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EURO-AMERICAN LAWYERS GROUP

***BELGIUM ADOPTS A NEW LAW GOVERNING PRE-CONTRACT
DISCLOSURES IN FRANCHISING ARRANGEMENTS***

*A EURO-AMERICAN LAWYERS GROUP BRIEFING ARTICLE
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On July 7, 2005 the Belgian Parliament enacted a law concerning the pre-contractual information regarding commercial cooperation agreements ("franchising agreements").

This law sets out some rules governing commercial "franchising" contracts. The franchisor is obliged to provide the prospective franchisee with the draft agreement and a separate document containing important contractual clauses. This document must also contain further details allowing the franchisee to correctly evaluate the contractual relationship. The required information must be given to the franchisee at least one month before entering into the franchising agreement. For at least a one-month period, the law strictly forbids any contractual obligation or any request for compensation or warranty.

The franchisee may seek to nullify the franchising agreement within a two year period of executing such an agreement if the new disclosure requirements have been violated.

The new law also requires that the parties keep all information provided to them during the negotiations confidential.

The provisions of the law apply even if parties have agreed otherwise.

The law finally stipulates that the pre-contractual phase of a franchising agreement is governed by the Belgian law and within the exclusive jurisdiction of the Belgian courts, in case the franchising agreement is executed in Belgium for the main part.

This law shall enter into force on the first day of the sixth month following the publication of the law in the Belgian State Gazette. This means that the law shall probably enter into force early 2006.

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