

# Franchise Regulation in the European Jurisdictions as a Basis for Its Adoption in Poland

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Abstract: This study refers to the problem of franchising regulation as a phenomenon of private law. In fact, in most legal systems, franchising operates on the basis of the principle of freedom of contract or the principle of freedom of economic activity. However, in some countries, franchising is regulated with varying degrees of intensity. The regulation of franchises seems to be necessary due to the need to protect the economically weaker party to the legal relationship. The question arises whether, at the precontractual stage, if the candidate for a franchisee is a natural person who does not conduct business activity, such a person should benefit from the legal protection provided by the legal system for the consumer, in terms of information provided before the conclusion of the contract. The problem of information provided by the organizer of the franchise network is addressed by the so-called model law. In its main part, the study first indicates different ways of regulating franchising in different European jurisdictions. Subsequently, the final part of the core of the presented study is devoted to the key attempt in adopting the franchise regulation in Poland.

**Key Words:** Private Law; Franchise Law; Model Law on Franchising; Franchising; Franchise; Franchise Network Organiser (Franchisor); Franchisee; Pre-contractual Obligations; International Institute for the Unification of Private Law UNIDROIT; the European Union; France; Belgium; Sweden; Italy; Lithuania; Latvia; the Netherlands; Romania; Poland.

#### Introduction

The aim of this study is to generally review the regulation of franchising in the private law of various European countries as a basis for its successful adoption in Poland. The introduction of private law regulation of franchise agreements in the Member States of the European Union is the competence of the national legislator. Apart from the issues of public competition law, the European Union law does not generally address the



issue of the rights and obligations of the parties to the franchise agreement.<sup>1</sup>

The European Franchising Code of Ethics, a set of ethical principles developed by the European Franchising Federation in 1972, is of great importance for the franchise relations.<sup>2</sup> Over the years, this document has been subject to further revisions.<sup>3</sup>

# Franchising as a business phenomenon

Franchising is first and foremost a business phenomenon. This is one of the ways to carry out dynamic market expansion. The creator of a given "brand" (good or service) can expand the market at its own expense, expanding its corporate structure by creating new branches and hiring employees, or by creating new legal entities (subsidiaries) that will employ employees themselves. Such a model of development can be described as "centralized", because it is based on the risk of a single legal entity or a holding company linked by personal and capital relations. Franchising, on the other hand, is perceived as an instrument for the development of a certain "brand" in a decentralized way, using the individual potential of

<sup>&</sup>lt;sup>1</sup> The following Commission decisions, among others, are to be mentioned: 87/14/EEC: Commission Decision of 17 December 1986 relating to a proceeding under Article 85 of the EEC Treaty (IV/31.428 to 31.432 – Yves Rocher). OJ EC L 8, 1987-01-10, pp. 49-59; 87/407/EEC: Commission Decision of 13 July 1987 relating to a proceeding under Article 85 of the EEC Treaty (IV/32.034 – Computerland). OJ EC L 222, 1987-08-10, pp. 12-23; 88/604/EEC: Commission Decision of 14 November 1988 relating to a proceeding under Article 85 of the EEC Treaty (IV/32.358 – ServiceMaster). OJ EC L 332, 1988-12-03, pp. 38-42; and 89/94/EEC: Commission Decision of 2 December 1988 relating to a proceeding under Article 85 of the EEC Treaty (IV/31.697, Charles Jourdan). OJ EC L 35, 1989-02-07, pp. 31-39.

<sup>&</sup>lt;sup>2</sup> See ADAMUS, R. W sprawie potrzeby uregulowania umowy franczyzy w Polsce [On the Need to Regulate Franchise Agreements in Poland]. *Prawo w Działaniu* [Law in Action] [online]. 2021, vol. 48, p. 132 [cit. 2023-11-02]. ISSN 2657-4691. Available at: https://doi.org/10.32041/pwd.4805.

The Polish Code of Ethics in the field of franchising was created on the basis of dialogue between the franchise environments in Poland; see Kodeks franczyzy [Franchise Code]. In: Kodeks dobrych praktyk dla rynku franczyzy [Code of Good Practice for the Franchise Market] [online]. 2023 [cit. 2023-11-02]. Available at: https://kodeksfranczyzy.org.pl/kodeks-franczyzy/. Initially, the work was carried out under the auspices of the Ombudsman for Small and Medium-sized Enterprises. In the end, the project to introduce Code of Ethics was brought to its final state. The document has been opened for voluntary signature by interested franchisors and franchisees. Certainly, this Code should be treated as a milestone in the development of the franchise culture in Poland. The Code rightly draws attention to the fact that the appropriate procedure should apply to the precontractual stage, to the stage of performance of the franchise agreement and, finally, to the situation after the end of the franchise agreement.



many entities that maintain their independence and legal separateness in relations with the creator of a given "brand" (franchise network organizer, franchisor), as well as in relation to themselves and the third parties. These entities have the status of independent entrepreneurs in legal transactions. They bear their own legal and economic risks. They employ their own employees on their own. However, those fully autonomous legal entities are obliged, on the basis of their contracts, to operate in a standardised manner, under a common trade name, in accordance with the rules laid down by the franchisor and, therefore, within the framework of a limited economic autonomy. At the same time, they do not have to bear the risk of inventing and checking the way they do business. They do not incur the costs of development work. They do not incur the costs of promoting a given product or service, because they receive from the network organizer - in principle - a market-tested and detailed methodology of operation. As a result of the network organiser's provision of know-how and intellectual property rights (trade names, trademarks, logos, geographical indications, etc.), they pay the appropriate fees.

Franchising is, therefore, about building a brand (market expansion) with the help of many other independent legal entities, in a decentralised manner, using their own capital resources and labour. At the same time, franchising allows for such unification of services provided externally that the final recipient is basically unable to distinguish whether he/she accepts the service from the network organizer or from its franchisee. From the point of view of corporations, market expansion through a franchise network allows: a) easier management than in the case of a comparable economic organization created in a centralized way (this does not mean that, in practice, the management of an international franchise network is an easy thing);4 b) faster development due to the involvement of other people's capital and labour; c) better redistribution of risks; as well as d) easier global expansion, since the cooperation mechanisms are based on an agreement with local entrepreneurs (i.e. with entrepreneurs of the host country). Therefore, on the one hand, the network organizer should care about the proper recruitment and pre-selection of franchisees, as their improper behaviour may affect the image of the entire network. On the other hand, a person who decides to cooperate with

<sup>&</sup>lt;sup>4</sup> See LEVITT, N., K. H. TYRE and P. WARD. The Impossible Dream: Controlling Your International Franchise System. In: *Dickinson Wright* [online]. 2010, pp. 1-27 [cit. 2023-11-02]. Available at: https://www.dickinson-wright.com/-/media/documents/documents-link-ed-to-attorney-bios/levitt-ned/20the-impossible-dream.pdf.



a franchise network should carefully consider the pros and cons of such a solution, in terms of his/her own person. To do this, he/she needs the right amount of information.<sup>5</sup>

# The origins of the franchise

The franchise agreement was created in the United States of America.<sup>6</sup> It was a way of economic expansion based on the cooperation of the author of the business idea, who had already been successful, with numerous small investors who had adequate capital and time to run their own business, but according to someone else's idea.<sup>7</sup> The founding fathers of the modern franchise were the nineteenth-century entrepreneurs – Isaac Singer (sewing machine manufacturer) and John S. Pemberton (author of the Coca-Cola recipe).<sup>8</sup> A turning point in the development of franchising was the 1950s in the United States of America, when the organizers of the network ceased to limit themselves to granting permits for the distribution of commercial goods, but began to provide detailed instructions

<sup>&</sup>lt;sup>5</sup> For more, see BOLECKI, A. Cechy szczególne franczyzy w prawie ochrony konkurencji [Special Features of Franchising in Competition Law]. *Internetowy Kwartalnik Antymonopolowy i Regulacyjny* [Internet Quarterly on Antitrust and Regulation] [online]. 2013, vol. 2, nr 7, pp. 59-77 [cit. 2023-11-02]. ISSN 2299-5749. Available at: https://ikar.wz.uw.edu.pl/images/numery/13/pdf/59.pdf.

<sup>&</sup>lt;sup>6</sup> See U. Promińska in KATNER, W. J. red. *Prawo zobowiązań – umowy nienazwane* [The Law of Obligations – Unnamed Contracts]. 1. wyd. Warszawa: C. H. Beck, 2010, p. 748. System Prawa Prywatnego, t. 9 [Private Law System, vol. 9]. ISBN 978-83-255-1236-1; and MACIUSZEK, I. Regulacja umowy franchisingu w polskim systemie prawnym [Regulation of Franchise Agreement in the Polish Legal System]. In: K. PUJER, red. *Nauki społeczne i ekonomiczne wobec problemów współczesności: Wybrane zagadnienia* [Social and Economic Sciences in the Face of Contemporary Problems: Selected Issues] [online]. 1. wyd. Wrocław: Exante, 2017, pp. 17-18 [cit. 2023-11-02]. ISBN 978-83-65690-31-9. Available at: https://depot.ceon.pl/handle/123456789/11977.

<sup>&</sup>lt;sup>7</sup> See GILLIS, W. and G. J. CASTROGIOVANNI. The Franchising Business Model: An Entrepreneurial Growth Alternative. *International Entrepreneurship and Management Journal* [online]. 2012, vol. 8, no. 1, p. 75 [cit. 2023-11-02]. ISSN 1555-1938. Available at: https://doi.org/10.1007/s11365-010-0158-8; and POKORSKA, B. *Przedsiębiorca w systemie franczyzowym* [Entrepreneur in the Franchise System] [online]. 1. wyd. Warszawa: Polska Agencja Rozwoju Przedsiębiorczości [Polish Agency for Enterprise Development], 2004, p. 9 and following [cit. 2023-11-02]. ISBN 83-88802-78-X. Available at: https://www.parp.gov.pl/component/publications/publication/przedsiebiorca-w-systemie-franczyzowym.

<sup>8</sup> See WIŚNIEWSKI, M. Franczyza w Polsce. Rozwój rok po roku [Franchise in Poland. Development from Year to Year]. In: Franchising.pl [online]. 2022-12-14 [cit. 2023-11-02]. Available at: https://franchising.pl/abc-franczyzy/24/franczyza-polsce-rozwoj-rok-roku/.



on how to conduct business by the network's participants. The franchise market became multi-branch.

<sup>&</sup>lt;sup>9</sup> See ANTONOWICZ, A. Franchising – sposób na rozwój przedsiębiorstwa w czasie kryzysu? [Franchising – A Way to Develop Company during a Crisis?]. In: S. PANGSY-KANIA and G. SZCZODROWSKI, red. Gospodarka polska po 20 latach transformacji: osiągnięcia, problemy i wyzwania [The Polish Economy after 20 Years of Transformation: Achievements, Problems and Challenges]. 1. wyd. Warszawa: Instytut Wiedzy i Innowacji [Institute of Knowledge and Innovation], 2009, p. 228. ISBN 978-83-60653-17-3.

<sup>10</sup> For more, see U. Promińska in KATNER, W. J. red. Prawo zobowiązań – umowy nienazwane [The Law of Obligations - Unnamed Contracts]. 1. wyd. Warszawa: C. H. Beck, 2010, p. 749. System Prawa Prywatnego, t. 9 [Private Law System, vol. 9]. ISBN 978-83-255-1236-1; PLUTA-OLEARNIK, M. Franchising jako strategia rozwoju przedsiębiorstw usługowych [Franchising as a Strategy for the Development of Service Enterprises]. Zeszyty Naukowe Uniwersytetu Szczecińskiego: Problemy Zarządzania, Finansów i Marketingu IScientific Papers of the University of Szczecin: Problems of Management, Finance and Marketingl. 2012, nr 20, p. 29 and following. ISSN 1509-0507; CHAJECKI, A., M. BOJAR and M. CHAJECKI. Umowy nienazwane na przykładzie franczyzy jako instrument tworzenia nowych warunków inwestycyjnych [Unnamed Contracts on the Example of Franchising as an Instrument for Creating New Investment Conditions]. In: R. KNOSALA, red. Innowacje w zarządzaniu i inżynierii produkcji: Tom I: Część II: Efektywność i produktywność przedsiębiorstw [Innovations in Management and Production Engineering: Volume I: Part II: Efficiency and Productivity of Enterprises]. 1. wyd. Opole: Oficyna Wydawnicza Polskiego Towarzystwa Zarządzania Produkcją [Publishing House of the Polish Society of Production Management], 2014, p. 231. ISBN 978-83-930399-6-8; WRZESIŃSKA, I. Rozwój systemów franczyzowych w Polsce [Development of Franchising Systems in Poland]. Zeszyty Naukowe Szkoły Głównej Gospodarstwa Wiejskiego w Warszawie: Ekonomika i Organizacja Gospodarki Żywnościowej [Scientific Papers of the Warsaw University of Life Sciences: Economics and Organization of Food Economy]. 2011, nr 93, pp. 185-196. ISSN 2081-6979: GEBCZYŃSKA, M. Franchising jako sposób rozwoju małego przedsiebiorstwa [Franchising as a Way of Developing Small Enterprise]. Zeszyty Naukowe Politechniki Ślaskiej: Seria Organizacja i Zarządzanie [Scientific Papers of the Silesian University of Technology: Organization and Management Series]. 2014, nr 70, p. 131 and following. ISSN 1641-3466; ANTOSZAK, P., E. FLADROWSKA and A. HULISZ. Funkcjonowanie franczyzy na przykładzie wybranego przedsiebiorstwa [The Functioning of Franchising on the Example of a Selected Company]. Zeszyty Naukowe Wyższej Szkoły Gospodarki w Bydgoszczy: Ekonomia [Scientific Papers of the University of Economics in Bydgoszcz: Economics]. 2016, nr 8, p. 7 and following. ISSN 1733-8891; FILA, J. and R. WITCZAK. Podatkowe aspekty franchisingu jako formy finansowania przedsiębiorstw w globalizującej się gospodarce [Tax Aspects of Franchising as a Form of Financing Enterprises in a Globalizing Economy]. In: B. MIKOŁAJCZYK, red. Dostępność kapitałów w warunkach globalizacji gospodarki [Availability of Capital in the Conditions of Globalization of the Economy] [online]. 1. wyd. Łódź: Wydawnictwo Uniwersytetu Łódzkiego [Publishing House of the University of Łódź], 2011, p. 296 [cit. 2023-11-02]. Acta Universitatis Lodziensis: Folia Oeconomica, nr 260. ISSN 2353-7663. Available at: http://hdl.handle.net/11089/790; RZECZYCKA, A. and G. GOLAWSKA-WITKOWSKA. Franchising jako instrument aktywizacji ekonomicznej podmiotów na rynku [Franchising as an Instrument of Economic Activation of Market Entities]. In: Przedsiębiorstwo we współczesnej gospodarce – teoria i praktyka [Research on Enterprise in Modern Economy - Theory and Practice] [online]. 2014,



# Model law on franchising

Franchising is not regulated by legislation in most of the world's countries. Nevertheless, it is more and more often perceived as a subject of legislation serving mainly to protect the interests of franchisees. The development of franchising is based on the basic principles of law – general provisions that guarantee certain freedoms. Firstly, on the principle of freedom of contract, in other words, on the so-called model of general competence (which is the foundation on which the edifice of all private law rests). Secondly, on the basis of freedom of establishment. Moreover, thirdly, on the basis of other freedoms, including, for example, freedom of expression (in relation to the advertising activities of network organisers), etc.

Franchising as a complex socio-economic phenomenon may be regulated not only by the provisions belonging to the group of *ius privatum* norms. With regard to certain issues, it may be subject to the provisions of *ius publicum*, in particular in the field of public competition law or tax law.<sup>11</sup> Franchising is subject to the "regulation" of model law.<sup>12</sup> The au-

nr 1, pp. 39-50 [cit. 2023-11-02]. ISSN 2084-6495. Available at: https://journal.mostwiedzy.pl/reme/article/view/1390; TOKAJ-KRZEWSKA, A. Franchising: Strategia rozwoju malych firm w Polsce [Franchising: Development Strategy for Small Companies in Poland]. 1. wyd. Warszawa: Difin, 1999, p. 51. ISBN 83-87173-90-8; ZIÓŁKOWSKA, M. J. Franczyza: Nowoczesny model rozwoju biznesu [Franchising: A Modern Model of Business Developmentl, 1, wvd. Warszawa: CeDeWu, 2010, p. 32, ISBN 978-83-7556-220-0; ANTO-NOWICZ, A. Franchising – sposób na rozwój przedsiebiorstwa w czasie kryzysu? [Franchising - A Way to Develop Company during a Crisis?]. In: S. PANGSY-KANIA and G. SZCZO-DROWSKI, red. Gospodarka polska po 20 latach transformacji: osiągnięcia, problemy i wyzwania [The Polish Economy after 20 Years of Transformation: Achievements, Problems and Challenges]. 1. wyd. Warszawa: Instytut Wiedzy i Innowacji [Institute of Knowledge and Innovation], 2009, p. 228. ISBN 978-83-60653-17-3; ANTONOWICZ, A. Rozwój sieci franczyzowych w Niemczech i w Polsce – analiza porównawcza [Development of Franchise Networks in Germany and Poland - A Comparative Analysis]. Zeszyty Naukowe Uniwersytetu Szczecińskiego: Finanse, Rynki Finansowe, Ubezpieczenia [Scientific Papers of the University of Szczecin: Finance, Financial Markets, Insurance]. 2011, nr 46, p. 11 and following. ISSN 1733-2842; and ANTONOWICZ, A. Rozwój rynku franchisingu [The Development of Franchise Market]. Kwartalnik Nauk o Przedsiębiorstwie [Enterprise Science Ouarterly]. 2008, nr 4, pp. 50-54. ISSN 1896-656X.

<sup>11</sup> See ADAMUS, R. W sprawie potrzeby uregulowania umowy franczyzy w Polsce [On the Need to Regulate Franchise Agreements in Poland]. *Prawo w Działaniu* [Law in Action] [online]. 2021, vol. 48, p. 127 [cit. 2023-11-02]. ISSN 2657-4691. Available at: https://doi.org/10.32041/pwd.4805.

<sup>12</sup> See ADAMUS, R. W sprawie potrzeby uregulowania umowy franczyzy w Polsce [On the Need to Regulate Franchise Agreements in Poland]. *Prawo w Działaniu* [Law in Action]



thority of the scientific bodies developing model law means that the socalled *soft law* relatively often has a serious impact on the actual state legislation. The International Institute for the Unification of Private Law (hereinafter referred to as the "UNIDROIT") is an international intergovernmental organization founded in Rome in 1926. The aim of this organization is to strive for the unification of private law - it recommends model law, among others, in the field of franchising. The 2002 UNIDROIT Model Franchise Disclosure Law13 (hereinafter referred to as the "model law") essentially addresses the issue of documents disclosed by the franchise network organiser prior to the conclusion of the contract and the legal consequences of the network organiser's failure to comply with this obligation. A disclosure document, which in this paper is referred to as a prospectus, is a legal institute necessary for practice (albeit less advanced than the public franchise registers, known to some legal systems, which, however, do not dispense with the prospectus). It is a document delivered to the franchisee candidate, some time before the conclusion of the contract, containing detailed information about the franchise network. Some of the internal legislation has taken advantage of the abovestated UNIDROIT model law and has regulated franchising on its basis. At the same time, it can be assumed that the model law sets the scope (standard) of minimum legislation for private law in the field of franchising. The existence of the model law is also important in the face of critical voices denying the need for statutory regulation of franchising in Poland, and the concerns expressed about the legislator's "overregulation" of the franchise matter.

Further, it is worth mentioning yet another document on franchising, which is part of the UNIDROIT's achievements – *Guide to International Master Franchise Arrangements*. <sup>14</sup> *The Draft Common Frame of Reference* 

<sup>[</sup>online]. 2021, vol. 48, p. 131 [cit. 2023-11-02]. ISSN 2657-4691. Available at: https://doi.org/10.32041/pwd.4805.

<sup>&</sup>lt;sup>13</sup> See Model Law: Model Franchise Disclosure Law (2002). In: UNIDROIT – International Institute for the Unification of Private Law [online]. 2023 [cit. 2023-11-02]. Available at: https://www.unidroit.org/instruments/franchising/model-law/. See also MILENKOVIC KERKOVIC, T. The Main Directions in Comparative Franchising Regulation – Unidroit Initiative and Its Influence. European Research Studies [online]. 2010, vol. 13, no. 1, p. 103 and following [cit. 2023-11-02]. ISSN 1108-2976. Available at: https://doi.org/10.35808/ersi/260.

<sup>&</sup>lt;sup>14</sup> See UNIDROIT. *Guide to International Master Franchise Arrangements* [online]. 2<sup>nd</sup> ed. Rome: International Institute for the Unification of Private Law, 2007. 329 p. [cit. 2023-11-02]. ISBN 88-86449-16-X. Available at: https://www.unidroit.org/english/guides/2007 franchising/franchising2007-guide-2nd-e.pdf.



(DCFR): Part E. Commercial Agency, Franchise and Distributorship also addresses the issue of franchising. 15

## Franchising in the European countries

In the vast majority of cases, the European Union countries have not adopted any specific legal regulations concerning the franchise agreement. Franchising is conducted on the basis of general regulations – the principle of freedom of contract, the principle of freedom to conduct business. There is no special regulation codifying franchising as a type of obligation relationship (named "agreement") in Germany,<sup>16</sup> Denmark,<sup>17</sup> Austria,<sup>18</sup> the Czech Republic,<sup>19</sup> Finland,<sup>20</sup> Spain,<sup>21</sup> and Slovenia.<sup>22</sup>

<sup>&</sup>lt;sup>15</sup> See Part E. Commercial Agency, Franchise and Distributorship, In: Ch. von BAR, E. CLIVE and H. SCHULTE-NÖLKE, eds. Principles, Definitions and Model Rules of European Private Law: Draft Common Frame of Reference (DCFR): Outline Edition [online]. 1st ed. Munich: Sellier, European Law Publishers, 2009, pp. 347-364 [cit. 2023-11-02]. ISBN 978-3-86653-727-9. Available at: https://doi.org/10.1515/9783866537279. The document was prepared by the Study Group on a European Civil Code and by the Research Group on EC Private Law (Acquis Group). The members of the ensemble were: Christian von Bar, Eric Clive, Hans Schulte-Nölke, Hugh Beale, Johnny Herre, Jérôme Huet, Matthias Storme, Stephen Swann, Paul Varul, Anna Veneziano, and Fryderyk Zoll. See also CASHIN RITAINE, E. The Common Frame of Reference (CFR) and the Principles of European Law on Commercial Agency, Franchise and Distribution Contracts. ERA Forum [online]. 2007, vol. 8, no. 4, pp. 563-584 [cit. 2023-11-02]. ISSN 1863-9038. Available at: https://doi.org/10.1007/ s12027-007-0039-y; and GATNER, D. Umowa dystrybucji w świetle Draft Common Frame of Reference (DCFR) [Distribution Agreement in the Light of the Draft Common Frame of Reference (DCFR)]. Transformacje Prawa Prywatnego [Private Law Transformations] [online]. 2014, nr 1, p. 5 and following [cit. 2023-11-02]. ISSN 1641-1609. Available at: https://journals.law.uj.edu.pl/TPP/article/view/669.

<sup>&</sup>lt;sup>16</sup> See BILLING, T. and J. SCHULZWEIDA. Franchise Laws and Regulations: Report 2024 Germany. In: *ICLG: Legal Guides, Business Reports and Events* [online]. 2023 [cit. 2023-11-02]. Available at: https://iclg.com/practice-areas/franchise-laws-and-regulations/germany; and REIF, M. and Ch. von HAUCH. Germany. In: *International Franchise Handbook 2021* [online]. 1st ed. New York: Deloitte Legal, 2021, p. 82 and following [cit. 2023-11-02]. Available at: https://www2.deloitte.com/ce/en/pages/about-deloitte/articles/international-franchise-handbook-2021.html.

<sup>&</sup>lt;sup>17</sup> See VESTERGAARD RASMUSSEN, H. and L. KROG. Denmark. In: *International Franchise Handbook 2021* [online]. 1st ed. New York: Deloitte Legal, 2021, p. 58 [cit. 2023-11-02]. Available at: https://www2.deloitte.com/ce/en/pages/about-deloitte/articles/international-franchise-handbook-2021.html.

<sup>&</sup>lt;sup>18</sup> See LAGER, M. Austria. In: *International Franchise Handbook 2021* [online]. 1st ed. New York: Deloitte Legal, 2021, p. 16 [cit. 2023-11-02]. Available at: https://www2.deloitte.com/ce/en/pages/about-deloitte/articles/international-franchise-handbook-2021.html.

<sup>&</sup>lt;sup>19</sup> See TELECKÝ, I. and M. KONEČNÝ. Czech Republic. In: *International Franchise Handbook* 2021 [online]. 1st ed. New York: Deloitte Legal, 2021, p. 52 [cit. 2023-11-02]. Available at:



Therefore, in many large countries of the European Union, it has not yet been decided to regulate the franchise agreement. By the way, it can be added that private regulation of franchising has not been introduced in the United Kingdom, which ceased to be a member of the European Union. There is also no special regulation of franchising in Switzerland, which belongs to the European Economic Area.

The second group of cases includes those legal systems in which there has been a minimalist regulation of private law issues related to the institute of franchising. In these cases, the legislation boils down to specifying the requirements that are expected from the franchisor in terms of informing franchisee candidates about the franchise network. These laws do not define the rights and obligations of the parties to the franchise agreement.

In the French law, the basis for the presentation of information about a franchise is the general Article 330-3 of the French Commercial Code, which states: "(1) Any person who makes available to another person a trade name, mark or sign, requesting from him/her an obligation of exclusivity or quasi-exclusivity for the exercise of his/her business, shall be required in advance to sign any contract concluded in the common interest of both parties, to provide the other party with a document containing honest information, which allows him/her to make an informed commitment. (2) That document, the content of which is determined by decree, shall specify, *inter alia*, the length of service and experience of the firm, the state and prospects for the development of the market concerned, the size of the operator's network, the duration, the conditions for renewal, termination and transfer of the contract and the extent of exclusivity. (3) In the event that a certain amount is required to be paid

https://www2.deloitte.com/ce/en/pages/about-deloitte/articles/international-franchise-handbook-2021.html.

<sup>&</sup>lt;sup>20</sup> See KIURU, A. Finland. In: *International Franchise Handbook 2021* [online]. 1st ed. New York: Deloitte Legal, 2021, p. 66 [cit. 2023-11-02]. Available at: https://www2.deloitte.com/ce/en/pages/about-deloitte/articles/international-franchise-handbook-2021.html.

<sup>&</sup>lt;sup>21</sup> See IZAGUIRRE, Sh., F. MAYOR and M. GIMARÉ. Spain. In: *International Franchise Hand-book 2021* [online]. 1st ed. New York: Deloitte Legal, 2021, p. 232 [cit. 2023-11-02]. Available at: https://www2.deloitte.com/ce/en/pages/about-deloitte/articles/international-franchise-handbook-2021.html.

<sup>&</sup>lt;sup>22</sup> See KASTELEC, A. and L. ZAVAŠNIK. Slovenia. In: *International Franchise Handbook 2021* [online]. 1st ed. New York: Deloitte Legal, 2021, p. 214 [cit. 2023-11-02]. Available at: https://www2.deloitte.com/ce/en/pages/about-deloitte/articles/international-franchise-handbook-2021.html.



before the contract referred to above is signed, in particular in order to obtain a reservation of space, the services provided in exchange for this amount shall be specified in writing, as well as the mutual obligations of the parties in the event of withdrawal from the contract. (4) The document referred to in the first subparagraph, as well as the draft contract shall be communicated at least twenty days before the signature of the contract, or, where applicable, before the payment of the amount referred to in the preceding subparagraph."<sup>23</sup>

The Belgian law neither provides a legal definition of a franchise nor codifies a franchise agreement. Franchise agreements are concluded and performed on the basis of general laws. However, in Belgium, a law regulating pre-contractual disclosure obligations was enacted, which entered into force on 1 February 2006. The franchisor, even before signing the agreement, must present the franchisee with an information document (prospectus) and a franchise agreement. The Belgian legislature has provided for a long *tempus deliberandi*, amounting to as much as 30 days. The prospectus delivered by the franchisor to the person interested in franchising provides information about the way in which the franchisor conducts his/her business. It also should contain detailed information on the franchisor's financial statements, the rights received by the franchisee, the conditions related to the protection of intellectual rights, the market share of the franchise network, etc.

The Swedish Act of 24 May 2006 The Franchise Disclosure Act defines franchising as an agreement between the franchisor and the franchisee for the use of a business concept, for consideration, covering the marketing and sale of goods or services. The franchise agreement should also, by definition, include an arrangement for the use of the franchisor's intellectual property rights, as well as an obligation for the franchisee to participate in checks of compliance with the agreement.<sup>24</sup>

Now, it is necessary to point out the European Union countries that adopted the original regulation of franchising. Analysing the internal leg-

<sup>&</sup>lt;sup>23</sup> See FÉRAUD-COURTIN, M., J. METHAMEM, G.-A. MILANDOU and F. LABATUT. France. In: *International Franchise Handbook 2021* [online]. 1st ed. New York: Deloitte Legal, 2021, p. 72 [cit. 2023-11-02]. Available at: https://www2.deloitte.com/ce/en/pages/about-deloitte/articles/international-franchise-handbook-2021.html.

<sup>&</sup>lt;sup>24</sup> See FRIBERG, J. and J. FJELLSTRÖM. Sweden. In: *International Franchise Handbook 2021* [online]. 1st ed. New York: Deloitte Legal, 2021, p. 238 [cit. 2023-11-02]. Available at: https://www2.deloitte.com/ce/en/pages/about-deloitte/articles/international-franchise-handbook-2021.html.



islation of the European Union Member States in the field of private law regulation of franchising, it should be concluded that there are different places where private law issues are regulated. Both the regulation in the Civil Code and in a separate act come into play.

The Italian Law No. 129 of 6 May 2004 Rules for the Regulation of Commercial Affiliation<sup>25</sup> is one of the most interesting pieces of legislation devoted to the institute of franchising. The Italian legislature has not decided to introduce the institute of franchising into the Italian Civil Code. In the first place, the Italian legislature defines the concept of franchising and the basic concepts in this problem area. At the same time, it defines the scope of application of the law, due to the frequent presence of the so-called foreign element in franchise relations. The Italian law regulates franchising outside the Italian Civil Code. However, this is not the only approach used in Europe.

In Lithuania, the franchise is regulated by the Lithuanian Civil Code of 18 July 2000, Chapter XXXVII. The Lithuanian legislator defined the franchise agreement in the first place. At the same time, according to the regulations, it is a bilaterally qualified agreement to which only entrepreneurs can be parties.

In Latvia, franchising is regulated by the Commercial Law of 13 April  $2000.^{26}$  The Latvian Commercial Law first defines the concept of franchising, introduces a legal norm concerning the form of the agreement, as well as the obligations of the franchisor at the stage before the conclusion of the agreement.

In the Netherlands, on 1 January 2021, the "Franchise Act", a law introducing a private law regulation of franchising into the Dutch legal system came into force. According to the Dutch legislature, within the framework of a franchise relationship, there is, by its very nature, a certain degree of dominance between the franchisor and the franchisee. A franchisee is formally an independent entrepreneur, but, in practice, it is largely subject to the franchisor's instructions. It is the franchisor that is the decisive factor with regard to the franchise formula and the further determination of the rules for the development of the franchise network. The franchisee, by its very nature, takes a passive position within this re-

<sup>&</sup>lt;sup>25</sup> See Law No. 129/2004 on the Rules for the Regulation of Commercial Affiliation [Italy].

<sup>&</sup>lt;sup>26</sup> See Law No. 158/160 on the Commercial Law [Latvia].

<sup>&</sup>lt;sup>27</sup> See Act of 1 July 2020 amending Book 7 of the Civil Code in Connection with the Introduction of the Rules Regarding the Franchise Agreement (Franchise Act) [The Netherlands].



lationship. In practice, the franchisor may use its dominance in such a way that it will lead to unreasonable and undesirable situations for the franchisee. The Dutch franchising regulation aims to reduce this inequality by strengthening the legal position of the franchisee vis-à-vis the franchisor. The Article 7:911 of the Dutch Civil Code defines a franchise agreement as an "agreement under which the franchisor grants the franchisee, in return for financial consideration, the right and obligation to use the franchise formula in the manner prescribed by the franchisor for the production or sale of goods or the provision of services."28 The provisions of the "Franchise Act" are mandatory within the scope of the franchise agreement concluded with franchisees established in the Netherlands, regardless of the foreign law clauses chosen by the parties in the agreement. The "Franchise Act" applies to all franchisees established in the Netherlands, including cases when the franchisor is based in a foreign country, 29 The Article 7:912 of the Dutch Civil Code expresses the formula (apparently influenced by the provisions of the 1804 Napoleonic Code and its model of bonus pater familiae) that the parties must behave towards each other as a "good franchisor" and a "good franchisee". This rule covers not only the beginning of the franchise relationship (precontract stage), but also the franchise relationship as such. The parties must behave reasonably and loyally towards each other. For example, the franchisor must, in addition to its own interest, explicitly take into account the interests of both the franchise network as a whole and the individual franchisees. In other words, in the process of applying the law in the Netherlands, it is necessary to establish a model of conduct of the "good" party to the contract and to compare it with the conduct of the counterparty in the specific circumstances of the case. Based on such a complex thought process, it is possible to draw conclusions as to the correctness of the counterparty's behaviour. A large part of the Dutch Civil Code deals with the exchange of information prior to the conclusion of a contract (Articles 7:913 to 7:915 and Article 7:917). The legislator specifies a list of various topics about which the franchisee must be informed in good time, in particular before concluding a franchise agreement. The franchisor must also inform the franchisee in a timely manner about matters not covered by the topics listed in the "Franchise Act". This

<sup>&</sup>lt;sup>28</sup> See Civil Code, Book 7 [The Netherlands].

<sup>&</sup>lt;sup>29</sup> See Van VELZEN, M., A. von MARTELS and N. NIESSEN. The Netherlands. In: *International Franchise Handbook 2021* [online]. 1<sup>st</sup> ed. New York: Deloitte Legal, 2021, p. 143 [cit. 2023-11-02]. Available at: https://www2.deloitte.com/ce/en/pages/about-deloitte/articles/international-franchise-handbook-2021.html.



is the case where the information relating to the matters referred to above is reasonably relevant to the franchisee for whom the franchise agreement is intended to be entered into and performed. The tempus deliberandi provided for by the Dutch legislature is a period of at least four weeks prior to the conclusion of a contract. A franchisee candidate is expected to use this period not only to study the information received, but also to conduct the own research, or, even to require expert support if needed. According to this, the franchisee is also required to provide certain information to the franchisor. For example, it must disclose its financial situation so that the franchisor can assess whether the franchisee will be able to make the necessary investments required by the franchise agreement. In other words, the Dutch legislature rightly emphasizes the obligation to properly recruit a candidate for a franchisee. Interesting conclusions can be drawn from reading the Articles 7:916, 7:917 and 7:921 of the Dutch Civil Code. The franchisor may stipulate in the franchise agreement that it can unilaterally change it. As it can be seen, the legislator considers it useful for the franchisors to have a certain margin of discretion to have a say in the maintenance and further development of their franchise formula. However, certain modifications can have such a significant impact on a franchisee's business that it is prudent for a good franchisor to discuss them with the franchisee(s) in question beforehand. In addition, if the effects of the change on franchisees exceed a certain financial threshold specified in the franchise agreement, the franchisor needs the consent of its franchisees. Where appropriate, the franchisor may decide whether to submit a proposal to (1) all franchisees or (2) only to individual franchisees who are or will actually have to bear the financial consequences of the change. In the first case, the majority of franchisees must consent, while in the second case, each of the interested franchisees must consent. It can be argued that this type of relationship requires an appropriate legal culture and could be considered "experimental" in some legal systems. For the purposes of the Polish regulation of the franchise activity, a distinction should be made between the matter of the contract and the matter of the technique of conducting business. While the consent of both parties would be required to amend the agreement, as well as to conclude it, when it comes to the matter of business technique, the franchisor should be given the appropriate freedom. Another issue regulated by the Dutch Civil Code is the commercial and technical assistance and assistance (Article 7:919). The franchisor's commercial and technical support for the franchisee is one of the basic elements of the franchise relationship. The Dutch franchising regulation,



therefore, obliges the franchisor to provide the assistance and support that can reasonably be expected in relation to the nature and scope of the franchise formula in question. The extent to which a franchisee can count on help and support depends on how the franchise formula is organized. The franchisee, on the other hand, is obliged to indicate to the franchisor what form of help or support is needed. The termination of the franchise agreement is governed by the Article 7:920 of the Dutch Civil Code. The legislator obliges the parties to provide compensation in the franchise agreement for the accrued enterprise value, if it can be reasonably attributed to the franchisee. This agreement only applies if the franchisor takes over the franchise for itself or transfers it to a new franchisee. If a new franchisee takes over the business of a departing franchisee, the enterprise value is implicitly or directly part of the acquisition price negotiated between the parties. After the franchise agreement ends, a noncompete clause restricting the franchisee from performing certain activities after the franchise relationship terminates will still be allowed. However, the scope of such clauses must be limited to (collectively): (1) what is necessary to protect know-how, competing goods or services: (2) a period of one year after the franchise agreement expires; and (3) the geographic area in which the franchisee was allowed to operate. According to the Article 7:922 of the Dutch Civil Code, it cannot be repealed to the detriment of franchisees established in the Netherlands. The goodwill and non-compete clauses that are not lawful are null and void. From the Polish perspective, it may be interesting to see how the Dutch legislator resolved the issue of intertemporality. New franchise agreements must be fully compliant with the new "Franchise Act" from the moment it came into effect. In the case of existing franchise agreements, the "Franchise Act" is also directly applicable, but only to the extent in which it applies to the articles that at most require an adjustment of actual conduct. With regard to the principles of goodwill, the post-contractual non-compete clause (Article 7:920 of the Dutch Civil Code), the information obligation and the consent in the event of temporary amendments (Article 7:921 of the Dutch Civil Code), the parties have two years to comply.

In Romania, the legal basis for franchising is the Ordinance No. 52/1997 issued by the government.<sup>30</sup> In addition, on 1 October 2011, a new Civil Code came into force in Romania, which further changed the rules for shaping the legal relationship between the parties. The changes in-

<sup>&</sup>lt;sup>30</sup> See Government Ordinance No. 52/1997 on the Legal Regime of Franchise [Romania].



troduced by the new Civil Code applied only to franchise agreements that entered into force after 1 October 2011. The Romanian franchise law has been significantly supplemented by the Law No. 179/2019<sup>31</sup> (hereinafter referred to as the "Franchise Law").32 The "Franchise Law" defines franchising as a system of trading in products and/or services and/or technologies, based on continuous cooperation between natural persons or legal persons, each of which is legally and financially independent of each other. The franchisor grants the franchisee the right and imposes the obligation to conduct business, in accordance with the franchisor's concept. The legislator imposes an obligation on the franchisor to prepare an information prospectus, which should be delivered to the franchisee candidate before concluding the agreement. The Romanian "Franchise Law" defines the concept and lists the main information that must be included in this document, governs the rights and obligations of the parties to the franchise agreement, emphasizes the provision of initial training for franchisees, maintaining franchise secrecy. The franchisor, in accordance with the Article 15 of the "Franchise Law", is required to select a franchisee who demonstrates competencies required for franchising, i.e. managerial skills and financial strength to cope with running a business. The franchisor, acting as the originator and guarantor of the franchise network, must strive to preserve the identity and reputation of the franchise network. The Romanian law replicates the standard that the term of a franchise agreement must be long enough for the franchisee to amortize its investments. The relationship after the end of the franchise relationship between the franchisor and the franchisee is to be based on the principles of "fair competition" referred to in the Article 8 of the "Franchise Law". One of the main changes introduced by the Law No. 179/ 2019 concerns the creation of the Franchise Registry. The Franchise Registry is managed by the Romanian Franchise Association, a public utility association. It was established by the Ordinance of the Minister of Business Environment, Trade and Entrepreneurship of Romania No. 1478/

<sup>&</sup>lt;sup>31</sup> See Law No. 179/2019 amending and supplementing Government Ordinance No. 52/1997 on the Legal Regime of Franchise, as well as amending Art. 7 point 15 of Law No. 227/2015 on the Fiscal Code [Romania].

<sup>&</sup>lt;sup>32</sup> See SINGUREL, G. and S. AXINESCU. Romania. In: *International Franchise Handbook 2021* [online]. 1st ed. New York: Deloitte Legal, 2021, p. 183 [cit. 2023-11-02]. Available at: https://www2.deloitte.com/ce/en/pages/about-deloitte/articles/international-franchise-handbook-2021.html; and VDOVICHEN, V. and O. VORONIATNIKOV. Franchise Agreement in Romania as a Form to Provide Economic Efficiency of Business Activity. *Baltic Journal of Economic Studies* [online]. 2019, vol. 5, no. 1, pp. 27-32 [cit. 2023-11-02]. ISSN 2256-0963. Available at: https://doi.org/10.30525/2256-0742/2019-5-1-27-32.



2019, which entered into force on 5 November 2019. The Franchise Registry is an online means of proof of information provided by a franchisor or a master franchisee through a prospectus. It requires the completion of certain information, but not the submission of the prospectus itself. The Franchise Registry includes the following main sections: registration, change/addition, and cancellation. Registration in the Franchise Registry. which is kept in the information and communication technology system, is free of charge and takes place online. If the applicant is a legal entity, the registration is done by the statutory representative or customary representative of the franchisor or the master franchisee. The reporting person must confirm in writing that the statements made are true and accurate. The Romanian Franchise Association has developed a template for the information to be submitted to the Franchise Registry. The information contains the following sections: general data; financial data; other information: support provided: places of interest. The Franchise Registry includes information on franchise business models, franchise management, litigation history, initial amount to be invested by the franchisee. mutual obligations of the parties, franchisor's financial performance, etc., and is available to any interested person. In essence, it is designed to facilitate the monitoring of franchise activities, while increasing the level of information available to potential franchisees. The Registry is intended to help the franchisee candidates make a responsible decision to engage in franchising through reducing the financial risk of these people due to the lack of sufficient knowledge. The second institute is a special mechanism for initiating a new franchise network. In this relation, the Romanian law introduced the institute of a "pilot unit", which has been defined as a kind of prototype to ensure the easiest possible implementation of an effective franchise network, testing the franchise network and its infrastructure, supporting the franchisor in developing the franchise program, training. user manuals and daily activities. The law provides for a one-year period during which the franchisor must test its franchise business. After that, the business idea can be further marketed as a franchise business. So, to sum up, until the franchise network is launched, the franchisor must test and operate the business concept within a "pilot unit" for a period of one year. However, this is a requirement that only applies to franchisors registered under the Romanian law. In the case of a franchisor that is a foreign legal entity, only its first franchise unit and the year of incorporation must be reported.

SOCIETAS ET IURISPRUDENTIA 2023, Volume XI., Issue 4, Pages 21-48 https://sei.iuridica.truni.sk ISSN 1339-5467



# Planned adoption of franchise regulation in the Polish legal system

At the request of the Institute of Justice in Warsaw, an organizational unit of the Ministry of Justice of the Republic of Poland, the author of this study prepared two reports referring to the problems of the franchising institute in Poland. The first of them was entitled "The Actual Inequality of the Parties to the Franchise Agreement in Poland".33 The report he presented assumed the need to regulate franchising in the dimension of a private law agreement, as well as a more far-reaching need to protect the interests of franchisees by the relevant public office - the President of the Office of Competition and Consumer Protection. He assumed that in the view of the huge disproportion of economic potential between the organizer of the franchise network and the franchisee, even the best private law regulation would not "level the playing field" for franchisees in relations with a powerful contractor. His proposal was to protect collective interests of franchisees in the public interest. The second report for the Institute of Justice in Warsaw was called "A Draft Regulation of Franchising in Poland against the Background of the Laws of Other Countries"34 and included a discussion of franchise regulation in the European Union countries, as well as a draft act on franchising with justification.

The long-awaited bill of the Ministry of Justice of the Republic of Poland relating to the regulation of franchising appeared in July 2023. All in all, this was a very modest regulation compared to some expectations, but it took into account the main conclusions of the UNIDROIT model law on franchising. Therefore, an absolutely crucial legislative issue has not been omitted from this project. The justification reads: "The Ministry of Justice has received information indicating dysfunctions of franchise systems occurring in trade, which have a significant impact on the conduct of business in Poland. This information has also been the subject of media reports and commentary. In 2020, at the request of the Institute of Justice, a report entitled "The Actual Inequality of the Parties to the Fran-

<sup>&</sup>lt;sup>33</sup> See ADAMUS, R. Faktyczna nierówność stron umowy franczyzy w Polsce [The Actual Inequality of the Parties to a Franchise Agreement in Poland] [online]. 1. wyd. Warszawa: Instytut Wymiaru Sprawiedliwości [Institute of Justice], 2020. 68 p. [cit. 2023-11-02]. Available at: https://iws.gov.pl/wp-content/uploads/2020/10/IWS\_Adamus-R.\_Faktycz-na-nier%C3%B3wno%C5%9B%C4%87-stron-umowy-franczyzy-w-Polsce.pdf.

<sup>&</sup>lt;sup>34</sup> See ADAMUS, R. *Projekt regulacji franczyzy w Polsce na tle ustawodawstw innych państw* [A Draft Regulation of Franchising in Poland Compared to the Legislation of Other Countries] [online]. 1. wyd. Warszawa: Instytut Wymiaru Sprawiedliwości [Institute of Justice], 2022. 125 p. [cit. 2023-11-02]. Available at: https://iws.gov.pl/wp-content/uploads/2022/08/IWS Adamus-R. Projekt-regulacji-franczyzy-w-Polsce.pdf.



chise Agreement in Poland" was drawn up. According to this report, the dysfunctions of franchise systems include, among others:

- the problem of unreliable information the vision of franchising spread by the network organizers is not always positively verified in reality. Many people are not substantively prepared to run a business as a franchisee;
- 2) contractual imbalance of the parties the economic position of the franchisor is incomparable to that of franchisees, most often micro and small entrepreneurs. Franchise agreements are (adhesion) agreements that are not subject to any negotiations. Franchisees – in the event of conflicts with the network organisers – cannot afford to engage in legal disputes. The disparity in opportunities is so significant that in the event of a legal conflict, some disputes do not even reach the courts. The so-called chilling effect works;
- 3) imposing non-arm's length prices for the purchase of goods and services by the franchisor or persons designated by the franchisor. The problem may be the imposition of channels for the receipt of goods and services at prices that deviate from ordinary market prices. Such practices are a kind of hidden remuneration of the network organizer;
- 4) hidden fees:
- 5) the problem of long-term franchise agreements. Sometimes the structure of a long-term contract makes the franchisee a "prisoner" of the contract. In the event that participation in the network becomes toxic for the franchisee, the franchisee has limited options for terminating the contract in practice;
- 6) lengthy litigation with franchise agreements;
- 7) difficulties in terminating franchise agreements. Franchise agreements very often stipulate asymmetrical terms of termination. As a rule, the network organizers have a more favourable legal situation. Very often, drastic contractual penalties are stipulated in the event of termination of the franchise agreement due to the circumstances aggravating the franchisee;
- 8) actual lack of correlation between the amount of franchise fees and the franchisee's profit. In the public space, there are allegations that franchise chains impermissibly pass on the costs of their development to franchisees and the associated risks are unevenly distributed.



The essence of the solutions included in the draft is as follows: It is proposed to introduce, among others:

- private law regulation of the franchise agreement by regulating the material elements of the agreement and the form of its conclusion (documentary form);
- the obligation for the franchisor to provide the franchisee with an information document containing information on the mutual obligations of the parties, on the manner in which the franchisee conducts business activity on the basis of the franchise agreement, on the necessarily incurring costs and projected revenues of the franchisee from franchise activities in connection with the performance of the agreement, the model franchise agreement and other elements, together with the determination of the consequences of non-compliance of the information document with the agreement;
- presumptions determining the cases of punitive termination of the agreement by the franchisee and the franchisor;
- restrictions on the imposition of contractual penalties, the scope of the non-compete clause between the parties and the possibility of establishment of a promissory note's security for claims under the franchise agreement."<sup>35</sup>

However, due to the expiry of the Parliamentary term in Poland in 2023, the draft legislation stated above has not been included in the parliamentary work.

#### **Conclusions**

It can be argued that in the coming years there will be an intensification of franchise regulation in private law in general. It should be emphasized that the regulation of franchising is not necessary for the very existence of this institute. The need for legislation is linked to legitimate reasons for protecting certain stakeholders. The legal regulation of franchising is an opportunity to even out the disproportion between the economic position of the franchise network organizer and the economic position of

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<sup>35</sup> See Projekt ustawy o zmianie ustawy – Kodeks cywilny oraz ustawy – Prawo własności przemysłowej [Draft Act Amending the Act – Civil Code and the Act – Industrial Property Law]. In: Portal Gov.pl [online]. 2023 [cit. 2023-11-02]. Available at: https://www.gov.pl/web/premier/projekt-ustawy-o-zmianie-ustawy--kodeks-cywilny-oraz-ustawy--prawo-wlasnosci-przemyslowej2; and ADAMUS, R. Projekt ustawy o działalności franczyzowej [Draft Act on Franchising Activities]. In: Rafał Adamus [online]. 2021-06-17 [cit. 2023-11-02]. Available at: https://adamusrafal.pl/projekt-ustawy-o-dzialalnosci-franczyzowej.



the franchisee. It should be emphasized that there may be different models of franchise regulation in different countries.

The regulation of franchising is also a measure of the success of the UNIDROIT model law, although it refers only to selected aspects of this institute. It can also be argued that a natural person conducting franchising gains benefits from the status of a consumer.<sup>36</sup> Meanwhile, it is a standard of law to provide information to consumers before concluding any contract with them.

One of the countries that is still waiting for its franchise regulation is Poland. The need for legal protection as the basis for desirable legal regulation of franchising in Poland is presented primarily by the representatives of franchisees and the former franchisees. However, the Polish constitutional calendar (the end of the parliamentary term) made it impossible to pass the prepared draft legislation on the matter in question in 2023.

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<sup>&</sup>lt;sup>36</sup> For more, see ADAMUS, R. Franczyzobiorca: między konsumentem a przedsiębiorcą. Mity o regulacji franczyzy [Franchisee: in between the Consumer and the Entrepreneur. Myths on the Regulation of Franchise]. *Monitor Prawa Handlowego* [Commercial Law Monitor] [online]. 2022, vol. 12, nr 2, pp. 30-35 [cit. 2023-11-02]. ISSN 2083-7968. Available at: https://doi.org/10.32027/MPH.22.2.4.



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