

The basic elements of a business format franchise comprise:

- a system of operations and merchandising developed and maintained by a Franchisor in association with an identifiable trade name or Trade-mark;
- the grant by a Franchisor to a Franchisee of the right to: i) operate its business in accordance with Franchisor's system and standardized format; and ii) identify with Franchisor's trade name or Trade-mark; and
- a contractual relationship between Franchisor and Franchisee outlining each party's respective rights and obligations, usually including the obligations of Franchisee both to operate the Franchised Business within the system parameters established by Franchisor and to pay to Franchisor certain fees in consideration for the right to utilize the system and the trade name or Trade-mark.