

FRANCHISE & DISTRIBUTION

Hodgson Russ helps clients navigate the complex and evolving U.S. federal and state laws governing franchising and other distribution relationships. We have extensive experience representing franchisors and franchisees as well as related manufacturers, dealers, and distributors. Our goal is to help these clients reach their business objectives while minimizing risk and avoiding costly disputes.

For foreign franchisors and other companies looking to expand into the United States through franchising or contractual distribution relationships, our experienced cross-border attorneys assist with international tax planning, transfer pricing, the translation of foreign franchise and other documents, immigration, and other cross-border issues.

Franchise Law

Franchising in the United States requires compliance with a vast range of regulations, including federal and state laws governing pre-sale disclosure and state laws governing franchise registration and the relationship between franchisors and franchisees. We provide counsel to help clients meet these obligations and avoid undue risk.

Our franchise and distribution team collaborates with attorneys across our full-service firm to provide core interdisciplinary counsel to our clients. This approach provides clients with one convenient point of access to appropriate and experienced counsel for each stage of business development. We assist franchisors with all legal aspects of franchising, including:

- Determining the appropriate type of franchise activity, including master franchising, area development and developer agreements, franchise broker relationships, and other structures
- Preparation and negotiation of all critical documents, including disclosure documents, franchise agreements, and ancillary documents
- Franchise registration
- Business opportunity law compliance
- Resale price maintenance, exclusivity, refusals to deal, and other antitrust issues
- Import and export laws and other supply chain issues
- Franchisee recruitment
- Use of test stores

Contact

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Professionals

Attorneys

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- Protection of intellectual property
- Tax planning
- Financing
- Employment matters, including employee benefits programs
- Real estate purchase and leasing
- Food and Drug Administration requirements and other industry-specific regulations
- Advertising, social network marketing, and structuring marketing funds
- Domestic and international expansion, including mergers and acquisitions
- Business sales

When disputes cannot be avoided, our attorneys assist clients in reaching successful and cost-effective resolutions, whether through negotiation or participating in mediation, arbitration, and litigation proceedings.

Our team has experience assisting clients in numerous industries, including:

- Restaurants, both quick-service and dine-in
- Lodging and hospitality
- Food products
- Convenience stores
- Specialty retail
- Personal care services
- Home services
- Landscaping and construction products
- Insurance
- Financial services

Distribution Law

Because U.S. federal and state franchise laws are worded very broadly, distribution relationships that would not ordinarily be viewed as franchise activities may fall under their regulatory regime. We help manufacturers, distributors, and service providers operate in compliance with these laws and, whenever possible, avoid the need for costly franchise disclosure and registration. Our attorneys also assist clients in matters involving dealer relationship statutes and sales representative laws. Additionally, we advise on industry-specific laws governing distribution relationships, including automobile and recreational vehicle dealerships, petroleum sales, and others.

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Many businesses find themselves faced with statutory claims upon the termination of relationships with dealers, distributors, commissioned sales representatives, and similar parties. Our attorneys are experienced in writing contract language and policies to help avoid exposure to such claims. We guide clients through the termination of various business relationships in accordance with applicable laws. We assist clients in taking security over goods sold and in setting up consignment arrangements. Hodgson Russ also provides advice and dispute resolution assistance concerning contract claims, encroachment issues, breach of confidentiality obligations, and non-compete agreements.

Assistance for Franchisees, Dealers, and Distributors

Drawing on our extensive experience assisting franchisors in the wide range of areas noted above, we advise prospective franchisees on potential investment in franchise systems that are not Hodgson Russ clients. Our services include a direct consultation to assess your particular needs, review of all appropriate documents and negotiation of changes when necessary, advice regarding due diligence, and legal assistance in termination and other relationship issues. We also assist dealers and distributors in these areas.

The knowledge and experience gained by representing both franchisors and franchisees, and by assisting manufacturers as well as dealers and distributors, enhances our ability to serve the legal needs of all our clients — no matter what role their business plays in these relationships.

Experience

Hodgson Russ acts as outside counsel to a Germany-based manufacturer and retailer of luxury consumer products with respect to U.S. distribution law matters.

Hodgson Russ advises a Canada-based pub and casual dining franchise system on compliance with U.S. franchise law.

Hodgson Russ served as counsel to one of the finalists in an NFL-administered auction for a new franchise. This representation included extensive analysis and structuring relative to ownership and stadium operations.

Hodgson Russ represents Pita Pit, Inc., a quick service restaurant franchise system founded in Canada, with respect to U.S. franchise law compliance. Our attorneys act as coordinating legal counsel for Pita Pit International Inc.'s global expansion.

In the News

New York ALJ: Disney Can't Exclude Foreign Affiliates' Royalty Payments
Tax Analysts, June 7, 2019

Press Releases

Hodgson Russ Attorney George Eydt Named to Best Lawyers in Canada
Press Release, September 2, 2015

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Publications

An Important Change for Canadian Franchisors Operating in the United States
The FranchiseVoice, Spring 2009

Presentations & Events

Bringing Your Baltic Food Brand to the U.S.
The Offices of Hodgson Russ, 605 Third Avenue, Suite 2300, New York City, NY 10158, July 2, 2018