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Franchising Fact Sheet – *The Netherlands (August 2012)*

1. How is franchising defined under national law?	Franchising is not defined under national law. Parties are free to determine the contents of their agreement, all within the boundaries of reasonableness & fairness.
2. Are there any pre-contract disclosure requirements?	Not in general. Reasonableness & fairness may require disclosure in specific circumstances. If information is disclosed and it turns out to be incorrect the franchisee could claim to have entered into the agreement in error. Annulment of the agreement may then be possible.
3. Does the franchisor have any liability for claims against the franchisee?	The liability of the franchisee in relation to the customer depends on the contract and (in b2c contracts) on consumer protection laws. The franchisor can be severally liable in relation to the customer based on the rules of product liability.
4. When can the franchisor terminate the franchise agreement?	The contract ends by lapse of time, by dissolution in case of breach of the contractual obligations and by proper notice of termination according to the contract. If the contract offers no possibilities for termination of the contract general rules for the termination of contracts apply (case-law).
5. Are any particular formalities required for a franchise agreement to be legally valid and enforceable under national law?	No. Usually such agreements are put down in written contracts. Although preferable, this is not a legal requirement for the agreement to be valid.
6. Does a foreign franchisor have to establish a subsidiary or branch in the country?	Not necessarily.
7. Are there any other relevant requirements/provisions?	In case of a franchise agreement with a foreign party the franchise agreement should contain a regulation concerning the applicable law and the competent court of law.

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