

- (a) Advertising contribution – the amount of money that Franchisee is required to pay to Franchisor, whether expressed as a percentage of Gross Sales or as a flat fee, that Franchisor is required to spend on advertising and promotion;
- (b) Arbitration – an alternative dispute resolution process in which Franchisor and Franchisee agree to have their dispute(s) resolved by an independent third party;
- (c) Confidential Information - all information relating to the operation of the Franchised Business including the specifications, standards, methods, courses and procedures of the System and the entire contents of the Manual
- (d) Copyright – the protection given to the authors or creators of original works of authorship. This protection only includes the expression of the original work as opposed to the “idea” portrayed or conveyed by the work.
- (e) Due Diligence - The investigation and verification by Franchisee into the background and management of Franchisor; as well as into the operations of a Franchised Business. In the context of Franchisor, it is something used to determine the suitability of a prospective Franchisee and can include credit checks, criminal background checks, bank reference checks, etc.
- (f) Franchisee - the legal entity which receives, from Franchisor, the right to use the Trade-marks and the System in the operation of the Franchised Business
- (g) Franchisor – the legal entity which grants the right to Franchisee to use the Trade-marks and System in the operation of the Franchised Business.
- (h) Franchise Fee/License Fee – the initial fee paid by Franchisee to Franchisor for the right to operate the Franchised Business for the term granted by Franchisor.
- (i) Franchised Business - the business to be operated by Franchisee using the System and the Trade-marks.
- (j) Gross Sales – the total of all sales of the Franchised Business for any given period of time. Gross Sales is often used as a basis for a number of payments by Franchisee to Franchisor i.e. royalties, advertising contributions, etc.
- (k) Intellectual Property - any intangible asset the proprietary rights of which may be protected by contract such as trade secrets, know-how and other similar assets and any intangible asset the proprietary rights of which are protected by Canadian or foreign laws such as patents, copyrights, trademarks, industrial designs, integrated circuit topographies or plant species and includes any application made to and any registration or patent issued by a public authority for the purpose of securing proprietary and/or intellectual property rights to such intangible assets;

- (l) Injunction – a court order requiring that a party cease certain conduct or mandating that a party perform certain action;
- (m) Lease – the agreement between either Franchisor or Franchisee, as tenant, and the landlord with respect to the lease of the Leased Premises.
- (n) Leased Premises – the premises used by Franchisee to operate the Franchised Business.
- (o) Manual – the specifications, standards and operating procedures prescribed by Franchisor to Franchisee for the operation of a Franchised Business.
- (p) Mediation - a voluntary process to resolve disputes with the assistance of an independent third party.
- (q) Royalty – the recurring payments that Franchisee is required to pay to Franchisor pursuant to the Franchise Agreement, whether expressed as a percentage of Gross Sales or as a flat fee, for the ongoing rights granted to Franchisee to use Franchisor’s System and Trade-marks.
- (r) Sublease – the lease by Franchisor of the Leased Premises to Franchisee for the operation of the Franchised Business. This occurs when Franchisor has already entered into a direct contractual relationship with the landlord for the lease of the Leased Premises.
- (s) System - the manner in which Franchisor carries on its business, being the cumulative result of the time, effort and money, expended by Franchisor in developing a marketing plan, business format, methods, specifications, standards and operating procedures for operating a Franchised Business.
- (t) Territory – the geographical area in which Franchisee is granted the right to operate the Franchised Business.
- (u) Trade-mark - the collection of the words and symbols used to identify for the public the source of goods and services marketed by Franchisor.