

## Franchise agreement

This precedent has been reviewed and approved by **Fulbright**. This precedent is based on the work of **Partner, Minter Ellison; Kelly Mitchell, Consultant, Russell Kennedy**.

This precedent is part of a suite of contracts prepared by Specialist Editor **Murray Landis, Partner, Minter Ellison**.

This precedent is current to **August 2014**.

### Introductory note

This precedent is a basic franchise agreement for a potential franchisee.

Franchising is not a business itself. This agreement records the respective responsibilities (and sometimes others) in the delivery of goods or services to a network of businesses, which operate under a common brand.

The respective responsibilities can be tailored to suit your needs. This precedent should be used as a starting point.

### Using this precedent

Practitioners should have regard to the Franchising Code of Conduct, including the Franchising Code of Conduct, when consulting a colleague who specialises in franchising for insight into typical structures, obligations and other strategic issues.

Within this precedent, there are several clauses relating to the Franchising Code of Conduct, which is located in Schedule 1 of the Franchising Code of Conduct (Franchising) Regulation 2014 (Cth). Practitioners should check, and clauses of this agreement should be checked, against the Franchising Code of Conduct. In some cases, there are various alternatives, depending on the nature of the business.

This precedent should be used as a starting point for a number of issues, including the following:

### Rights of parties

Practitioners should consider who is responsible for the delivery of goods or services to a customer.

Assuming the franchisee will be operating the business, practitioners should consider:

- what rights need to be granted to the franchisee;
- to whom are the rights granted;
- whether there are any other obligations, such as the method of sale, etc;
- for how long the rights should be granted, including renewal options if the business is successful.

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## Franchise agreement

This franchise agreement is dated [date]

between:

[franchisor name] of [address] (Franchisor)

and:

[franchisee name] of [address] (Franchisee)

and:

the parties described as the Principal

### BACKGROUND

- A. The Franchisor has developed procedures and systems together with the Franchisee associated with the Franchised
- B. The System and Image require similar goods or services [optical]
- C. The Franchisee desires to carry on the Business and the Image.
- D. The Franchisee and the Principal Franchisee a Franchise.
- E. The Franchisor has agreed to grant the Franchisee a Franchise on the conditions set out in this agreement.

### OPERATIVE PROVISIONS

#### 1 Definitions

In this agreement the following

**Approved Products and Services** means the goods and services that the Franchisee is to supply to Customers as set out in the Schedule.

**Business Name** means [business name]

**Code** means the Franchising Code of Practice, the Competition and Consumer Act 2010 and the Franchising Code of Practice (Franchise Disclosure Document) Regulations 2011.

**Commencement Date** means the date on which the Franchisee commences the Business.

**Confidential Information** means information belonging to the Franchisor, the Franchisee or any other person, which is confidential to the Franchisor, and includes the Business Plan, the System and Services, any Customer list, any trade secrets, the Franchisor, the mode of operation, technical information, and any other information marked as confidential.

**Customer** means any customer of the Franchisee.

**Default Interest Rate** means the interest rate being under Penalty Interest Rate as determined by the Reserve Bank of Australia.

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