

TYPICAL FRANCHISE AGREEMENT CONTENTS

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SAMPLE

FRANCHISE AGREEMENT

- (1) **XYZ Ltd** (Reg. No.....) whose registered office is at 21 The High street Anyplace ("We")
- (2) **[REDACTED] [LIMITED]** (No) whose principal place of business is at [REDACTED] ("You")

1. INTRODUCTION

- A. We have developed methods of operating businesses providing ABC products;
- B. To make this Agreement easier to understand, we have defined certain terms used in this Agreement in clause 21. When you see a word beginning with a capital letter refer to Clause 21 to see whether the term has been defined. Some terms are defined in the clause where they first appear;
- C. You have applied to own and operate your Franchised Business and your application has been approved by us in reliance on the information you gave us;
- D. You accept that it is essential that you comply fully with this Agreement and the Manual;
- E. You agree that it is essential to the success of the business of other franchisees that you comply with the Manual and the System. You accept that you have agreed to do this.
- F. You accept that you will use your business in accordance with the Manual and the System, and you accept that you will not exercise our discretion in any way in relation to this Agreement.

GRANT

2.1 Your Commitment.

- A. You have been granted a franchise to operate the Franchised Business from Premises and/or the Designated Vehicle to be approved by us, and to use the Brand and the System in the operation of the Franchised Business and you accept that the grant to you is subject to each and every one of the terms in this agreement.
- B. You must not use the Brand and/or offer the Services from any location or vehicle other than the Premises and the Designated Vehicle.

2.2 Exclusive Territory

- 2.2.1 Save in relation to National Accounts we will not, ourselves, operate or make use of or licence any person other than you to operate a Business in the Territory.

3. DEVELOPMENT AND OPENING OBLIGATIONS

3.1 Opening.

- A. You will start operating the Franchised Business within three Months from the date of this Agreement.

3.2 Equipment. You will use only Designated Equipment.

3.3 **Starting to Trade.** You will start to operate the Franchised Business as soon as reasonably practicable.

3.4 **Initial Launch.** We will provide you with a database.

3.5 **Stationery.** You will only use stationery which complies with our requirements.

3.6 **Vehicles.** You will ensure that the Designated Vehicle complies with our vehicle requirements.

3.7 **Uniforms.** We will provide you with uniforms.

3.8 **Franchise Package.** You must acquire all the items set out in the Franchise Package before you start to trade.

5. **SAMPLE**

A. You must successfully complete our initial training programme before operating your Franchised Business.

5.2 **Guidance and Assistance.**

A. We will provide guidance in the operation of your Franchised Business.

B. You will not, unless expressly authorised, permit any person connected with you in any way to represent himself or you in such a way that others dealing with him or you might regard him or you as a director, officer, employee or agent of ours or otherwise authorised to act on our behalf. No part of the Trade Name or the Brands shall form part of your corporate name.

5.3 **Manual.** During the term of this agreement, we will lend to you (or allow you electronic or other access to) one copy of the Manual.

6. **TRADE MARKS**

6.1 **Goodwill and Ownership of the Brand.** You are granted a non-exclusive right to use the Brand subject to the provisions of this Agreement.

7. **RELATIONSHIP OF THE PARTIES**

7.1 **Independent Contractor.** You will always identify yourself as an independent owner of the Franchised Business using such wording as we specify from time to time. You will include notices of independent ownership on such forms, business cards, stationery, advertising, signs and other materials as we require from time to time.

8. **CONFIDENTIAL INFORMATION, NON COMPETE AND DATA PROTECTION**

8.1 **Protection of Confidential Information**

Both during the term of this Agreement and thereafter, you agree:

1) to use the Confidential Information only for the operation of your Franchised Business in accordance with a franchise agreement with us.

8.2 Non Compete.

A. In-Term Restrictions: During the term of this Agreement you will not;

1) have any direct or indirect interest anywhere in any Similar Business

B. Post-Term Restrictions: On Termination of this Agreement you shall not;

1) for a period of six Months after the Termination engage in, be employed by or be concerned or interested, directly or indirectly, in any business which is a Similar Business within the United Kingdom;

B. Whole time and Attention: You, or if you are a Business Entity you shall procure that the Principal, shall devote the whole of your or his time and attention to the operation of the Franchised Business.

C. General

1) You agree that each of the restrictions contained in clauses 8.2 A and B above is reasonable

8.3 Definitions

1) In this clause all expressions which are used or defined in the Interpretation Act 1998 ("the 1998 Act") shall have the same meanings as set out in the 1998 Act



Fees

9.1 Initial Fee. An initial fee set out in Schedule 3

9.2 Monthly Payments.

You will comply with our invoicing requirements as set out in the Manual.

10 OPERATING YOUR FRANCHISED BUSINESS

10.1 System Compliance.

A. You agree to operate your Franchised Business in full compliance with every aspect of the System and the Manual.

10.2 Equipment, Products, Services and Vehicles.

As approved by the franchisor from time to time

10.3 Best Practice.

A. You will operate your Franchised Business in full compliance with all applicable laws. You will maintain high standards of honesty, integrity, fair dealing and ethical conduct in your business activities.

MARKETING

11.1 Marketing Fund.

- A. We will implement a marketing fund to promote the Business and the Brand.
- B. We have sole discretion over all matters relating to the Marketing Fund.
- C. The Marketing Fund will be accounted for separately.

11.2 Participation in Marketing Programmes. You agree to participate in all Marketing Fund programmes which in our business judgment will benefit our franchisees.

11.3 Local Marketing. Your advertising must be in good taste and conform to ethical and legal standards and our requirements.

RECORDS AND REPORTING

12.1 Accounting System. You will obtain and maintain at your sole expense, specified accounting software and reporting system. You will inform us of any requirements prescribed by us from time to time.

INSPECTION AND AUDIT

Inspect.

You will cooperate fully in connection with such matters. We can require you, the Principal and/or senior personnel to meet at our headquarters or other location designated by us, for the purpose of discussing and reviewing your Franchised Business operations, financial performance and other matters.

13.2 Audit. We and/or our agents will have the right at any time during business hours, and without prior notice to you, to inspect and/or audit business records relating in any way to your Franchised Business and you shall require any person, corporation or partnership which hold such records to make them available to us.

TRANSFER

14.1 Transfers by Us.

A. This Agreement, and any or all of our rights and/or obligations under it, are fully transferable by us, in whole or in part, without your consent.

14.2 Transfers by You.

A. The rights and duties created by this Agreement are personal to you and if you are a Business Entity the Principal. The business may be sold providing the proposed purchaser is acceptable to the franchisor. Therefore, neither this Agreement, or any interest in, or the assets of your Franchised Business can be transferred without our prior written approval.

Renewal Of Your Franchise

15.1 Your Rights.

- A. This Agreement Terminates at the expiry of its term. At that time, subject to the provisions of this clause 15, you will be eligible to be awarded a Renewal Franchise.

15.2 Renewal Notice.

- A. You must give us written notice of your wish to renew

Dispute Resolution

16.1 Mediation.

A. It is your and our desire not to engage in court proceedings, except in the rare instances specified in this Agreement, but rather to have disputes resolved through face-to-face meetings, mediation and, if necessary, binding arbitration.

- B. You and we view mediation as often being the most cost effective way of resolving disputes.

SAMPLE

Definition
The following definitions apply to this user agreement:

"Affiliate" - Any person or entity which controls, is controlled by or exercises a significant control of another person or entity, in addition to you, any employee or agent of yours.

"Agreement" - This franchise agreement.

"Brand" - Any or all of the Trade Name, trademarks, service marks, commercial symbols and trade names which we may from time to time stipulate and the reputation and image of our business and the businesses of our franchisees.

"Business" - A business operated or licensed by us which is similar to the Franchised Business and which uses the Trade Name.

"Business Entity" - A limited liability company or limited partnership.

"Design Standards"

"Designated Equipment"

"Designated Products" - Such items as we may specify and/or approve from time to time

"Designated Services" - Such services as we may specify and/or approve from time to time

"Designated Vehicle" - A vehicle approved by us and which continues to comply with our vehicle requirements.

"Franchise Package"- The tools and items of equipment for use in the Franchised Business

"Franchised Business" - The business operations conducted by you in accordance with terms of this Agreement.

"General Release" - A general release, in the then-current form prescribed by us at the time such release is to be delivered, of any and all claims, liabilities and/or obligations, of any nature whatsoever, including those existing as of, and/or arising before, the date of any such release, however arising.

“Gross Revenue” - Gross Revenue includes all sums and/or revenues which are received by us in connection with your Franchised Business.

“Immediate Family” - With respect to any person, “Immediate Family” includes that person's spouse and/or domestic partner and each of their respective parents, guardians, grandparents, siblings, children, grandchildren, aunts, uncles, cousins, nieces and/or nephews.

“Intellectual Property” - Includes, regardless of the form or medium involved:

- 1) all proprietary software (if any), including the data and information processed or stored thereby;
- 2) the Manual and all other directives, policies or information we issue from time to time;
- 3) all customer relationships and information;
- 4) all Confidential Information and our trade secrets; and
- 5) all other proprietary, copyright, copyrightable and/or trade secret information and materials developed, acquired, licensed or used by us in our operation of the System

“Legal Fees” - Includes, without limitation, legal fees, whether incurred in preparation of the issue of any written demand or claim, action, hearing, arbitration, or other proceeding to enforce the obligations of this Agreement, or during any such proceeding, plus all costs incurred in connection therewith.

“Manual” - Specifications, standards, policies and processes including our Operational Excellence document prepared by us and issued to you in any form including electronic and which are to be followed in the operation of the Franchised Business.

“Marketing Plan”

“Month” - calendar month.

“National Account” – A customer or supplier with whom we have entered into a contract in relation to the supply of Services and/or Products

“Owner” – A partner if you are a partnership or a director or shareholder if you are a limited company. The Owners of the Franchisee as at the date of this Agreement are set out in Schedule 3 with their ownership interest.

“Package Fee” – the fee set out in Schedule 3

“Premises” - The premises from which you will operate your Franchised Business

“Principal” – One or more of the Owners who we require to enter into the guarantee set out in Schedule 1 of this Agreement.

“Products” – Products which we may from time to time specify relating to the Services to be offered by the Franchised Business.

“Renewal Franchise” - A Franchise granted to an existing Franchisee on expiry of the term of an Agreement.

“Repurchase” –

“Services” – Services which we may from time to time specify relating to products and services to be offered by the Franchised Business.



“Similar Business” - Any business which, for third parties, produces, offers, sells, distributes or is otherwise involved in, services similar to or which are competitive with those provided by the Franchised Business

“System” - The distinctive format and method of doing business developed and used for the operation of the Franchised Business, which is subject to change by us at any time.

“Terminate” or **“Termination”** - The termination or expiry of your rights and obligations under this Agreement for any reason.

“Franchisor” - The party set out in Schedule 3.

“Trade Name” -

“Transfer” - As defined

“Us,” “We,” “Our” or “Franchisor” -

“You,” “Your,” or “Franchisee” - The parties signing this Agreement as Franchisee.

EXECUTED AS A DEED by the parties on the date which first appears in this Deed.

SAMPLE

SCHEDULE 1

PRINCIPAL'S GUARANTEE

PRINCIPAL(S) _____ PERCENT OF OWNERSHIP SHIP
OF BUSINESS ENTITY FRANCHISEE
SAMPLE _____ %
_____ %
_____ %

EXECUTED AS A DEED by _____)

In the presence of:- _____)

SCHEDULE 2

**GENERAL RELEASE
(SUBJECT TO CHANGE BY FRANCHISOR)**

SCHEDULE 3

SPECIFIC ELEMENTS

SAMPLE

premises:

Principal(s)

and:

Initial F

of full name and address

of the premises and the names]

000,

Owners:

[set out name and ownership interest]

Payment Date (clause 9.1):

7th day of each Month

Marketing Fund Contribution
(clause 11.1A):

£ per Month from the date of this Agreement

Territory:

Franchise Package:

Equipment