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THE FRANCHISING (ESTABLISHMENT) BILL 2022



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THE FRANCHISING (ESTABLISHMENT) BILL, 2022

On Tuesday, the 24th of January 2023, the Senate passed the Franchising (Establishment) Bill. The Bill seeks to create a legal framework for the operation of franchising (and other related matters) in Nigeria, in line with global best practices.

The Bill particularly provides that all franchise agreements between Nigerian franchisees and their franchisors shall incorporate standard provisions in line with international best practices.

The Bill further seeks to guide the relationship between franchisors and franchisees and establish a franchise system geared towards the overall enhancement of economic development in Nigeria.

The Bill mandates all franchisors and franchisees operating in Nigeria to ensure compliance with the provisions of the Bill as well as the regulations made pursuant to the Bill.

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- To regulate and guide the relationship between franchisors and franchisees by imposing certain obligations and prohibiting certain actions.
- To promote the growth of franchising through the adoption of international best practices that balance the interests of franchisors and franchisee.

Other major provisions of the Bill are highlighted below:

- **Delivery of Disclosure Documents:** Subject to a number of exceptions, the Bill requires the franchisor to deliver to the franchisee (together with the franchise agreement) a disclosure document which should contain, inter alia, the trade mark/name or business under which the franchisor carries on business; a description of the franchise to be operated by the prospective franchisee; information regarding the franchisor's intellectual property to be licensed to the franchisee.
- **Registration of Franchise Agreements and Proprietary rights:** The Bill requires the registration of all propriety rights associated with any foreign business franchise, licensed to franchisees in Nigeria (including patents, trademarks, and industrial designs, etc.). The Bill also requires the registration of all franchise agreements entered into by franchisees in Nigeria with franchisors outside Nigeria.
- **Local Content:** The Bill mandates all franchise operators in Nigeria to ensure that they meet a minimum of 20% local inputs in their operation.

Non-compliance with the provisions of the Bill is an offence. By the provisions of the Bill, non-compliant persons are liable upon conviction to a term of imprisonment of not more than a year or a fine of N1,000,000 or both.

The passage of this Bill is a welcome development in view of the non-existence of a legislation on franchising in Nigeria, and the growing need to protect franchise as a business model in Nigeria. It is hoped that the implementation of this Bill upon the enactment of the same will strengthen the operation of franchising in Nigeria and create room for growth and investments in the franchise industry.



Jackson, Etti & Edu is a full-service law firm with a sector focus, rendering legal services to Nigerian, Pan-African, and International Clients in diverse jurisdictions. With valuable experience in excess of 25 years, our lawyers have gained extensive insight in advising and representing clients on a wide range of subject matters as well as providing advocacy and sectoral reviews of laws towards legislative amendments, advisory, and transactional legal services

The Firm consists of fourteen (14) Partners, sixty (60) fee earners, and over fifty (50) paralegal and support staff. The size of our dedicated team is indicative of our rich human resource base and our capacity to effectively and efficiently assist our clients to achieve their goals.

The Firm has three functional offices in Nigeria, strategically located in Victoria Island (the corporate and financial center of Nigeria), Ikeja and Abuja; as well as associate offices in Accra, Yaounde and Harare.

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