

# Franchise Agreement Arbitration Clauses

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*Article by: Lance Winslow*

In the World of Franchising there is a lot of give and take and it most resembles a marriage in many regards. Yet even in marriages things are not smooth sailing all the time. Keeping peace in the family or franchise organization is essential to exploiting markets, furthering brand name recognition and winning market share, not to mention the main goal; making a profit.

Unfortunately when things get ugly, just like many have witnessed in divorce court it can destroy an otherwise profitable and successful relationship. Not to mention the costs of litigation are intensive drains on cash flow for both the franchisee and the franchisor. It is for this reason I had drawn up an arbitration clause in our franchise company which I put in every franchise agreement; below;

## 6.3 Arbitration

Any controversy or claim arising out of or relating to this Agreement, other than for injunctive relief, will be settled by binding arbitration and judgement upon the award may be entered in any court having jurisdiction thereof. The arbitration must be conducted through the AAA office closest to our corporate offices in the United States and will be conducted by a panel of three arbitrators selected in accordance with the International Arbitration Rules or such other rules and regulations of the AAA applicable to international commercial matters. The arbitrators will render a decision based on, and consistent with, Arizona law and with the facts and evidence that are properly introduced at the hearing. If there are any disputes in matters of public policy, restraint of trade, securities laws violation or any other matter which cannot be the subject of arbitration, those matters will be separated from all other disputes and those other disputes will first be settled by arbitration. After arbitration, any disputes, which cannot be tried by arbitration will be brought before a court of competent jurisdiction. Should the parties be unable to separate matters which will be addressed by arbitration from those which cannot be addressed by arbitration, the allegations and positions of the parties will be brought before the arbitrators and their decision regarding the appropriateness for arbitration of the matters in controversy will be determinative and binding upon parties. Unless otherwise determined by the arbitrators, the fees and expenses of arbitration, not including attorneys' fees, will be shared equally by the parties.

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Perhaps you need an arbitration clause in your franchise agreement and it would be best to talk to a professional parasite about such things as I am not a Lawyer, but rather mentioning what I put into our franchise agreements. Consider all this in 2006.Lance Winslow - Online Think Tank forum board. If you have innovative thoughts and unique perspectives, come think with Lance; [www.WorldThinkTank.net/wttbbs/](http://www.WorldThinkTank.net/wttbbs/)