



International Distribution Institute

De-Branding of the Franchise After Contract Termination

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Protection of Franchisor's IP

- Registration of trademarks and other IP rights
- Protection beyond trademark registration include trade dress:
 - Use of colors
 - Product packaging and labelling
 - Display of products
 - Menus, flavors, dishes and drinks fantasy names
 - Operating manual
 - Store lay-out

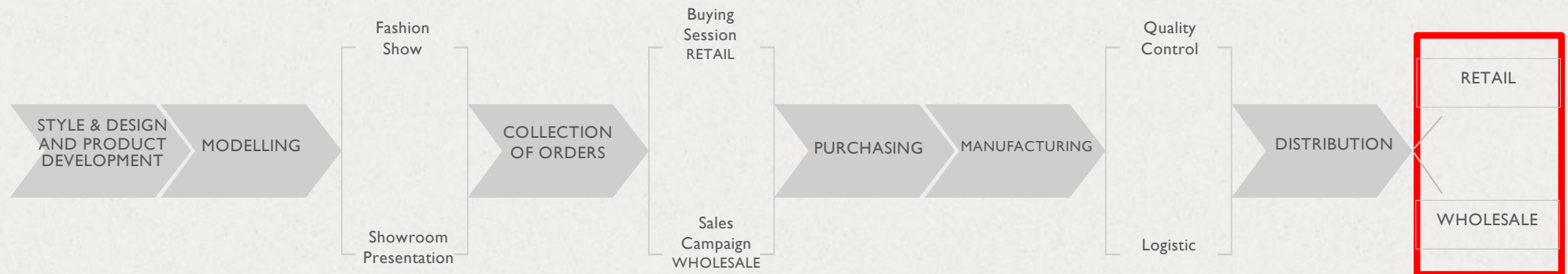


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Canali's Experience and IP Protection

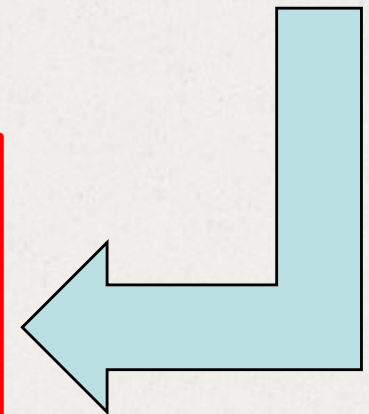


VALUE CHAIN



Use of the CANALI CONCEPT:

- retail: **direct boutiques**
- wholesale: **franchise** and **distribution** (monobrand and multibrand)



The CANALI CONCEPT: an asset to be protected





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NOBLE & ELEGANT STORE EXPERIENCE



US, New York, Madison Ave.



UK, London, New Bond St.



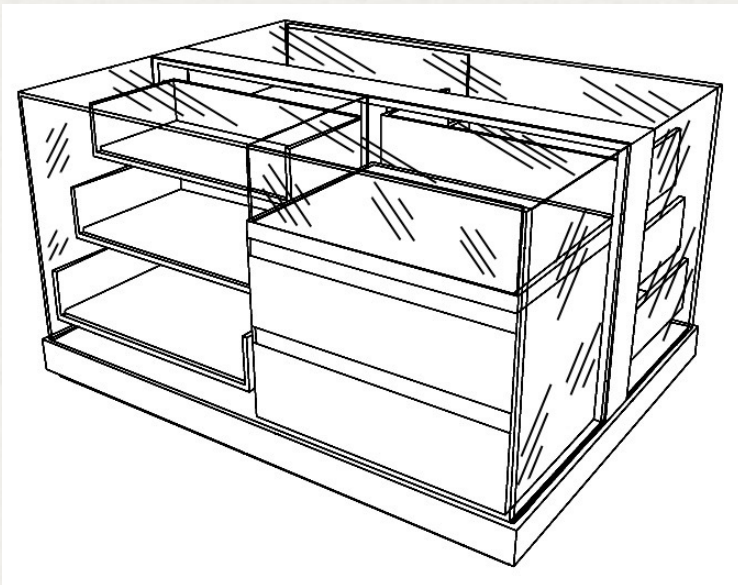
Italy, Milano, Via Verri



China, Shanghai, Plaza 66

First step: the REGISTRATION

The design



registration

The protected design

Design

(19) Registration office code	EM
Design number	002265686-0005
(21) Application number	002265686
(25) Application language code	it
Second language code	en
(22) Application date	01-07-2013
(43)/(44) Application published	
Application reference	
(11) Registration number	
(15) Registration date	01-07-2013
Publication date	10-07-2013
Design description	No
(46) End of deferment	
(18) Expiry date	01-07-2018
Effective date	01-07-2013
Design current status code	Registered and fully published
Design current status date	09-07-2013
Comment	
(82) Statements contained in the application	

(55) Representation (views of design)



Contractual Protections of IP

- Removal of branding, signs, trade dress, décor, anything distinctive/indicative of brand, etc. upon contract termination
- Contract should provide for ability of franchisor to enter premises:
 - Without franchisor being guilty of trespass or tort (if potentially applicable under local law) and take certain self-help actions to de-identify on franchisee's behalf
 - If franchisee fails to de-identify within a certain number of days after receipt of demand
- Contract should provide for injunctive relief (if available under local law)
- Contract should provide reimbursement for reasonable expense to de-identify premises if franchisee fails to do so.

Contractual Protections of IP

- Contract should provide for return (or destruction) of all proprietary materials, operations manuals and other confidential information and communications received from franchisor

- Contract should also provide for:
 - Ceasing operation of all websites affiliated with brand (including social media);
 - Transfer of published telephone number as directed by franchisor;
 - Termination of all association memberships affiliated with the brand name, such as Chamber of Commerce and/or professional associations;
 - Transfer of any internet domain registrations that reference the brand;

Canali's Experience: Contratural Protections of IP

- The Franchisee is allowed to use the Canali Concept according to the provisions of the Agreement.
- The Canali Concept contains architectural specifications for arranging the shop. The last updated version of the Canali Concept must be strictly adhered to.
- The Franchisor has the right to inspect the shop to verify the maintaining of standards specified in the Canali Concept.
- The Canali Concept has been created by Canali; the Franchisee recognizes all the rights of Canali to the concept.
- The Franchisee shall refrain from any direct or indirect use of the Canali Concept than those set out in the Agreement.
- The Franchisee shall adhere to the last updated version of the Canali Concept.

Canali's Experience Contractual Protections of IP

Termination and Penalty Clauses

- The Agreement may be terminated by the Franchisor for any of the following violations by Franchisee:
 - the Franchisee fails to renew the shop, in compliance with the last updated version of the Canali Concept;
 - the Franchisee deliberately damages the Franchisor's image of or the Canali Concept.
- In the event of early termination, Franchisee shall immediately discontinue to use Franchisor's IP rights.
- After termination of the Agreement, Franchisee shall destroy all the furnishings of the shop in the presence of representatives of Franchisor.
- If Franchisee has not complied with the above-mentioned provisions, Franchisee shall be liable to liquidate damages in the amount of EURO X for each day of violation.

An experience to avoid

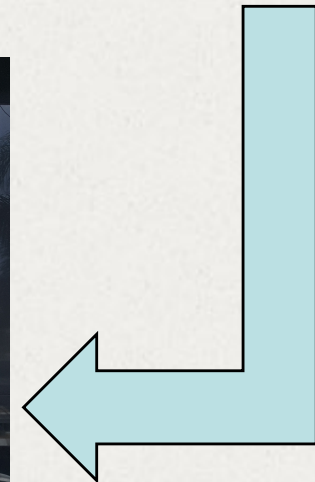
Early Termination (2016)



Bailiff (2018)



Closure (2018-2019)



Good Practices Prior to Termination

- Practical strategies – Develop a uniform plan or approach
- Identify contractual remedies
- Identify relevant laws
- Issue notice of default
- Arrange (if possible) for meetings and potential settlement
- Identify dispute resolution remedies and practical approaches

Q & A's

- Questions are most welcome
- Happy to hear about your experiences
- Remember that the raise your hand option is enabled – please open your micros