



Everything Jersey

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Burning Questions

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What's happening in franchise law? Years ago, the federal government adopted the Uniform Franchise Offering Circular. Anyone who wants to buy a franchise has to get one, and it talks about the costs, what litigation the company is facing. It spells out, from soup to nuts, everything you need to know. Now, they are trying to bring that into the 21st century to address technology developments and other things no one thought about years ago. How many franchises are there in New Jersey? Thousands upon thousands. If you go down the highway, even if you don't realize it, you are passing franchises. New Jersey is saturated. Over the last few years, people have been gravitating toward looking more into franchises instead of just opening their own shop. How has that affected the legal world? You really can't be a business lawyer anymore without knowing franchise law, because if you have any client in the retail sector, there is a good chance they are going to come to you with a franchise question. Either they want to buy a franchise or they want to franchise their business. Is New Jersey a good place to open a franchise? Yes. We have the state Franchise Practices Act. That gives New Jersey citizens who are buying a franchise extra protection beyond just what the contract says between the company and the new franchise. What other protections does New Jersey offer? A lot of times when you sign an agreement with, say, McDonald's, which is an Illinois company, they say if there is a dispute, you have to fight it in Illinois courts. New Jersey doesn't enforce those. The courts here look at that clause and figure the franchisee probably can't afford to take a case halfway across the country. Do you worry about the ramifications of all this franchising? From a business perspective, I don't really worry about it. Franchising is just the wave of the future, and a lot of mom-and-pops are converting to franchise. But it may get to the point where the great little unique stores may go out of business.

-- Kate Coscarelli

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