

# Franchising

Franchise businesses are utterly unique in their structure, regulation, and operation. Therefore, the first thing to know about Cozen O'Connor's Franchising practice is this: we do not dabble. Cozen O'Connor has dedicated, knowledgeable franchise counsel with decades of relevant experience.

The firm represents major franchisors, developers, sub-franchisors, startup concepts, and mega-franchisees in diverse industries, including food and beverage, retail and luxury goods, concessions, entertainment and sports, fitness, martial arts, transportation, pet care, health care, manufacturing, finance, and technology.

The team includes recognized leaders in the franchise law bar, including the former chair of the ABA's Forum on Franchising, one of 16 attorneys listed as a "Global Elite Thought Leader for North America" by *Who's Who Legal – Franchise Law*, and an editor of the ABA's *The FTC Franchise Rule*, 3<sup>rd</sup> Edition, which is widely seen as the authoritative guide to federal franchise law.

The franchise team is backed by the resources and reach of a national, full-service law firm. Cozen O'Connor has preeminent practices in intellectual property, antitrust, real estate, tax, commercial litigation, labor & employment, health care, and state attorneys general.

## Regulatory & Transactions

Cozen O'Connor structures new franchise programs, drafts complex franchise agreements, negotiates mergers and acquisitions, coordinates franchise registrations, and conducts high-level compliance reviews and operational audits. We have experience with all franchise models, from business format and product franchises to area representatives to multi-level marketing enterprises.

An important area of our work is developing domestic and international franchise operations on behalf of non-U.S. franchisors seeking to enter the U.S. marketplace and U.S. franchisors seeking to expand abroad. The team has particularly deep experience in Asia and includes counsel fluent in Mandarin.

## Disputes & Litigation

Cozen O'Connor represents franchisors in litigation, arbitration, and mediation. Although often able to resolve conflicts at the earliest stages, our attorneys are also accomplished trial lawyers. They appear frequently in state and federal courts or alternative dispute resolution forums such as AAA, JAMS, or FranArb, and serve as expert witnesses in trials and arbitrations.

The firm defends franchisors in a wide range of claims (such as breach of contract, unfair competition, and encroachment), and is equally aggressive about enforcing the terms of franchise agreements on a national basis.

## Services

- Structure and prepare franchise agreements and disclosure documents
- Represent buyers and sellers of franchise companies through due diligence, negotiation and documentation of purchase and sale agreements
- Coordinate franchise registrations
- Assist companies in protecting intellectual property (trademarks, trade dress, copyrights, patents, and trade secrets), including clearance, registrability, prosecution, monetization, and enforcement
- Counsel franchisors on labor and employment issues, including joint employment and misclassification
- Advise franchisors on compliance with antitrust laws



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## Related Practice Areas

- Commercial Litigation
- Copyright & Content
- Entertainment Law
- Hatch-Waxman & Biologics
- Intellectual Property
- IP Transactions & Licensing
- Italy Practice
- Patents
- Trade Secrets, Restrictive Covenants, and Computer Abuse
- Trademark & Brand

- Provide real estate legal services to franchisors including drafting leases and purchase agreements
- Represent clients in enforcement investigations and actions brought by state franchise agencies
- Represent franchisors in disputes with franchisees over disclosures, encroachment, online operations, breach of contract, infringement, unfair competition, false advertising, theft of trade secrets, counterfeiting, price discrimination, and other claims

## Experience

Represented an international food manufacturer in negotiating a license agreement with an operator of hotel and retail franchises to permit the operator to open stores in the manufacturer's name throughout the United States.

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Provided remedial franchise law compliance training to franchisor complying with the terms of its settlement with a state franchise enforcement agency.

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Advised non-U.S. franchisors on entering the U.S. market and assisting U.S. franchisors with international expansion.

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Advised clients on franchise and business opportunity regulatory compliance in the real estate, fitness, health care, transportation, personal services, home care, food and beverage, pet care, children's services, commercial cleaning, and many other industries.

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Represented numerous franchise concepts in annual national franchise registration and regulatory compliance in various industries including fitness, transportation, home care, food and beverage, children's tutoring, health care, business advisory services, real estate, mortgage brokerage, financial services, commercial cleaning, pet services, and lodging and hospitality.

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Represented a snack foods and frozen beverages company in its \$222 million acquisition of the equity securities of an ice cream company and a brand of popcorn. This transaction drew on the experience of the firm's corporate, tax, real estate, commercial litigation, intellectual property, labor and employment, employee benefits and executive compensation, environmental, and antitrust attorneys.

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Represented the owners in the sale of more than 25 franchises in eastern Pennsylvania and New Jersey, and exclusive territorial rights, to a growing franchisee. The owners sold the business operations only, with the franchisee continuing to lease many of the restaurants from the sellers. This transaction drew on the experience of the firm's corporate; tax; real estate; technology, privacy, and data security; franchising; and labor and employment attorneys.

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Represented a private equity fund in the acquisition and financing of a New York hotel and conversion of the hotel, including negotiating the acquisition of and financing for the hotel, the hotel franchise and management arrangements, and the termination of the existing restaurant lease and entry into new restaurant and rooftop bar operating agreements.

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Represented owner of commercial retail space located in Miami Beach in lease negotiation and related matters with national burger franchise.

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Advised on exemptions and exclusions from franchise laws for product distribution systems and exemption-based franchising.

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Analyzed a distribution program involving multiple layers of distributors, and a prepared strategy with respect to franchise and business opportunity laws.

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Advised a client in connection with the acquisition of a company with domestic and international franchised retail outlets.

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Represented a private equity fund in the acquisition and financing of a hotel. The representation required the negotiation of the condominium documents to establish a condominium regime for the mixed-use office, retail, hotel, and parking project of which the hotel is part and which was a precondition to closing the transaction, and the negotiation of the acquisition financing documentation and the franchise and hotel management arrangements for the hotel.

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Represented private equity funds in the nine-figure acquisition of a downtown Atlanta Hotel, including 763 guest rooms and 90,000 sq. ft. of meeting space. Assisted the client in the negotiation and documentation of the purchase and sale agreement with the property owner, the franchise agreement, the hotel management agreement, and the acquisition and capital improvement financing.

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