



INTERNATIONAL RESOURCES ABSTRACT

Laws and agencies that regulate the offer and sale of franchises



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Which laws and government agencies regulate the offer and sale of franchises?

The Civil Code of the Republic of Hungary (Act IV of 1959), and in particular its chapter on the general rules of contract law, applies to all contracts, including the offer and sale of franchises.

What are the exemptions and exclusions from any franchise laws and regulations?

Not applicable.

Does any law or regulation create a requirement that must be met before a franchisor may offer franchises?

There are no such requirements pursuant to Hungarian law.

In the case of a sub-franchising structure, who must make pre-sale disclosures to sub-franchisees? If the sub-franchisor must provide disclosure, what must be disclosed concerning the franchisor and the contractual or other relationship between the franchisor and the subfranchisor?

There is no specific mandatory legal regulation pursuant to Hungarian law.

Is there any obligation for continuing disclosure?

There is no specific mandatory legal regulation pursuant to Hungarian law. There is no specific relevant directive of the Hungarian Franchise Association either.

How do the relevant government agencies enforce the disclosure requirements?

Not applicable.

In addition to any laws or government agencies that specifically regulate offering and selling franchises, what are the general principles of law that affect the offer and sale of franchises? What other regulations or government agencies or industry codes of conduct may affect the offer and sale of franchises?

The European Franchising Code of Ethics of 1991 was adopted by the Hungarian Franchise Association and may affect the offer and sale of franchises. Directive 2002/1 (IX.18) of the Hungarian Franchise Association may affect pre-contractual disclosure obligations.

Do other laws affect the franchise relationship?

Antitrust laws do affect the franchise relationship: primarily, the Hungarian Act LVII of 1996 on the Prohibition of Unfair and Restrictive Market Practices. Government Decree 205/2011 (X.7) on the exemption of certain vertical restraints provides for exemptions from restrictive market practices in relation to franchise agreements.



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Government Decree 205/2011 (X.7) basically corresponds to Commission Regulation (EC) 330/2010 of 20 April 2010 on the application of article 101(3) of the Treaty to categories of vertical agreements and concerted practices.

Intellectual property laws also affect the franchise relationship: primarily, Act XI of 1997 on Trademarks and Geographical Product Markings and Council Regulation (EC) 207/2009 of 2 February 2009 on the Community trademark.