**RIGHTS AND** **OBLIGATIONS OF** **franchisees IN** **COMMERCIAL FRANCHISE**

Commercial franchise means a commercial activity whereby franchisors permit and require franchisees to undertake by themselves to purchase or sell goods or provide services on the following conditions: (i) The purchase or sale of goods or provision of services shall be conducted in accordance with methods of business organization prescribed by franchisors and associated with the franchisors’ trademarks, trade names, business knows-how, business slogans, business logos and advertisements; and (ii) Franchisors shall be entitled to supervise and assist franchisees in conducting their business activities.

1. **Rights of franchisees**

According to the provisions of Article 288 of the Commercial Law 2005, unless otherwise agreed, franchisees shall have the following rights:

* To request franchisors to provide fully technical assistance related to the commercial franchise system; and
* To request franchisors to equally treat all franchisees in the commercial franchise system.
1. **Obligations of franchisees**

According to the provisions of Article 289 of the Commercial Law 2005, unless otherwise agreed, franchisees shall have the following obligations:

* To pay franchise sums and other amounts under commercial franchise contracts;
* To invest adequate material facilities, financial sources and human resources to take over business rights and know-how transferred by franchisors;
* To submit to the control, supervision and instruction by franchisors; to comply with all requirements set forth by franchisors on designing and arrangement of places of sale of goods or provision of services;
* To keep secret with respect to the franchised business know-how even after the expiration or termination of commercial franchise contracts;
* To stop using trademarks, trade names, business slogans, logos and other intellectual property rights (if any) or systems of franchisors upon the expiration or termination of commercial franchise contracts;
* To manage their activities in accordance with the commercial franchise system; and
* Not to sub-franchise without permissions of franchisors.

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