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BUSINESS AND PROFESSIONS CODE - BPC

DIVISION 8. SPECIAL BUSINESS REGULATIONS [18400 - 22949.92.2] (*Division 8 added by Stats. 1941, Ch. 44.*)

CHAPTER 5.5. Franchise Relations [20000 - 20044] (*Chapter 5.5 added by Stats. 1980, Ch. 1355, Sec. 1.*)

ARTICLE 4. Nonrenewal [20025 - 20026] (*Article 4 added by Stats. 1980, Ch. 1355, Sec. 1.*)

20025. No franchisor may fail to renew a franchise unless such franchisor provides the franchisee at least 180 days prior written notice of its intention not to renew; and

(a) During the 180 days prior to expiration of the franchise the franchisor permits the franchisee to sell his business to a purchaser meeting the franchisor's then current requirements for granting new franchises, or if the franchisor is not granting a significant number of new franchises, the then current requirements for granting renewal franchises; or

(b) (1) The refusal to renew is not for the purpose of converting the franchisee's business premises to operation by employees or agents of the franchisor for such franchisor's own account, provided, that nothing in this paragraph shall prohibit a franchisor from exercising a right of first refusal to purchase the franchisee's business; and

(2) Upon expiration of the franchise, the franchisor agrees not to seek to enforce any covenant of the nonrenewed franchisee not to compete with the franchisor or franchisees of the franchisor; or

(c) Termination would be permitted pursuant to Section 20020 or 20021; or

(d) The franchisee and the franchisor agree not to renew the franchise; or

(e) The franchisor withdraws from distributing its products or services through franchises in the geographic market served by the franchisee, provided that:

(1) Upon expiration of the franchise, the franchisor agrees not to seek to enforce any covenant of the nonrenewed franchisee not to compete with the franchisor or franchisees of the franchisor; and

(2) The failure to renew is not for the purpose of converting the business conducted by the franchisee pursuant to the franchise agreement to operation by employees or agents of the franchisor for such franchisor's own account; and

(3) Where the franchisor determines to sell, transfer, or assign its interest in a marketing premises occupied by a franchisee whose franchise agreement is not renewed pursuant to this paragraph:

(A) The franchisor, during the 180-day period after giving notice offers such franchisee a right of first refusal of at least 30 days' duration of a bona fide offer, made by another to purchase such franchisor's interest in such premises; or

(B) In the case of the sale, transfer, or assignment to another person of the franchisor's interest in one or more other controlled marketing premises, such other person in good faith offers the franchisee a franchise on substantially the same terms and conditions currently being offered by such other person to other franchisees; or

(f) The franchisor and the franchisee fail to agree to changes or additions to the terms and conditions of the franchise agreement, if such changes or additions would result in renewal of the franchise agreement on substantially the same terms and conditions on which the franchisor is then customarily granting renewal franchises, or if the franchisor is not then granting a significant number of renewal franchises, the terms and conditions on which the franchisor is then customarily granting original franchises. The franchisor may give the franchisee written notice of a date which is at least 30 days from the date of such notice, on or before which a proposed written agreement of the terms and conditions of the renewal franchise shall be accepted in writing by the franchisee. Such notice, when given not less than 180 days before the end of the franchise term, may state that in the event of failure of such acceptance by the franchisee, the notice shall be deemed a notice of intention not to renew at the end of the franchise term.

(Added by Stats. 1980, Ch. 1355, Sec. 1. Effective October 1, 1980. Operative January 1, 1981, by Sec. 6 of Ch. 1355.)

20026. Nothing in Section 20025 shall prohibit a franchisor from offering or agreeing before expiration of the current franchise term to extend the term of the franchise for a limited period in order to satisfy the time of notice of nonrenewal requirement of that section.

(Added by Stats. 1980, Ch. 1355, Sec. 1. Effective October 1, 1980. Operative January 1, 1981, by Sec. 6 of Ch. 1355.)