

FRANCHISE CONTRACT TEMPLATE



The Franchise Contract is an agreement between two legally independent parties: Franchisor and Franchisee. By means of this **Contract**, the Franchisor grants the Franchisee the exclusive right to distribute its products (or services) in establishments which are uniformly equipped and furnished, as well as the right to use industrial property rights (brands, commercial signs, trade marks), while it also provides the whole Know-How (Franchise Handbook), and the technical and commercial support for distribution to be carried out correctly.

FRANCHISE CONTRACT

DATE:

BETWEEN:

..... [company legal name] whose registered office is at
[address, city and country] and registration/fiscal number is , represented by
..... [first name and surname, position] (hereinafter referred to as the "Franchisor"),

AND:

Alternative A [When the Franchisee is an individual]

Mr./Ms., of legal age,[include professional qualification], Tax Identification Number....., registered address , acting on his/her own behalf (hereinafter, the "Franchisee").

Alternative B [When de Franchisee is a company]

..... [company legal name] whose registered office is at
[address, city and country] and registration/fiscal number is , represented by
..... [first name and surname, position] (hereinafter referred to as "the Franchisee").

Both parties undertake to observe the following agreement:

RECITALS

- I. That the Franchisor is a company which [Describe the economic activity of the company and specify the nature of the products which it supplies].

II. That the Franchisor has developed, as the Franchisee acknowledges:

- (a) A specific design for its establishments;
- (b) A management process for its establishments; and
- (c) Guidelines for customer attention,

which together make up the know-how acquired by the Franchisee by means of the investment of financial and human resources, in addition to his/her experience in managing the business to which the present Contract refers. All of this will be referred to in the present Contract as the Franchisor's "Know-How".

III. That the Franchisor's know-how is of secret, substantial and identifiable nature. The "secret" nature is derived from the fact that the Franchisor's Know-How, in its totality and as the aggregate of its component parts, is not common knowledge, nor is it readily available. The "substantial" nature is derived from the fact that the Franchisor's Know-How includes important information as to the correct management of the business to which the franchise applies. The "identifiable" nature is derived from the fact that the Franchisor's Know-How is described in sufficient detail in the preliminary training programs and in the Franchise Handbook which the Franchisee shall receive on signing the present Contract.

IV. That the activity of the Franchisor is carried out under the auspices of Industrial Property Deeds (trademarks, brands, patents) or Intellectual Property Deeds (rights of authorship, software), acting as the owner, as described in Annex 1 of the present Contract.

V. That the Franchisee acknowledges his/her enhanced competitive position in the market which arises from acquiring the Franchisor's Know-How, as well as the management of the business under the corporate image of the Franchisor, including Industrial and Intellectual Property Deeds as laid out in Section IV above.

VI. That the Franchisee acknowledges that the preliminary market and viability studies that (s)he has carried out, together with the Franchisor, have been calculated upon prudent economic estimates, which the Franchisee must not regard as any sort of undertaking or commitment of profitability on the part of the Franchisor. The Franchisee acknowledges that the economic results which arise from the present Contract, shall be largely due to his/her own ability to manage the business, customer service, as well as other external factors such as competitor initiatives or changes in consumer tastes; such outcomes are mentioned solely as examples and not as a defining list. The Franchisee acknowledges that, prior to signing this contract, (s)he has enjoyed the right to receive from whichever professionals (s)he sees fit, independent legal and financial advice.

.....

This is a sample of 2 pages out of 19 of the Franchise Contract.

To get more information about this contract click here:

 **[FRANCHISE CONTRACT](#)**

USER GUIDE

Contracts drafted by the legal experts of Global Negotiator cover all relevant aspects that are negotiated and agreed in the different types of business between companies. However, when these contracts are used you should take into account some recommendations common to all of them that are described in this User Guide.

DATE

The date when the contract comes into force is the one that appears in its header, as mentioned in the final paragraphs of the contract, before signatures (This Contract comes into force on the date written above).

In some contracts -for example in the Supply Contract- the date of coming into force is also mentioned in one of the clauses. In these cases you have to verify that the two dates inserted in the contract (in the heading and in the corresponding clause) are the same, in order to avoid discrepancies.

PARTIES

Be sure to insert in the first page of the contract the full details of the Parties:

- When a Party is a company you must insert the following information: legal name, legal form (limited, incorporated, etc.), full address, registration data and fiscal identification number.
- When a Party is an individual that works as independent professional (for example a commercial agent) you must insert the following information: full name, profession, full address and fiscal identification number.

CLAUSES

Clauses with different alternatives: choose the most favorable

In the most important clauses of each contract (exclusivity, payment terms, applicable law and competent jurisdiction, etc.) several drafting alternatives are proposed so you can choose the most appropriate to each situation. Therefore, the user before submitting the contract to the other Party must choose the alternatives that seem best suited to their interests, and eliminate the rest.

Clauses with blank spaces to be completed

In several clauses of the contract blank spaces appear with dots (.....) that the user has to complete inserting text. Following the dots, between brackets, you will see the data and explanations to insert the text.

- When the text between brackets is in normal letters (the same as the contract) and separated by "," or the word "o", the user must insert one of the options suggested.

Example of blank space (.....) with options to select between brackets:

Orders handled before completion of the present Contract which produce sales transactions within [1, 2, 3, 6] months shall entitle the Agent to receive the corresponding commission. In this case the user must choose between options 1, 2, 3 or 6 months and insert one in the blank space (.....).

- When the text between brackets is in italics the user has to insert the data and information requested and eliminate the bracketed text.

Example of blank space - (.....) to insert text:

Both parties, by mutual consent, resolve to refer any dispute to the Rules of Conciliation and Arbitration of the International Chamber of Commerce by one or more arbitrators appointed in accordance with said Rules. The place of arbitration shall be [*city and country*]. In this case the user must insert in the blank space (.....) the city and country chosen to conduct the arbitration and afterwards eliminate the bracketed text [*city and country*].

Notices Clause

Sometimes it may happen that the official address of the Parties which appear at the beginning of the contract is different from which is to be used for communications between the Parties during the terms of the contract. In this case the user should include at the end of the contract a Notices Clause.

Example of Notices Clause:

Notices. - In order to comply with their contractual obligations, the Parties establish the following address for the provision of notices related to this contract:

- Party 1 [*insert full address*].
- Party 2 [*insert full address*].

ANNEXES

The contracts incorporate some Annexes, each of them, referenced to the corresponding Clause. Annexes are drafted in commonly used formats, although the user must adapt these formats and the text inserted in them to each particular situation.

SIGNATURES

People who sign

Persons signing the contract on behalf of the company must have the authority to do so and preferably, be entitled on the basis of a power of attorney. Below the signature, in addition to the full name of the person that signs his/her position must be inserted. When one of the Parties who signs is a natural person (for example a commercial agent in an Agency Contract) obviously he or she is the person that has to sign the contract.

The laws of some countries require that contracts, to be valid, shall be signed in front of witnesses or a public notary. Therefore, before signing a contract you should be informed about the requirements that may exist in each country.

Place and date of signature

Usually contracts are signed by both Parties on the same date and place. Nevertheless, in international contracts, due to physical distance, it is common that each of the Parties sign in different dates and places. This contract provides for both alternatives so it comes to choosing the most appropriate to each situation.

Number of copies

Usually, the Parties sign two copies of the contract, each Party retaining one of them, but can also arise the need to sign more copies. In this case all you have to do is mention explicitly the number of copies to be signed in the paragraph that is included at the end of the contract (Both Parties declare their conformity to the present contract, which is signed in copies, each of which shall be considered an original).

GENERAL RECOMMENDATIONS

The Parties must sign all pages of the contract, including Annexes, so they are also valid. It is better to use ball point or pen (not pencil) in a color other than black (e.g.: blue); this makes it easier to distinguish an original document from a photocopy.

It is preferable (although no mandatory) to express sums of money and percentages in words and figures. Of course, the words and figures for a given amount must match exactly. You also must insert the currency in which the amounts are expressed. It is advisable to use the rules established by ISO that name each currency by three capital letters (EUR for euro, USD for dollar, GBP for sterling pound, JPY for Japanese yen, etc. - you can get the acronyms of every currency in the website www.oanda.com).

Once you have chosen the best alternatives of each clause and have completed the blank spaces you should revise the whole contract to remove remaining paragraphs and correct any errors.

BUSINESS CONTRACTS & AGREEMENTS TEMPLATES

BUSINESS CONTRACTS

- Strategic Alliance Agreement
- Joint Venture Agreement
- Manufacturing Contract
- Supply Contract
- Service Provider Contract
- Consulting Services Contract

COMMERCIAL CONTRACTS

- Exclusive Distribution Contract
- Commercial Agency Contract
- Sales Representative Agreement
- Sales Commission Contract
- Real State Agent Agreement

LICENSE & FRANCHISE CONTRACTS

- Trademark License Agreement
- Technology Transfer Agreement
- Software License Agreement
- Franchise Contract
- Master Franchise Contract

CONFIDENTIALITY CONTRACTS

- Confidentiality Contract between Companies
- Confidentiality Contract for Product or Business Idea
- Confidentiality Contract for Employees
- Confidentiality Contract for Consultants and Contractors

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