

# MASTER FRANCHISE CONTRACT AND AGREEMENT



The Master Franchise Contract regulates the most important aspects of the relationship between the Franchisor and the Master Franchisee, such as exclusivity, the franchise network, the fees payable, the supply of products, the pricing policy or non-competition agreements. In the **Master Franchise Contract** are three participants in this contract type: the Franchisor who owns the marks, the Know-How (Franchise Handbook) and the products; the Master Franchisee, which is going to develop the franchise business through searching for, selecting and controlling the sub-franchisees; and the sub-franchisees, who are the people who manage the points of sale. It is also common, however, for the Master, to manage certain establishments, particularly the first one which is created.

## MASTER FRANCHISE CONTRACT

**DATE:** .....

**BETWEEN:**

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

**AND:**

..... [company legal name] whose registered office is at .....  
[address, city and country] and registration/fiscal number is ....., represented by  
..... [surname and first name, position] (hereinafter referred  
to as the "Master 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 Master 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 Master Franchisee by means of the investment of financial and human resources, in addition to its 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 Master Franchisee shall receive on signing the present contract.
- IV. That the activity of the Franchisor is carried out under the auspices of Intellectual Property Rights (trademarks, brands, patents, copyrights, acting as the owner, as described in Annex 1 of the present contract.
- V. That the Master Franchisee has amassed a great deal of experience in the marketing of the products which are the object of this contract and the territory defined in Annex 3 of this contract.
- VI. That the Master Franchisee wishes the Franchisor to benefit from its business experience and practical know-how and, hence, it undertakes to create and develop a network of franchises in the territory defined in Annex 3 of this contract.
- VII. That the Master Franchisee acknowledges its 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 Intellectual Property Rights laid out in Section IV above.
- VIII. That the Master Franchisee acknowledges that the preliminary market and viability studies that 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 Master Franchisee acknowledges that the economic results which arise from the present contract, shall be largely due to its 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 Master Franchisee acknowledges that, prior to signing this contract, it has enjoyed the right to receive from whichever professionals, independent legal and financial advice.

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

**To get more information about this contract click here:**



**[MASTER 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 a 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](http://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.

# 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**

