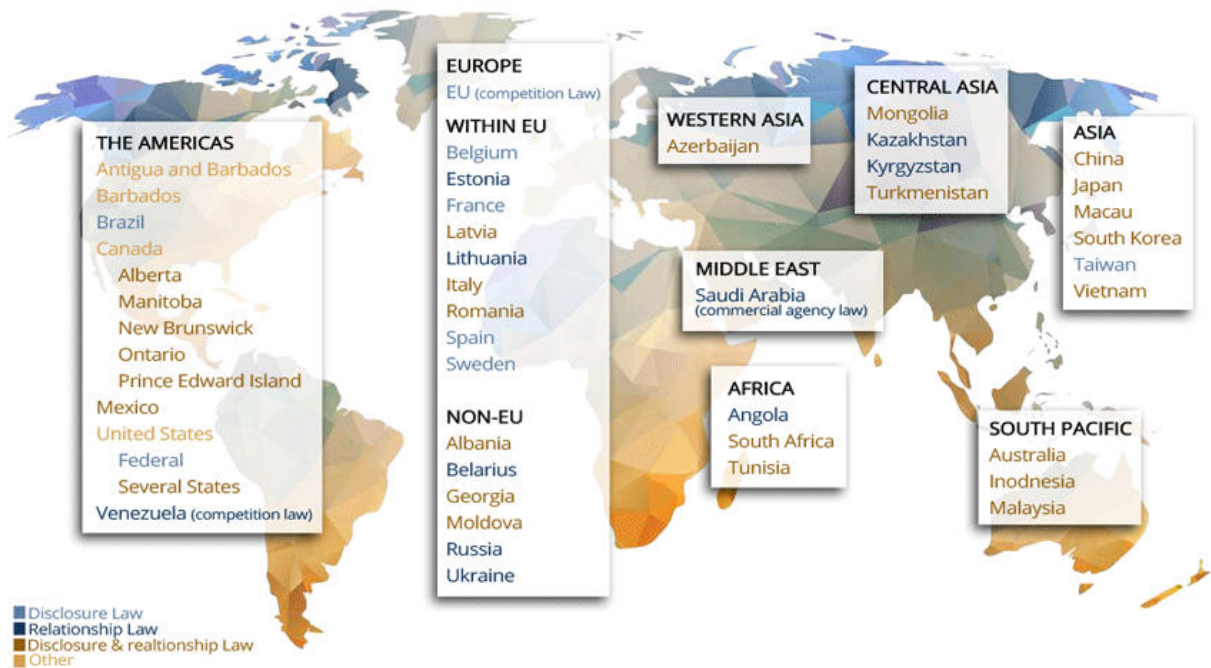




INTERNATIONAL RESOURCES ABSTRACT

Laws and agencies that regulate the offer and sale of franchises



PHILIPPINES



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

The IPC has provisions that regulate TTAs, including franchises. The primary agency which implements them is the IPOPHL's Documentation, Information and Technology Transfer Bureau (DITTB).

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

A TTA may be granted exemption by the DITTB from compliance with the mandatory and prohibited provisions, upon application and after evaluation on a case-by-case basis. Exemption is granted in exceptional or meritorious cases where substantial benefits will accrue to the economy, such as high technology content, increase in foreign exchange earnings, employment generation, regional dispersal of industries and/or substitution with or use of local raw materials, or in the case of the Board of Investments, registered companies with pioneer status.

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

There are none.

Are there any laws, regulations or government policies that restrict the manner in which a franchisor recruits franchisees or selects its or its franchisees' suppliers?

There are none. However, under the IPC, it is prohibited for a franchise agreement to obligate the franchisee to acquire from a specific source capital goods, intermediate products, raw materials, and other technologies.

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 are no requirements for pre-sale disclosure to sub-franchisees.

Is there any obligation for continuing disclosure?

Not applicable.

How do the relevant government agencies enforce the disclosure requirements?

Not applicable.



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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 doctrines of autonomy of contracts (ie, contracting parties may establish such stipulations, clauses, terms and conditions as they may deem convenient, provided they are not contrary to law, morals, good customs, public order, or public policy) and caveat emptor apply to the offer and sale of franchises.

The internal regulations of franchise associations, such as the Code of Ethics and Fair Franchising Standards (FFS) of the Philippine Franchising Association (PFA), may also be considered industry codes of conduct insofar as members of these associations are concerned.

Do other laws affect the franchise relationship?

The general rules on contract and the Civil Code rules on human relations may also be relevant.