When the Party’s Over: Issues at the End of a Franchising Relationship

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This article considers issues that may arise on a termination or expiry of the franchise relationship. The meanings of the terms “expiry” and “termination” may not be clear from the agreement and may give rise to different consequences. The legal nature of a continuing relationship post expiry before an agreement is renewed, abandoned or otherwise brought to an end may also be an issue. Renewal may be on the terms of the franchisor’s then current franchise agreement which may be quite different from the original franchise agreement. Covenants in restraint of trade must protect a legitimate interest of the franchisor and may have to be tested for reasonableness between the parties and in the public interest.