



International Distribution Institute

# Managing the termination of franchise agreements

Porto, Portugal – 19 June 2015

Jeffrey A. Brimer (Chair)

Evelyn Verstraaten

Tessa de Mönnink

Marco Hero



# INTRODUCTION

- Overview of Program Format
- Aspects of Managing a Franchise Termination
- General Comments



# Speakers

- Evelyn Verstraaten – Legal Counsel G-Star Raw, Amsterdam
- Tessa de Mönnink – De Grave De Mönnink Spliet Advocaten, Amsterdam; IDI franchising country expert for Netherlands
- Marco Hero – PF&P Rechtsanwälte, Munich, IDI franchising country expert For Germany
- Jeffrey A. Brimer (Chair) – Chief Operating Officer, Alexius, LLC, Denver, Colorado, USA



## **Terms to Include in Franchise Agreements**

- Notice Periods
- Stock in the franchisee's possession
- Subfranchise Agreements
- Intellectual property rights
- Cross-default provisions



International Distribution Institute

## **Issues to address in preparing for a termination**

- Operational Organization
- Establish Timelines
- Franchisor Takeover
- Master & Subfranchisees' Locations
- Insolvency and Bankruptcy
- Intellectual Property
- Communication to Subfranchisees



International Distribution Institute

## **Issues to address in preparing for a termination (continued)**

- Disclosure to New Franchisee
- Data Protection
- Indemnities
- Post-Termination Non-Competition
- Transfer of Undertaking



## Managing the Termination Process

- Who should be involved in the negotiation?
  - Franchisor's personnel
  - Master Franchisee's personnel
  - Subfranchisees
  - Third Parties
- Supporting Subfranchisees during and after the termination
- Preventing branded merchandise from being sold by unauthorized sellers



## Post-termination Issues

- Stock/merchandise/inventory
- Reclaim VAT
- Disposal of Furniture, Fixtures and Equipment
- Gift Cards issued before Termination
- Customer Database
- Franchisee's compliance with post-termination obligations





# Conclusion

- Questions
- Final comments from Speakers



International Distribution Institute

# Thank You!

- Evelyn Verstraaten – [evelyn-verstraaten@g-star.com](mailto:evelyn-verstraaten@g-star.com)
- Tessa de Mönnink – [demonnink@gmsadvocaten.nl](mailto:demonnink@gmsadvocaten.nl)
- Marco Hero – [hero@pfp-legal.de](mailto:hero@pfp-legal.de)
- Jeffrey A. Brimer – [jeff.brimer@jabrimerlaw.com](mailto:jeff.brimer@jabrimerlaw.com)