

Ten Questions U.S. Franchisors Need to Have Answered About Franchising into a New Country

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1. What is different about operating here compared with the US? Examples: business days, hours of operation, weekends, holidays, labor laws, work ethic.
2. Are there local language issues or laws that can affect use of the franchisor's trademark?
3. Is the legal system perceived to be fair and efficient? Does it adequately protect and enforce intellectual property rights?
4. What restrictions exist on a franchisee paying franchise fees or repatriating dividends/profits to the US?

Examples:

- exchange controls
 - withholding tax
 - government approvals
 - limits on fees charged
5. Are there restrictions on charging or collecting interest from franchisees?
 6. Does the country regulate:
 - The sale of franchises?
 - The termination or nonrenewal of franchises?
 7. Does any law restrict a franchisor from negotiating with a prospective franchisee, or signing a nonbinding letter of intent or accepting a good faith deposit from a prospective franchisee?
 8. Will any franchise law or other law require a US franchisor to prepare and deliver to a prospective franchisee a financial statement which is audited using the country's own accounting principles?
 9. Is there a functioning national franchise association that will help foreign franchisors? Is there an American Chamber of Commerce?
 10. Are noncompete covenants enforceable?

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