

New Legal Protections for Iowa Restaurants Working with Third Party Food Delivery Apps & Companies

Today 63% of food prepared in a restaurant is consumed somewhere outside the restaurant. Part of this dynamic is attributable to the COVID-spurred growth of third-party food delivery apps. Consumers love the apps and services but as they've proliferated, many restaurants have encountered unexpected issues, situations, and

concerns. The Iowa Restaurant Association has spent two years working with legislators and regulators to secure much needed legislation to: protect the pirating of restaurants' names, menus, and logos; require delivery apps have formal agreements with the restaurants; and ensure basic food safety and liability protections.

The new regulations take effect July 1, 2022. An overview is below: (Full legislative language can be found in new Iowa code sections (137G.1, 2, & 3.)

Protections for Restaurants' Intellectual Property

The just passed Iowa code sections mandate that unless an agreement exists between a restaurant and a food delivery company, the delivery company may not:

- Use a restaurant's likeness (logo, menu, etc.)
- Take an order or arrange for delivery of an order
- Intentionally inflate or alter menu prices
- Charge a restaurant a fee, commission, or charge

Transparency and Liability Protections

The new rules require the agreement between a restaurant and delivery company include:

- Authorization for the food delivery company to arrange for the delivery and pickup of orders
- Clear identification of any fee, commission, or

charge that the restaurant is required to pay or absorb

- No provisions requiring a restaurant to indemnify a food delivery platform, employee, independent contract, or agent of the food delivery platform for any damages or harm caused by the actions or omissions caused by the delivery company, its employee or agent.

Additionally, under the new rules, a food delivery application must:

- Clearly provide consumers a path to express concerns regarding an order directly to the food delivery company
- Remove a restaurant from their mobile app or platform within 10 days of a restaurant's request unless they have an agreement that says otherwise

A food delivery company may charge additional fees to the consumer if the fees are noted separately to the consumer.

Financial Penalties for Delivery Companies

If the third-party delivery company violates the new contract requirement rules, civil penalties include:

- **First violation: \$1,000**
- **Second violation: \$2,500**
- **Third and subsequent violations: \$10,000**

Additional legal action/recourse is available for restaurants directly or through the Iowa Attorney General's office.

