

An overview of Laws Governing Franchise Agreements in Egypt

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Egypt does not currently have a specific law dealing with franchising. The franchising agreement being not governed by any direct Egyptian law is primarily governed by the Contracts law (Civil Code no. 13/48).

The laws relevant to franchise agreements

The relevant principles protecting the franchisor and applicable to the contracts would be found in several laws:

- Protection of the Intellectual property rights (trade marks, copyrights, industrial designs and confidential know-how) would be covered under the law for Protection of Intellectual Property (Law No. 82 of 2002, the Copyrights Law No. 354/54, the Trade Mark Law No. 57/39, the Law in respect of Patents, the Industrial Designs and Models No. 132/49.)
- The Commercial Code (No. 17/99) would also come into play as the relationship would have aspects of commercial agency. It also deals with particular requirements in case of technology transfer.
- There would be taxes imposed on the royalties, under the Taxation Law, but these may be subject to any existing double taxation treaties.

Applicability of French law and eligibility of French jurisdictions

- French Law may be applied, but would be overridden by mandatory provisions of Egyptian Law. If the relationship is characterized as one where there is “technology transfer” then Egyptian Law will have to apply (Commercial Code requirement).
- It would be difficult to exclude the jurisdiction of Egyptian Courts as the contract is being performed in Egypt. Moreover, if characterized as a « technology transfer » agreement, the jurisdiction would lie with the Egyptian courts.

The Code of Ethics

The Code of Ethics, to which EFDA’ members shall adhere, is another important self-regulation. It aims at establishing the framework for the implementation of best practices to the franchise relationships and activities of the EFDA members.

It is not intended to replace any Egyptian legislation that may apply to the franchise business but to support full compliance with, and vigorous enforcement of, all applicable Laws and Regulations.

According to the Code of Ethics:

- All prospective members of EFDA must agree to be bound by the Code before they are considered for membership. The Code conducts part of the membership agreement between EFDA and its member.
- The franchisor shall have operated a business concept with success, for a reasonable time and in at least one pilot unit before starting its franchise network.
- The franchisors shall make their best effort to resolve all controversies, disputes or claims arising with its franchisees with good faith and good will through fair and reasonable direct communication and negotiation. The franchisor shall give written notice to its individual franchisees of any contractual breach and, where appropriate, grant reasonable time to remedy default. Failing this, consideration should be given to arbitration or to the competent jurisdiction.

The Bilateral Conventions between the French Republic and the Republic of Egypt

A tax treaty has been signed in Paris on the 19th of June, 1980.

A convention on Mutual Judicial Cooperation has been signed in Paris on the 15th of March, 1982.

The Cairo Regional Centre for International Commercial Arbitration (the CRCICA)

The Cairo Regional Centre for International Commercial Arbitration is an independent non-profit international organization. Pursuant to the Headquarters Agreement, the Cairo Centre and its branches enjoy all the privileges and immunities of independent international organizations in Egypt.

The leading principle of the Cairo Centre aims at contributing to, and enriching the progress of the economic development scheme in both Asian and African Countries. In this regard, specialized services are being constantly and consistently provided to prevent or help settle trade and investment disputes, through fair operations of expeditious and economical procedures. This constitutes a wholly integral dispute-resolution mechanism which employs various effective processes of arbitration. It includes also Alternative Dispute Resolution techniques (ADR) such as conciliation, mediation and technical expertise.

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