

## Post-Contractual Obligations: The License Agreement as a Model

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### **Abstract**

*This study aims to clarify the obligations of the parties to the license agreement that persist or arise in the post-contractual phase. As a successive contract relating to one or more industrial property rights, the license agreement has a particular legal nature necessitating the continued performance and emergence of several obligations to safeguard the parties' interests. Although the bases of these obligations differ – between law, agreement, and the post-contractual principle of good faith – they genuinely constitute an extension of the contract and are not foreign to it. Some obligations rest with the licensor (such as the obligation to reclaim inventory), while most are the responsibility of the licensee, including non-compete and confidentiality obligations and refraining from further exploiting the licensed subject matter. The study concludes that post-contractual obligations represent a significant development in contemporary contractual thought and require legislative regulation of the post-contractual phase to ensure the protection of all parties' interests.*

**Keywords:** License Agreement; Post-Contractual Obligations; Non-Compete Obligation; Confidentiality Obligation; Inventory Reclaim.

## Obligations post-contractuelles : le contrat de licence comme modèle

### *Résumé*

*La présente étude vise à clarifier les obligations des parties au contrat de licence qui persistent ou naissent dans la phase post-contractuelle. En tant que contrat successif portant sur un ou plusieurs droits de propriété industrielle, le contrat de licence présente une nature juridique particulière qui nécessite la poursuite de l'exécution et la naissance de plusieurs obligations afin de préserver les intérêts des parties. Bien que les fondements de ces obligations diffèrent (entre la loi, l'accord et le principe post-contractuel de bonne foi), elles constituent véritablement une extension du contrat et ne lui sont pas étrangères. Certaines obligations incombent au donneur de licence (telles que l'obligation de récupérer les stocks), tandis que la plupart relèvent de la responsabilité du preneur de licence, notamment les obligations de non-concurrence et de confidentialité et l'obligation de s'abstenir d'exploiter davantage l'objet de la licence. L'étude conclut que les obligations post-contractuelles représentent une évolution importante dans la pensée contractuelle contemporaine et nécessitent une réglementation législative de la phase post-contractuelle afin de garantir la protection des intérêts de toutes les parties.*

**Mots clés :** *Contrat de licence ; Obligations post-contractuelles ; Obligation de non-concurrence ; Obligation de confidentialité ; Récupération des stocks.*

## Introduction

The license agreement is one of the most significant contracts related to industrial property rights. Its prime characteristics include its status as an innominate contract, its foundation in personal consideration, and its duration requirement for execution. Despite its importance, the Algerian legislator has not sufficiently regulated this contract, leaving substantial freedom for parties to manage their contractual relationship by including provisions in the contract text to guarantee its smooth execution until termination.

Given that its subject matter involves intangible movable assets, parties to a license agreement bear several obligations during its performance, reflecting these rights' special nature. The licensor is obligated to inform the licensee and disclose relevant trade secrets and know-how. In return, the licensee must preserve the confidentiality of the received information and avoid competing with the licensor, as contractually stipulated. These obligations continue until contract expiry, regardless of their legal basis: be it the law, agreement, or the good faith principle.

Since the license agreement is a fixed-term contract, it necessarily ends upon expiration unless renewal is agreed. Its termination leads to various consequences, including obligations that are extensions of those performed during the contract (such as confidentiality and non-compete), and others that emerge exclusively post-contract to protect all parties' interests (e.g., the licensee's obligation to cease using the licensed subject matter, and the licensor's obligation to reclaim residual inventory).

Studying these post-contractual obligations is essential, especially since the Algerian legislator, like most legislators in other countries, has left this area unregulated, making it a fragile phase for stakeholders' interests and requiring appropriate safeguards.

Accordingly, the central question arises: **How can the post-contractual phase between the parties to a terminated license agreement be organized in a way that protects their interests without infringing contractual freedom?**

The study employs the descriptive and analytical methods, in addition to comparative analysis when necessary, referencing both national and foreign legal texts, doctrine, and relevant judicial decisions.

The study is divided into two main parts:

- The parties' ongoing obligations after contract termination.
- Obligations arising specifically in the post-contractual stage.

## **1. Parties' Ongoing Obligations After Contract Termination**

At the outset, it must be clarified that post-contractual obligations are interconnected and additional, aiming to regulate the post-contractual phase rationally – essentially to settle the past and build the future, whether by doing or refraining from acts<sup>1</sup>. The termination of a license agreement does not necessarily mean an end to all obligations previously in force; some persist for the licensor's benefit, notably the non-compete obligation and the obligation not to disclose information or know-how acquired during the agreement's performance. These enduring duties are often expressly stipulated within the contract, reflecting the parties' inten-

tion to safeguard their respective interests beyond the contractual term. Moreover, such obligations serve to maintain confidentiality and protect proprietary rights, thereby preventing unfair competition or misuse of sensitive information. The continuation of these duties is also grounded in equitable principles, recognizing that the effects of the contractual relationship do not abruptly cease upon termination. Consequently, assessing the scope and duration of post-contractual obligations requires careful interpretation of the agreement's provisions alongside applicable legal frameworks.

### **1.1. The Post-Contractual Non-Compete Obligation**

Upon the termination of a license agreement, the licensee assumes a critical obligation not to engage in competition with the licensor, whether directly or indirectly, within a specifically defined geographical territory and for a predetermined duration<sup>ii</sup>. This restriction functions as a vital protective mechanism for the licensor's legitimate business interests and intellectual property rights. Being a negative obligation—requiring the licensee to refrain from certain actions—it necessitates strict legal justification and must be carefully circumscribed<sup>iii</sup>. The limitation in scope, time, and location is essential to prevent undue restraint of trade and to comply with competition laws. Courts and regulators often scrutinize these clauses to ensure they do not unreasonably restrict free competition and innovation in the relevant market<sup>iv</sup>. Therefore, the drafting of post-contractual non-compete obligations demands a balance between protecting the licensor's proprietary interests and safeguarding the licensee's right to conduct business freely after contract ter-

mination. Properly tailored, these obligations can effectively prevent unfair advantage and misuse of confidential knowledge acquired during the contractual relationship<sup>v</sup>.

### ***1.1.1. Basis for the Legitimacy of the Post-Contractual Non-Compete Clause***

Basis for the Legitimacy of the Post-Contractual Non-Compete Clause A close analysis of the non-compete clause – both during and after the license – reveals that it is, by nature, a competition-restricting agreement that falls within the scope of the prohibitions stipulated in Articles 06 and 10 of Ordinance 03-03<sup>vi</sup> on Competition. This clause restricts the licensee’s freedom to engage in the same activity for a certain time and area. However, its legality is justified by its protection of the licensor’s exclusive rights and preventing their unlawful exploitation by others outside the contractual scope. The French Competition Council has considered the non-compete and non-affiliation clauses as essential features of franchise contracts because they protect know-how and allow the licensor time to replace the outgoing licensee. make it longer by developping the ideas and respecting the exact informations<sup>vii</sup>.

The post-contractual non-compete clause is fundamentally a competition-restricting agreement that limits the licensee’s freedom to engage in the same or similar business activities within a certain geographical area and time period after the termination of the license. This kind of clause is subject to restrictions under Articles 06 and 10 of Ordinance 03-03 on Competition due to its inherent restraint on market competition.

However, its legitimacy and lawfulness are grounded in the protection of the licensor's exclusive rights and know-how. The clause serves the essential function of preventing the licensee from unlawfully exploiting the licensor's proprietary knowledge and business goodwill once their contractual relationship ends. This protection helps to maintain the integrity of the licensor's competitive advantage in the market<sup>viii</sup>.

The French Competition Council has acknowledged that such restrictive clauses, including the non-compete and non-affiliation clauses, are essential and legitimate components of franchise contracts. These clauses are recognized as necessary to safeguard the franchisor's proprietary know-how, trade secrets, and business model. Furthermore, they grant the franchisor sufficient time to find and introduce a new licensee without facing immediate competition from the former licensee operating under similar terms, which could otherwise undermine the franchisor's market position<sup>ix</sup>.

In summary, although the post-contractual non-compete clause restricts competition, it is justified on the basis that it serves to:

- Protect the licensor's exclusive rights and business interests,
- Prevent unlawful exploitation of the licensor's know-how and goodwill by the former licensee,
- Ensure a fair transition period for the licensor to replace the outgoing licensee, and
- Preserve the franchisor's competitive advantage and market integrity.

Thus, these clauses balance the restriction of competition with the legitimate economic interests of the licensor, which

explains their acceptance under specific regulations by competition authorities such as the French Competition Council.

### *1.1.2. Validity Requirements for the Post-Contractual Non-Compete Clause*

Ompete clause, preserving the original meaning but developing the ideas in greater detail and with more academic nuance:

To ensure the validity and enforceability of a post-contractual non-compete clause, it is essential that such a clause be carefully drafted so as not to impose an absolute or overly broad restriction. Rather, the clause must be precisely limited in terms of its temporal duration, the geographical area it covers, and the substantive scope of prohibited activities. Without these specific limitations, the clause risks being deemed an arbitrary and unjustified impairment of free competition<sup>x</sup>, potentially violating both public policy principles and competition law. This legal perspective is firmly supported by established French jurisprudence, which consistently requires that temporal and territorial boundaries be clearly defined within the non-compete clause. The rationale underlying this judicial approach is to balance the legitimate interests of the party seeking protection—often relating to sensitive business information or goodwill—against the fundamental economic freedom of the other party to pursue their profession or business activities unencumbered<sup>xi</sup>.

Similarly, European Union regulations and case law provide a framework that outlines four cumulative conditions that such clauses must satisfy to be considered lawful and enforceable. Firstly, the scope of the clause must be restricted exclusively to dealing with the same goods or services

that were the subject matter of the contract, thereby preventing any unjustified extension into unrelated business areas. Secondly, the temporal limitation is typically capped at a duration not exceeding one year following the termination or expiration of the contractual relationship, a period deemed sufficient to protect legitimate interests without unduly restricting the licensee's commercial opportunities. Thirdly, the geographical reach of the clause must be reasonably confined to the specific regions or markets where the licensee actually operated or had influence under the contract, preventing blanket worldwide prohibitions that serve no realistic protective purpose. Finally, the clause must be essential for safeguarding transferred know-how, trade secrets, or other proprietary information acquired during the contractual relationship<sup>xii</sup>; it cannot be invoked merely as a mechanism to impede economic competition or market entry for competitive advantage. Consequently, the prohibited conduct under the clause should be strictly limited to the types of activities the licensee engaged in under the license agreement, thereby ensuring proportionality and fairness<sup>xiii</sup>.

Taken together, these requirements reflect a careful legal balancing act designed to protect legitimate business interests – such as intellectual property, confidential information, and commercial goodwill – while simultaneously upholding principles of free competition and economic liberty that underpin the market economy. Any clause exceeding these stated limits risks being invalidated by courts or competition authorities for unduly restricting the contractual party's ability to work or trade post-termination<sup>xiv</sup>.

## **1.2. The Post-Contractual Confidentiality Obligation.**

In addition to the non-compete obligation often stipulated in licensing contracts, the licensee is typically bound by a post-contractual confidentiality obligation. This duty mandates the licensee to maintain the secrecy of any sensitive information or proprietary knowledge—such as technical data, trade secrets, know-how, and other intellectual property—that was disclosed or became accessible during the course of the contractual relationship<sup>xv</sup>.

The confidentiality obligation is a critical complementary safeguard to the non-compete clause. While the non-compete serves to restrict the licensee's ability to engage in competitive activities that could undermine the licensor's business interests, the confidentiality obligation addresses the protection of intangible assets that, if disclosed or misused, could result in irreparable harm to the licensor. Together, these obligations ensure a comprehensive framework for protecting the economic and intellectual property interests of the licensor beyond the contract's lifespan.

A key characteristic of the confidentiality obligation is its enduring nature. Unlike many contractual duties that cease with the termination or expiration of the agreement, confidentiality obligations typically extend beyond the termination date, often indefinitely or for a defined period that reflects the commercial sensitivity of the information. This temporal extension recognizes that even after the formal business relationship ends, the risk of unauthorized disclosure or exploitation of confidential information remains high, especially given that the licensor no longer enjoys the same level of direct control or influence over the licensee.

Confidentiality obligations span all phases of the contractual relationship. During the negotiation phase, preliminary disclosures often occur, necessitating protections through mechanisms such as non-disclosure agreements (NDAs). In the contract execution phase, the licensee's access to patent specifications, technical manuals, manufacturing processes, or trade secrets imbues them with a privileged position regarding the licensor's proprietary technological and business knowledge<sup>xvi</sup>.

However, the post-contractual phase is arguably the most sensitive and critical period for confidentiality. At this juncture, the aligned interests between licensor and licensee weaken or disappear entirely. The licensee may no longer have contractual reasons to protect the licensor's secrets and could be tempted to exploit the knowledge gained for their own benefit or to aid competitors. Without strict post-contractual confidentiality, the licensor's competitive edge, derived from its exclusive or confidential technology, know-how, or business methods, could be compromised<sup>xvii</sup>.

Moreover, the protection of information under confidentiality obligations often extends to types of information that are not legally protected by intellectual property rights but are nonetheless essential business assets. For example, know-how and technical information may not meet patentability criteria or may no longer be patentable but remain valuable operational secrets. The confidentiality obligation thus becomes a contractual means to preserve such intangible assets from public disclosure or misuse<sup>xviii</sup>.

Legally, the post-contractual confidentiality obligation is often enshrined as a distinct clause within the licensing agreement, specifying the scope of protected information,

duration of the obligation, permitted handling procedures, and penalties for breach. Sometimes, this obligation is reinforced by applicable laws on trade secrets or unfair competition, especially in jurisdictions recognizing the protection of confidential business information even absent a contract<sup>xix</sup>.

This ongoing confidentiality duty may entail specific requirements such as:

- Prohibiting the licensee from disclosing the protected information to third parties without prior licensor consent.
- Restricting internal dissemination of the confidential information to only those employees or agents with a strict need to know.
- Mandating the return or destruction of confidential documents and materials upon contract termination.
- Establishing monitoring and enforcement protocols to detect and address any breaches.

From a policy perspective, upholding post-contractual confidentiality enhances trust and predictability in commercial licensing relationships. It assures licensors that sharing vital proprietary information will not result in increased vulnerability after termination. For licensees, clear confidentiality terms delineate the boundaries of permissible use and prevent potential litigation arising from unclear or ambiguous obligations ideas of theirs paragraphs and make them longer certainly. Below is an expanded and detailed version of your sections 2.1 and 2.2 on the Validity and Scope of the Post-Contractual Confidentiality Clause in a License Agreement, retaining the headings and elaborating the ideas with academic rigor and precision:

### *1.2.1 Validity of the Post-Contractual Confidentiality Clause in a License Agreement*

The legitimacy and enforceability of a post-contractual confidentiality clause within the framework of a license agreement find their foundation primarily in the principle of freedom of contract, which is explicitly recognized under Article 106 of the Algerian Civil Code<sup>xx</sup>. This article affirms that parties to a contract are free to determine the content and conditions of their agreement, provided these do not contravene mandatory legal provisions or public order.

In this context, the inclusion of a confidentiality obligation that extends beyond the termination or expiration of the license agreement is considered lawful, as it reflects the parties' consensual intention to protect sensitive information. Such information might include proprietary technology, trade secrets, business strategies, or other forms of intellectual property that the licensor reveals under the contract. From a legal perspective, this clause is justified by the need to safeguard the licensor's legitimate interests – interests that would be otherwise irreparably harmed if the licensee were permitted to disclose confidential information once the contractual relationship ends<sup>xxi</sup>.

Furthermore, the imposition of confidentiality obligations post-contract is consistent with the broader principles of good faith and contractual loyalty established in Algerian contract law, which entail that contractual parties must not undermine each other's rights or interests even after the formal contractual link has ceased. Without such a post-contractual confidentiality clause, the licensee might improperly exploit or disclose sensitive information obtained during the license term, potentially causing unfair competi-

tion or economic harm. Therefore, the clause serves not only to prevent unjust enrichment but also to uphold equity and fairness in commercial relations.

In jurisprudence, Algerian courts have increasingly recognized the enforceability of post-contractual confidentiality clauses, provided these are clear, reasonable in scope, and do not impose excessive restrictions that would unreasonably hinder the licensee's freedom or access to information available by other lawful means. The principle of proportionality applies, requiring a careful balance between protecting legitimate interests and avoiding abusive limitations on the licensee. Hence, the validity of such clauses is a well-established tenet anchored both in statutory provisions and consistent case law<sup>xxii</sup>.

### *1.2.2 Scope of the Post-Contractual Confidentiality Obligation*

The scope of the post-contractual confidentiality obligation is a critical element that determines the effectiveness and fairness of the clause. It encompasses three principal dimensions: the duration of the obligation, the subject matter covered, and the category of persons bound by the confidentiality requirement. The duration specifies how long the obligation remains in effect after the contract has ended, which can range from a few years to an indefinite period for highly sensitive information. The subject matter defines precisely what constitutes confidential information, which may include trade secrets, financial data, client lists, or proprietary technology. Lastly, the category of persons bound by the obligation identifies who is restricted from disclosing this information, such as former employees, subcontractors, or

business partners. A well-drafted clause will clearly and reasonably define these dimensions to protect legitimate interests without imposing undue or overly broad restrictions on individuals or businesses.

### ▪ Duration

The temporal dimension of the confidentiality obligation post-contract may be either limited or indefinite, depending on the nature of the confidential information and the parties' agreement. In many license agreements, the clause explicitly specifies a fixed duration—for instance, five years following the termination or expiration of the contract<sup>xxiii</sup>. This limitation provides clarity and predictability, allowing the licensee to eventually resume use or disclosure of information that no longer retains its confidential character or commercial sensitivity.

Alternatively, the confidentiality obligation can be stipulated to endure indefinitely for as long as the information retains its proprietary or confidential status. This approach is commonly adopted in scenarios where the disclosed information constitutes a trade secret or proprietary technology with enduring economic value, whose premature disclosure—even many years post-contract—could cause irrevocable damage to the licensor. Such indefinite duration must, however, be justified and clearly articulated in the contract to avoid ambiguity or challenges to enforceability<sup>xxiv</sup>.

The chosen temporal scope must adhere to principles of reasonableness and proportionality. Excessively long or perpetual confidentiality without justification might be construed as an undue restraint on competition or professional

activity, especially if the information becomes public knowledge or obsolete over time<sup>xxv</sup>.

- **Subject Matter**

The confidentiality clause should precisely define the scope of confidential information to be protected post-contract, thereby reducing uncertainty and facilitating proof in the event of a dispute. This definition often includes any data, documentation, technical know-how, business plans, formulas, designs, customer lists, pricing models, or other materials explicitly marked as confidential or recognized as having confidential nature<sup>xxvi</sup>.

Such specification is essential for both parties: it protects the licensor's sensitive information while preventing the licensee from being unfairly bound by vague or overly broad confidentiality obligations. Frequently, franchise or technology license agreements elaborate on the category of protected information and may provide annexes or schedules listing confidential items for clarity<sup>xxvii</sup>.

Moreover, it is important that the clause excludes information that is publicly accessible, independently developed by the licensee, or rightfully obtained from other sources without breach. These exclusions preserve the licensee's right to use legitimate knowledge and innovations acquired outside contractual encumbrances.

- **Bound Persons**

The confidentiality obligation extends to not only the licensee as the principal party but also to all natural and legal persons who have access to the confidential information through the licensee. This typically includes employees,

managers, agents, consultants, subcontractors, or any other third parties involved in executing the licensed activities<sup>xxviii</sup>.

The rationale for this broad scope is to ensure that confidential information does not escape through indirect disclosures or negligent handling by personnel affiliated with the licensee. The contract often requires the licensee to adopt necessary organizational and technical measures to safeguard confidentiality, such as confidentiality agreements with employees or implementing security protocols<sup>xxix</sup>.

Legally, this duty arises either contractually, as the licensee assumes responsibility for its agents, or from the general principle of good faith and loyalty in contractual performance, which obliges all parties involved to maintain confidentiality.

Courts examining disputes over post-contractual confidentiality regularly emphasize that liability extends beyond the licensee's direct actions to those persons under its control or influence, thereby establishing a comprehensive protective framework<sup>xxx</sup>.

## **2. Obligations Arising After License Agreement Termination**

Besides ongoing obligations, new obligations arise to govern the post-contractual phase, some on the licensee (e.g., the obligation to return and not to exploit the licensed subject matter) and others on the licensor (e.g., the obligation to reclaim inventory from the licensee).

Specify the duration (often limited to inventory supplied in the last six months of the contract) and product condition.

### **2.2 Disposal Period Clause**

Allowing the licensee time to dispose of inventory post-contract (relative to quantity and

anticipated sales) helps avert losses, as seen in the Ligne Roset franchise agreement, which granted three months for inventory clearance. make this paragraphs longer by developing their ideas and adding more informations and respecting the juridique terminology and keeping same titles juste developing it .make sure that you keep same sens and specially in the law part.

## **2.1. Licensee's Obligation to Return and Not Exploit the Industrial Property Right**

Upon the expiration or termination of a license agreement, the licensee's rights to exploit the licensed subject matter cease definitively, as the contractual basis for such use is extinguished by the fixed term of the license. Concerning industrial property rights, the licensee is therefore obligated to cease any further use of the licensed intellectual property. Specifically, if the license concerns a trademark, the licensee must immediately stop using the mark and return any trademark-related materials or rights to the licensor<sup>xxxix</sup>, who thereby regains exclusive ownership and control over the trademark. This cessation is crucial to prevent unauthorized use that could constitute trademark infringement or unfair competition<sup>xxxix</sup>.

Whfirsten dealing with know-how, the situation is inherently more complex because know-how is intangible, embedded in the licensee's expertise or memory, and cannot be physically returned. Consequently, legal mechanisms often focus on confidentiality obligations, which survive termination, to prohibit the licensee from exploiting or disclosing the know-how post-contract. The obligation to refrain from

exploitation is thus enforced through expressly stipulated non-disclosure and non-use clauses.

In the case of patents, the licensee is legally required to return all patent-related documents, materials, or embodiments acquired under the license and must cease all further exploitation of the patented invention. Failure to comply may amount to patent infringement. The French Court of Appeal of Lyon (2020) notably ruled on this point, mandating the return of all patent documents and imposing daily penalties on the licensee for delay in compliance, underscoring the seriousness of this obligation and the need for timely restitution to the licensor<sup>xxxiii</sup>.

## **2.2. The Licensor's Obligation to Reclaim Inventory from the Licensee**

The conclusion of a license agreement frequently gives rise to practical and legal challenges concerning inventory, especially in franchise or manufacturing distribution contexts. Licensees often maintain a minimum inventory of licensed products to ensure market continuity and operational efficiency during the contract term. However, upon termination, this stock may result in surplus inventory that the licensee finds difficult or impossible to sell without continued rights to use the licensed marks or technology.

### ***2.2.1. Doctrine and Case Law on Inventory Reclaim***

Domestic case law and doctrinal writings diverge on whether the licensor bears an obligation to reclaim such inventory from the licensee after contract termination. Some legal scholars advocate for imposing a reclaim obligation on the licensor or, alternatively, for granting the licensee a rea-

sonable period to dispose of the remaining inventory<sup>xxxiv</sup>. Their arguments are often grounded in principles such as ensuring the licensors and licensee's performance, the doctrine of cause (cause théorie) justifying contract termination<sup>xxxv</sup>, and the duty of cooperation inherent in contractual relations<sup>xxxvi</sup>.

Conversely, French courts predominantly reject an implied obligation on the licensor to reclaim inventory unless the license agreement explicitly provides for such a duty<sup>xxxvii</sup>. The courts emphasize contractual freedom and generally caution against judicially imposing obligations that could disproportionately favor the licensee or facilitate potential abuse of the licensor's rights. This judicial stance promotes contractual certainty and respects the parties' autonomous allocation of risks and responsibilities at the drafting stage<sup>xxxviii</sup>.

### **2.2.2. Contractual Stipulation on the Fate of Inventory After Termination**

Given the absence of binding statutory provisions in Algerian law and the restrictive French case law on automatic inventory reclaim, prudent legal drafting becomes essential<sup>xxxix</sup>. To mitigate future disputes and economic loss, parties should expressly regulate the post-termination handling of inventory through specific contractual clauses.

- **Reclaim Clause**

An express reclaim clause obligates the licensor to purchase or otherwise take back the licensee's residual inventory at the end of the licensing term. This type of clause is highly beneficial to the licensee as it provides a clear exit

strategy and financial protection against inventory overhang<sup>xl</sup>. It typically specifies the duration for the licensor's reclaim obligation, which is often confined to inventory supplied within a defined recent period – commonly the last six months of the contract. The clause may also regulate the condition in which the inventory should be returned, considering factors such as product quality, packaging integrity, and compliance with standards to prevent rejection of goods by the licensor<sup>xli</sup>.

#### ▪ **Disposal Period Clause**

An alternative contractual provision grants the licensee a limited period post-termination to liquidate the remaining stock under the expired license. This disposal period is often calibrated to the volume of inventory and anticipated sales cycle<sup>xlii</sup>, allowing the licensee to avoid abrupt financial loss and preventing market disruptions. The Ligne Roset franchise agreement is a notable example, where the licensee was granted three months from contract expiry to clear inventory. Such clauses ensure orderly winding down of the business relationship and minimize potential litigation or claims for damages<sup>xliii</sup>.

In sum, clear post-contractual provisions governing the return or disposal of inventory are indispensable in licensing agreements to balance interests, ensure legal certainty, and protect both parties from unintended financial or operational consequences following termination.

French Court of Appeal of Lyon, 2020 decision on patent document return and penalties.  
French doctrine and case law on licensor's liability regarding inventory reclaim.

Ligne Roset franchise agreement case illustrating disposal period clause practice<sup>xliv</sup>.

## **Conclusion and recommendations:**

The study yields several findings:

- Two types of obligations govern the post-contractual phase: (1) those continuous from the contractual period (e.g., non-compete, confidentiality, usually on the licensee), and (2) new obligations (e.g., return/non-use of licensed subject by the licensee, inventory reclaim by the licensor if stipulated).
- Most post-contractual obligations derive from party agreement, often relying on good faith in the absence of express stipulation.
- Breach of post-contractual obligations gives rise to contractual liability, attributable mainly to the relevant clause.
- The obligation to cease exploiting the licensed subject after termination is expressly enshrined in industrial property laws, while others should be regulated legislatively or by explicit contractual clauses.
- The Algerian legislature should explicitly regulate the post-contractual phase.
- Explicitly enshrine the principle of good faith after contract termination.
- Include clear post-contractual stipulations in license agreements to avoid disputes.

- Amend industrial property laws as needed to specify post-contractual obligations, ensuring a fair balance of interests.

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