

Do we have to use the same franchise agreement with all our franchisees?

It is generally inadvisable to negotiate and make changes to the legal agreement (or agree side-letters) separately with each franchisee for two main reasons. The first is that you should aim to ensure that all your franchisees are on a level playing field to avoid unfairness or disputes within the network. The second is that if you offer different contracts to franchisees it will create inconsistencies that could leave your position uncertain. Therefore when, for example, you wish to roll out changes to the system you could be uncertain what is allowed under each agreement, and if there is a dispute with one franchisee then you will need to review each contract in detail to see what was agreed with that franchisee.

However, it is important to review the agreement periodically to ensure that it reflects current law and covers any situations that have arisen or changes to your system. Therefore as the franchise evolves it is usual practice (and indeed recommended) to keep the agreement updated and to produce new standard versions of the contract for use going forwards, providing that the new versions do not cause conflict with any existing franchise agreements in use. Unless they agree, existing franchisees will usually only become bound by the latest version of the franchise agreement when they reach renewal.