

## **THE SWEDISH FRANCHISE DISCLOSURE ACT (LAW NO. 2006:484)**

### ***The contents of the law***

**§ 1** This law contains provisions on the obligation of a franchisor to give the franchisee certain information before a franchise agreement is concluded.

### ***Definition of a franchise agreement***

**§ 2** A franchise agreement, according to this law, is an agreement by which an entrepreneur (the franchisor) agrees with someone else (the franchisee) that the latter against compensation paid to the franchisor shall use the special business idea of the franchisor for the marketing and sale of goods or services. As further conditions for an agreement to be considered a franchise agreement according to this law, the franchisee shall, according to the agreement, use the trademarks or other intellectual property rights of the franchisor as well as co-operate at recurrent controls of the observance of the agreement.

### ***Obligation of the franchisor to inform***

**§ 3** In due time before a franchise agreement is concluded, a franchisor shall give the franchisee written information about the agreement and other conditions that needs to be disclosed considering the circumstances. The information shall be clear and understandable. It shall at least contain

1. a description of the franchise that the franchisee is to run,
2. information on other franchisees with which the franchisor has concluded an agreement within the same franchise system and the extent of their business,
3. information on the compensation that the franchisee shall pay to the franchisor and other economic conditions for the franchise activity,
4. information on the intellectual property rights that will be granted the franchisee,
5. information on the goods or services that the franchisee is obliged to buy or rent,
6. information on covenants not to compete that will apply during or after the term of the franchise agreement,
7. information about the term of the agreement, conditions for modification, prolongation and termination of the franchise agreement, as well as the economic consequences of termination, and
8. information on how a dispute under the agreement shall be resolved and about the liability for the cost of such dispute resolution .

What is stated in the first paragraph also applies when an existing franchise agreement is assigned to a new franchisee, with the consent of the franchisor.

### ***Omission to give information***

**§ 4** A franchisor who has concluded a franchise agreement without having fulfilled his obligation in accordance with § 3 may, with reference to that agreement and future agreements, be enjoined to give information in conformity with that paragraph. Such an enjoinder may also be directed towards someone who is employed by the franchisor or who acts on his behalf.

**§ 5** Proceedings for enjoinders in accordance with § 4 are brought at the Market Court.

Such proceedings may be brought by

1. a franchisee in such an agreement as is intended in § 4,
2. an association of entrepreneurs, or
3. another association which has a legitimate interest to represent entrepreneurs.

Anyone who has a right to bring an action in accordance with the second paragraph has the right to participate in the proceedings as intervener in accordance with Chapter 14 of the Code of Judicial Procedure.

In cases for enjoinders in accordance with § 4, the provisions of the Marketing Act (2008:486) which regulate the procedure and the division of the costs of the proceedings for cases for enjoinders to give information in accordance with § 24 of that law, apply. The provisions contained in §§ 28, 42-46, and 61 about the Consumer Ombudsman shall however not be applied.

**§ 6** An enjoinder in accordance with § 4 shall be combined with a fine, unless this is not necessary for special reasons.

Proceedings for enjoinders are brought at a District court which is competent in accordance with Chapter 10 of the Code of Judicial Procedure. Such proceedings may always be brought before the Stockholm District Court.

Proceedings may be brought by the one who has requested that a fine be prescribed.

-----ooOoo-----

Translated by Anders Fernlund 2015