Insisting too Much on Network Uniformity in the French Market: A Potential Risk of Requalification of the Franchise Contract

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ABSTRACT

Franchisors usually impose some obligations to their franchisees in order to maintain and reinforce their network uniformity. But, if too many obligations are imposed to franchisees, and beyond potential conflicts with the franchisor, the risk consists of a reclassification of the franchise contract as an employment contract or a company-owned unit manager contract. In this paper, these two possibilities are exposed with examples of Fiventis and Yves Rocher, two French networks: one in the real estate, life insurance and tax-sheltered savings products sector and the other in the cosmetics and body and face care sector. Implications for practice and tracks for future research are also discussed.

KEYWORDS: Uniformity, contract, reclassification, litigation, France.