

**The Trade Competition Commission Notice on  
Guidelines for the Assessment of Unfair Trade Practices in Franchising  
B.E. 2562 (2019)**

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To encourage free and fair competition in franchising, it is necessary to determine the guidelines for the assessment of unfair trade practices between a franchisor and a franchisee whereby the franchisor shall not engage in any practice that causes harm to its franchisee(s) under Section 57 of the Trade Competition Act B.E. 2560 (2017), the Trade Competition Commission, by virtue of Section 17 (3) of the Trade Competition Act B.E. 2560, therefore, announces the Notice as follow:

1. This Notice shall be effective after sixty (60) days from the day that this Notice being published in the Government Gazette onwards.

2. In this Notice,

“A Franchise” means a business operation involving an undertaking which is called ‘a franchisor’ engages in a written agreement with another undertaking which is called ‘a franchisee’ to do business using the franchisor’s business method, model, system, procedure, and intellectual property rights or those the franchisor has a right to license within a specific period of time and location and that business operation is under support and a business plan of the franchisor and the franchisee has a duty to pay fee(s) to the franchisor;

“A Franchisor” means a person who licenses a franchise;

“A Franchisee” means a person who has been licensed a franchise.

3. For the purposes of free, fair, and transparent competition in franchising, a franchisor shall disclose detailed information on its nature and operations of its franchise system to a franchisee prior to a conclusion of a franchise agreement on the followings:

3.1. Information on fees and expenses to operate a franchise, such as franchise fee, royal fee, marketing expenses, training expenses, and expenses to acquire necessary equipment to engage in doing the business, calculation of fees and expenses, as well as schedules of payment of such fees and conditions for refund;

3.2. A franchise business plan, such as assistance on management, administration, training, advising, numbers and location of franchisee(s) in vicinity – current and planned – and details of promotional activities;

3.3. Information concerning rights on relevant trademark, patent, and/or copyright, effective period, extent, and scope of licensing, and terms and conditions related to those rights;

3.4. Renewal of a franchise agreement, revision of such agreement, termination, and withdrawal of a franchise agreement.

4. An expansion of a new branch of the franchised business being managed and operated exclusively by a franchisor itself shall be notified to the franchisee(s) who have its branch(es) in close vicinity and those existing franchisee(s) shall have a priority to be offered to consider taking a license for that proposed branch, in which the franchisor shall allow a reasonable time for the prospective franchisee(s) to reply;

To assess the area of close vicinity, demand for products or services in relevant geographical area and competitive constraint(s) shall be considered.

5. Trade practices by a franchisor that may inflict damage to franchisee(s) under Section 57 of the Trade Competition Act B.E. 2560 shall be considered using the following guidelines:

5.1. Imposition of restrictive condition(s) for franchisee(s) without due cause, such as,

5.1.1. Requirement for a franchisee to purchase product(s) or service(s) in which unrelated to product(s) or service(s) specified in the agreement of the franchise business exclusively from the franchisor or from certain producers or providers specified by the franchisor,

5.1.2. Requirement for a franchisee to purchase product(s) or raw material(s) in excess of what is actually needed for that particular franchisee's operation and prohibit a return of those excess quantity of product(s) or raw material(s);

5.2. Imposition of additional condition(s) for a franchisee to comply after the franchise agreement has been concluded and signed such as requiring a franchisee to buy other product(s) or service(s) or conducting any action beyond what have been specified in the franchise contract, except having a reasonable business cause or for the purposes of maintaining reputation, quality, and standard of the franchise and those additional condition(s) shall be made in writing;

5.3. Prohibition of franchisee to purchase product(s) or service(s) from other producer(s), distributor(s), or service provider(s) other than from a franchisor or producer(s), distributor(s), or service provider(s) specified by a franchisor without due cause whereby those product(s) or service(s) are of equal quality and cheaper price;

5.4. Prohibition of franchisee to give a discount on perishable goods or near to its expiration date without due cause;

5.5. Differential imposition of condition(s) on different franchisees without due cause and led to unfair discrimination in trade;

5.6. Imposition of any undue condition(s) with intention beyond the purposes of maintaining reputation, quality, consistency, and standards of a franchisor in accordance with the agreement.

This Notice is announced on 30 October B.E. 2562 (2019)

Professor Sakon Varunyuwatana

Chairperson of The Trade Competition Commission