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AMERICAN BAR ASSOCIATION
Forum on Franchising

The Franchise Lawyer

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Message from the Chair

By Ron Coleman, Parker, Hudson, Rainer & Dobbs LLP

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Parker, Hudson, Rainer & Dobbs LLP

What a Fall it was for the Forum! I am still energized from our recent Annual Meeting in San Diego, where more than 750 of our franchising colleagues gathered in person to experience the quality programs and networking opportunities that are the hallmark of our Forum. I was particularly pleased that we had more than 200 first- or second-time attendees at the meeting. The energy and enthusiasm of the group—from the Wednesday welcome party all the way through the Friday night event at the Wine & Culinary Center—was palpable and truly something to be savored after the challenges and isolation forced on us by the COVID-19 pandemic. It was a joy to be able to see colleagues other than on a computer screen, sometimes for the first time in three years, and to renew professional and personal relationships.

The Annual Meeting was a success on all fronts, and thanks go first to our meeting co-chairs Jason Adler and Ben Reed. Jason and Ben worked hard almost every day over the past year to plan and execute a great program, and we all were the beneficiaries of their great efforts. Thanks also go to the annual meeting planning committee, which consisted of Ben and Jason, last year's co-chairs Beata Krakus and Rob Lauer, 2023 co-chairs Nicole Micklich and Heather Perkins, as well as immediate past chair Will Woods and me. I also want to thank all the speakers who gave their time and effort to prepare papers and make presentations which continued the Forum's standard of excellence in our work product and programs. In particular, Dan Oates and Susan Tegt deserve our thanks for a great job on the Annual Developments book and keynote presentation. The feedback from our members on the quality of the programs was, as usual, uniformly positive. Last, but certainly not least, I extend the Forum's thanks to our ABA director Yolanda Muhammad as well as to Cheryl Whelan, Shelley Klein, and the great staff at DCI for their work before and during the meeting to make everything run smoothly.

For those of you who were not able to attend the meeting (or who slept in Thursday morning and missed the beginning of our Thursday plenary session), I want to recognize again the valuable contributions of our members who

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Starstruck and Star-Stricken: When Celebrities Buy and Sell Franchises

By Matthew J. Soroky,
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Marshall & Harlan

For entertainers like Jimmy Buffet, Samuel L. Jackson, Gene Simmons, Kanye West, Drake, and Rick Ross, and athletes like Hank Aaron, Magic Johnson, Peyton Manning, Michael Strahan, Emmitt Smith, Drew Brees, LeBron James, Russell Westbrook, Phil Mickelson, Venus Williams, and Dak Prescott, franchise ownership is an alluring investment. Franchises provide celebrities looking to diversify their portfolios and build lasting wealth with a potentially stable income stream and reliable hedge against market swings. Some franchised businesses call on the celebrity to do as little or as much in operating or associating with the business as desired. Along with song royalties, residuals, and pension benefits, a stake in a franchised business can support a celebrity long after their public career ends and fame has faded.

For franchisors, investment from a celebrity brings possibilities for attracting more customers and franchisees based on the celebrity's fame. While the promise of celebrity endorsement can boost the franchise brand and image, the franchisor must weigh the possible benefits against potential risks, like whether the celebrity investor will resist changes to the system, has a checkered financial history, is difficult to work with, or may bring bad publicity. As an example of the latter risk, O.J. Simpson was, at one time, a prominent spokesperson for Hertz Car Rental and Honey Baked Ham.

Negotiating franchise and development agreements with or for a celebrity can be more challenging than negotiating with or for a sophisticated or experienced multi-unit franchisee. An understanding of the points of tension in franchise relationships with celebrities helps in representing a franchisor dealing with a celebrity or representing a famous client seeking to buy or sell a franchise.

Representing the Rich and Famous

Counsel for a public figure may be surprised to learn that they will have little and possibly no direct communication with the client. More likely, they will report to and confer with business managers, agents, accountants, other attorneys, and other representatives of the public figure. These representatives may have their own associates or relatives involved, and sometimes their own agendas, such as pride in the celebrity connection or fear that the client will come to prefer another advisor (i.e., counsel). The franchise lawyer must navigate the many voices in the client's ears and give truthful and accurate legal advice to the client—whomever that may be—relating to starting or investing in a franchised business. It is important to avoid giving legal advice counsel believes the representative or celebrity simply wants to hear or being awed and overwhelmed by the client's talent or fame.

Disclosure Considerations

One factor to consider in representing a franchisor wanting to sell a franchise to a celebrity or a celebrity wanting to purchase a franchise is whether the disclosure is required or prudent if not required. A well-compensated professional athlete or famous entertainer may maintain a high net worth. The Federal Trade Commission ("FTC") Franchise Rule and certain registration states exempt franchisors from disclosure obligations to high-net-worth individuals.

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For example, under the FTC Rule's Large Franchisee Exemption, a franchisor is exempt from making disclosures to a prospective franchisee that is an entity with a net worth of at least $6,165,500 and has been in any business for at least five years. 16 C.F.R. § 436.8(a)(5)(ii). By way of further example, California's Franchise Investment Law exempts from disclosure obligations franchisee entities with assets over $5,000,000 and individual franchisees with a net worth over $1,000,0000 or a gross income exceeding $300,000 (or $500,000 with a spouse) in each of the two most recent years. The net worth and gross income of a celebrity's other investment partner(s) may need to meet these thresholds as well. Furthermore, the initial investment cannot exceed 10 percent of any investor's net worth or joint net worth with a spouse, exclusive of certain assets. *See* Cal. Corp. Code § 31109. The 10 percent requirement can be significant, as it is common for celebrities to commit to multiple units or invest with individuals who do not meet the net worth requirements.

These disclosure exemptions may not always apply. Even where they do, there can be sound reasons to undertake disclosure, including for the sake of transparency to start the franchise relationship on good footing.

Due Diligence

Whether or not a franchisor provides a Franchise Disclosure Document ("FDD"), the celebrity client or agent or business manager is unlikely to be spending their time reviewing it or conferring with other franchisees and multi-unit operators identified in Item 20, as prospects are often advised to do. The onus is on franchise counsel for the celebrity to do as much diligence as possible. That diligence should include securing and reviewing a disclosure document from the franchisor or publicly accessible sources. Existing franchise agreements, when attainable, can be compared to the franchisor's standard agreement in the FDD to discover whether the franchisor entered into special arrangements with one or more franchisees, such as a reduced royalty or a right of first refusal when new or additional franchises are available in a neighboring area. Similar to free agency in professional sports, the celebrity franchisee will want to know if another celebrity passed on the brand for other franchise opportunities or received a sweeter deal than the current celebrity.

The franchisor must do diligence as well. That diligence should include evaluating the qualifications and business acumen of the celebrity and his or her management team. When the celebrity franchisee's role is solely that of full or majority financier, the franchisor often settles for training and interfacing with members of the celebrity's management team. That team may consist of atypical franchise operators in the celebrity's inner circle, such as a childhood friend, relative, personal confidant, or another close advisor with less independent wealth or ownership interest in the franchised business. The franchisor must ensure the designated person is qualified to operate the business and sufficiently invested in the business's success before approving them as the celebrity's point person.

Reviewing and Negotiating Common Terms

A franchisee celebrity's level of involvement in a franchise relationship will vary. They may be interested in simply receiving a portion of topline revenues from one or more outlets. Or a superstar could join forces with a franchisor and its management, become the brand ambassador, and sit on the board of directors, like Shaquille O'Neal and his relationship with Papa Johns.

In either of these scenarios, the franchisor might make concessions for the celebrity franchisee to get the deal done. When a celebrity franchisee plans for hands-off participation, the ideology of a typical franchise relationship—imposing duties to develop units and devote full time and best efforts to their operations—is turned on its head. Examples of terms where concessions may be considered include the following:

- **Initial and Ongoing Fees**: Many franchise agreements require initial fees to cover costs of training, site selection and buildout, initial inventory, grand opening marketing, and other services. Ongoing fees in the form of, for example, royalties on revenues and advertising and marketing fees are also required. If the franchisor wishes to use a public figure's name and likeness to promote the brand, a waiver or reduction of initial fees, royalties, and/or marketing-related fees and expenditures, such as local advertising spends and marketing fund and cooperative contributions, may be an appropriate tradeoff. The celebrity can bring the value of licensed content and intellectual property (i.e., videos, film portrayals, and photos) to advertise and promote the franchisor's products or services. In some cases, the celebrity's involvement *is* the grand opening marketing for his or her outlet.

- **Use of Name, Image, and Likeness:** Occasionally, a franchisor may use still images and videos of franchisees, franchised locations, employees in uniform, and products sold or services performed as sources for advertising the brand to the public and for selling franchise opportunities. The franchise agreement sometimes lets the franchisor take and use photos and videos of these elements without franchisee authorization or compensation. A celebrity franchisee has an interest in limiting the franchisor's usual freedom here. Commercial appropriation of a public person's name, image, likeness, voice, or another aspect of identity can give rise to right of publicity and possibly false endorsement claims. Therefore, a celebrity franchisee may seek the right to give express written consent for the franchisor's use of his or her name, image, or likeness, and only with the celebrity's approval of the image or footage. Work-made-for-hire and copyright ownership terms in most franchise agreements deem the franchisor the sole owner of creations that improve or are used in the franchise system or grant a royalty-free license. These clauses may need to be modified to protect the celebrity's intellectual property and rights to use their image or likeness.
- **Social Media:** The franchisor and celebrity franchisee may have a mutual interest in coexisting on their respective social media accounts or other promotional channels. The franchisor's social media policy typically provides for ownership of accounts that bear the franchisor's trademark.

  These policies need not pose an issue for the celebrity franchisee's use of independent accounts dedicated to the celebrity and not predominately using the franchisor's trademark. The celebrity has an interest in having the franchisor acknowledge ownership rights to his or her independent accounts as separate assets so that the use of the trademark resulting from an announcement or news story about the celebrity's investment in the brand does not result in transfer or assignment of the celebrity's accounts to the franchisor.
- **Training:** Most franchise agreements require the franchisee's principal owner, manager, or other key personnel to travel to and complete the franchisor's initial training. A celebrity franchisee is less likely to participate directly, especially when he or she has a team of intended persons for day-to-day operations. Counsel for the celebrity may seek, and a franchisor may allow, concessions in the celebrity's training obligations. For example, the training may take place at a location other than the contractually contemplated location, or someone other than the celebrity, such as a business manager, may be permitted to attend some or all portions of the training on the celebrity's behalf.
- **Non-Competition:** Public figures may already have various business interests when they sign a franchise agreement. For example, in addition to his Papa Johns interests, Shaquille O'Neal also owns the Big Chicken fast-casual brand and has owned Krispy Kreme and Five Guys franchises. *See* https://www.businesswire.com/news/home/20190322005197/en. In this context, the definition of a "competitive business" may be important to both sides, and attention should be paid to what kind of additional business interests the franchisor and franchisee can and cannot have under the parties' agreement. For example, if the celebrity's team has experience operating KFC restaurants and wants to invest in a different restaurant system like Burger King or Panera that includes fried chicken sandwiches as one of many menu items, the parties may accomplish compromise with reasonable limits, like a 10 or 20 percent cap on the franchisee's gross revenues from the sale of potentially competitive items in the other business.
- **Personal Guaranty, Security Agreement, and Cross-Default:** Many structures of the personal guarantee are possible, even if the franchisee is not famous. For example, guarantees can have maximum liability limits palatable to the celebrity's investment and net worth. A franchisor may be unwilling to dispense with or narrow the personal guaranty until after, for example, the celebrity has opened a third or fourth unit. Limits on the amount or duration of the guaranty are often on the table and may be capped for all owners of the franchised business. Separately, expect cross-default, cross-collateralization, and related provisions that invoke rights

to security interests in the celebrity's personal assets to be areas of hard negotiation. The franchisor may wish to preserve the right to default or terminate if the franchisee breaches a morals clause in an endorsement or other personal services agreement.

- **List of Former Franchisees and Confidentiality:** A franchisor must disclose the name, city, state, and current business telephone number, or, if unknown, the last known home telephone number, of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise ceased to do business under the franchise agreement during the most recently completed fiscal year. *See* 16 C.F.R. § 436.5(t)(5). Rarely will a celebrity want to have a home or cell phone number disclosed after leaving the system. Fortunately, a footnote to this rule permits franchisors to substitute alternative contact information at the former franchisee's request. *Id.* at n.10. The celebrity can select an appropriate option, like a post office box or other managed email account.

Selling Franchises—FDD Item 18

The use of celebrities to promote franchise brands is nothing new. Arthur Murray was already a well-known dancer when his franchised dance studios began to expand throughout the United States. Other stars who lent their names to franchises include Mickey Mantle, Joe Namath, Dizzy Dean, Johnny Carson, Minnie Pearl, and Roy Rogers. *See Franchising Business Opportunity Ventures; Disclosure Requirements and Prohibitions*, 43 Fed. Reg. 59,677 n.402 (Dec. 21, 1978). When it was promulgated, the Statement of Basis and Purpose for the FTC Franchise Rule evinced a concern of "flagrant abuses [in] the use of celebrities in sports and entertainment fields to head up franchises, inducing sales of franchises solely on the basis of the big name and little else." *See Id.* at 59,677. Modern examples such as Kenny Rogers Roasters, Jimmy Buffet's Margaritaville, Wahlburgers, and Mayweather Boxing + Fitness illustrate how celebrities continue to use "big name" allure to launch their own franchise brands.

To address some of its concerns, the FTC Rule dedicated a specific disclosure requirement in Item 18 for public figures helping to sell franchise opportunities. Although Item 18 is seldom invoked today, it remains part of the Rule because famous names carry significant marketing power in offering and selling franchises. Item 18 provides prospective franchisees transparent details on how and the extent to which a public figure used to promote a brand is actually involved in the brand.

Under Item 18, a franchisor must disclose "[a]ny compensation or other benefit given or promised to a public figure arising from either the use of the public figure in the franchise name or symbol, or the public figure's endorsement or recommendation of the franchise to prospective franchisees." A franchisor must also disclose the public figure's involvement in the management or control of the franchisor, including positions and duties in the franchisor's business structure, and the amount and type of investment the public figure has in the franchisor, including cash, stock, promissory notes, and any in-kind services performed by the public figure. A public figure is defined as "a person whose name or physical appearance is generally known to the public in the geographic area where the franchise will be located." 16 C.F.R. § 436.5(r)(1)-(4).

For an example of each disclosure requirement, Item 18 of Papa Johns' 2022 FDD discloses the compensation that Shaquille O'Neal receives for personal services as brand ambassador, his co-ownership stake in nine company-owned restaurants as a joint venture with the franchisor, the amount of his capital contribution, and his appointment to the Papa Johns board of directors. Since O'Neal holds a management position as a director, Item 2 of Papa Johns FDD also discloses details about his experience and work history.

Item 18 limits its reach to a public figure's identification with a system to help sell franchises. Using a public figure as a spokesperson to promote the brand's products or services does not bring a franchisor within the ambit of Item 18. *See* FTC Franchise Compliance Guidelines (May 2008), p. 84. Franchisors need not disclose compensation for ordinary endorsement agreements, appearances in commercials, or other use of a person's likeness to promote the services or products of the brand. Nor must Item 18 disclose a celebrity's investment if that celebrity will not assist in franchise sales.

Conclusion

Unique issues arise when a famous person takes a serious interest in a franchisor's brand and products. They call on franchise practitioners on each side to understand areas of the franchise relationship that may warrant modification, as well as unique disclosure obligations and considerations. Adept handling of the transaction and representation will make you a star to your clients. ■

Beyond the File Dump: Considering Purposeful Development of New Franchise Counsel

By Kerry Renker Green, The Wendy's Company

It is a familiar scene in practically any movie or TV show with a young lawyer protagonist: The young lawyer sits at a desk, surrounded by three-foot stacks of files containing legal records, research, case law. . . . You can barely see the top of their head as they surmise the table (or room) full of boxes and paper. Then they take a deep breath, crack open the first file in front of them, and dig in for an all-nighter. Magically, the next morning with the sunrise they uncover the information/case law/rule/clause they were looking for and figure out a way to represent their client. They have grown into a better and stronger lawyer and found enlightenment through their own hard work and efforts overnight. As seasoned legal practitioners, we all know that this is not exactly real life, but there are slivers of truth in how lawyers develop their skills that make scenes such as this more than a little entertaining and satisfying.

In real life, lawyers do sometimes learn new areas of the law by getting "thrown into" the representation of a client with unique issues. Lawyers opining on a new area of law need to take self-education seriously. Indeed, there are ethical obligations to ensure that when that time comes, the lawyer has a responsibility to teach themselves and to become competent. Model Rules of Prof'l Conduct R. 1.1 CMT. 1 (2022) ("A lawyer can provide adequate representation in a wholly novel field through necessary study"); *see also id.* at CMT. 4 ("A lawyer may accept representation where the requisite level of competence can be achieved by reasonable preparation.") Some lawyers may even stumble across a specialty by being in the right room at the right time and by having an opportunity to learn a new field of law by taking on a project as a mentee, under the wing of a seasoned practitioner. In the world of franchise law, both scenarios are not implausible, and both require the new lawyer to have some personal motivation for self-education to drive themselves to a successful outcome.

It is unlikely that very many current franchise law practitioners came straight out of law school knowing that they wanted to practice franchise law, and, even then, if they knew they wanted to practice in this area, it is further unlikely that they had all the skills necessary to immediately pursue representation of a franchise client. As a bar with many needful and worthy clients, it is important that we cultivate and provide opportunities for growth for new franchise lawyers in our profession. But what is the best approach to the development of new franchise counsel? Do we hand over a file or a project, provide some hefty background materials, and let our new counsel sink or swim with a little guidance along the way, continuing to promote self-development and motivation—just as the movies have taught us can be effective? Or can we do better and improve upon the slivers of truth contained in our favorite movies?

In reality, some forethought and planning can pay dividends not only in better promoting skill development but also in driving engagement and belonging to our field of practice. Let us explore some considerations in approaching the development of new franchise counsel, including

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alternatives to the "file dump" method, that have the goal of instilling a deeper understanding and mastery of advising in the field of franchise law.

First Consideration: What Is the New Lawyer's Learning Style?

Everyone can (and wants to) learn. In fact, there is a common yearning within nearly everyone to learn and grow throughout their entire lives. But not everyone learns in the same manner. Before you even begin embarking on supporting the franchise legal development of a new lawyer, have a conversation with them to understand how they like to learn.

Learning modalities "are the sensory channels or pathways through which individuals give, receive and store information." Anders, *Modalities*, at https://web.cortland.edu/andersmd/learning/modalities.htm (last visited Nov. 17, 2022) (hereinafter *Modalities*). Those in the education profession have considered preferences in learning modalities for some time, finding that some individuals learn best when presented with an educational opportunity in their preferred or strongest manner. *See* Walter B. Barbe and Michael N. Milone, *What We Know About Modality Strengths*, Educational Leadership, Feb. 1981, at 378–390. For example, modalities include (1) visual (those who learn by seeing); (2) auditory (must hear what they learn to really understand it); (3) tactile/kinesthetic (learn better through movement); and (4) mixed modalities (those who prefer a combination of all three). *Modalities.* Along those lines, the education profession has considered more broadly the concept of "learning styles"—and there are a number of questionnaires and indexes that explore what learning preferences a student might have. *See* Felder & Soloman, *Index of Learning Styles Questionnaire*, at https://www.webtools.ncsu.edu/learningstyles (last visited Nov. 17, 2022). The gist of the research on learning modalities and styles is that rarely do learners learn solely from being "talked to" or by being solely told to "read this." If prior to teaching there can be a little "metacognition" (or "thinking about thinking"/"learning to learn"), a teacher and learner can implement an education plan that can provide better educational outcomes. *Education Endowment Foundation: Metacognition and Self-Regulation* (July 2021), https://educationendowmentfoundation.org.uk/education-evidence/teaching-learning-toolkit/metacognition-and-self-regulation. *See also Modalities* ("only 30% of the students will remember most of what is said in a classroom or lecture and another 30% will remember primarily what is seen.").

Therefore, before anyone embarks on a plan to teach anything to anyone, it is often worth taking a step back and thinking about the best way to share knowledge and how to empower the learner to learn and engage with their learning. Is your new lawyer one who loves to dig into the materials and read away or do they prefer attending presentations, classes, and meetings and taking notes? Ask them. Ask the new franchise lawyer these questions and consider the ways in which the new lawyer can learn. If they have no idea, perhaps utilize some available learning style surveys. Once you have an idea of what works best for your franchise legal student, tailor the learning options accordingly. For example, lay out options of not only digging through franchise disclosure documents ("FDDs") and reading North American Securities Administrators Association ("NASAA") model rules and policy but also shadowing client calls and attending webinars. Consider heavily skewing toward one modality (or purposefully mixing them) when the learner indicates that works best. Let them chime in and own the trajectory of their learning path.

Second Consideration: Do You Have a Plan?

In the development of franchised locations around the world, "Ready, fire, aim" is never a good strategy. This is also true in professional development. Having a plan on how to embark on franchise legal learning can mitigate confusion, reduce stress, and provide opportunities to better engage the new franchise lawyer.

There are a number of development plan sample templates available online—and each development plan contains several of the same components to be effective. *See, e.g.*, Asana, Inc., *What is a Professional Development Plan—6 Steps to Create One* (June 2022), https://asana.com/resources/professional-development-plan. First, assess the student's strengths. All of us come equipped with certain skills that we naturally excel at or have already honed. The student and teacher should use these skills to their advantage in this process. Consider starting with a few personality/strength assessment tools, such as the Meyer Briggs, Strengthfinders, and/or the DISC personality survey. *See, e.g.*, Truity, *The Typefinder Personality Test*, https://www.truity.com/test/type-finder-personality-test-new (last visited Nov. 17, 2022) (a Meyers Briggs-like personality test); 123test, *DISC Personality Test* (Apr. 2022), https://www.123test.com/disc-personality-test; and Rath, Stengthfinder 2.0 (Gallup Press ed., 2017) (2007). If the student is strong at intellection, enjoys mental activity, and thrives when there is time to be introspective, that could be a useful thing to know when embarking on new development because you could build in time for journaling or reflection. If the student is a communicator and is fully engaged when there is time to discuss and communicate, you might want to incorporate presentations to team members or clients about what they have learned to cap off their development experience in a successful way.

After assessing strengths, develop an overarching goal that defines success and the outcome of the development and then further break that down into shorter, more digestible mini-goals. Behavioral studies show that a person is exponentially more likely to achieve their goals if they write them down. *See* Press Release 266, Dominican University of California, Gardner, Sarah and Albee, Dave, Study focuses on strategies for achieving goals, resolutions (Feb. 2015) (available at https://scholar.dominican.edu/news-releases/266) (releasing news of a behavioral study that shows an improvement from 43 percent to 76 percent success after study participants wrote down and tracked progress on their goals). Does your new lawyer want independence in practicing in this area or do they want to be an effective contributor to the team first? Do they want to become an expert in franchise transactions domestically or internationally? Do they want to effectively advise litigation clients when an issue comes up or do they want to manage their own fully stacked franchise caseload someday? The new lawyer should craft and own these goals independently.

Next in the plan, there should be a list of strategies and resources to bring those strategies to action. Consider developing a list of helpful links to NASAA online resources, the Federal Trade Commission's Franchise Rule Compliance Guide, and FDDs—and the state online databases to find them. Explain what professional networks are available, like the ABA Forum on Franchising and the New Lawyers Division (and get them signed up as a member and for listserv access). Make available books like the *Fundamentals of Franchising* and offer to support attendance at CLEs like the companion intensive programs for new practitioners at the ABA Forum on Franchising each year. If you lay out these resources and set the plan for the new lawyer, they will feel supported and welcomed and be given the tools they need to achieve their goals.

Next, give the lawyer ownership of their goals and ask the lawyer to set their goals as SMART goals—that is, they should be Specific, Measurable, Achievable, Realistic, and Timebound. Set a timeline for the achievement of each mini-goal. When does the student want to gain familiarity with the items of the FDD? When will they develop and write a disclosure renewal update with independence and to what level of accuracy? Encourage the student to take the time to think about and break down the goals into more digestible tasks, and then there will be a roadmap and an opportunity for reward when they achieve success. Coach them and help them to think about what they may have missed.

Third Consideration: Has the Purposeful Development Worked?

At some point, after practice, work and effort, trial and error, and maybe a little sweat and tears, the burgeoning lawyer may find themselves proficient and, perhaps even, an expert. Knowing when that time has arrived is important. The new lawyer should be tracking their progress along the way, noting when they have completed projects successfully or when they have undertaken and finished a CLE or shadowing opportunity. Pulling out the plan and reviewing these achievements on a regular basis will enable the student to consider what they learned and how far they have come. The process of reviewing the plan also provides an opportunity to perhaps cross off goals and write new ones. It also provides an opportunity to reflect on their development journey, give feedback, and recognize efforts. Everyone needs a little positive reinforcement every so often, and a development plan review with a mentor or a peer can provide a great opportunity for celebrating achievements.

The Franchise Legal Profession Deserves Intentional Development

Practicing franchise law is not an overnight skill that practitioners can pick up by pulling an all-nighter over a table full of files. It also requires more than shadowing or mentorship. There are nuances and subtleties that require patience and support to learn. Giving our new franchise lawyers a little bit of purposeful development and assisting them in a structured manner in their professional development creates more engaged and competent professionals and strengthens our bar overall. ■

The Trademark Modernization Act of 2020 Part 2: Implementing Regulations and Early Reaction by Courts

By Christopher P. Bussert, Kilpatrick Townsend & Stockton LLP

Christopher P. Bussert
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On December 27, 2020, the Trademark Modernization Act of 2020 ("TMA 2020") became law after Congress passed it and the president signed it as part of the Consolidated Appropriations Act of 2021. Among other things, TMA 2020 established new ex parte expungement and ex parte reexamination proceedings to challenge registrations of marks. Petitioners may now challenge registrations where the registrants either (1) have never used the marks in commerce or (2) have never used them in commerce as of the date that the registrants filed a sworn averment in the application process that the mark was used on that date (or as of the last date such an averment could have been filed). It also restored/confirmed the presumption of irreparable harm in trademark infringement litigation. The author discussed TMA 2020's enactment in an earlier article. *See* Christopher P. Bussert, "The Trademark Modernization Act of 2020: What Will Its Impact Be on Franchising," 24 *The Franchise Lawyer* 13 (2021). As noted in that article, the new ex parte challenges help address a new perceived threat primarily posed by foreign-based businesses that obtain or maintain registrations based on false or inaccurate use claims and/or submission of fake or digitally-altered specimens not actually showing the use of the mark in U.S. Commerce.

Since the publication of that article, the U.S. Patent and Trademark Office ("USPTO") has issued implementing regulations to TMA 2020 that, among other things, provide further guidance on the ex parte expungement and ex parte reexamination proceedings. 86 Fed. Reg. 64300 (Nov. 17, 2021). Courts have also weighed in on the restoration/confirmation of the presumption of irreparable harm. This article summarizes the key aspects of the implementing regulations and reviews recent court decisions discussing the presumption of irreparable harm.

Implementation of the New Ex Parte Challenges to Registration

TMA 2020 outlined two new mechanisms for challenging registrations where substantial questions exist about whether a registrant has ever used a registered mark in commerce. These mechanisms became available in December 2021. The first is a procedure for ex parte reexamination permitting challenges to use-based registrations issued under Section 1(a) of the Lanham Act. These challenges are appropriate where the registered mark was not used in commerce at the time the application was filed (if the use was averred there) or, alternatively, as part of the amendment to allege use or statement of use submitted during the prosecution of an application originally filed under Section 1(b). The second is a procedure for ex parte expungement, which permits petitioners to challenge registrations covering marks that have never been used in commerce. The primary purpose of the expungement option is to target registrations obtained by foreign-based businesses under either Section 44(e) or Section 66(a) of the Lanham Act.

At the time that Congress enacted it, TMA 2020 advised trademark owners of the following as to the new ex parte challenges to registration:

- There was no standing requirement for instituting either proceeding.
- They could initiate a proceeding by filing a petition with the director identifying the registration(s) at issue and the challenged goods and/or services.
- The petition must include a verified statement of the petitioner's "reasonable investigation" of the merits of the challenge, any supporting evidence, and any fee prescribed by the director.
- The director will then review the petition's submission and determine if it establishes a "prima facie case of nonuse." Alternatively, the director may determine sua sponte that a prima facie case of nonuse exists.

The USPTO's implementing regulations issued on November 17, 2021, provide welcome detail on the mechanics of these challenges, including answers to the following inquiries:

What Is the Fee for Instituting Either Proceeding?

The filing fee is $400 per class of goods or services targeted by the petition. 37 C.F.R. § 2.6(a)(26).

How Does a Petitioner Establish a "Prima Facie Case of Nonuse?"

Among other things, the evidence supporting a prima facie case of nonuse may include, but is not limited to:

- Verified statements;
- Excerpts from USPTO electronic records in applications or registrations;
- Screenshots from relevant websites including the uniform resource locator (URL) and access or print date;
- Excerpts from press releases, news articles, journals, magazines, or other publications, identifying the publication name and date of publication; and
- Evidence suggesting that an improperly signed verification accompanied a relevant allegation of use.

37 C.F.R. § 2.91(c)(a)(i)-(v). Any evidence the petitioner submits must be clear and legible and accompanied by an itemized index. *Id.* at § 2.91(c)(a).

How Does a Petitioner Establish That It Undertook a "Reasonable Investigation" of the Merits of the Challenge Instituted in the Petition?

One of the implementing regulations recites that the investigation should be "calculated to return information about the underlying inquiry from reasonably accessible sources where the evidence concerning the use of the mark during the relevant time period on or in connection with the relevant goods and/or services would normally be found." 37 C.F.R. § 2.91(d)(1). The new regulations further detail the sources that a petitioner may reasonably rely upon, which include:

- State and federal trademark records;
- Internet websites and other media likely to or believed to be owned or controlled by the registrant;
- Internet websites, or other online media, and publications where the relevant goods

and/or services likely would be advertised or offered for sale;
- Print sources and webpages likely to contain reviews or discussion of the relevant goods and/or services;
- Records of filings made with or of actions taken by any agency or federal business registration or regulatory agency;
- The registrant's marketplace activities, including, for example, any attempts to contact the registrant or purchase the relevant goods and/or services;
- Records of litigation or administrative proceedings reasonably likely to contain evidence bearing on the registrant's use or nonuse of the registered mark; and
- Any other reasonably accessible source of information establishing the registered mark's nonuse.

37 C.F.R. § 2.91(d)(2). Petitioners are not required to check all appropriate sources in order for the director to determine that their investigation is reasonable; nevertheless, "[a]s a general rule, a single search using an internet search engine likely would not be considered a reasonable investigation." 86 Fed. Reg. 64302.

What Actions May the Director of the USPTO Take Once a Petitioner Has Submitted a Petition Averring a Prima Facie Case of Nonuse?

The director may take one of three actions. First, if the director determines that the submission is incomplete, the office will issue a letter identifying the deficiencies and give the petitioner 30 days in which to address them. USPTO Examination Guide 1-21, *Expungement and Reexamination Proceedings Under the Trademark Modernization Act of* 2020, at 5, available at https://www.uspto.gov/sites/default/files/documents/TM-ExamGuide-1-21.pdf. Second, the director may determine that the petitioner has failed to establish a prima facie case of nonuse, in which case the USPTO will dismiss the petition. 86 Fed. Reg. at 64309. Finally, if the director determines that the petitioner has established a prima facie case of nonuse, the USPTO will initiate an ex parte reexamination or ex parte expungement proceeding, as appropriate, and will forward a copy of the petition to the registrant. 37 C.F.R. § 2.91(c).

How May a Registrant Respond to the Institution of an Ex Parte Cancellation Proceeding?

To the extent that the petition identifies some but not all of the goods and services encompassed in the subject registration, the registrant may respond by voluntarily deleting the problematic goods or services identified in the petition. *Id.* at § 2.93(d). The registrant may also respond by submitting documentary evidence to the contrary within three months of service of the petition, although a one-month extension is available for a $125 fee. *Id.* at § 2.93(b)(1). In the event the registrant procured its registration under Sections 44(e) or 66(a), the registrant also has the option of demonstrating excusable nonuse of the subject mark. *Id.* at § 2.93(b)(5)(ii).

TMA 2020 itself and the notice of final rulemaking provide the following additional guidance for registrants in responding to the petition:

- Because the USPTO has already considered the registration file in instituting the proceeding, a registrant who responds by merely resubmitting the same specimen of use previously submitted in support of registration or maintenance thereof, or a verified statement along with additional supporting evidence, ordinarily will be unsuccessful in rebutting a prima facie case of nonuse (86 Fed. Reg. at 64304);
- Although a registrant's documentary evidence of use must be consistent with when "a mark shall be deemed to be used in commerce" as defined in Section 45, it shall not be limited in form to that of specimens (15 U.S.C. §§ 1055a(e), 1066a(f)); and
- If specimens for particular goods and/or services are no longer available, even if they were when the registrant filed an allegation of use, the registrant may provide additional evidence and explanations supported by declaration testimony demonstrating how the mark was used in commerce at the relevant time. 86 Fed. Reg. at 64304.

What Actions May the Director Take in Ruling on the Merits of the Ex Parte Challenge?

If the director determines that the registrant's responsive showing is inadequate, the director will strike the challenged goods or services from the registration, subject to the registrant's right to appeal to the Trademark Trial and Appeal Board. *Id.* at § 2.93(c). On the other hand, if the director finds that the registrant has rebutted the prime facie case of nonuse, the director will terminate the proceeding. That determination has a preclusive effect, barring all future ex parte challenges to the registration at least with respect to the goods or services targeted by the challenge. *Id*.

The Presumption of Irreparable Harm in Trademark Litigation Post-TMA 2020

The Lanham Act provides franchisors with a robust weapon to secure preliminary and ultimately permanent injunctive relief to address trademark infringement. To obtain injunctive relief, trademark owners typically must demonstrate: (1) a likelihood of success; (2) irreparable injury; (3) the threatened injury to the movant outweighs the harm the relief sought would inflict on the opposing party; and (4) the injunction would not be adverse to the public interest. Prior to 2006, courts routinely held that a movant was entitled to injunctive relief merely by demonstrating likely success on the merits of a trademark infringement claim. The reason for this was judicial recognition of a "presumption of irreparable harm" to the movant because of the infringement. However, this changed in 2006 because of the United States Supreme Court's decisions in *eBay v. Merc Exchange, LLC*, 547 U.S. 388 (2006), and *Winter v. Natural Resource Defense Council, Inc.*, 555 U.S. 7 (2008), which eliminated similar presumptions in litigation brought under patent and environmental law. After *eBay* and *Winter*, courts disagreed over whether those holdings should be limited to their respective subject matters or receive a broader application to other areas of the law such as trademark infringement. As a result, after *eBay* and *Winter*, courts issued decidedly mixed decisions on the issue of whether a presumption of irreparable harm continues to apply in trademark infringement matters.

TMA 2020 has now resolved those inconsistencies. It does so by codifying in Section 34(a) of the Lanham Act the rule that a trademark owner seeking an injunction in an infringement case is entitled to a rebuttable presumption of irreparable harm upon establishing infringement at the proof stage or showing likely liability in the context of motions for temporary restraining orders or for preliminary injunctions. This abrogates court decisions that have applied *eBay* and *Winter* to trademark cases and eliminated the presumption of irreparable harm. What will this mean for trademark owners going forward? In his earlier article, the author offered the following:

> Reinstitution or confirmation (depending on the jurisdiction) of the presumption of irreparable harm theoretically makes it easier to obtain injunctive relief in trademark infringement litigation. However, franchise trademark owners are well advised not to ignore the importance of submitting any available evidence of actual irreparable harm in trademark infringement matters rather than relying solely on the presumption. Doing so is particularly important in matters where the opposing party seeks to rebut the presumption in its responsive pleadings. The submission of palpable evidence of harm may also be particularly advantageous in jurisdictions that abandoned the application of the presumption immediately following *eBay* and *Winter* and which may, at least initially, respond in a tepid manner to its reapplication.

See Christopher P. Bussert, 24 *The Franchise Lawyer* at 14.

The author's prediction as to the court's reaction to the restoration/confirmation of the presumption of irreparable harm has proven to be fairly on point as has his emphasis on the importance of submitting available evidence of actual irreparable harm. Although several courts initially failed to recognize the changes imposed by TMA 2020 as to the presumption of irreparable harm, *see, e.g.*, *Glenn H. Curtiss Museum of Local History v. Confederate Motors, Inc.*, No. 20-CV-6237 (CJS), 2021 WL 514229, at *8 (W.D.N.Y. Feb. 11, 2021), most have acknowledged the restoration/confirmation of the presumption.

However, courts now appear to disagree on the strength of the presumption and in particular how easy it may be to rebut. On one end of the spectrum, at least one court has described the presumption as "heavy." *See Theorem, Inc. v. Citrusbyte, LLC*, No. CV 21-4660-GW-AGRx, 2021 WL 570238, at *8 (C.D. Cal. Nov. 16, 2021). Nevertheless, many others have found it far less so and have recognized a variety of evidence potentially rebutting the presumption. That evidence includes showing that the plaintiff delayed in filing the underlying action or pursuing injunctive relief, showing purely pecuniary injuries, demonstrating that the non-movant has or will soon cease the allegedly infringing activity, and showing there was insufficient evidence of likely confusion or the existence of other evidence, including statements of the movant's witnesses suggesting that the harm alleged is not irreparable. *See, e.g.,Vital Pharmaceuticals v. PHD Mktg., Inc.*, No. CV 20 6745-RSWL-JCx, 2021 WL 6881866, at *5 (C.D. Cal. Mar. 12, 2021); *Two Hands IP, LLC v. Two*

Hands Am., Inc., No. 21-cv-3855 (JEK), 2022 WL 44337975, at *3-4 (S.D.N.Y. Sept. 28, 2021); *Stark DSL, LLC v. Warnco Corp.*, No. 21-2841, 2022 WL 613165, at *4-5 (E.D. Pa. Mar. 2, 2022).

Several recent decisions have also demonstrated the risks presented to trademark owners in relying solely on the presumption of irreparable harm to establish that factor in the preliminary injunction analysis. Not only does the trademark owner risk having the presumption rebutted by the non-movant, but some courts have also found the presumption inadequate to claim the upper hand in the balancing of hardships factor. *See, e.g.*, *Spark Therapeutics Inc. v. Bluebird Bio., Inc.*, No. 21-00705-CLV, 2022 WL 605274, at *22 (D. Del. Jan. 25, 2022). On the other hand, those trademark owners who have paired reliance on the presumption of irreparable harm with affirmative evidence have materially improved their prospects of prevailing on both the irreparable harm and balancing of harm factors and in ultimately securing injunctive relief. *See, e.g.*, *Suzie's Brewery Co. v. Anheuser-Busch Co.*, 519 F. Supp. 3d 835, 839 (D. Or. 2021); *AKF Futures LLC v. Boyd Street Bistro, LLC*, No. 8:21-cv-01027-JVS-APSx, 2021 WL 4860513, at *4 (C.D. Cal. Sept. 15, 2021).

Finally, TMA 2020 leaves open a potentially significant issue, namely, whether the restored/confirmed presumption shifts the burden of proof to the defendant against which it is asserted or, alternatively, whether it merely shifts the burden of production. Based on Congress' failure to address the issue, Federal Rule of Evidence 301 may provide the default rule that the shift is merely one of the burdens of production. In that regard, at least one court post-TMA 2020 has explicitly held that the presumption of irreparable harm acts as a procedural device placing the ultimate burden of production on the question of irreparable harm onto the alleged infringer. *Vital Pharmaceuticals*, at *5 (citing *Polymer Techs, Inc. v. Bridwell*, 103 F.3d 950, 974 (Fed. Cir. 1996)).

Conclusion

The enactment of TMA 2020 marks significant changes in trademark prosecution and litigation practices alike. With the guidance provided by the implementing regulations, the new ex parte challenges provide important weapons to address the threat posed primarily by foreign-based businesses that obtain or maintain regulations based on false or inaccurate use claims and/or submission of fake or digitally altered specimens not actually showing use in U.S. commerce. TMA 2020 also provided needed clarity concerning the status of the presumption of irreparable harm in litigation under the Lanham Act, although recent decisions suggest that the presumption may not be as strong as recognized by courts pre-*eBay* and *Winter*. ■

Incorporation of Arbitration Rules in an Arbitration Provision—Intent to Delegate Questions of Arbitrability?

By Frank J. Sciremammano, Lathrop GPM LLP

Franchise agreements commonly contain arbitration provisions, and franchisors and franchisees otherwise regularly agree to privately arbitrate disputes. But what happens when parties disagree as to the binding nature of an arbitration clause, whether an arbitration clause applies to a particular controversy or whether procedural or substantive unconscionability should void an arbitration clause? The Supreme Court has held that courts, not arbitrators, should decide these "questions of arbitrability" in the absence of "clear and unmistakable evidence" that the parties intended to delegate those questions to an arbitrator. *First Options of Chicago, Inc. v. Kaplan*, 514 U.S. 938 (1995).

Some arbitration agreements clearly address who decides questions of arbitrability and include language stating an arbitrator, and not any federal, state, or local court or agency shall have the exclusive authority to resolve questions of arbitrability. However, many agreements do not include that specific language and only provide that the parties agree to submit disputes to arbitration conducted in accordance with the rules of the American Arbitration Association ("AAA") or a

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similar private arbitration tribunal. Who decides questions of arbitrability then? Every federal circuit court has found that the incorporation of the AAA rules (or similarly worded arbitral rules) provides clear and unmistakable evidence that the parties intended to delegate questions of arbitrability to an arbitrator. Courts typically reason that the AAA's rules provide that the arbitrator has the power to resolve questions of arbitrability, and since the arbitration provision incorporates the rules, the parties clearly and unmistakably agreed the arbitrator has such power. However, the existence of an unsophisticated party has led several district courts across the country to stray from that general rule, including in the franchising arena.

In *Meadows v. Dickey's Barbecue Restaurants Inc.*, 144 F. Supp. 3d 1069 (N.D. Cal. 2015), the court held that the incorporation of the AAA rules in an arbitration provision in a franchise agreement did not clearly and unmistakably evidence an agreement to arbitrate arbitrability. The court said the "clear and unmistakable test" should be "viewed from the perspective of the particular parties to the specific contract at issue," and "[w]hat might be clear to sophisticated counterparties is not necessarily clear to less sophisticated employees or consumers." *Id.* (quoting *Mohamed v. Uber Technologies, Inc.*, No. C-14-5200 EMC, 2015 WL 3749716, at *10 (N.D. Cal. June 9, 2015).) The court further reasoned that "[t]o a large corporation . . . or a sophisticated attorney . . . it is reasonable to conclude that" the incorporation of the AAA rules provides clear and unmistakable evidence of delegation, "[b]ut applied to an inexperienced individual, untrained in the law, such a conclusion is likely to be much less reasonable." The court viewed the franchisee as "far less sophisticated than Dickey's, a well-established franchisor corporation." *Id.* at 1079. The court characterized the franchise agreement, which contained the arbitration provision, as a "complicated, 60-page agreement;" found that the agreement was drafted by the franchisor; and found that it contained "a myriad of legal terms." *Id.* The court further noted that the franchisee did not have prior experience running a business or owning a franchise and found no evidence the franchisee had legal training or experience dealing with "complicated contracts." *Id.* The court analogized the franchise agreement to a consumer contract and stated the agreement shared some characteristics of a contract of adhesion. *Id.* For those reasons, the court found that the franchisee was not sophisticated and that the rule that the incorporation of the AAA rules provides clear and unmistakable evidence of delegation of questions of arbitrability to the arbitrator did not apply to the case.

Another court held similarly in *Escobar v. National Maintenance Contractors, LLC*, No. 3:20-CV-01695-SB, 2021 WL 3572652 (D. Or. Aug. 12, 2021). There, the *Meadows* ruling persuaded the court, noting that the franchisees at issue were "untrained in the law" and "signed a complicated, thirty-page franchise agreement" drafted by the franchisor. *Id.* at *8. The court further reasoned that the arbitration provision's reference to the AAA rules lacked the "clear and unmistakable evidence of who decides arbitrability from the standpoint of relatively unsophisticated laypersons." *Id.* The court concluded that considering the relative positions of the parties, it could not reasonably expect the franchisees to have understood the arbitration agreement to have delegated threshold questions of arbitrability to an arbitrator. *See also Aguilera v. Matco Tools Corp.*, No. 319CV01576AJBAHG, 2020 WL 1188142, at *6 (S.D. Cal. Mar. 12, 2020) (finding an "unsophisticated" franchisee and the absence of evidence on which the court could reasonably conclude that the franchisee "recognize[d] that the incorporation of the AAA Rules meant delegating the question of arbitrability to an arbitrator.").

A third federal court reached a similar conclusion in *Chong v. 7-Eleven, Inc.*, No. CV 18-1542, 2019 WL 1003135 (E.D. Pa. Feb. 28, 2019), where the court reasoned that "incorporating forty pages of arbitration rules into an arbitration clause is tantamount to inserting boilerplate inside of boilerplate, and to conclude that a single provision contained in those rules amounts to clear and unmistakable evidence of an unsophisticated party's intent would be to take a 'good joke too far.'" *Id.* at *10 (citation omitted). The court further cast doubt on the persuasiveness of the AAA's own rules, stating that "the AAA's power to decide who decides [questions of arbitrability] may well be the power to guarantee its own continued existence as a profit-making enterprise," and that "at minimum," the court would "look for some reason other than the AAA's own interest in expanding its own powers and time-logging activity before abdicating the responsibility for such a fundamental judicial function." *Id.*

While each of these cases contains reasoning in support of franchisee opposition to finding that the incorporation of arbitration rules is clear and unmistakable evidence that the parties intended to delegate questions of arbitrability to an arbitration panel, franchisors and their counsel may contend that that reasoning suffers from several flaws. First, franchisor counsel may contend that courts err in characterizing franchisees as generally unsophisticated. Many franchisees operate and proudly self-identify as independent business persons and entities, often owning multiple businesses and entering into a variety of sophisticated business contracts, including those related to real property, advertising, insurance, vendors, and technology services, among other things. Franchisors and many franchisees would object to analogizing a franchisee to a consumer, rather than a businessperson. Second, franchisor counsel may contend that these cases ignore that franchisors typically strongly encourage prospective franchisees to perform due diligence prior to purchasing a franchise, including consulting with lawyers and business advisors. Third, court rulings like those discussed above arguably call into question why a court's skepticism of a franchisee's sophistication in understanding commercial contract terms should not extend to other material terms of the franchise agreement. Finally, franchisor counsel may contend that these cases seem to invent a carveout to Supreme Court precedent and the Federal Arbitration Act that does not otherwise exist.

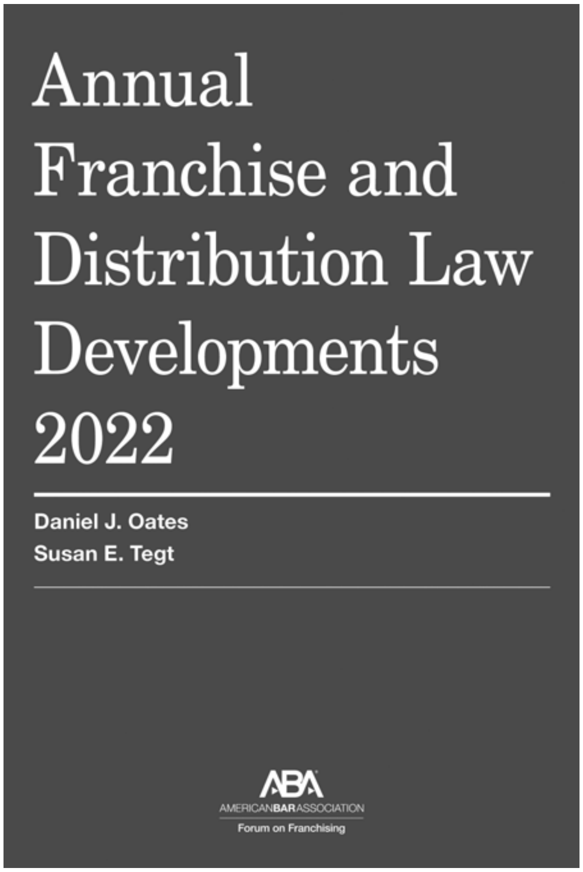
Franchisors and their counsel can point to at least two federal circuit courts in support of their positions. In *Richardson v. Coverall North America, Inc.*, 811 F. App'x 100 (3d Cir. 2020), the Third Circuit Court of Appeals reversed a district court's finding that the incorporation of the AAA rules did not satisfy the clarity needed for delegation because the franchisee was an "unsophisticated party." *Id.* at 104. The Third Circuit reasoned that the arbitration agreement at issue clearly provided that all controversies, disputes, or claims between the franchisor and the franchisee shall be submitted for arbitration and that arbitration shall be subject to the then current Rules of the AAA. "[C]learly and unmistakably then, the AAA Rules govern the arbitration of any dispute" between the parties, and "Rule 7(a) of the AAA Rules states that [t]he arbitrator shall have the power to rule on his or her own jurisdiction, including any objections with respect to the existence, scope, or validity of the arbitration agreement or to the arbitrability of any claim or counterclaim." The Third Circuit reasoned "that provision is about as clear and unmistakable as language can get." *Id.* at 103 (citation omitted).

The Sixth Circuit Court of Appeals reached the same conclusion in *Blanton v. Domino's Pizza Franchising LLC*, 962 F.3d 842, 851 (6th Cir. 2020). The Sixth Circuit reasoned that at the time the franchisee signed the franchise agreement, "he not only had the benefit of the text of the agreement but also judicial precedent from both this regional circuit and a local state court telling him that incorporation of arbitral rules can provide clear and unmistakable evidence that the parties agreed to arbitrate arbitrability." *Id.* at 851. The Sixth Circuit further reasoned that even if it did not expect the franchisee to read judicial decisions, the franchisee "certified in his arbitration agreement that he had time to obtain advice from an attorney (who we do expect to read such decisions)." *Id.* Based on the foregoing, the franchisee "had ample notice about the meaning and effect of the AAA rules," and "nothing in the Federal Arbitration Act purports to distinguish between 'sophisticated' and 'unsophisticated' parties." *Id.*

In summary, with numerous court rulings supporting both franchisee and franchisor positions, counsel seeking to ensure the delegation of arbitrability questions to arbitration panels can improve their odds of avoiding this issue with careful, clear, and concise drafting. Franchise counsel should avoid relying alone on the incorporation of arbitration rules in an arbitration provision but should instead proactively state in plain English the extent to which courts or arbitration panels may decide questions of arbitrability. Taking the time to ensure that franchise agreements clearly address these and similar questions can better ensure that franchisors and franchisees mutually understand their obligations and increase the likelihood that courts and arbitration panels will honor the parties' intentions in future disputes. ■

Disclaimer: The author's firm, Lathrop GPM LLP, was involved in a case cited in this article, *Escobar v. National Maintenance Contractors, LLC*, No. 3:20-CV-01695-SB, 2021 WL 3572652 (D. Or. Aug. 12, 2021).

ANNUAL FRANCHISE AND DISTRIBUTION LAW DEVELOPMENTS 2022



Weren’t able to attend the Annual Meeting in San Diego? You can still order your copy of *Annual Franchise and Distribution Law Developments 2022* to be sure you are up to speed on all the past year's important decisions!

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received this year's Forum awards. This year's award recipients were:

- Jack Dunham Rising Scholar Award: **Filemon Carrillo** of Mulcahy LLP for being the lead author of the article "Claiming Rescission: The Battle for Equity," *Franchise Law Journal*, Vol. 42, No. 1, Summer 2022.
- Chair's Award for Substantial Written Work or Presentation: **Mitchell Zolton** of Fahey Schultz Burzych Rhodes PLC for his article "Item 7's Additional Funds Disclosure: What It Includes and How It Relates to Franchisee Revenue," *The Franchise Lawyer*, Vol. 25, No. 3, Summer 2022.
- Diversity Award: **Mackenzie Dimitri** of Einbinder & Dunn LLP.
- Future Leader Award: **Sally Dahlstrom** of Haynes and Boone LLP.
- Lewis J. Rudnick Award, honoring a member of the Forum who has made substantial contributions to the development of the Forum and to franchise law as a discipline over a career: **Dale Cantone**, senior assistant attorney general for the State of Maryland.

Please congratulate these worthy award recipients the next time you see or speak to them.

I am also excited to announce that at our Forum business meeting on Friday, we confirmed the results of the nominating committee and elected several new leaders for our Forum. **Elizabeth Weldon** of Snell & Wilmer in Orange County, California, is the new Chair-Elect, and her term will begin in August 2023. I could not be happier for the Forum that Elizabeth will lead us in 2023–2025, and I look forward to supporting her in my role of immediate past chair. For the Governing Committee, Jason Adler (Cellairis Franchise, Inc., Atlanta, Georgia), Nicole Micklich (Urso Liguori Micklich, Westerly, Rhode Island), and Ben Reed (Plave Koch PLC, Reston, Virginia) were each re-elected to serve a second three-year term. **Dan Oates** (Miller Nash LLP, Seattle, Washington) was newly elected to a three-year term, and **Mark Forseth** (Marriott Hotels International, London, England) was elected to fill the remaining year of Elizabeth Weldon's term after she becomes Chair. The Forum will remain in good and capable hands with these new leaders.

As I write this, we are already hard at work planning the 2023 Forum, which will be in Dallas, Texas, on November 1–3, 2023. Nicole Micklich and Heather Perkins are the co-chairs, and I know they will put together a great set of programs and related activities. Mark your calendars now for that event.

It has been a privilege and a pleasure to serve the Forum as Chair for the past year, and I am excited about my remaining time before I pass the baton to Elizabeth in August 2023. Please feel free to reach out to me if you have ideas, questions, or comments about the Forum generally, how we can do a better job serving our members, or how you can get more involved. I'm easy to find at rcoleman@phrd.com or 404.420.1144. You also should feel free to contact any other member of the Governing Committee or senior leadership with any questions. We look forward to an exciting and productive 2023 bar year. ■

Message from the Editor-in-Chief

By Erin C. Johnsen, Garner, Ginsburg & Johnsen, P.A.

I so enjoyed seeing many friends and colleagues recently at the Annual Meeting in San Diego. Being together at the meeting each year also provides the opportunity to meet new people and discuss opportunities for new members and young attorneys to get more involved in the Forum's activities.

One way to get more involved, and to become eligible to speak at future Forum meetings, is to write for *The Franchise Lawyer* or *The Franchise Law Journal*. If you're interested in writing but would prefer to write with someone else, or you need topic inspiration, we are happy to help on both fronts and will work with you to find coauthors or topic ideas. Member contributions are what keep our Forum publications going, so please do not hesitate to reach out to me directly at 612-259-4807 or ecjohnsen@yourfranchiselawyer.com. I look forward to hearing from you! ■

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