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Franchising Fact Sheet - Lithuania (April, 2013)

1. How is franchising defined under national law?	Franchising is defined as a contract type in which one party (franchisor) takes an obligation to grant to the other party (franchisee) for remuneration for a certain period or without specifying the period the right to use in the business activity of the franchisee a complex of exclusive rights which belong to the franchisor (right to the firm name, right to the trade or service mark, right to protected commercial (industrial) information, etc.), while the other party (franchisee) is obliged to pay for that the remuneration determined in the contract.
2. Are there any pre-contract disclosure requirements?	The law does not determine any pre-contract disclosure requirements. However according to the contract the franchisor is obliged to transfer technical and commercial documents and submit other information necessary to the franchisee in order to implement the rights granted to him under the contract of franchise.
3. Does the franchisor have any liability for claims against the franchisee?	Yes, the franchisor does. He is subsidiary liable for claims brought to the franchisee concerning the failure of the goods (work, services) sold by the franchisee under the contract of franchise to conform to quality. With regard to claims brought to the franchisee as the manufacturer of the goods (products), the franchisor is solitarily liable with the franchisee.
4. When can the franchisor terminate the franchise agreement?	The franchisor can terminate the franchise agreement at any time having notified the other party thereof six months in advance unless a more extended period has been established in the contract.
5. Are any particular formalities required for a franchise agreement to be legally valid and enforceable under national law?	Franchise agreement must be concluded in written form and registered in the Register of Enterprises in which the franchiser was registered. Where the subject matter of franchise agreement is an object protected in accordance with patent legislation, the fact of forming a contract of franchise must be registered in accordance with the procedure established by laws in the relevant institution effectuating registration of objects of industrial property rights and the rights thereto.
6. Does a foreign franchisor have to establish a subsidiary or branch in the country?	No. There are no such requirements. In case of foreign franchisor the fact of forming a contract of franchise must be registered in the same register of legal persons where the franchisee was registered.
7. Are there any other relevant requirements/ provisions?	Parties to a contract of franchise may provide for only such conditions for limiting competition which are not prohibited by the competition law.

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