



EUROPEAN FRANCHISE FEDERATION
179, Ave. Louise, B – 1050 Brussels, Belgium
tel. 32 (0) 2 520 16 07 – fax 32 (0) 2 520 17 35
info@eff-franchise.com - www.eff-franchise.com

France – Legislation affecting franchising

1) The Loi Doubin on Pre-contractual Disclosure (1986)

Text of relevance to franchise systems establishing themselves in France

Article 1 of the Law of 31 December 1989

‘A person who grants to another person the licence to use a trade name, a trade mark or a logo, subject to the commitment of exclusivity or quasi exclusivity for the exercise of the latter’s activities shall prior to the execution of any agreement negotiated in the two parties’ mutual interest, furnish to the other party a document giving honest information permitting the other party to make an informed decision.

This document, the contents of which shall be provided for by a decree shall contain, among other things, information on the age and the experience of the Licensor’s business, the status and the possibilities of growth of the Market, the importance of the retail network, the term renewal, termination and conditions of transfer of the agreement and the scope of the exclusivities granted.

When payment of any monies shall be demanded prior to the execution of the agreement here above mentioned, especially in order to be granted the rights of exclusivity of a Territory, the undertakings made in consideration of such payment shall be described in writing as well as the reciprocal obligations of the parties in case of forfeiture.

The document provided for under paragraph 1, as well as the proposed contract shall be delivered at least 20 days before the execution of the agreement or, if the case arises, before payment of the monies described in the paragraph here above.’

2) Decree N° 91-337 of 4 April 1991

Decree which puts into application Article 1 the Law of 31 December 1989

‘The Prime Minister,

On the Report of the Minister of Justice, of the Minister of Industry and Town and Country planning and of the Minister delegated to Commerce and Handicrafts
Considering the Penal Code and particularly its article R25;

Considering article 1 of Law nr89-1008 of 31 December 1989 on the development of commercial and handicrafts enterprises and on the improvement of their economic, legal and social environment;

Having consulted the Council of State (section of Finances) enacts

Article 1

The document contemplated by the first paragraph of Article 1 of the law of 31 December 1989 cited above must contain the following information:

1. The address of the registered office of the enterprise and the nature of its activities with the description of its legal form and the identity of the principal manager if the enterprise is unincorporated or the principal management personnel if the enterprise is a legal entity; where applicable, its total share capital;
2. The registration number of the enterprise on the Commercial and Companies Register or the registration number of the Registry of Independent Entrepreneurs and, in the case where the Trade mark which is the subject matter of the contract was acquired by assignment or licence, the date and corresponding record number at the National Trade Mark Registry including in the case of trade mark licence arrangements, the period for which the licence was granted;
3. The address(es) of the bank Branch(es) used by the enterprise. This information may be limited to the five principal bank branches;
4. The date of the founding of the enterprise with a summary of the principal developments during its history including the history of its network of licensees, where applicable, as well as all information necessary to assess the business experience of the enterprise or its management.

The information mentioned in the preceding paragraph may be limited to the five years preceding the year during which the document is delivered. This information must include a description of the market in general and the local market for the goods or services which are the subject matter of the contract and a description of the prospects for the development of this market.

There must be annexed to this part of the document the annual financial statements for the last two fiscal years or, for companies authorised to offer shares or debt obligations to private individuals or companies the reports prepared for the last two years pursuant to the third paragraph of article 341-1 of Law nr66-537 of 24 July 1966 on commercial companies.

5. A description of the network of licensees which must include:
 - (a) a list of the firms which are members of the network with for each one, an indication of the opening method agreed upon;
 - (b) the addresses of the firms in France with which the party proposing the contract is linked by contracts of the same type as the proposed, along with the date of signature of renewal for each of those contracts;

where the network consists of more than fifty firms, the information required pursuant to the preceding paragraph is only required for the fifty firms which are closest to the location of the proposed new operation;

- (c) the number of firms which were members of the network under contracts of the same type as that proposed and which have ceased to be members of the network during the year preceding that during which the document is delivered. This document must state whether the contract expired or whether it was cancelled or voided;

- (d) if applicable, the presence in the trade zone of the outlet contemplated by the proposed contract of each establishment which offers, with the express permission of the party proposing the contract, the goods or services which are the subject matter of that contract;
- 6. A description of the term of the proposed contract, the conditions for renewal, termination and assignment as well as the scope of any exclusivity.

Furthermore, the document must describe the nature and amount of expenses and capital investment related to the particular trademark be licensed which the recipient of the proposed contract must incur before commencing operation.

Article 2

Any person who puts at the disposal of another person a trade name, trade mark or logo while requiring from such other person a commitment of exclusivity or quasi exclusivity with respect to the conduct of such other person's business without delivering to such other person, at least twenty days prior to signature of the contract, the disclosure document and the draft contract mentioned in Article 1 of the Law of 31 December 1989 described above, shall be subject to fines applicable to fifth-class offences.

Article 3

The Minister of Justice, the Minister of Industry and Town and City planning and the Minister delegated to Commerce and Handicrafts are empowered, as far as each one is concerned for the implementation of this decree which shall be published in the Official Journal of the French Republic.'

Text provided in English by Eversheds, London

3) Order of 21 February 1991, relative to the information to the consumer in the sector of franchising (*Extract*)

Article 1 – Any person selling products or providing services bound by a franchise agreement to a franchisor must inform the consumer of his status as an independent entrepreneur, clearly and visibly, on all informational documents, including all publicity material, both inside and outside the point of sale.

** translation provided by the EFF*