

Noli IP Newsletter

NOLI IP Solutions, PC

3/29/2017

March 2017 Edition

Franchising in California

By Judit Marai

From time to time, our clients are interested in joining a franchise or starting a franchise. A well-known, successful franchise can empower your business a strong start. There are special rules in every country, and even in every state in the

with the state. On the federal level, franchisors are required to disclose their current and updated franchise disclosure document to the prospective franchisee prior to the offer or sale of a franchise. Under the

You have to comply with the law on three levels: (1) compliance with the FTC Franchise Rule on the federal level, (2) state franchise registration, and (3) registration of the company with the state.

United States. Here is a summary of what you have to know about the requirements in the state of California if your foreign entity plans to join or start a franchise.

You have to comply with the law on three levels: (1) compliance with the FTC Franchise Rule on the federal level, (2) state franchise registration, and (3) registration of the company

federal rule, a franchisor's compliance program is largely self-regulated and franchisors are not required to file nor register their franchise disclosure document with any federal agency.

Although, there is no registration requirements on federal level, California has mandatory registration requirements for

UCSD Moot Court Competition

This past weekend Ms. Mariana Noli participated as a judge of the 2017 McLennon Moot Court Tournament at the University of San Diego Appellate Moot Court Board. For more information: <http://www.usdmootcourt.com/>



Congratulations to the faculty for putting together this moot court competition on such a current controversial topic and to all the participants for their outstanding performance!



franchises. The application for the state franchise registration has to be filed with the Department of Business Oversight either by regular mail or electronically. Besides the cover letter, the USD \$675.00 filing fee, franchise disclosure document, signature verification forms, and other administrative forms, the application must include the franchisor's financial statements audited by an independent certified public accountant in accordance with generally accepted accounting principles. The financial statements are required to be filed with a balance sheet as of a date within ninety (90) days prior to the application filing date, and profit and loss

statements for each of the three (3) fiscal years preceding the date of the balance sheet and for the period, if any, between the close of the last fiscal year and the date of the balance sheet. Also, make sure you check whether you fall under any exemption (e.g. Limited Offering Exemption Notice, Rule 506 Transaction, Employee Benefit Plan Exemption), and file the exemption notice instead of the registration.

The third requirement is to qualify/register the foreign entity in California. You have to register your foreign company in case of "transacting intrastate." It means that the company enters into repeated and

successive transactions in the state of California, other than interstate or foreign commerce, which your company will definitely do under the franchise rules. In order to acquire registration for your foreign entity, you have to file the proper form with the proper fee that depends on the business type: whether you have a corporation, limited liability company, limited partnership or limited liability partnership.

Please feel free to contact our office if you have any additional questions or need more information about the franchise requirements in California or any other state in the United States.

Watch Out for that Copyright Troll

By Mariana Noli

About a month ago, one of our clients contacted us inquiring about the validity of a notice they received from a company, with whom they had no prior business dealings. Such notice requested payment of a royalty fee in exchange for a license of certain copyrighted images that our client allegedly used on their website and social media

accounts "without the rightful copyright owner's permission."

Have you ever heard of the term "Copyright Troll"? While the so-called "Patent Trolls" are all over the news, there is not that much information about these "Copyright Trolls."

The "**Copyright Troll**" is a party (person or company)

that enforces copyrights it owns for purposes of making money through litigation, in a manner considered unduly aggressive or opportunistic, generally without producing or licensing the works it owns for paid distribution.

These "trolls" threaten copyright lawsuits in exchange for a quick settlement. The term "troll," is a pejorative term coined to

identify patent investment companies that buy patents and use them to demand licenses from companies. When numerous copyright suits began to be filed seeking similar licenses, the reference to trolls was quickly applied. However, as much as affected parties want to characterize them as such, many of the plaintiffs in these lawsuits are not “trolls.”

Our client’s case was one of those cases involving photographs. As you know, thousands of websites are designed and launched every day. These sites are often developed by local Web design shops or directly by individuals, who are unfamiliar with copyright

laws. They assume that photos found online are available for public use. Unfortunately, some of these designers assume that they can take a photo from the internet. Be aware many photographers have registered their photos. In such cases, the website owner is left with the choice of paying the amount requested or hiring a lawyer to challenge the demand. The typical target of such lawsuits: consumers and small, often startup businesses. The damages provided under the copyright statute are substantial and can far exceed the cost of settlement. **It is often the stigma associated with the lawsuit and its costs**

that forces the consumer to consider a quick settlement.

However, be smart. Ask for a copyright of the copyright certificate. Research the company sending you a claim for settlement threatening copyright infringement litigation against you and your business. Make sure they do have a legitimate claim before you pay. We understand that copyright owners should assert their rights against infringers and seek compensation for the unauthorized use of their works, however, if you get one of these requests, watch out! Should you have any questions or want more information about this topic, please feel free to email us.

EXPOPYME 2017 in Buenos Aires

At Noli IP Solutions, PC, we do our best to support entrepreneurs as well as small and medium size businesses. We encourage entrepreneurship, and educate and support our clients through all the steps of the way in their business ventures. Following this desire to see more businesses grow and succeed, Ms. Luciana Noli participated on March 16, 2017 in the Expo Pyme in Buenos Aires, Argentina.



During this expo, there were useful educational workshops, round tables and several opportunities to network with other like-minded individuals. For more information regarding the ExpoPyme, please visit:

<https://www.expopyme.com.ar/>