



World Franchise Council Joint Declaration of London, UK
March, 14, 2017

STANDARD CONTRACT, NOT ADHESION AGREEMENT

Franchising is a highly successful method of business that delivers economic benefits to families and communities worldwide.

For all its success, franchising is occasionally misunderstood.

The Franchise Agreement contains written clauses and conditions, which may be discussed and modified to reflect the interests of the parties involved. The signature of the document is preceded by the delivery to the franchisee of the franchise disclosure document, or franchise circular offer, or all information material to the franchise agreement.

It can not be accepted that the Franchise Agreement is a non negotiable kind of agreement. The agreement fully reflects the agreed interests of both, the franchisor and the franchisee and is signed voluntarily.

The relationship between franchisor and franchisee requires compliance with a specific model, which is essential to establish uniformity in the franchise system/network operating standards.

The Superior Court of Justice of Brazil determined that the Franchise Agreement is an adhesion contract contrary to the logic of the relationship between franchisor and franchisee. The decision has created a great concern for the Franchising Industry, as it creates a dangerous precedent, and can serve as a reference for future decisions related to the contractual and negotiating dynamics of the market and franchise relationships generally.

The WFC recognizes that a Franchise Agreement cannot be considered an adhesion contract, but rather a standard type contract of a business nature, in which there is no blanket imposition of standard clauses, but rather clauses that reflect the interests of the parties and that the franchise arrangement is voluntarily agreed upon certain conditions common to all franchisees as a form of parity and equality between franchisees and also to ensure the success and health of the franchise system.

About the World Franchise Council

The World Franchise Council is an international entity that unites the franchise associations of 44 countries. The World Franchise Council, through its principles of ethics, supports the development and protection of franchising and promotes a collective understanding of best practices in fair and ethical franchising worldwide.