

## FRANCHISING

### GUIDE TO INTERNATIONAL MASTER FRANCHISE ARRANGEMENTS

#### DESCRIPTION

Prepared by the foremost experts on franchising in the world, the UNIDROIT Guide to International Master Franchise Arrangements (1998), is aimed above all at lawyers advising clients, but also at all those who need a reliable source of information on franchising and on franchise agreements. It has twenty chapters covering the whole life of a franchise agreement, from its negotiation to its non-performance. It contains inter alia information on fundamental concepts and elements, the nature and extent of the rights granted and the relationship between the parties, the term of the agreement and conditions of renewal, financial matters, the role of the franchisor, the role of the sub-franchisor, the sub-franchise agreement, advertising and the control of advertising, the supply of equipment, products and services, intellectual property, know-how and trade secrets, system changes, the sale assignment and transfer of the agreement, vicarious liability, indemnification and insurance, remedies for non-performance, the end of the relationship and its consequences and the applicable law and dispute resolution.



#### WHO BENEFITS?

*The clients of lawyers* who intend to use master franchising

*Lawyers* who are able to supply more professional services

*Consumers*, who with the growth of franchising will have more products to choose from

*Arbitrators and Judges* who need information when faced with a case dealing with a franchise relationship

*Legislators*, who need information on franchising.

#### OPINION

“In view of the breadth of coverage, the *Guide* will be of benefit to all parties interested in international master franchising irrespective of their level of experience in the area. Indeed, while a person coming to master franchising for the first time is methodically taken through the whole relationship, an experienced party has the advantage of going directly to the area of particular interest”. (Frank Zumbo, *International Master Franchise Agreements*, New Zealand Law Journal, April 2000, 121 - 124, at 122).

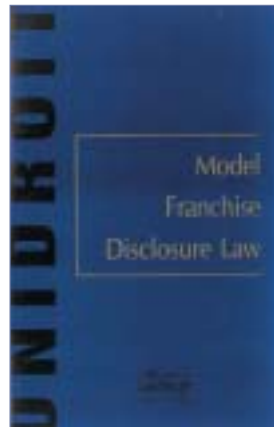
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### MODEL FRANCHISE DISCLOSURE LAW

#### DESCRIPTION

The Model Franchise Disclosure Law is intended to provide national legislators who have decided that legislation specifically aimed at franchising should be introduced into their legal system with a source of inspiration, an instrument that they may consult and use as a model or blueprint should they deem it appropriate. The text of the Model Law is accompanied by an Explanatory Report which explains the purpose of each provision and, where appropriate, the way in which the provision should be interpreted, with a view to assisting the legislator in evaluating whether or not the provision in question is necessary and/or suitable in the particular national context.



The Model Law is a disclosure law. A disclosure law may be considered to be a means to create a secure legal environment between all the parties in a franchise arrangement. To that end, the Model Law ensures that the prospective franchisees who intend to invest in franchising receive material information about franchise offerings, thus permitting them to make an informed investment decision. In addition, the Model Law brings security to franchisors in their relationships with franchisees, administrative authorities and courts.

#### WHO BENEFITS?

*Prospective franchisees*, who will receive information about the franchisor enabling them to evaluate the franchise that is being proposed to them

*Consumers*, who with the development of franchising will have a greater selection of products

*National legislators*, who have available a modern instrument prepared with the assistance of world experts in the subject

Ultimately the *economy* of the countries that decide to adopt the law, as franchising produces wealth and develops the skills of those that engage in this form of business.

#### OPINION

“The model law, limited to prior disclosure and not providing for registration or addressing the terms of the franchise relationship, is likely to attract wide interest from legislators throughout the franchising world through the provision of a model on which they may work when they prepare legislation that is to apply in their own country. The alternative is for states with little experience in franchising and even less experience in franchising regulation to develop their own laws which may not be as well considered and which may harm the sector they

are designed to protect” (Andrew Terry, “*Franchise Sector Regulation: The Australian Experience*”, Paper presented at the EMNet-Conference on “Economics and Management of Franchising Networks” Vienna, 26 – 28 June 2003 (at:<http://www.univie.ac.at/EMNET/download/Terrypaper.doc>).

## **FUNDS NEEDED**

€10,000 to promote the Guide and Model Law.