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Franchising Fact Sheet - Bulgaria (January 2013)

1. How is franchising defined under national law?	With the franchise contract one person, called "Franchisor" provides to another person, called "Franchisee", for a remuneration, the right to use objects of the industrial and intellectual property, owned by the Franchisor – trade marks, commercial signs, patented inventions or utility models, know-how, etc. The Franchisee takes the obligation to provide organizational, technical and marketing cooperation to the Franchisor, as well as to follow his requirements, standards and commercial politics, and to undertake obligations on behalf of him.
2. Are there any pre-contract disclosure requirements?	The law does not determine any pre-contract disclosure requirements.
3. Does the franchisor have any liability for claims against the franchisee?	The Franchisor shall be jointly liable, together with the Franchisee, for the quality of his work, as the Franchisor is obliged to provide the Franchisee with his experience, to teach his personnel and to perform periodic supervision over the activity of the Franchisee.
4. When can the franchisor terminate the franchise agreement?	The Franchisor has the right to terminate the franchise contract at any time, in case the Franchisee does not fulfill his obligations under the contract. He can provide to the Franchisee a term for voluntary fulfillment of his obligations. He can also terminate the contract in case of a deterioration of the quality of the goods or services, offered by the Franchisee. The parties may agree on other terms of the contract and clauses for its termination.
5. Are any particular formalities required for a franchise agreement to be legally valid and enforceable under national law?	The Bulgarian Law requires specific form of the franchise contract, which depends on the agreements, included in the contract. In case of a transfer of property rights, the Contract shall be prepared in a form of a notary deed. If the Franchisee shall receive a license for using some industrial objects – a simple written form is required, as a validity form. In the second example, there is a requirement also such franchise contract to be entered into a special Register in the Patent office of the Republic of Bulgaria.
6. Does a foreign franchisor have to establish a subsidiary or branch in the country?	The Bulgarian Law does not define such a requirement if the franchisor is a foreign legal entity.
7. Are there any other relevant requirements/provisions?	The exclusive rights under the franchise contract shall apply in a specific territorial scope, defined in the contract by the parties. The franchise contract must be prepared in the official language of the state, where the seat and registered office of the Franchisee is. In case of a termination of the franchise contract, all the materials and intangible assets, owned by the Franchisor, must be returned to him by the Franchisee.

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