



# IFA LEGAL SYMPOSIUM

# Basics Track: International Expansion

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# Speakers

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# Are You Ready To Expand Internationally?

- Does it fit the company's goals?
- Are the resources available?
- Does the franchisor have the right people?
- What is the competitive landscape?



# Selecting Countries for Expansion

## Investigate!

- Socio-Cultural Differences
  - Adaptability of Franchise Concept
- Politics and Economy
- Legal Climate

## Easy vs. Difficult

- Compare Mexico and UK



# Key Business Issues

## 1. Fees

- Upfront Fees
- Unit Fees
- Advertising Contribution
- Royalty

## 2. Scope of Territory

## 3. Transfer Restrictions

## 4. Termination Rights

- Automatic Termination
- Termination on Notice
- Default and Termination with a Right to Cure

## 5. Noncompetition Covenant

- Defining “Competing Business”
- Scope of Noncompetition
- Scope of Post-Term Noncompetition

## 6. Development Schedule

## 7. Other

- Taxes
- Supply Chain
- Impact of New Technologies on Key Terms

# Choosing the Right Franchise Partner

## Qualifying Franchisees

- Financial
- Brand Champion
- Communication

## Prospecting for International Leads

## Due Diligence on Foreign Franchisees

- Background and Credit Checks
- Meetings



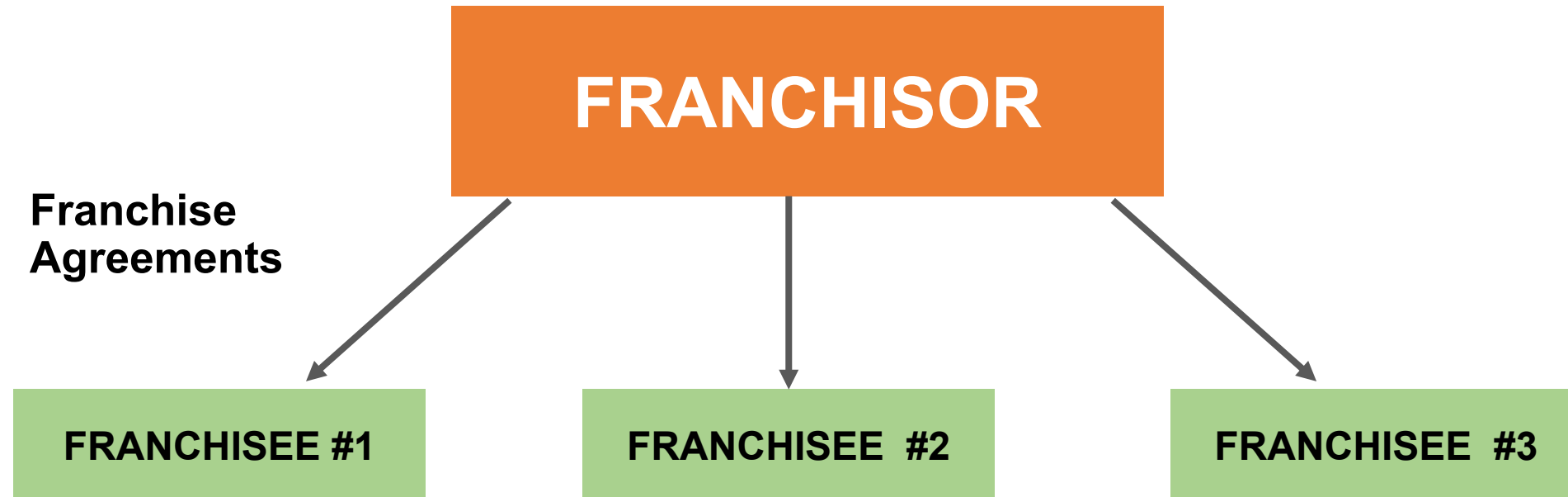
# Deciding on the Deal Structure

- Direct/Unit Franchising
- Master Franchises
- Development Agreements
- Joint Venture
- Area Representation

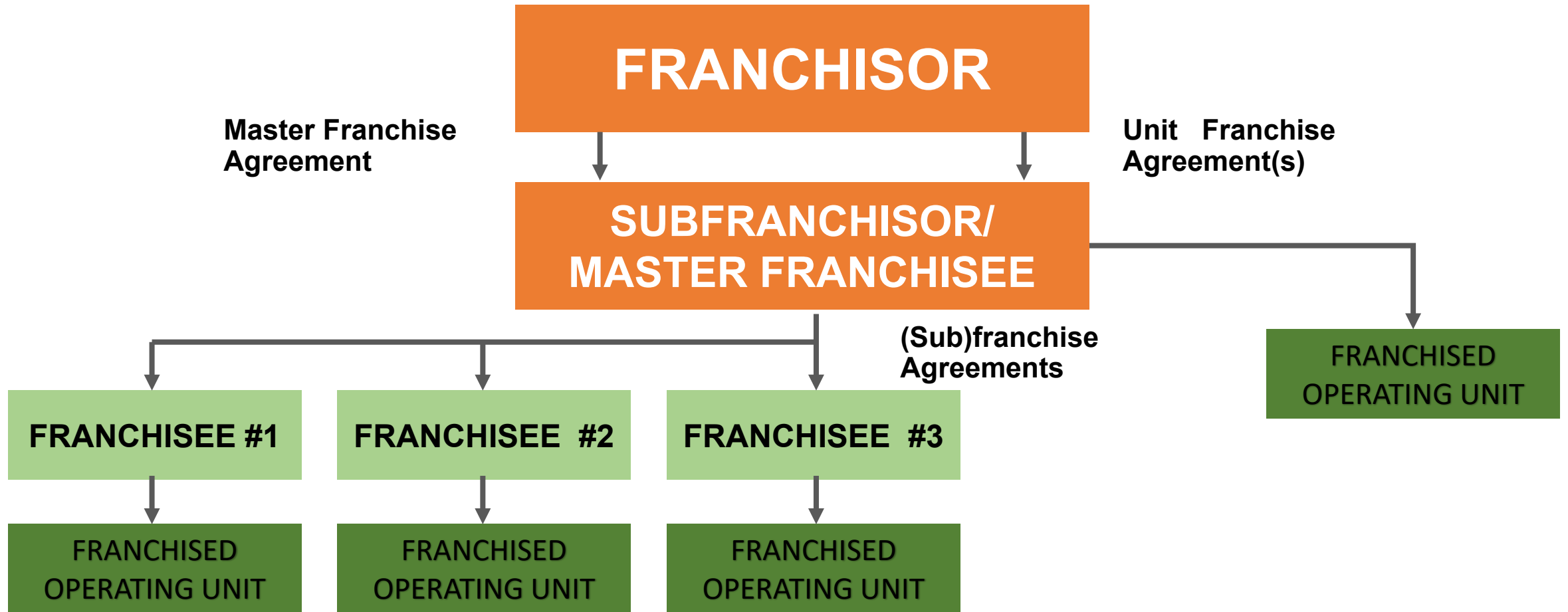


**Multi-Unit Arrangements**

# Direct/Unit Franchises

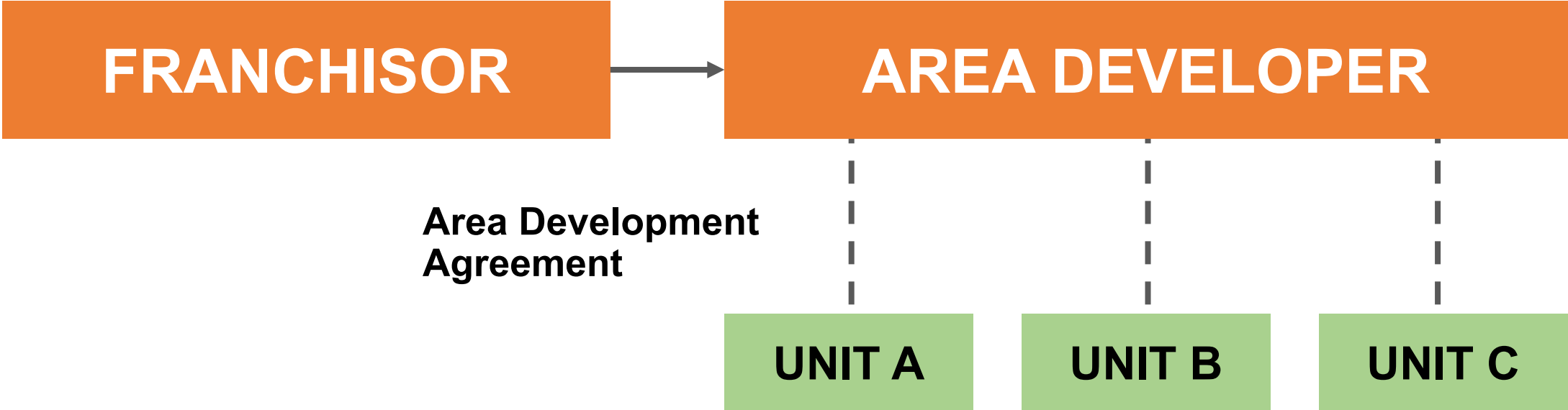


# Master Franchises



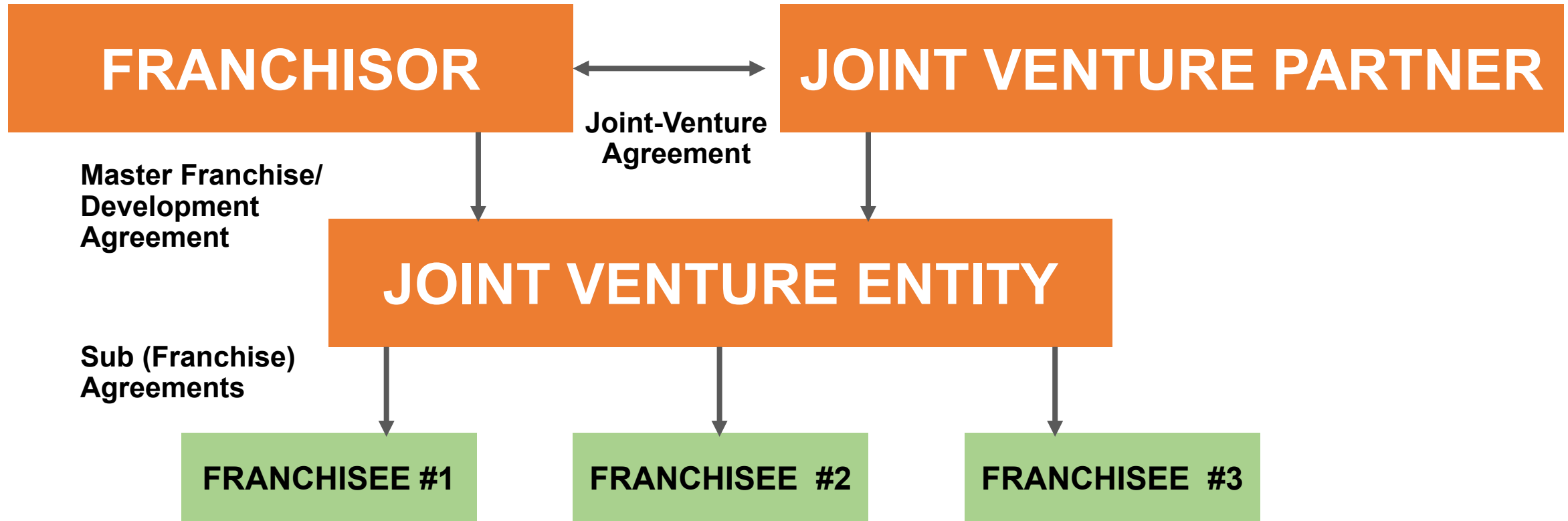
# Area Development Agreements

Multi-Unit Operator/Developer



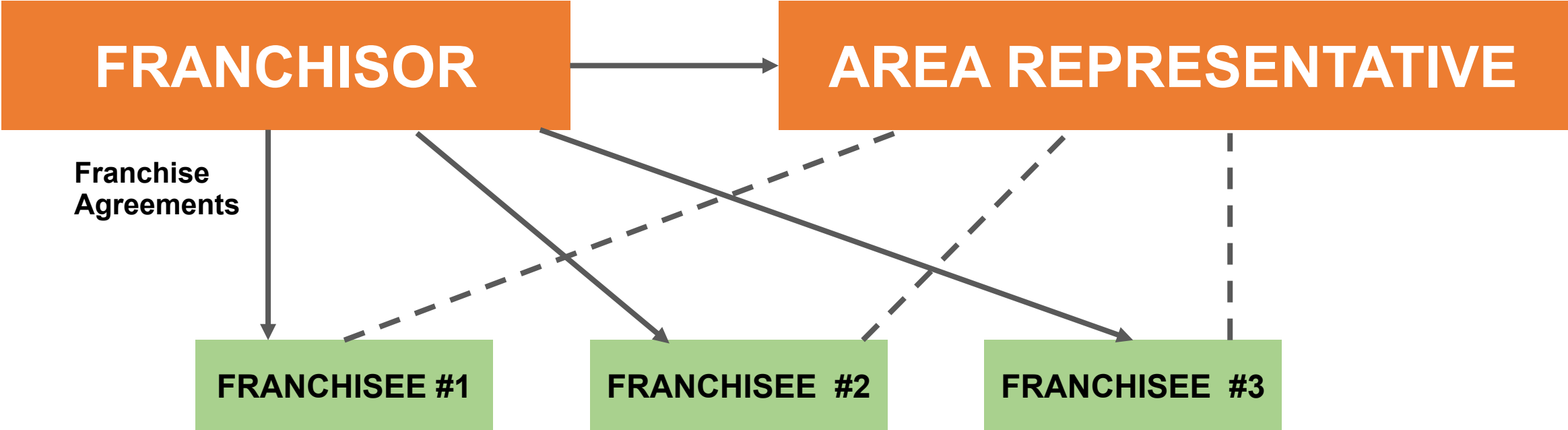
# Joint Ventures

Franchisor creates a separate jointly owned entity  
with a local partner



# Area Representation

(acts as franchisor's agent in the market)



# Foreign Franchise Laws

**Disclosure Laws**

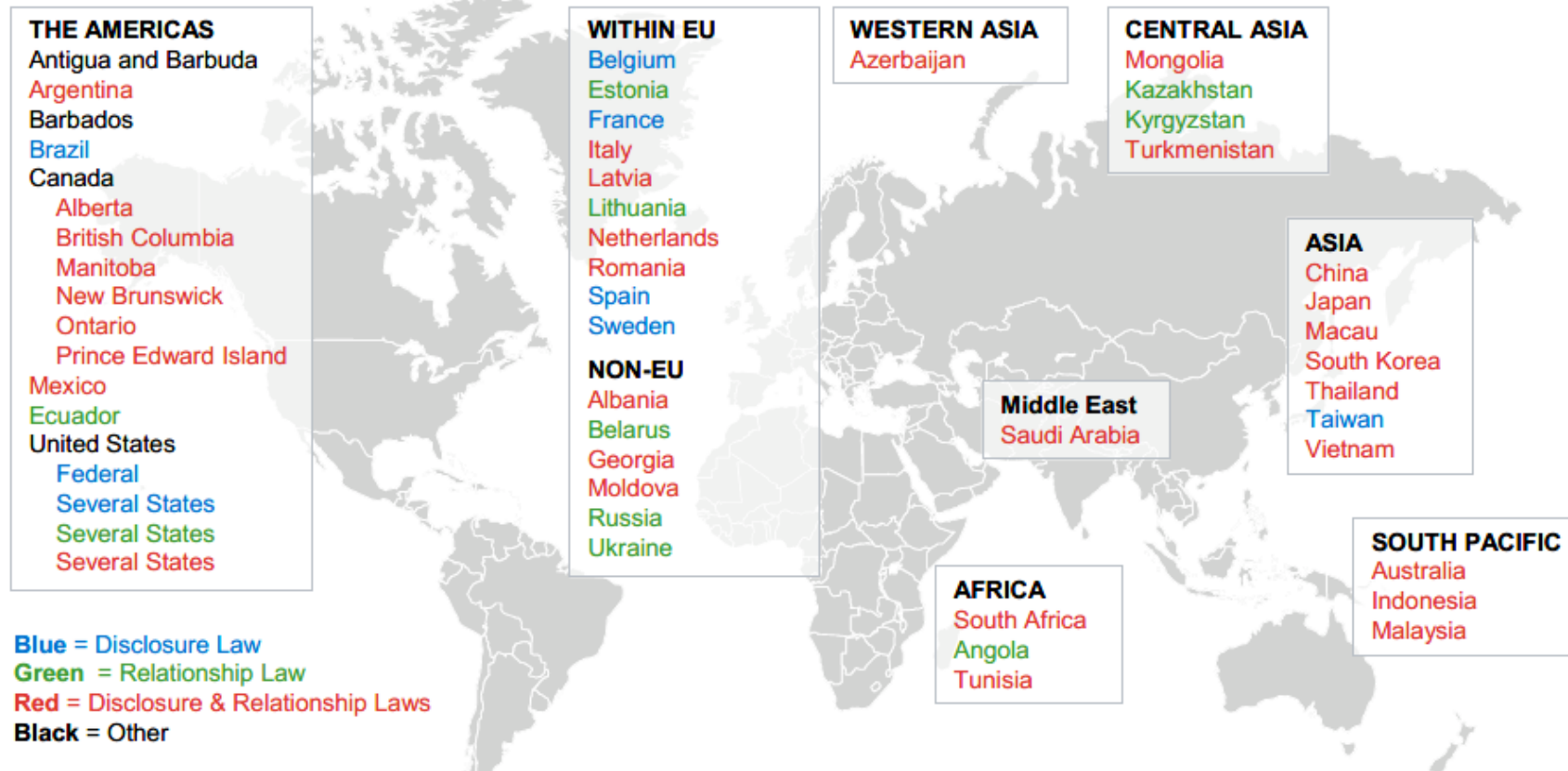
**Relationship/Agency Laws**

**Registration Laws**

- Franchisor
- FDD
- Franchise Agreement



# Countries with Franchise Laws (April 2021)



**Does Not Include:**

- Codes of conduct which do not provide for governmental or private enforcement, even if promulgated under governmental authority.
- Bodies of law (e.g. commercial agency, distributorship, competition, intellectual property, etc.) which may also cover franchising.
- Registration requirements that exist in many countries under various laws (e.g., franchise, foreign exchange, intellectual property, competition, etc.).

# Other Local Laws

- Imports, Duties and Customs and Exchange Controls
- Local Ownership Laws
- Competition and Antitrust Laws
- Indemnification
- Dispute Resolution, Governing Law and Venue
- Personal Guaranties and Letters of Credit
- Religious Concerns

# Other Laws to Consider

## US Laws Applicable to International Transactions

- FCPA
- Sanctions & Antiboycott
- Anti-Terrorism Laws
- AML

