

## **INTERNATIONAL FRANCHISE AGREEMENT: KEY ELEMENTS AND TYPES**

The International Franchise Agreement is usually defined as a contract whereby the franchisor grants the franchisee (based in another country), in exchange for direct or indirect financial compensation, the right to exploit a package of industrial or intellectual property rights relating mainly to know-how and commercial symbols, and to receive continuing commercial or technical assistance for the duration of the contract.

International Franchise Agreements may regard distribution of goods or supply of services. In distribution franchise agreements the franchisee is granted the right to market the products manufactured or supplied by the franchisor or by a supplier designated by the franchisor, under the franchisor's trademark according to the franchisor's commercial know-how and with its commercial assistance. In service franchise agreements, the franchisee is granted the right to provide services (e.g. restaurants, hotels etc.) developed by the franchisor, under the franchisor's trademark according to the franchisor's commercial know-how and with its commercial assistance.

### **KEY ELEMENTS OF INTERNATIONAL FRANCHISING**

The core elements of a franchise contract can be narrowed to the following components of the franchise relationship.

#### **For the franchisor:**

- the licensing of know-how embodied in operational manuals and continuously updated, with a training support system;
- the licensing of trademarks and symbols; and
- the provision of assistance regarding distribution and management.

#### **For the franchisee:**

- the franchisor's exercise of reasonable quality controls over the franchisee to protect its intellectual property rights;
- the payment of initial and ongoing fees in exchange for the right to use these intangible assets;
- the participation in training courses organized by the franchisor;
- the use of franchisor's trademarks and symbols;
- the strict compliance with the franchisor's commercial standards; and
- the information given to the franchisor concerning any difficulty which may appear or improvements which may seem suitable.

#### **For both parties, a franchising agreement provides:**

- a system to resolve disputes, including the service of notice of defaults and opportunities to cure.

## **TYPES OF INTERNATIONAL FRANCHISING**

There are many possibilities for internationalization of a franchise system. The traditional approach consists in the franchisor creating a wholly owned company or in appointing a master franchisee in another country, which will organize a domestic franchising network. Another possibility is to directly appoint franchisees in another country. Four alternatives should be mention:

### **International Franchise Agreement (individual units)**

In this type of agreement the Franchisor grants to the Franchisee the exclusive power to distribute its products or services in establishments which are equivalently equipped and furnished, as well as the right to use Intellectual Property Rights (commercial signs, brands, trademarks etc.). It also provides the Know-How (Franchise Handbook), and the technical and commercial support for distribution to be carried out correctly.

This type of contract is usually used when the franchisor and the franchisee are in nearby countries. If the language of both countries is different, it is advisable to make bilingual versions (English-French, English-Spanish, English-German, etc.) to avoid misunderstandings in drafting and subsequent application of the contract. International Franchise Contracts (individual unit) in several languages can be found in the following links:

[International Franchise Contract - English](#)

[International Franchise Contract - French](#)

[International Franchise Contract - Spanish](#)

[International Franchise Contract - German](#)

[International Franchise Contract - Italian](#)

### **Master Franchise Contract**

This is an Agreement between the Franchisor and a Master Franchisee. This agreement allows the Master Franchisee the right to own and operate more than one unit and the right to sub-franchise to other independent businesses during a specified time during a specific territory.

The type of relationship between the Franchisor and the Master Franchise is often far more knowledgeable and connected in the culture and business of the designated territory. However, the Franchisor loses a substantial part of control over the System resulting from this transfer of responsibility and the enforcement of System standards may be more difficult in this type of relationship. Accordingly, selection of the Master Franchisee is a crucial endeavour critical to the success of the relationship. Furthermore, Franchisor's liability is more or less important depending on the Master Franchisee's involvement in the adaptation ion of the concept. Master Franchise Contracts in English and Spanish can be found in:

[Master Franchise Contract - English](#)

[Master Franchise Contract - Spanish](#)

## Area Representatives

Another alternative is to hire Area Representatives that enter into a representation agreement with the Franchisor to act as an intermediary between Franchisor and Franchisees. Unlike the Master Franchisee the Area Representative does not act on its account but in the name of and on behalf of the Franchisor. The franchise relationship is directly between the Franchisor and the Franchisee.

The area Representative's main obligations are evaluating, referring and procuring potential Candidates to the Franchisor and providing certain services to Unit Franchisees within its designated Territory, such as training, site selection, grand opening assistance and ongoing support. Accordingly, Franchise Agreements are entered into directly between the Franchisor and each individual Franchisee. The Area Representative frequently receives a portion (fixed amount) for each unit of franchise opened in its Territory and is often entitled to a portion of the Franchise Fee (commission fix as a percentage) collected for each Unit Franchise opened in its Territory's. The relationship between the Franchisor and the Area Representative is regulated through a contract of International Sales Representative. This type of contract in several languages can be found in the following links:

[International Sales Representative Agreement - English](#)

[International Sales Representative Agreement - French](#)

[International Sales Representative Agreement - Spanish](#)

[International Sales Representative Agreement - German](#)

[International Sales Representative Agreement - Italian](#)

## Joint ventures or subsidiaries

The last alternative for franchisors is to consider setting up in the target market either a subsidiary over they have control or a joint venture with a local partner with knowledge of the target market in order to share risks and expertise for the purpose of establishing and developing the Franchisor's System. In a Joint Venture, the respective parties' contribution may differ position by requiring the joint venture company to enter into a Master Franchise Agreement, and possibly also a trademark license, in respect of the trademark to be used in the franchise business. Joint Ventures and subsidiaries are entry forms to establish franchises in foreign markets used by many multinational companies in the fast food and fashion industries. This type of contract in several languages can be found in the following links:

[International Joint Venture Contract - English](#)

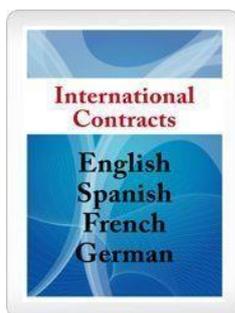
[International Joint Venture Contract - French](#)

[International Joint Venture Contract - Spanish](#)

[International Joint Venture Contract - German](#)

Finally, it should be noted that when drafting an International Franchise Agreement the main objective is to achieve a fair balance between the interests of the franchisor and those of the franchisee, taking into account the core obligations of the contract.

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To obtain models of International Contracts in 8 languages click here:



[INTERNATIONAL CONTRACTS MODELS](#)

# INTERNATIONAL CONTRACTS TEMPLATES



## INTERNATIONAL CONTRACTS IN ENGLISH

- International Sale Contract
- International Distribution Contract
- International Commercial Agency Contract
- International Sales Representative Agreement
- Intermediary Contract for Trade Operations
- International Joint Venture Contract
- International Strategic Alliance Agreement
- International Franchise Contract
- International Services Contract
- International Consulting Contract
- International Technology Transfer Agreement
- International Trademark License Agreement
- International Supply Contract
- International Manufacturing Contract
- International Buying Agent Contract
- Logistics Services Contract
- Export Contract
- Confidentiality Agreement
- Expatriate Contract of Employment
- Memorandum Understanding International distribution
- Memorandum of Understanding for Joint Venture
- **Pack 10 Contracts in English**
- **Pack All Contracts in English**



## INTERNATIONAL CONTRACTS IN SPANISH

- Contrato de Compraventa Internacional
- Contrato de Distribución Internacional
- Contrato de Agencia Comercial Internacional
- Contrato de Representación Comercial Internacional
- Contrato de Intermediación Comercial Internacional
- Contrato de Joint Venture Internacional
- Contrato de Alianza Estratégica Internacional
- Contrato de Franquicia Internacional
- Contrato Internacional de Servicios
- Contrato Internacional de Consultoría
- Contrato Internacional de Transferencia de Tecnología
- Contrato Internacional de Licencia de Marca
- Contrato Internacional de Suministro
- Contrato Internacional de Fabricación
- Contrato de Agente de Compras Internacional
- Contrato de Servicios Logísticos
- Contrato de Exportación
- Contrato de Confidencialidad
- Contrato de Trabajo para Expatriado
- Memorándum Entendimiento Distribución Internacional
- Memorándum de Entendimiento para Joint Venture
- **Pack 10 Contratos en Español**
- **Pack Todos los Contratos en Español**



## INTERNATIONAL CONTRACTS IN FRENCH

- Contrat de Vente Internationale
- Contrat de Distribution Internationale
- Contrat d'Agent Commercial International
- Contrat de Représentation Commerciale Internationale
- Contrat de Joint Venture Internationale
- Contrat de Franchise Internationale
- Contrat International de Services
- Contrat International d'Approvisionnement
- Contrat International de Fabrication
- Contrat de Confidentialité
- Protocole d'Accord pour Distribution Internationale
- Protocole d'Accord pour Joint Venture Internationale
- **Pack Tous les Contrats en Français**



## INTERNATIONAL CONTRACTS IN GERMAN

- Internationaler Kaufvertrag
- Internationaler Vertriebsvertrag
- Internationaler Handelsvertretervertrag
- Internationaler Vertretungsvertrag
- Internationaler Joint Venture Vertrag
- Internationaler Franchisevertrag
- Internationaler Dienstleistungsvertrag
- Internationaler Liefervertrag
- Internationaler Herstellungsvertrag
- Geheimhaltungsvereinbarung
- Absichserklärung Internationalen Vertriebsvertrag
- Absichserklärung Joint Venture
- **Pack Alle Verträge in Deutscher**

