santa Monica experience was just as positive as in West Hollywood. This time she opted for the turkey club sandwich, her friend's choice the previous day.

"I got to taste it yesterday and it's exactly the same as the one I have now," said Itskovitz.

Seated on the patio at the original Joan's, **Ava Ohanesian** said she is a loyal patron, and that the Chinese chicken salad in Santa Monica had been just as delicious as the original.

The risk of losing brand control has not scared off other small businesses hoping to expand, such as the **Pie Hole** in Los Angeles. The coffee and pie café owns two locations with a third on the way, and recently agreed to license an Orange County spot. **Lindsay Hollister Heffner**, director of marketing, said she plans to gradually add sites with help from Newport Beach

franchise developer **Fransmart**. "We're trying to do it one person at a time, and figure out who's best for us and who

loves our brand," she said. "We have high hopes for the people that we've chosen to share's mom's recipes."



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Licensing Off Menu?: Joan's on Third's original restaurant location in West Hollywood.