

Legal 500

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Greece

Franchise & Licensing

Contributor

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This country-specific Q&A provides an overview of franchise & licensing laws and regulations applicable in Greece.

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Greece: Franchise & Licensing

1. Is there a legal definition of a franchise and, if so, what is it?

Greek law does not contain a statutory definition of "franchise" or "franchising", nor does it regulate franchising as a separate nominate contractual type.

In practice, a franchise is generally understood as a contractual arrangement under which the franchisor grants the franchisee the right to operate a business according to the franchisor's business concept and using its trademarks, trade name, know-how and other intellectual property, usually in return for an initial fee and/or continuing royalties or other payments.

The franchise agreement is therefore principally governed by the general provisions of the Greek Civil Code concerning contracts and obligations, supplemented, depending on the structure of the particular arrangement, by competition, intellectual property, unfair competition, consumer protection and other applicable legislation.

The application by analogy of individual provisions of Presidential Decree 219/1991, governing commercial agency agreements, to a franchise agreement may be considered only where, having regard to the specific features of the contractual relationship, the franchisee's position and role are sufficiently analogous, in their essential respects, to those of a commercial agent, and the parties' respective interests are such as to justify the application of the particular protection afforded by the relevant provision. The subsequent legislative intervention introduced by Article 14(4) of Law 3557/2007 is of particular significance in relation to exclusive distribution agreements, as it provides a specific statutory basis for the analogous application of certain provisions of Presidential Decree 219/1991 to such relationships.

The European and Greek franchise Codes of Ethics are self-regulatory instruments and do not constitute statutory law. The Greek Franchise Association's Code is based on the European Franchise Federation Code and applies principally to members of the Association.

2. Are there any structuring considerations for foreign franchisors (e.g. use of master

franchisees, local presence requirements)?

There is no general requirement for a foreign franchisor to establish a Greek subsidiary or branch merely in order to franchise its business in Greece.

A foreign franchisor may therefore contract directly with Greek franchisees. Depending on the size and structure of the network, however, the parties may use a Greek subsidiary, a master franchisee or a development arrangement for commercial, operational, tax and liability reasons.

A master-franchise structure does not itself create a special statutory regime. The master franchisee will generally assume contractual responsibility for the sub-franchise network in accordance with the master franchise agreement.

The foreign franchisor should nevertheless consider whether its activities create a Greek permanent establishment, whether its personnel or representatives create an agency or employment relationship, and the tax consequences of the relevant payment flows.

3. Are there any requirements that must be met prior to the offer and/or sale of a franchise? If so, please describe and include any potential consequences for failing to comply.

There is **no Greek statutory pre-sale franchise disclosure regime** and no prescribed franchise disclosure document.

Accordingly, there is no statutory minimum period during which a prospective franchisee must receive information before signing the franchise agreement or paying the franchise fee.

This does not mean, however, that the franchisor is free to provide misleading or materially incomplete information. General Greek Civil Code principles concerning pre-contractual conduct and good faith may give rise to liability where a party induces the other party to enter into a contract through misleading representations or by withholding information which, in the circumstances, ought to have been disclosed.

The Greek Franchise Association Code of Ethics recommends disclosure of, among other matters,

information concerning the franchisor, its financial position, the business history, the franchise business, estimated establishment costs, the principal characteristics of the know-how, technical support, the network and franchise terminations during the preceding two years. These are **self-regulatory requirements rather than statutory disclosure requirements**.

4. Are there any registration requirements for franchisors and/or franchisees? If so, please describe them and include any potential consequences for failing to comply. Is there an obligation to update existing registrations? If so, please describe. Are there any practical or timing implications (e.g. typical registration timelines, delays in practice)?

There is no franchise-specific registration requirement in Greece.

A franchisor does not have to register itself as a franchisor, nor does a franchise agreement have to be registered in a franchise register.

The franchisee must, of course, comply with the ordinary requirements applicable to the business it operates, including corporate, tax, commercial, licensing and sector-specific requirements.

Intellectual property rights may require or permit separate registration. In particular, trademarks are governed by Law 4679/2020, which constitutes the principal Greek statutory framework for trademark protection.

There is consequently no franchise-registration timetable or statutory renewal/update obligation.

5. Are there any disclosure requirements (franchise specific or in general)? If so, please describe them (i.e. when and how must disclosure be made (is there a minimum disclosure period before signing or payment (e.g. cooling-off period)), is there a prescribed format, must it be in the local language, do they apply to sales to sub-franchisees) and include any potential consequences for failing to comply. Is there an obligation to update and/or repeat disclosure (for example in the event that the parties enter into an amendment to the franchise

agreement or on renewal)? What are the consequences of late or incomplete disclosure?

There is **no franchise-specific statutory disclosure obligation** in Greece, no prescribed disclosure document, no statutory cooling-off period and no statutory minimum period between disclosure and signature or payment.

Disclosure is therefore principally governed by:

- general pre-contractual duties of good faith and fair dealing, i.e. articles 197 and 198 of Greek Civil Code (= GCC);
- the rules concerning fraud and misleading conduct, i.e. article 140 – 157 of GCC;
- general contractual principles; and
- consumer-protection, Law 2251-1994, and unfair-commercial-practice legislation, Law 146-1914.

A franchisor should nevertheless provide sufficiently accurate information concerning the essential characteristics of the franchise, investment requirements, fees, territorial rights, operating assumptions and material restrictions. Misleading statements may give rise to claims notwithstanding contractual disclaimers.

There is likewise no statutory requirement to repeat the disclosure on renewal or amendment. Whether updated information should be provided will depend on the circumstances and on the significance of changes to the contractual relationship.

The Greek Franchise Association's Code of Ethics contains substantially more extensive disclosure recommendations than Greek legislation. It specifically refers to information concerning the franchisor/master franchisee, financial information, business history, establishment costs, know-how, technical support, the network and franchise agreements terminated during the previous two years.

Late or incomplete disclosure therefore does not, as such, trigger a statutory franchise penalty. It may nevertheless contribute to a claim based on pre-contractual liability, misrepresentation, fraud or breach of general contractual principles.

6. If the franchisee intends to use a special purpose vehicle (SPV) to operate each franchised outlet, is it sufficient to make disclosure to the SPVs' parent company or must disclosure be

made to each individual SPV franchisee?

There is no franchise-specific statutory rule addressing this question.

As a matter of contractual risk management, disclosure should be made to the **actual prospective contracting party**. If each SPV will enter into a separate franchise agreement, the safest position is therefore to provide the disclosure materials to each SPV, even where the same information has previously been supplied to its parent.

Where the SPVs are wholly owned by the same parent and the contractual documentation expressly records the parent's receipt and acceptance of the disclosure information on behalf of the SPVs, this may substantially reduce duplication, but it should not be treated as a statutory substitute for disclosure to the actual franchisee.

7. What actions can a franchisee take in the event of mis-selling by the franchisor? What are the main legal grounds for such claims (e.g. misrepresentation, statutory disclosure breaches, unfair commercial practices)? To what extent can liability be excluded or limited by non-reliance or entire agreement clauses or disclaimers in the franchise agreement, disclosure document or sales material?

A franchisee may potentially rely on several legal grounds, depending upon the facts. These include:

- pre-contractual liability;
- fraud or fraudulent misrepresentation;
- negligent or misleading representations;
- breach of contractual obligations;
- invalidity or avoidance of the agreement where the relevant requirements are met;
- damages; and
- unfair-commercial-practice rules.

The precise remedy depends upon the nature of the representation, whether it was material to the decision to contract, the franchisor's knowledge and conduct, and the loss suffered.

A non-reliance, entire-agreement or disclaimer clause is not an absolute defense. In particular, contractual drafting cannot necessarily neutralize liability arising from fraudulent or otherwise legally impermissible conduct. A court will also examine the circumstances in which the clause was agreed and its compatibility with

mandatory rules and the general principles of Greek private law.

8. Would it be legal to issue a franchise agreement on a non-negotiable, "take it or leave it", basis?

Yes, in principle.

Greek law does not require a franchise agreement to be individually negotiated. Standard-form contractual terms are permissible.

However, standard-form terms remain subject to the general rules governing contractual validity, good faith and abusive exercise of rights, especially articles 102 TFEU, 2 Law 3959/2011 (abuse of dominant position) and 18a Law 146/1914 (abuse of economic dependence).

However, standard-form terms remain subject to the general rules governing contractual validity, good faith and abusive exercise of rights, in particular Articles 178 and 179 (legal acts contrary to morality and exploitative transactions), 281 (abuse of rights) and 288 (performance in good faith) of the GCC, as well as Article 102 TFEU and Article 2 of Law 3959/2011 (abuse of dominant position) and Article 18a of Law 146/1914 (abuse of economic dependence).

9. How are trademarks, know-how, trade secrets and copyright protected in your country? Are there any specific requirements or risks relating to the licensing of know-how and trade secrets in a franchise context?

Trademarks are principally governed by Law 4679/2020. The franchisor should normally ensure that the relevant marks are validly protected in Greece or at EU/international level before licensing them to franchisees.

Copyright is principally governed by Law 2121/1993. Copyright protection may be relevant to manuals, software, advertising material, graphic material, websites, training materials and other copyright-protected elements of the franchise system.

Confidential know-how and trade secrets are protected under Law 1733/1987, as amended by Law 4605/2019, which implemented the EU Trade Secrets Directive (2016/943), together with contractual confidentiality obligations and the general law of unfair competition.

The principal contractual risk is ensuring that the franchisor actually possesses the rights which it purports to license and that the definition of know-how is sufficiently specific to distinguish protectable confidential know-how from general business experience or skills.

Confidentiality agreements, restricted access, contractual use limitations and post-termination return/destruction obligations are therefore particularly important.

10. Are there any franchise specific laws governing the ongoing relationship between franchisor and franchisee? If so, please describe them, including any terms that are required to be included within the franchise agreement.

Without prejudice to the possible case-by-case application by analogy of Presidential Decree 219/1991, no.

There is no Greek statute prescribing a mandatory franchise agreement or a mandatory list of contractual terms.

The parties therefore have considerable contractual freedom, subject to mandatory rules of Greek and EU law, especially Regulation 2022/720.

A franchise agreement would normally address, among other matters:

- intellectual property rights;
- territory and exclusivity;
- franchise fees and royalties;
- supply arrangements;
- operating standards;
- training and support;
- advertising and marketing;
- audit and reporting;
- confidentiality;
- personal-data processing;
- restrictions on transfer;
- non-compete obligations;
- duration and renewal;
- termination;
- post-termination obligations; and
- dispute resolution.

11. Are there any aspects of competition law that apply to the franchise transaction (i.e. is it permissible to prohibit online sales or use of

online marketplaces (e.g. Amazon, third-party platforms), insist on exclusive supply, fix or set maximum retail prices, operate dual distribution/hybrid franchisor models)? If applicable, provide an overview of the relevant competition laws.

Competition law is one of the most important regulatory areas for franchising in Greece.

Greek Law 3959/2011 applies alongside Articles 101 and 102 TFEU where the relevant conditions are met. EU Regulation 2022/720 on vertical agreements is particularly important. It provides a block exemption where the applicable conditions are satisfied, including the generally applicable 30% market-share thresholds and the absence of hardcore restrictions.

Franchise agreements may benefit from the block exemption where the intellectual-property provisions are ancillary to the vertical arrangement and satisfy the conditions of the Regulation.

Online sales

The current EU regime distinguishes between restrictions on active sales and restrictions on passive sales and contains specific rules concerning online sales.

A blanket prohibition on effective use of the internet by the franchisee may raise serious competition-law concerns. Restrictions on online marketplaces require a case-specific assessment.

The Regulation also contains specific rules concerning online intermediation services.

Exclusive supply

Exclusive-supply arrangements may generally be permissible if the applicable vertical-restraints conditions are satisfied, but their duration, market coverage and economic effects must be examined.

Resale-price maintenance

A franchisor generally cannot impose fixed or minimum resale prices. Recommended or maximum prices may be permissible provided they do not, in reality, amount to fixed or minimum resale prices.

Dual distribution

Dual-distribution arrangements are expressly addressed by Regulation 2022/720. The treatment of information

exchange between the parties is particularly important where the franchisor also sells directly to customers.

12. Are there any ESG, compliance or supply chain-related legal requirements impacting franchise systems?

There is no general Greek franchise-specific ESG regime.

A franchise network may nevertheless be affected by general EU and Greek rules concerning environmental compliance, product safety, consumer protection, employment, anti-corruption, sustainability claims, packaging, waste, supply chains and data protection.

The practical effect will depend heavily upon the sector in which the franchise operates. Contractual compliance programmes and audit rights are increasingly relevant where the franchisor is itself subject to EU or national sustainability and reporting requirements.

13. Are in-term non-compete and non-solicitation clauses enforceable and are there any limitations on the franchisor's ability to impose and enforce them?

In-term restrictions may generally be enforceable if appropriately drafted and proportionate to the legitimate interests they protect.

Competition law imposes additional limitations. Under Regulation 2022/720, a non-compete obligation of indefinite duration or exceeding five years is excluded from the block exemption, subject to the specific exception concerning premises and land owned or leased by the supplier.

A restriction which falls outside the block exemption is not automatically anticompetitive; it must instead be assessed under the general competition rules. If it passes their test is lawful, otherwise is null and void (the non-compete clause, not the whole agreement).

14. Is there an obligation (express or implied) to deal in good faith in franchise relationships? If so, what practical effects does this have on the relationship between franchisor and franchisee?

Yes, good faith is an important principle of Greek private law.

The Greek Civil Code imposes duties governing pre-

contractual conduct and contractual performance, including the requirement that rights and obligations be exercised and performed consistently with good faith and accepted standards of dealing.

In a long-term franchise relationship this may affect, for example:

- the exercise of contractual discretion;
- termination rights;
- cooperation and information;
- implementation of operational standards;
- modification of the franchise system; and
- the exercise of audit and enforcement rights.

Good faith does not, however, amount to a general prohibition against enforcing contractual rights. Its effect is contextual and cannot be reduced to a general duty to renegotiate or preserve the franchise relationship indefinitely.

15. Are there any employment or labour law considerations that are relevant to the franchise relationship? Is there a risk that the staff of the franchisee could be deemed to be the employees of the franchisor? What level of operational control may a franchisor exercise without creating employment or agency risk? What steps can be taken to mitigate this risk?

The franchisee and franchisor are ordinarily separate and independent undertakings. Employees of the franchisee are therefore normally employees of the franchisee, not of the franchisor.

The principal risk arises where the contractual and factual relationship goes beyond legitimate brand and system control and creates circumstances supporting the conclusion that the franchisor is the actual employer or that the franchisee is acting as an agent rather than as an independent undertaking.

A franchisor may generally prescribe brand standards, quality requirements, training, customer-service standards, operating manuals and compliance requirements without thereby becoming the employer.

The agreement and actual operation should nevertheless make clear that:

- the franchisee independently employs and remunerates its personnel;
- employment contracts are concluded by the franchisee;

- the franchisee bears employer obligations;
- payroll, social-security and employment compliance remain with the franchisee; and
- the franchisor does not exercise day-to-day managerial authority over franchisee employees.

16. Is there a risk that a franchisee could be deemed to be the commercial agent of the franchisor? What steps can be taken to mitigate this risk?

The risk exists principally where the factual relationship corresponds to commercial agency rather than genuine independent operation.

Commercial agency is regulated in Greece by Presidential Decree 219/1991, implementing Directive 86/653/EEC. The legal characterization depends upon the substance of the relationship rather than the label used by the parties. The distinction between genuine and non-genuine commercial agents, as set out in the Guidelines on Regulation (EU) 2022/720, is significant not only for competition-law purposes, but also for determining the legal characterisation of the agreement.

A genuine franchisee ordinarily purchases or provides goods/services in its own name and at its own commercial risk. The agreement should therefore avoid language or practices suggesting that the franchisee has authority to bind the franchisor, negotiate contracts on its behalf or act as its representative.

In principle, as noted in Question 1, the application by analogy of PD 219/1991 cannot be excluded.

17. Are there any laws and regulations that affect the nature and payment of royalties to a foreign franchisor and/or how much interest can be charged? Are there any requirements for payments in connection with the franchise agreement to be made in the local currency? Are there any restrictions on structuring payments (e.g. royalties vs service fees vs mark-ups)?

Royalties paid to a non-resident franchisor may be subject to Greek withholding tax.

The general domestic withholding-tax rate for royalties is 20%, subject to applicable exemptions and double-taxation treaties. The Greek tax authorities expressly identify royalties as taxable at 20%, while the domestic

implementation of the EU Interest and Royalties Directive may eliminate withholding in qualifying intra-EU corporate situations where its statutory conditions are satisfied.

The classification of payments is important. Payments characterised as royalties, technical services, management services or other services may have different tax treatment.

Double-taxation treaties should therefore be examined in every cross-border structure.

There is generally no requirement that franchise royalties be paid in euros or another particular currency. Contractual payment in a foreign currency is generally possible, subject to ordinary foreign-exchange, banking and tax rules.

18. Is it possible to impose contractual penalties on franchisees for breaches of restrictive covenants etc.? If so, what requirements must be met in order for such penalties to be enforceable?

Yes.

Greek contract law permits contractual penalty clauses (*ποινική ρήτρα*), subject to the applicable provisions of the Civil Code.

A contractual penalty can therefore be used, for example, to secure compliance with confidentiality, non-compete, non-solicitation or other contractual obligations.

An excessively disproportionate penalty may, however, be subject to judicial reduction under the applicable Civil Code provisions. Care should therefore be taken in determining the amount and the circumstances in which the penalty becomes payable.

19. What tax considerations are relevant to franchisors and franchisees? Are franchise royalties subject to withholding tax?

The principal issues include:

- corporate income tax;
- VAT;
- withholding tax on royalties and certain services;
- permanent-establishment risk;
- transfer pricing;
- double-taxation treaties; and

- the tax treatment of franchise fees, marketing contributions and other charges.

Greek domestic law provides for a 20% withholding tax on royalties, subject to applicable exemptions and treaty relief.

Where the franchisor is an EU corporate entity, the Interest and Royalties Directive may be particularly

20. How is e-commerce regulated and does this have any specific implications on the relationship between franchisor and franchisee? For example, can franchisees be prohibited or restricted in any way from using e-commerce in their franchise businesses? Are there any rules regarding online sales within or outside a franchisee's territory?

E-commerce is governed principally by EU and Greek legislation of general application rather than franchise-specific legislation.

Relevant areas include consumer protection, electronic commerce, unfair commercial practices, data protection and competition law.

A franchisor may regulate the manner in which franchisees use the internet, including branding, websites, customer experience, approved platforms and territorial arrangements, but such restrictions must be examined under competition law.

In particular, restrictions that effectively prevent the franchisee from making effective use of the internet may raise concerns under Article 101 TFEU and Regulation 2022/720.

The franchise agreement should distinguish carefully between:

- the franchisor's own online sales;
- the franchisee's website;
- marketplaces and online intermediaries;
- active and passive sales;
- territorial restrictions; and
- customer allocation.

21. What are the applicable data protection laws and do they have any specific implications for the franchisor/franchisee relationship? In particular, what are the key data protection considerations in a franchise relationship,

including: (a) allocation of controller/processor roles; (b) use of customer databases; (c) cross-border data transfers; and (d) marketing and CRM activities?

(a) allocation of controller/processor roles;

(b) use of customer databases;

(c) cross-border data transfers; and

(d) marketing and CRM activities?

The principal framework is the GDPR, together with Greek implementing legislation and the rules of the Greek Data Protection Authority.

Franchise arrangements require a careful analysis of the respective roles of franchisor and franchisee.

(a) Controller/processor roles

The parties should not simply allocate roles by contract. The factual determination of who determines the purposes and means of processing is decisive.

Depending upon the processing, the parties may be:

- separate controllers;
- joint controllers; or
- controller and processor.

Where two parties jointly determine the purposes and means of processing, Article 26 GDPR requires a transparent allocation of responsibilities.

(b) Customer databases

Customer databases developed by a franchisee are not automatically owned by the franchisor.

The parties should identify, both legally and operationally, who determines the purposes of processing and the legal basis for transferring or sharing customer information.

Contractual ownership language cannot substitute for compliance with GDPR.

(c) Cross-border transfers

Transfers of personal data outside the EEA require compliance with Chapter V GDPR, including the applicable adequacy, SCC or other transfer mechanism and associated safeguards.

(d) Marketing and CRM

Marketing communications, profiling, loyalty programmes and CRM systems must comply with the GDPR and applicable Greek/ePrivacy rules.

The franchise agreement should allocate responsibility for privacy notices, consent where required, data-subject requests, security incidents, retention and marketing permissions.

22. Is the franchisor permitted to restrict the transfer of (a) the franchisee's rights and obligations under the franchise agreement or (b) the ownership interests in the franchisee? Can the franchisor impose conditions on transfers (e.g. approval rights, fees, qualification criteria)?

No agreement can be assigned without the prior consent of the other contracting party.

Therefore, a franchise agreement can be assigned only if this assignment is permitted. The agreement may contain provisions for:

- assignment of the franchise agreement;
- transfer of the franchise business;
- transfer of shares or other ownership interests in the franchisee;
- change of control; or
- admission of a new shareholder.

Such provisions are generally enforceable if properly drafted.

The franchisor may also impose reasonable qualification requirements on a proposed transferee, particularly where the identity and suitability of the franchisee are material to the franchise system.

If assignments etc., are regulated by contractual provisions, the **exercise** of contractual consent rights remains subject to general principles of good faith and abuse of rights.

23. To what extent can a franchisor impose audit rights, reporting obligations, and operational controls on a franchisee, and what legal limits apply?

A substantial degree of contractual control is normally possible, as it is **inherent** in the franchise model.

The franchisor may typically require:

- financial and sales reporting;
- access to accounting records;
- stock and inventory reporting;
- quality audits;
- operational inspections;
- compliance with manuals;
- approved suppliers;
- brand standards;
- training;
- IT and POS integration; and
- cybersecurity and data-protection controls.

The principal legal limitations arise from the agreement itself, mandatory law, proportionality/good faith, data protection and competition law.

Operational control should be directed at preserving the integrity and uniformity of the franchise system and should not unnecessarily transform the franchisee into an employee or commercial agent of the franchisor.

24. Does a franchisee have a right to request a renewal on expiration of the initial term? In what circumstances can a franchisor refuse to renew a franchise agreement? If the franchise agreement is not renewed or it terminates or expires, is the franchisee entitled to compensation? If so, under what circumstances and how is the compensation payment calculated?

No statutory right of renewal exists.

Renewal depends primarily upon the express terms of the franchise agreement. A franchisor may therefore generally refuse renewal upon expiry where the agreement provides for a fixed term and no renewal right has arisen.

There is no general statutory entitlement to goodwill or termination compensation merely because a franchise agreement expires or is not renewed.

A different result may arise from:

- an express contractual provision;
- wrongful termination;
- abuse of dominant position or economic dependence;
- pre-contractual or contractual liability; or
- the exceptional application by analogy of PD 219/1991 (s. above under 1.) where the factual relationship genuinely corresponds to that category. In such cases, compensation is

calculated by reference to the "commissions" (i.e. the difference between the purchase price and the resale price) and may not exceed the equivalent of one year's commissions, calculated on the basis of the average annual commissions earned during the preceding five years or, where the agreement has been in force for less than five years, during the period for which it was in force.

- The mere fact that a franchisee has created a customer base does not automatically create a statutory entitlement to goodwill compensation.

25. Are there any mandatory termination rights which may override any contractual termination rights? Is there a minimum notice period that the parties must adhere to? Are there any requirements regarding notice periods and opportunities to remedy breaches before termination?

Without prejudice to the possible case-by-case application by analogy of Presidential Decree 219/1991, there is no general franchise-specific statutory notice period.

The parties are therefore ordinarily free to regulate termination contractually, including immediate termination for specified serious breaches and termination upon notice for other breaches.

Where the agreement provides for an opportunity to remedy a breach, that procedure should normally be followed before termination.

Mandatory rules may nevertheless apply depending on the legal characterisation of the agreement and the circumstances, including the general prohibition against abusive exercise of rights, especially articles 102 TFEU, 2 Law 3959/2011 and 18a Law 146/1914.

26. Are there any intangible assets in the franchisee's business which the franchisee can claim ownership of on expiry or termination, e.g. customer data, local goodwill, etc.

The franchisee does not ordinarily acquire ownership of the franchisor's trademarks, know-how, manuals or other intellectual property merely through operation of the franchise.

The position concerning customer information is more nuanced. A franchisee may have independently generated customer data, but the franchisor cannot simply acquire or use personal data without a valid GDPR basis and appropriate allocation of controller responsibilities.

Local goodwill is not ordinarily a separate proprietary asset which automatically transfers to the franchisee or becomes, ipso jure, compensable on termination.

The agreement should expressly address ownership and use of:

- customer databases;
- domain names;
- social-media accounts;
- telephone numbers;
- local marketing material;
- business records; and
- digital assets.

27. What post-termination obligations are typically enforceable (e.g. de-branding, return of confidential information, non-compete, non-solicitation) and how readily are such post-term restrictions enforced in practice?

Typical enforceable post-termination obligations include:

- immediate cessation of use of trademarks and trade dress;
- de-branding;
- return or destruction of confidential information;
- cessation of use of manuals and know-how;
- transfer or discontinuance of specified digital assets;
- removal of signage;
- payment of outstanding sums; and
- appropriately drafted post-term non-compete or non-solicitation restrictions.

Post-termination non-compete clauses must be carefully assessed under both general Greek contract law, article 10 PD 219/1991, which, in the case that is by analogy applicable, limits to 1 year the duration on post-term non-compete clauses, and EU competition law.

As a rule, Article 5(1)(b) of Regulation (EU) 2022/720 excludes post-termination non-compete obligations from the block exemption. By way of exception, Article 5(3) allows such an obligation to remain block-exempt where it is limited to the buyer's premises and land, is indispensable to protect know-how transferred by the

supplier (AN: usual in franchise agreements), concerns competing goods or services, and does not exceed one year after termination. A restriction which falls outside Article 5 is not automatically unlawful; it must instead be assessed under the general competition rules. If it satisfies those rules, it is lawful; otherwise it is null and void (the non-compete clause, not the whole agreement).

28. Is there a national franchising association? Is membership required? If not, is membership commercially advisable? What are the additional obligations of the national franchising association?

Yes.

The **Greek Franchise Association** is the principal national franchise association. It was established following an initiative begun in 1996 and has developed a Code of Ethics based on the European Franchise Federation Code.

Membership is not mandatory.

The Association's Code of Ethics is not legislation and does not automatically form part of a franchise agreement. Its own national annex expressly provides that the Code forms part of the membership relationship with the Association and does not form part of the franchisor-franchisee contractual relationship unless expressly incorporated.

The Association also promotes mediation and other forms of dispute resolution within the franchise sector.

29. Are foreign franchisors treated differently to domestic franchisors? Does national law/regulation impose any debt/equity restrictions? Are there any restrictions on the capital structure of a company incorporated in your country with a foreign parent (thin capitalisation rules)?

There is no general franchise-specific discrimination between foreign and Greek franchisors.

A foreign franchisor may operate through a Greek company, branch, master franchisee or directly from abroad, subject to the ordinary rules applicable to its chosen structure.

The principal issues requiring separate consideration are tax, permanent establishment, employment, immigration,

corporate law, foreign investment rules applicable to particular regulated sectors, and the treatment of cross-border payments.

Greek corporate law does not generally impose a nationality requirement on shareholders of an ordinary Greek company.

Greece has interest limitation rules under Article 49 of the Income Tax Code (Law 4172/2013), which implement the ATAD-based limitation on the deductibility of exceeding borrowing costs.

30. Must the franchise agreement be governed by local law?

No.

The parties are generally free to select the governing law, subject to the applicable conflict-of-laws rules, principally Regulation (EC) No 593/2008 (Rome I).

A choice of foreign law does not necessarily exclude the application of Greek mandatory provisions where those provisions qualify as overriding mandatory provisions or otherwise apply under the relevant conflict-of-laws rules. Post-termination compensation, by virtue of the analogous application of Presidential Decree 219/1991, is mandatory. The question whether this mandatory character is sufficient, in itself, to qualify the provision as a matter of public order is, however, a separate issue.

A foreign governing-law clause should therefore be considered together with the choice of forum and the location of the relevant assets and operations.

31. What dispute resolution procedures are available to franchisors and franchisees? Are there any advantages to out of court procedures such as arbitration versus litigation, in particular if the franchise agreement is subject to a foreign governing law?

The parties may generally choose:

- Greek court litigation;
- foreign court jurisdiction;
- institutional arbitration;
- ad hoc arbitration; and

Arbitration can be particularly useful for international franchise systems because it may provide a neutral forum and facilitate cross-border enforcement under the

New York Convention.

Mediation may also be commercially attractive in franchise disputes because the relationship is frequently continuing and termination of the relationship may not be the only commercially relevant outcome.

The enforceability of a foreign judgment or arbitral award must, however, be considered separately under the applicable EU or international enforcement regime.

32. Must the franchise agreement and disclosure documents be in the local language?

No general franchise-specific requirement exists requiring the franchise agreement or disclosure documents to be in Greek.

The parties may therefore generally contract in English or another language.

Greek-language requirements may nevertheless arise from particular mandatory legislation, particularly consumer-protection rules, sector-specific regulation or rules governing information supplied to consumers.

For a B2B franchise involving sophisticated commercial parties, an English-language agreement is generally possible.

33. Is it possible to sign the franchise agreement using an electronic signature (rather than a wet ink signature)?

Yes.

Greek law recognizes electronic signatures, within the framework of Regulation (EU) No 910/2014 (eIDAS) and Greek Law 4727/2020.

A qualified electronic signature has the legal effect of a handwritten signature under the applicable EU framework. Greek public-administration guidance expressly recognizes the legal effect of electronic

documents and electronic signatures under Law 4727/2020.

Accordingly, a franchise agreement may generally be executed electronically, subject to any exceptional formal requirements applicable to a particular transaction or ancillary document.

34. Do you foresee any significant commercial or legal developments that might impact on franchise relationships over the next year or so?

Several developments are likely to remain relevant.

First, the practical application of the EU vertical-restraints regime under Regulation 2022/720 remains particularly important for franchise systems, especially in relation to online sales, online marketplaces, information exchange in dual-distribution systems, territorial restrictions and non-compete obligations.

Secondly, the increasing importance of e-commerce means that traditional territorial franchise models will continue to require careful competition-law structuring.

Thirdly, data governance is becoming increasingly important. Franchise systems increasingly involve central CRM platforms, loyalty programmes, customer databases, digital marketing and integrated reservation or point-of-sale systems. The allocation of controller and processor responsibilities should therefore be addressed expressly rather than left to the contractual description of the parties' roles.

Fourthly, sustainability, supply-chain compliance and ESG requirements are likely to affect franchise systems indirectly, particularly where the franchisor is part of a larger international group subject to EU sustainability, reporting or supply-chain obligations.

Finally, although Greece continues to have **no franchise-specific legislation**, the combination of general contract law, competition law, consumer protection, intellectual property, data protection and tax rules produces a substantial regulatory framework. The absence of a franchise statute therefore should not be understood as absence of regulation.

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