

Defined terms: "Advertisement" § 14-201

"Commissioner" § 14-201

"Franchise" § 14-201

"Person" § 1-101

14-226. RELEASE FROM LIABILITY AS CONDITION OF SALE.

AS A CONDITION OF THE SALE OF A FRANCHISE, A FRANCHISOR MAY NOT REQUIRE A PROSPECTIVE FRANCHISEE TO AGREE TO A RELEASE, ASSIGNMENT, NOVATION, WAIVER, OR ESTOPPEL THAT WOULD RELIEVE A PERSON FROM LIABILITY UNDER THIS SUBTITLE.

REVISOR'S NOTE: This section is derived without substantive change from former Art. 56, § 365C.

Defined terms: "Franchise" § 14-201

"Franchisee" § 14-201

"Franchisor" § 14-201

"Person" § 1-101

14-227. CIVIL LIABILITY.

(A) GROUNDS.

(1) A PERSON WHO GRANTS A FRANCHISE IS CIVILLY LIABLE TO THE GRANTEE IF THE GRANTOR OFFERS TO SELL OR SELLS A FRANCHISE:

(I) WITHOUT THE OFFER OF THE FRANCHISE BEING REGISTERED UNDER THIS SUBTITLE; OR

(II) BY MAKING AN UNTRUE STATEMENT OF A MATERIAL FACT OR OMITTING A MATERIAL FACT NECESSARY TO MAKE A STATEMENT NOT MISLEADING IN LIGHT OF THE CIRCUMSTANCES UNDER WHICH IT IS MADE, IF THE GRANTEE DOES NOT KNOW OF THE UNTRUE STATEMENT OR OMISSION.

(2) IN DETERMINING LIABILITY UNDER THIS SUBSECTION, THE GRANTOR HAS THE BURDEN OF PROVING THAT THE GRANTOR DID NOT KNOW AND, IN THE EXERCISE OF REASONABLE CARE, COULD NOT HAVE KNOWN OF THE UNTRUE STATEMENT OR OMISSION.

(B) ACTION TO RECOVER DAMAGES.

THE GRANTEE MAY SUE UNDER THIS SECTION TO RECOVER DAMAGES SUSTAINED BY THE GRANT OF THE FRANCHISE.

(C) ACTION BY COURT.

A COURT MAY ORDER THE GRANTOR TO:

(1) RESCIND THE FRANCHISE; AND