



# RAISING THE BAR

**Service Brands – You’re Not Selling Burgers**

IFA LEGAL SYMPOSIUM  
MAY 5-7, 2019 | WASHINGTON, DC

# Introductions

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# Presentation Overview

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01

## Defining the Territory

What is a territory and why is it important in service franchising.

04

## Territory Transfers

Franchisor consent rights to territory transfers

02

## National Accounts

Customers with demands in multiple territories and from several franchisees

05

## Customers at Termination

Ownership of customer relationships and information upon termination

03

## Customer Service Rights

When more than one franchisee could potentially service the same customer

# Territories

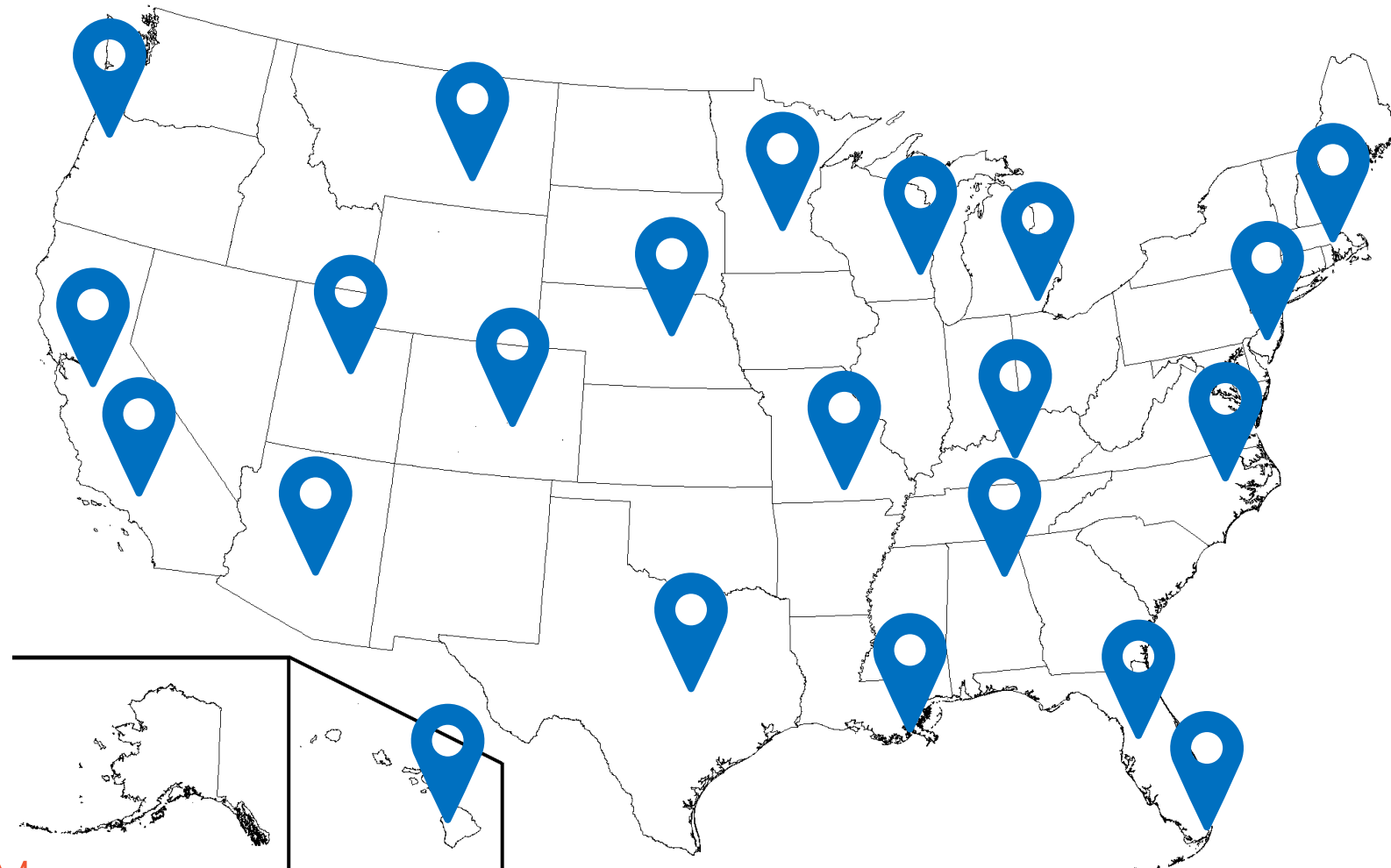
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# National Accounts

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**1 Customer, 22 Locations**



# National Accounts: Key Issues

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01

## Franchisor Direct Service

The franchisor provides service directly to a national account inside the franchisee's territory.

02

## Potential Obligation to Procure National Accounts

The franchisee perceives that the franchisor has not done enough to obtain national accounts.

# Customer Service Disputes: Key Issues

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01

## Franchisee Encroachment

One franchisee encroaches upon the territory of another franchisee to serve a customer.

02

## Customer in Unsold Territory

New customer located in an unsold territory, who could receive service from more than one franchisee.

03

## Customer in Nonexclusive Territory

New customer located in the nonexclusive territory of two or more franchisees.

# Territory Transfers

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- Buyer meets then-current requirements for franchisees
- Buyer signs franchise agreement
- Buyer will complete training
- Seller fully-paid and not in default
- Seller affirms non-compete
- Seller pays transfer fee

# Territory Transfers: Key Issues

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**01**

## **Franchisor's Non-Consent to a Transfer**

When a franchisor potentially upends a proposed transfer.

**02**

## **Unauthorized Transfers**

When a franchisee transfers all or part of a territory without telling the franchisor..

# Customers at Termination

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Terminated Franchisee

Franchisor's Customers Transitioned

New Franchisee

Franchisor & New Franchisee

Terminated Franchisee





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