



# Franchise

in 30 jurisdictions worldwide

# 2014

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<b>Introduction</b> Philip F Zeidman <i>DLA Piper LLP (US)</i>	<b>3</b>
<b>Australia</b> Philip Colman and John Sier <i>Mason Sier Turnbull</i>	<b>5</b>
<b>Austria</b> Sylvia Freygner and Philipp von Schrader <i>Dr Sylvia Freygner, LLM Rechtsanwältin</i>	<b>13</b>
<b>Belgium</b> Pierre Demolin, Véronique Demolin, Benoit Simpelaere and Leonard Hawkes <i>DBB</i>	<b>20</b>
<b>Canada</b> Bruno Floriani and Marvin Liebman <i>Lapointe Rosenstein Marchand Melançon LLP</i>	<b>25</b>
<b>Colombia</b> Juan Carlos Uribe and Juliana Barrios <i>Triana, Uribe &amp; Michelsen</i>	<b>34</b>
<b>Czech Republic</b> Barbara Kusak and Halka Pavlíková <i>Noerr sro</i>	<b>40</b>
<b>Denmark</b> Jacob Ørskov Rasmussen, Gitte Holtsø and Anna Gentszsch <i>Plesner Law Firm</i>	<b>48</b>
<b>Finland</b> Patrick Lindgren <i>Advocare Law Office</i>	<b>55</b>
<b>France</b> Emmanuel Schulte <i>Bersay &amp; Associés</i>	<b>62</b>
<b>Germany</b> Karsten Metzloff and Tom Billing <i>Noerr LLP</i>	<b>69</b>
<b>Hong Kong</b> Ella Cheong <i>Ella Cheong (Hong Kong &amp; Beijing)</i>	<b>76</b>
<b>India</b> Abhijit Joshi, Kunal Doshi and Rishika Harish <i>AZB &amp; Partners</i>	<b>81</b>
<b>Indonesia</b> Galinar R Kartakusuma and Reagan Roy Teguh <i>Makarim &amp; Taira S</i>	<b>87</b>
<b>Italy</b> Roberto Pera and Filippo Maria Catenacci <i>Rödl &amp; Partner</i>	<b>95</b>
<b>Japan</b> Etsuko Hara <i>Anderson Mōri &amp; Tomotsune</i>	<b>103</b>
<b>Malaysia</b> Jin Nee Wong <i>Wong Jin Nee &amp; Teo</i>	<b>109</b>
<b>Mexico</b> Jorge Mondragon <i>Gonzalez Calvillo SC</i>	<b>116</b>
<b>Netherlands</b> Tessa de Mönnink <i>De Grave De Mönnink Spliet Advocaten</i>	<b>123</b>
<b>New Zealand</b> Stewart Germann <i>Stewart Germann Law Office</i>	<b>130</b>
<b>Philippines</b> Ferdinand M Negre and Jasmine L Solivas-Dayacap <i>Bengzon Negre Untalan Intellectual Property Attorneys</i>	<b>135</b>
<b>Russia</b> Evgeny Zhilin, Anna Kotova-Smolenskaya and Denis Shumskiy <i>Yust Law Firm</i>	<b>141</b>
<b>Singapore</b> Rhonda Hare and Alison Tonges <i>Ashurst LLP</i> Stefanie Yuen Thio and Dayne Ho <i>TSMP Law Corporation</i>	<b>146</b>
<b>South Africa</b> Eugene Honey <i>Adams &amp; Adams</i>	<b>152</b>
<b>Switzerland</b> Martin Ammann and Christophe Rapin <i>Meyerlustenberger Lachenal</i>	<b>159</b>
<b>Thailand</b> Chanvitaya Suvarnapunya and Pattama Jarupunphol <i>DLA Piper (Thailand) Limited</i>	<b>166</b>
<b>Turkey</b> Hikmet Koyuncuoglu and Seza Ceren Aktas <i>Koyuncuoglu &amp; Koksal Law Firm</i>	<b>172</b>
<b>Ukraine</b> Mansur Pour Rafsendjani and Volodymyr Yakubovskyy <i>Noerr LLP</i>	<b>178</b>
<b>United Kingdom</b> Chris Wormald and David Bond <i>Field Fisher Waterhouse LLP</i>	<b>184</b>
<b>United States</b> Michael G Brennan and Philip F Zeidman <i>DLA Piper LLP (US)</i>	<b>190</b>
<b>Vietnam</b> Thom Thi Mai Nguyen and Huong Thi Thanh Nguyen <i>Tilleke &amp; Gibbins</i>	<b>200</b>

# Philippines

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## Overview

### 1 What forms of business entities are relevant to the typical franchisor?

Most franchisors prefer the corporate business model because a corporation has a separate identity from its shareholders. The shareholders' liability is limited to the amount of their share capital. A corporation is considered to be a Philippine corporation if 40 per cent or less of its shares are foreign-owned. If more than 40 per cent of its shares are foreign-owned, then it is a foreign-owned corporation. Other forms of business entity that are not usually resorted to by franchisors are sole proprietorships and partnerships.

A foreign corporation may opt to enter into a franchising relation with a local entity without having to form a Philippine entity, although some foreign franchisors do. It may also register a branch office with the Securities and Exchange Commission (SEC) if its home country also allows Filipino individuals and entities to do business there. The branch office is considered a foreign corporation which carries out the business activities of the head office and derives income from the Philippines. Because it is a foreign corporation, the branch cannot undertake activities that are in the Foreign Investment Negative List (FINL). It must secure a licence to do business in the Philippines.

### 2 What laws and agencies govern the formation of business entities?

A corporation registers with the SEC, which issues a certificate of incorporation. Before it can operate, it must also register with various government agencies, the Bureau of Internal Revenue (BIR) and the local government unit where the corporation's office is located.

The Corporation Code governs the formation of corporations. If some of the shares are to be owned by foreign entities, the Foreign Investments Act of 1991 (FIA) is relevant as it lays down restrictions on foreign ownership in certain enterprises. The Retail Trade Liberalization Act of 2000 (RTLTA) is relevant to entities that wish to engage or invest in the retail trade business.

### 3 Provide an overview of the requirements for forming and maintaining a business entity.

A corporation requires five to 15 incorporators who must each subscribe to at least one share. The majority of the incorporators must be residents of the Philippines. There must be at least five directors, each of whom must also hold at least one share.

A corporation must submit the following to the SEC:

- name verification slip;
- articles of incorporation and by-laws;
- treasurer's affidavit; and
- the joint undertaking of two incorporators to change the corporate name upon notice from the SEC that someone has acquired a prior right to the use of that name, or that the name has been declared misleading, deceptive, confusingly similar to a

registered name, or contrary to public morals, good customs or public policy.

In general, corporations must have a minimum paid-up capital of 5,000 Philippine pesos. At least 25 per cent of the corporation's capital stock must be subscribed, and 25 per cent of the subscribed capital must be paid up. These minimum capitalisation requirements may vary depending on the percentage of foreign investment, as discussed below.

The SEC requires the annual submission of the corporation's general information sheet, and audited financial statements for stock corporations with paid-up capital of at least 50,000 Philippine pesos.

### 4 What restrictions apply to foreign business entities and foreign investment?

Under the FIA, foreign investors are allowed to invest 100 per cent equity in corporations, subject to the restrictions prescribed in the FINL. The FINL enumerates the investment areas or activities that may be opened to foreign investors or reserved to Philippine nationals. If the corporation is more than 40 per cent foreign-owned, and the activity to be engaged in is not included in the FINL and will cater to the domestic market, then the capital required is at least US\$200,000. The capital may be lowered to US\$100,000 if the activity involves advanced technology, or the company has at least 50 direct employees.

Foreign nationals used to be prohibited from engaging in the retail trade business. With the passage of the RTLTA, foreign-owned enterprises that wish to engage or invest in retail trade must register with the SEC/Department of Trade and Industry (DTI). Presently, a foreign investor can own up to 100 per cent of an enterprise if it has a paid-up capital (in peso equivalent) of at least US\$2.5 million. The investment for establishment should not be less than US\$830,000, and its parent corporation must have a minimum of US\$200 million net worth.

Enterprises specialising in high-end or luxury products may be wholly owned by foreign investors if the paid-up capital amounts to US\$250,000 for each enterprise, at least 10 per cent of the aggregate cost of their stock inventory is produced in the Philippines, and its parent corporation has a minimum of US\$50 million net worth.

In all cases, the foreign retailer should maintain five retailing branches or franchises in operation anywhere around the world, unless it has at least one capitalised at a minimum of US\$25 million. It must have a five-year retailing track record and its home country should also allow the entry of Philippine retailers.

### 5 Briefly describe the aspects of the tax system relevant to franchisors. How are foreign businesses and individuals taxed?

Resident alien individuals, non-resident individuals, non-resident corporations, and foreign corporations with a Philippine branch are

taxed only on income from Philippine sources. Corporate income tax for Philippine corporations is computed at 30 per cent, whereas the rate for regional operating headquarters is 10 per cent. As for branches, a 15 per cent branch remittance tax is levied on the after-tax profits remitted by a branch to its head office.

As to royalty income, if the royalties received are in the nature of active income arising from the active pursuit of business, then such royalties are subject to regular corporate income tax of 30 per cent. If the royalties are considered passive income, then such are subject to 20 per cent final withholding tax.

Foreign individuals and entities can avail of preferential tax treatment, or may be exempt from tax under applicable tax treaties, subject to a confirmation ruling from the BIR.

- 6** Are there any relevant labour and employment considerations for typical franchisors? What is the risk that a franchisee or employees of a franchisee could be deemed employees of the franchisor? What can be done to reduce this risk?

Generally, the relationship between a franchisor and a franchisee (or the latter's employees) does not connote employment. Most franchise agreements categorically state that the franchisee and its employees are not the franchisor's employees as they are merely independent contractors. However, the true test of an employment relationship is the presence of the following elements:

- the selection and engagement of the employee;
- the payment of wages;
- the power of dismissal; and
- the employer's power to control the employee on the means and methods by which the work is accomplished.

- 7** How are trademarks and know-how protected?

The Philippines is a signatory to several international treaties relating to trademarks, such as the Paris Convention, the TRIPS Agreement and the Madrid Protocol. Thus, Philippine laws comply with the obligations under these treaties.

Under the Intellectual Property Code (IPC), which is the primary statute governing intellectual property in the Philippines, trademarks must be registered in the Intellectual Property Office of the Philippines (IPOPHL) to be protected. A mark which is considered by competent authority of the Philippines to be well-known locally and internationally, whether or not it is registered in the Philippines, is also protected.

The IPC adopts the 'first-to-file' rule in trademark protection, and the certificate of registration is prima facie evidence of the validity of the registration, the registrant's ownership of the mark, and the registrant's exclusive right to use the same in connection with the goods or services and those that are related thereto specified in the certificate. Thus, there are cases where the rights of the first filer of a mark are defeated by the rights of the first user (and consequently, true owner) of the mark.

A registered mark is protected from the unauthorised use of an identical or confusingly similar mark in respect of the same or closely related goods or services. A criminal, civil or administrative case for trademark infringement or unfair competition may be filed.

Protection of know-how is generally the subject of a contractual obligation. Nevertheless, there are some statutes that protect trade secrets. For example, under the Revised Penal Code (RPC) it is a felony for any manager, employee or servant, in such capacity, to learn the secrets of his principal or master and to reveal such secrets. It is also a felony for the person in charge, employee or workman of any manufacturing or industrial establishment to reveal the secrets of the industry of the latter, to the prejudice of the owner thereof. The Supreme Court has likewise recognised that trade secrets are privileged information and are among the recognised restrictions to the people's constitutional right to information.

- 8** What are the relevant aspects of the real estate market and real estate law?

The real estate market and real estate law are not particularly relevant to franchisors, except perhaps where a foreign franchisor wishes to own private land. Under the Constitution, the ownership of private land in the Philippines is reserved to Filipinos and to Philippine corporations. Hence, foreign nationals and companies are prohibited from owning private land in the Philippines. Foreign nationals may own buildings on leased land.

#### **Laws and agencies that regulate the offer and sale of franchises**

- 9** What is the legal definition of a franchise?

There are no franchise-specific statutes in the Philippines, and as a result no legal definition of a franchise. However, the 'Advisory on Due Diligence to be Undertaken by a Prospective Franchisee' (DTI Advisory) of the DTI defines a franchise agreement as:

*a written contract or agreement between two or more parties by which a Franchisor grants the Franchisee the right to engage in the business of offering, selling or distributing goods or services under a marketing plan/system/concept, for a certain consideration. Unless otherwise provided, said right includes the use of a trademark, service mark, trade name/business name, know-how, logo-type advertising, or other commercial symbols associated with a particular business.*

Furthermore, under the IPC, franchise agreements are considered technology transfer arrangements. Technology transfer arrangements (TTAs) are contracts or agreements involving the transfer of systematic knowledge for the manufacture of a product, the application of a process, or rendering of a service including management contracts; and the transfer, assignment or licensing of all forms of intellectual property rights, including licensing of computer software except computer software developed for mass market.

- 10** 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).

- 11** Describe the relevant requirements of these laws and agencies.

All TTAs are required to exclude the prohibited provisions enumerated in the IPC as these are deemed prima facie to have an adverse effect on competition and trade. They must also include the mandatory provisions enumerated in the IPC.

TTAs that contain all the mandatory provisions and exclude all the prohibited provisions need not be registered with the DITTB. Conversely, if it fails to include any of the mandatory provisions or exclude any of the prohibited provisions, the TTA shall automatically be rendered unenforceable, unless it is given exemption by the DITTB. This is discussed further below.

- 12** 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.

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

There are none.

**14** 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.

**15** 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 sub-franchisor?

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

**16** What is the compliance procedure for making pre-contractual disclosure in your country? How often must the disclosures be updated?

There are no requirements for pre-contractual disclosure.

However, the DTI Advisory recommends that before acquiring a franchise, potential franchisees must first secure franchise disclosure information from the franchisor as follows:

- business address, email address, internet home page or website, fax numbers and other contact details;
- DTI or SEC Registration;
- parent companies and affiliates, if any, their respective roles in the franchise, and franchisor's declaration if any affiliate is a supplier and what they will supply;
- names of the board of directors and officers with a brief description of their qualifications and background, ownership of interests and references;
- contact number and business location of existing franchisees;
- executed promotional or marketing materials;
- description of the business concept, including brand image, brand personality, unique selling proposition, target market, mission and vision, among other aspects;
- basic information on training, commercial and technical assistance;
- certificate proving that the franchisor is a member in good standing of any franchisor association and that it has no pending administrative, civil or criminal case;
- declaration of the initial fee, amount that will be collected and services covering these fees;
- training that will be provided, number of persons, how long and training modules;
- number of years operating and number of years it has franchised with corresponding number of company-owned branches and franchised outlets;
- draft franchise agreement;
- full disclosure of the franchise business' financial requirements;
- a provision that requires the franchise applicant to seek adequate legal and financial counsel before signing the franchise agreement; and
- mechanism for dispute resolution.

The DTI Advisory is merely consultative and has no force and effect of a law.

**17** What information must the disclosure document contain?

Not applicable.

**18** Is there any obligation for continuing disclosure?

Not applicable.

**19** How do the relevant government agencies enforce the disclosure requirements?

Not applicable.

**20** What actions can franchisees take to obtain relief for violations of disclosure requirements? What are the legal remedies for such violations? How are damages calculated? If the franchisee can cancel or rescind the franchise contract, is the franchisee also entitled to reimbursement or damages?

Not applicable.

**21** In the case of sub-franchising, how is liability for disclosure violations shared between franchisor and sub-franchisor? Are individual officers, directors and employees of the franchisor or the sub-franchisor exposed to liability? If so, what liability?

Not applicable.

**22** 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.

**23** Other than franchise-specific rules on what disclosures a franchisor should make to a potential franchisee or a franchisee should make to a sub franchisee regarding predecessors, litigation, trademarks, fees etc, are there any general rules on pre-sale disclosure that might apply to such transactions?

Generally, the principle of caveat emptor applies. A basic premise of this principle is that there is no material false representation or misrepresentation by the seller. The purchaser is only required to exercise such care and attention as is usually exercised in similar business affairs. The rule only applies to defects which are open and patent to the service of one exercising such care, and if the contracting parties stand on equal footing and/or have equal means of knowledge and there is no relation of trust or confidence between them. As a result of this, it can be argued that failure to disclose such material information not covered by the principle of caveat emptor may render the franchisor liable.

**24** What actions may franchisees take if a franchisor engages in fraudulent or deceptive practices in connection with the offer and sale of franchises? How does this protection differ from the protection provided under the franchise sales disclosure laws?

As discussed earlier, there are no such disclosure laws. Nevertheless, where the franchisor engages in fraudulent or deceptive practices, a franchisee may have a cause of action for rescission of a contract or a cause of action to set aside a contract that is voidable because consent was vitiated. In these civil actions, the franchisee may recover damages. The fraudulent or deceptive practice may also amount to *estafa*, or swindling, which is a felony under the RPC.

**Legal restrictions on the terms of franchise contracts and the relationship between parties in a franchise relationship**

**25** Are there specific laws regulating the ongoing relationship between franchisor and franchisee after the franchise contract comes into effect?

Aside from the IPC, there are no other specific laws. See also question 26.

**26** Do other laws affect the franchise relationship?

The general rules on contract and the Civil Code rules on human relations may also be relevant. See question 36.

**27** Do other government or trade association policies affect the franchise relationship?

There are various trade and franchising associations in the Philippines, such as the PFA and the Association of Filipino Franchisers, Inc. These associations are private entities and membership is voluntary. Being self-regulating entities, their policies are only relevant to their members. For instance, it was earlier mentioned that the PFA has a Code of Ethics and FFS that PFA members must abide by.

**28** In what circumstances may a franchisor terminate a franchise relationship? What are the specific legal restrictions on a franchisor's ability to terminate a franchise relationship?

The circumstances under which a franchisor may terminate a franchise relationship are usually laid down in the franchise agreement. Default, commission of material breach of contract, failure to meet performance milestones, insolvency, and change in ownership are some of the common causes of termination.

The general rules of contract law under the Civil Code also set legal restrictions on the franchisor's ability to terminate a franchise relationship. For instance, under the principle of mutuality of contracts, the contract must bind both contracting parties and its validity or compliance cannot be left to the will of one of them. Nevertheless, a stipulation which vests one party the right to unilaterally terminate the contract has, in certain cases, been deemed valid and not contrary to the principle of mutuality of contracts, if shown that the parties willingly consented to the inclusion of such a stipulation in the contract. In a contract of adhesion, such as a franchise agreement, doubts are construed against the party which prepared the contract.

**29** In what circumstances may a franchisee terminate a franchise relationship?

Such circumstances are those laid down in the franchise agreement. The general rules of contract law under the Civil Code also apply.

**30** May a franchisor refuse to renew the franchise agreement with a franchisee? If yes, in what circumstances may a franchisor refuse to renew?

Yes. The parties' right to renew is a contractual right. Typically, a franchisee is granted the right to renew the franchise agreement before the expiration of the original term if it has complied with its provisions during the entire term thereof, satisfied all monetary obligations, and complied with the franchisor's then-current qualification and training requirements. Payment of a renewal fee may be required. If the franchisee fails to comply with any of the conditions for renewal, then the franchisor may rightfully refuse to renew.

**31** May a franchisor restrict a franchisee's ability to transfer its franchise or restrict transfers of ownership interests in a franchisee entity?

Yes. Franchise agreements are typically not transferable on the part of the franchisee because a franchising relationship is a personal one. A franchise is granted to franchisees that possess certain qualities that the franchisor is looking for.

**32** Are there laws or regulations affecting the nature, amount or payment of fees?

None. The parties are free to stipulate on the same, as long as they are not contrary to law, morals, good customs, public order or public policy.

**33** Are there restrictions on the amount of interest that can be charged on overdue payments?

Considering the suspension of the Usury Law, parties are generally free to stipulate the interest rates to be imposed on monetary obligations, including overdue payments. However, the Supreme Court has ruled that stipulated interest rates are illegal if they are unconscionable and the court is allowed to temper interest rates when necessary. What is iniquitous and unconscionable is determined by the courts on a case-by-case basis. Generally, the 'rule of reason' is applied to determine what is fair and reasonable.

**34** Are there laws or regulations restricting a franchisee's ability to make payments to a foreign franchisor in the franchisor's domestic currency?

There are none.

**35** Are confidentiality covenants in franchise agreements enforceable?

Yes.

**36** Is there a general legal obligation on parties to deal with each other in good faith? If so, how does it affect franchise relationships?

Yes. The Civil Code enjoins that every person must, in the exercise of their rights and in the performance of their duties, act with justice, give everyone their due, and observe honesty and good faith. It mandates that any person who wilfully causes loss or injury to another in a manner that is contrary to morals, good customs or public policy shall compensate the latter for the damage. Thus, where the actions of either party to a franchise relationship violate these mandates, then the other party may sue for damages.

**37** Does any law treat franchisees as consumers for the purposes of consumer protection or other legislation?

The primary legislation on consumer protection is the Consumer Act. However, the said law does not categorically treat franchisees

as consumers for purposes of consumer protection. It is arguable at this point whether a franchisee may be deemed a consumer within the contemplation of the Consumer Act, and there is as yet no case or complaint that has tested this theory.

**38** Must disclosure documents and franchise agreements be in the language of your country?

There is no such requirement.

**39** What restrictions are there on provisions in franchise contracts?

Under the IPC, all franchise contracts, which are treated as TTAs, must contain the following mandatory provisions:

- Philippine laws shall govern the interpretation of the same and, in case of litigation, the venue shall be the proper court in the place where the franchisee has its principal office;
- continued access to improvements in techniques and processes related to the technology shall be made available during the period of the franchise;
- if the franchise agreement provides for arbitration, the Procedure of Arbitration of the Arbitration Law of the Philippines or the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL) or the Rules of Conciliation and Arbitration of the International Chamber of Commerce (ICC) shall apply and the venue of arbitration shall be the Philippines or any neutral country; and
- Philippine taxes on all payments relating to the franchise shall be borne by the franchisor.

Furthermore, franchise contracts must not contain these provisions:

- oblige the franchisee to acquire from a specific source capital goods, intermediate products, raw materials, and other technologies, or to permanently employ personnel indicated by the franchisor;
- reserve to the franchisor the right to fix the sale prices of products manufactured on the basis of the franchise;
- contain restrictions regarding the volume and structure of production;
- prohibit the use of competitive technologies in a non-exclusive TTA;
- establish a full or partial purchase option in favor of the franchisor;
- oblige the franchisee to transfer for free to the franchisor the inventions or improvements that may be obtained through the use of the licensed technology;
- require payment of royalties to the owners of patents for unused patents;
- prohibit the franchisee to export the licensed product unless justified for the protection of the legitimate interest of the franchisor;
- restrict the use of the technology supplied after the expiration of the TTA, except in cases of early termination thereof due to reason attributable to the franchisee;
- require payments for industrial property rights after their expiration/termination;
- require that the technology recipient shall not contest the validity of any of the technology supplier's patents;
- restrict the franchisee's research and development activities designed to absorb and adapt the transferred technology to local conditions or to initiate research and development programs in connection with new products, processes or equipment;
- prevent the franchisee from adapting the imported technology to local conditions, or introducing innovation to it, as long as it does not impair the quality standards prescribed by the franchisor;

- exempt the franchisor from liability for non-fulfilment of responsibilities under the TTA or liability arising from third-party suits brought about by the use of the licensed product or technology; and
- other clauses with equivalent effects.

If the franchise agreement fails to include any of the mandatory provisions, or contains any of the prohibited provisions, then an exemption must be secured from the DITTB; otherwise, it shall be deemed automatically unenforceable.

**40** Describe the aspects of competition law in your country that are relevant to the typical franchisor. How are they enforced?

The Philippines does not yet have a specific competition law. However, the Constitution mandates that the state shall regulate or prohibit monopolies when the public interest so requires, and that no combinations in restraint of trade or unfair competition shall be allowed. Several laws enforce this constitutional mandate and deal with competition. For instance, the RPC makes monopolies and combinations in restraint of trade felonies. The Price Act of 1992 provides that price manipulation is an illegal act. Under the same law, the government may impose controls on the price of basic necessities and prime commodities to ensure that they remain available to consumers at reasonable prices, as long as this does not deny legitimate business a fair return on investment. The Corporation Code regulates how combinations, mergers and consolidations can be validly executed, while the Civil Code gives a right of action to persons who suffer damages from acts of unfair competition in agricultural, commercial or industrial enterprises or in labor through the use of force, intimidation, deceit, machination or any other unjust, oppressive or highhanded method. The Consumer Act penalises acts such as deceptive, unfair and unconscionable sales practices in goods and credit transactions. The IPC defines the acts that constitute unfair competition. Furthermore, the Department of Justice has been designated as the Competition Authority, authorised to investigate all cases involving violations of competition laws and prosecute violators to prevent, restrain and punish monopolisation, cartels and combinations in restraint of trade.

Two bills on competition law were filed in the present Congress, namely, House Bill No. 4835 by Quezon City Rep. Feliciano Belmonte Jr and House Bill No. 388 by Cagayan de Oro Rep. Rufus Rodriguez.

**41** Describe the court system. What types of dispute resolution procedures are available relevant to franchising?

In general, the Philippines' court system is composed of trial courts, review courts and special courts. The regional trial courts and the metropolitan, municipal or municipal circuit trial courts comprise the trial courts. The decisions of the metropolitan, municipal or municipal circuit trial courts are reviewed by the regional trial courts, while the decisions of the regional trial courts are reviewed by the Court of Appeals. The Supreme Court is the court of last resort. There are also special courts such as the Court of Tax Appeals and the Sandiganbayan. In addition, administrative agencies have quasi-judicial functions; for example the IPOPHL has jurisdiction over certain cases.

At a specific stage in litigation, pending court cases are diverted to court-annexed mediation, which is facilitated by a mediator from the Philippine Mediation Center, and then to judicial dispute resolution, which is facilitated by a judge other than the trial judge. Most quasi-judicial agencies have also integrated mediation as part of their administrative proceedings. Furthermore, pursuant to the Alternative Dispute Resolution Law, parties who already have a pending case can agree to submit their dispute to arbitration.

Parties to a franchise agreement have the option of adding an arbitration clause to their franchise agreement. In such cases, it should stipulate that the Procedure of Arbitration of the Arbitration Law of the Philippines or the Arbitration Rules of the UNCITRAL or the Rules of Conciliation and Arbitration of the ICC shall apply, and that the venue of arbitration shall be the Philippines or any neutral country.

**42** Describe the principal advantages and disadvantages of arbitration for foreign franchisors considering doing business in your jurisdiction.

Arbitration is generally faster than court proceedings. Filing and other fees in arbitration proceedings are usually more expensive than in regular court proceedings. But because the process is more streamlined, it may ultimately become the cheaper option. Furthermore, because it is a mandatory provision in all franchise agreements that the venue of any litigation concerning the franchise

agreement must be the court in the place where the franchisee has its principal office, in any such litigation the franchisee already has a home court advantage. In court cases (and those in quasi-judicial agencies), parties do not have a hand in choosing the judge who presides over the case, whereas in arbitration the parties usually have a say in choosing the arbitrator.

**43** In what respects, if at all, are foreign franchisors treated differently from domestic franchisors?

Foreign franchisors are subject to certain restrictions not otherwise applied to domestic franchisors, such as the restrictions in the FINL and on ownership of private lands.

Foreign personnel are required to secure an alien employment permit from the Department of Labor and Employment, and a working visa from the Bureau of Immigration.



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