

Franchise Agreement — IP Clauses (India)

Governs IP, trademark use, quality control, and know-how in a franchise relationship

HOW TO USE THIS TEMPLATE

1.	For startups expanding through franchising — licenses brand, know-how, and operating systems.
2.	Quality control is legally essential for trademark validity — include inspection rights.
3.	Distinguish upfront franchise fee from ongoing royalties — both are standard.
4.	The Operations Manual is core IP — treat it as a trade secret and require its return.
5.	India has no specific franchise legislation — governed by Indian Contract Act and IP laws.

PARTIES

Franchisor — Full Legal Name	[Your company full legal name and CIN]
Franchisor — Address	[Registered address]
Franchisee — Full Legal Name	[Franchisee full legal name and CIN]
Franchisee — Address	[Business / registered address]
Franchised Business	[Brief description of business concept]
Franchise Territory	[City / District / State / Exclusive zone]
Agreement Date	[DD Month YYYY]
Term	[5 / 7 / 10] years

1. DEFINITIONS

"Franchise System" means the complete business concept, operating model, brand identity, quality standards, and know-how developed and owned by the Franchisor for operating the Franchised Business.

"Franchised Business" means the business to be operated by the Franchisee using the Franchise System at the Franchised Location.

"Franchisor Marks" means all trademarks, service marks, logos, trade dress, and brand identifiers of the Franchisor used in connection with the Franchise System, as listed in Schedule 1.

"Licensed Territory" means the geographic territory within which the Franchisee has the right to operate the Franchised Business, as specified in Schedule 2.

"Operations Manual" means the confidential operations manual(s) provided by the Franchisor, containing the detailed procedures, standards, recipes, processes, and specifications for operating the Franchised Business.

"Royalty" means the ongoing royalty payable by the Franchisee to the Franchisor, as specified in Schedule 3.

"System Standards" means all quality, service, operational, branding, and other standards prescribed by the Franchisor from time to time for the Franchise System.

2. GRANT OF FRANCHISE

2.1 Franchise Grant. Subject to this Agreement, the Franchisor grants the Franchisee a [non-exclusive / exclusive within the Licensed Territory] right and licence to: (a) operate the Franchised Business at the Franchised Location using the Franchise System; (b) use the Franchisor Marks in connection with the Franchised Business; and (c) use the Operations Manual and other Franchisor know-how solely for operating the Franchised Business.

2.2 Restrictions. The Franchisee shall not: (a) operate the Franchised Business outside the Licensed Territory; (b) sub-franchise, sub-licence, or assign any rights under this Agreement without prior written consent; (c) use the Franchisor Marks or System in connection with any other business; (d) operate any competing business during the term and for [12] months after termination; or (e) disclose the contents of the Operations Manual to any third party.

3. INTELLECTUAL PROPERTY — TRADEMARK AND KNOW-HOW

3.1 Franchisor IP Ownership. All Franchisor Marks, the Operations Manual, the Franchise System, and all associated IP rights are and remain the exclusive property of the Franchisor. Nothing in this Agreement transfers any ownership to the Franchisee. All goodwill generated by the Franchisee's use of the Franchisor Marks accrues exclusively to the Franchisor.

3.2 Operations Manual — Confidential Trade Secret. The Operations Manual is the Franchisor's most valuable trade secret and is provided to the Franchisee on strict confidentiality terms. The Franchisee shall: (a) maintain the Operations Manual in strict confidence; (b) not copy, reproduce, or extract any part of it; (c) restrict access to those employees who need it to perform their roles; (d) not disclose any part to any third party; and (e) return all copies immediately on termination or request.

3.3 Franchisee Improvements. Any improvements, modifications, or innovations developed by the Franchisee in the course of operating the Franchised Business that relate to the Franchise System shall be disclosed to the Franchisor and shall be owned by the Franchisor, with the Franchisee receiving a royalty-free licence to use such improvements in the Franchised Business during the term.

3.4 Trademark Use. The Franchisee shall use the Franchisor Marks only in the exact form and manner approved by the Franchisor. The Franchisee shall include the attribution notice: "[MARK] is a registered trademark of [Franchisor Name] used under franchise." The Franchisee shall immediately notify the Franchisor of any infringement or unauthorised use of the Franchisor Marks.

4. QUALITY CONTROL AND SYSTEM STANDARDS

4.1 Compliance with System Standards. The Franchisee shall operate the Franchised Business strictly in accordance with the System Standards and Operations Manual at all times. The Franchisee shall not deviate from the System Standards without prior written approval from the Franchisor.

4.2 Inspection Rights. The Franchisor shall have the right to inspect the Franchised Business at any time (with [24] hours notice for routine inspections, and without notice where a quality breach is suspected) to verify compliance with System Standards. The Franchisee shall provide full cooperation and access.

4.3 Mystery Shopping. The Franchisor may conduct mystery shopping audits of the Franchised Business at any time. Results of such audits shall be shared with the Franchisee and may form the basis for remediation notices.

5. FINANCIAL TERMS

Upfront Franchise Fee	Rs.[Amount] — payable on execution of this Agreement
Ongoing Royalty	[X]% of Gross Revenue per [month / quarter]
Marketing Fund Contribution	[Y]% of Gross Revenue per [month / quarter]

Royalty Reporting	Monthly within [15] days of month end
Minimum Annual Royalty	Rs.[X] per year from Year [2]
Late Payment Interest	[2]% per month compounding

6. TRAINING AND SUPPORT

6.1 The Franchisor shall provide: (a) initial training of [X] days at the Franchisor's training facility before the Franchised Business opens; (b) on-site support of [Y] days at launch; and (c) ongoing training updates as the Franchise System evolves. Training materials remain the Franchisor's IP and must be returned on termination.

7. TERM AND RENEWAL

Initial Term	[5 / 7 / 10] years
Renewal Right	Franchisee may renew for [5] years if in good standing, by giving [6] months notice before expiry
Renewal Fee	Rs.[X] renewal fee payable on renewal
Conditions for Renewal	No material breach, updated agreement, completion of any required training

8. TERMINATION AND POST-TERMINATION IP OBLIGATIONS

8.1 On termination or expiry: (a) the Franchisee shall immediately cease using all Franchisor Marks and the Franchise System; (b) return the Operations Manual and all Franchisor materials; (c) de-identify the Franchised Location by removing all Franchisor Marks and brand elements within [30] days; (d) transfer or surrender any domain names containing the Franchisor Marks; and (e) comply with any post-term non-compete obligations.

9. GENERAL PROVISIONS

9.1 **Governing Law.** Governed by the Indian Contract Act 1872, Trade Marks Act 1999, and Copyright Act 1957.

9.2 **Dispute Resolution.** Negotiation then arbitration in [City]. [1] arbitrator.

9.3 **Entire Agreement.** This Agreement and Schedules are the complete agreement.

9.4 **Stamp Duty.** Execute on non-judicial stamp paper of appropriate value.

EXECUTION

FRANCHISOR	FRANCHISEE
[Full Legal Name]	[Full Legal Name]
Signature: _____	Signature: _____
Name: _____	Name: _____
Date: _____	Date: _____

IMPORTANT NOTE

India has no specific franchise legislation. This agreement is governed by the Indian Contract Act 1872, IP laws, and Competition Act 2002. Record the trademark licence at the Trade Marks Registry (Form TM-P). Template only — not legal advice. Engage a franchise lawyer for multi-territory expansions.

FRANCHISE COMPLIANCE, DATA SYSTEMS, AND COMPETITION LAW

10.1 Technology Systems and Data. The Franchisor may require the Franchisee to use specified point-of-sale, inventory management, or other technology systems as part of the Franchise System. Data generated by the Franchisee's operation of the Franchised Business through such systems shall be owned by the Franchisor, and the Franchisee grants the Franchisor a perpetual, royalty-free licence to access and use such operational data for business intelligence, system improvement, and franchise management purposes.

10.2 Competition Law Compliance. The Parties acknowledge that franchise arrangements may be subject to the Competition Act 2002 in India, particularly provisions relating to vertical agreements and abuse of dominant position. The Parties shall ensure that no provision of this Agreement has the effect of appreciably adversely affecting competition in India. The Franchisor shall not fix the Franchisee's resale prices to customers (price fixing), though the Franchisor may recommend retail prices.

10.3 Franchise Dispute Resolution — Indian Context. India has no specific franchise legislation, and franchise disputes are resolved under the Indian Contract Act 1872 and applicable IP laws. Before initiating arbitration, the Parties shall attempt resolution through a senior management meeting within 30 days of the dispute arising. The Parties may also explore mediation through the Indian Franchise Association or other recognised mediation bodies.

10.4 Franchisee Representations on Execution. The Franchisee represents that: (a) it has conducted its own due diligence regarding the Franchise System and the Franchised Business; (b) it has been given adequate time and opportunity to review this Agreement and seek independent legal advice; (c) it has not relied on any representations not contained in this Agreement; and (d) it understands that franchising involves inherent business risk and no representation of profits or success has been made by the Franchisor.

10.5 Transfer of Franchised Business. The Franchisee may not transfer, sell, or assign the Franchised Business or any interest therein without the prior written consent of the Franchisor. Any permitted transfer shall be subject to: (a) the transferee meeting the Franchisor's then-current franchisee qualification criteria; (b) the transferee executing the Franchisor's current form of franchise agreement; (c) payment of a transfer fee to the Franchisor; and (d) the Franchisee having no outstanding amounts owed to the Franchisor.