



International Distribution Institute

Workshop 1 : IP protection of retail offline and online store's layout

How to draft effective contractual provisions for de-characterising the shop

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International Distribution Institute

TRADE DRE\$\$



Departure Clause

*"At the end of the contract,
Franchisee will no longer be authorised to
use Franchisor's trademarks".*



Step 1

*"~~At the end~~ **Immediately** upon the **expiration or termination** of the contract, Franchisee will no longer be authorised to use Franchisor's trademarks".*

Step 2

"Immediately upon the expiration or termination of the contract, Franchisee shall : ~~will no longer be authorised to use -~~

- (i) cease any and all use of, or activity concerning Franchisor's IP, Trademarks, Brand and System and Trade Dress; and*
- (ii) remove all of Franchisor's IP, Trademark, Trade Dress or other indicia of Franchisor's Brand or System from the franchised premises.*

Step 3

*"**Immediately upon expiration or termination** of the contract, Franchisee **shall** :*

*(i) **cease any and all use of, or activity concerning Franchisor's IP, Trademarks, Brand, System and Trade Dress; and***

*(ii) **remove all Franchisor's IP, Trademarks, Trade Dress or other indicia of Franchisor's Brand or System from Franchisor's premises and make such changes in signs, notice and displays and advertising materials, buildings, and structure at the Store/Restaurant which are indicative of Franchisor or indicating or suggesting association with Franchisor or Franchisor's Business or as Franchisor may direct so as to effectively distinguish the Store/Restaurant from its former public look, feel and appearance including a change in the colours, lay outs and design used to prevent the public from associating the site for a Store/Restaurant with the Brand.** "*

Step 4

« (...)

If, within 30 days of such termination or expiry, Franchisee **fails to make such changes**, then Franchisor and/or its nominee **shall have the power to enter** upon the Store's/Restaurant's premises to make any such changes at Franchisee's expense which Franchisee will pay on Franchisor's demand, **without being guilty of trespass or other offense**. Franchisee agrees to indemnify Franchisor against any such claims brought by a third party against Franchisor."

Bricks & Mortar Final Clause

"Immediately upon expiration or termination of the contract, Franchisee shall :

(i) cease any and all use of, or activity concerning Franchisor's IP, Trademarks, Brand, System and Trade Dress; and

(ii) remove all Franchisor's IP, Trademarks, Trade Dress or other indicia of Franchisor's Brand or System from Franchisor's premises and make such changes in signs, notice and displays and advertising materials, buildings, and structure at the Store/Restaurant which are indicative of Franchisor or indicating or suggesting association with Franchisor or Franchisor's Business or as Franchisor may direct so as to effectively distinguish the Store/Restaurant from its former public look, feel and appearance including a change in the colours, lay outs and design used to prevent the public from associating the site for a Store/Restaurant with the Brand. If, within 30 days of such termination or expiry, Franchisee fails to make such changes, then Franchisor and/or its nominee shall have the power to enter upon the Store's/Restaurant's premises to make any such changes at Franchisee's expense which Franchisee will pay on Franchisor's demand, without being guilty of trespass or other offense. Franchisee agrees to indemnify Franchisor against any such claims brought by a third party against Franchisor."

What about Online Platforms?

Would the Brick & Mortar Final Clause be still effective and complete?

Traditional Clause:

“Upon the expiration or termination of this Agreement, Franchisee will assign ownership to Franchisor of all domain names, account names, handles, and user names used by Franchisee in its operation of the Franchised Restaurant. Franchisee will take all such actions as Franchisor reasonably requires to disassociate Franchisee from any such names and Social Media pages.”

More effective / practical suggestion:

*“Franchisee shall obtain Franchisor’s prior written approval of any domain names relating to the Website and **allow Franchisor to register such domain name(s) in its own name.***

*Franchisee agrees to **execute a domain transfer contract form which Franchisee agrees shall be submitted to the domain service provider at the termination of this Agreement to effect such transfer,** as well as any other documents necessary to ensure Franchisor’s right, title and interest in any Websites, domain names, URLs and web and email addresses (to the extent such utilize the Licensed Marks).”*

What about Online Platforms?

Would the Brick & Mortar Final Clause be still effective and complete?

Most Effective

“Franchisor will register all domain names **in its own name**. If, for the purposes of local regulations, this is not possible, the Franchisee must obtain the prior written approval of the Franchisor before it obtains any domain names relating to the Brand. Where the domain name is registered in the name of the Franchisee, the Franchisee must execute a (Domain Name transfer form) and undertake to sign all necessary documents as and when requested by the Franchisor to effect such transfer of the domain name(s) to the Franchisor (or its nominee).”

Remedies ?

- Injunction / stop order
- Contractual liquidated damages
- Damages
- Criminal sanctions for unauthorized use of Franchisor's IP rights

