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Franchising Fact Sheet – Czech Republic (2012, September)

1. How is franchising defined under national law?	There is no definition of franchising in the Czech law. Franchising is not incorporated as a contract type in the Czech Business Code. Therefore such a contract has to be concluded as an innominate contract. The contracting parties are obliged to determine the matter of contract sufficiently.
2. Are there any pre-contract disclosure requirements?	If any contracting party provides confidential information when negotiating a contract, then the other party to which such information is made available may not disclose it to a third party, or use it contrary to its purpose for such party's own needs, regardless of the contract being concluded or not. Breaching this duty shall establish a liability for damage.
3. Does the franchisor have any liability for claims against the franchisee?	The liability of the franchisor for claims against the franchisee can result from the provisions of Czech Civil and Business Code about general liability for damage.
4. When can the franchisor terminate the franchise agreement?	The franchise contract is not specifically provided for in the Czech law, and the general provision for termination of a contract apply.
5. Are any particular formalities required for a franchise agreement to be legally valid and enforceable under national law?	No formalities are required for a franchise contract except the sufficient determination of the subject-matter of contract.
6. Does a foreign franchisor have to establish a subsidiary or branch in the country?	No
7. Are there any other relevant requirements/provisions?	There are no statutory provisions for franchising and franchise contract.

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