

**INTERNATIONAL DISTRIBUTION INSTITUTE  
(IDI Association)**

**ARTICLES OF ASSOCIATION**

**Article 1**

**Incorporation, name, registered office and duration**

- 1.1 An association called "International Distribution Institute" (hereinafter «the ASSOCIATION») is incorporated according to the Articles of the Italian civil code on non-recognized associations.
- 1.2 The ASSOCIATION is established for an indefinite term and has its registered office in 10121 Torino (Italy) via Alfieri 19.

**Article 2**

**Purpose and Objectives**

- 2.1 The object of the ASSOCIATION is, inter alia:
  - (a) to promote the study of the law of international distribution (i.e. commercial agency, distributorship, franchising and, more generally, issues concerning the distribution of goods and services) in its various aspects, such as national legislations, international conventions, transnational rules, contractual practice, court and arbitration case law, etc.;
  - (b) to favour the circulation of news and information regarding distribution contracts, also through the publication of books, reviews, booklets etc.;
  - (c) to favour the discussion and exchange of information between members, also through the organization of seminars, conventions and debates;
  - (d) to establish a network of contacts between parties involved in distribution (principals, agents, distributors, franchisors, franchisees, etc.), academics and in-house or external lawyers active in the field of international distribution;
  - (e) to develop other services in support of individuals and companies engaged in international distribution, like mediation, arbitration, etc.
  - (f) to perform any activity that the COUNCIL may decide to be useful for the attainment of the above objectives.
- 2.2 In order to achieve the purposes indicated in this Article 2, the ASSOCIATION promotes several activities, and in particular:

- (a) the creation and management of a website on international distribution, under the name of www.distributionlaws.com. (hereafter «IDI WEBSITE»);
- (b) The organisation of conferences, seminars and other similar activities;
- (c) The publication of books, legal reviews, newsletters, etc.

### **Article 3** **Relations with the IDI COMPANY**

- 3.1 The ASSOCIATION carries out its activities through the «IDI Project s.r.l.» (a limited liability company («società a responsabilità limitata») incorporated according to the laws of Italy – hereafter «IDI COMPANY») which is entrusted with the management of all commercial activities of the ASSOCIATION in conformity with the agreement between the ASSOCIATION and the IDI COMPANY, attached hereto (hereafter «the AGREEMENT»).
- 3.2 The ASSOCIATION owns 10% of the shares of the IDI COMPANY and has the right to appoint one member of the board of the IDI COMPANY.
- 3.3 The copyright on the contributions made by members of the ASSOCIATION (and particularly by the COUNTRY EXPERTS) for publication on the IDI WEBSITE or on other means (e.g. books, material for seminars and conferences published or organized by the ASSOCIATION and/or the IDI COMPANY) shall be owned by the ASSOCIATION and licensed by the ASSOCIATION to the IDI COMPANY in conformity with the AGREEMENT.
- 3.4 The IDI COMPANY shall bear all expenses incurred by the ASSOCIATION in conformity with the AGREEMENT and shall manage all commercial activities on behalf of the ASSOCIATION. The IDI COMPANY shall engage the persons entrusted with the activities of the ASSOCIATION (e.g. the SECRETARY) under contracts of employment or otherwise) and shall reimburse the expenses (travel, hotel, etc.) sustained by the COUNCIL members in connection with the attendance to the COUNCIL meetings, in conformity with the terms of the AGREEMENT.
- 3.5 The IDI COMPANY shall organize and manage its activities in conformity with the guidelines and directions established by the ASSOCIATION.

### **Article 4** **Members of the ASSOCIATION**

- 4.1 The number of members is unlimited.
- 4.2 The membership of the ASSOCIATION shall be divided into the following four classes, namely:
  - a) FOUNDERS;
  - b) COUNTRY EXPERTS;

- c) ORDINARY MEMBERS;
  - d) HONORARY MEMBERS.
- 4.3 The admission to any class of membership implies the acceptance by the member of the rules of the ASSOCIATION. By joining the ASSOCIATION the member agrees to comply in all respects with these Articles of Association.
- 4.4 No rights of any class of membership shall be transferable or transmissible.
- 4.5 Companies can be ORDINARY MEMBERS but must be represented by an individual who will exercise the rights of member, particularly with respect to the services provided through the IDI WEBSITE.

#### **Article 5 FOUNDERS**

- 5.1 The signatories of the Memorandum of Association, i.e. Fabio Bortolotti, Silvia Bortolotti, Didier Ferrier, Erwin Gärtner and Klaus Meyer Swantee, are members of the ASSOCIATION upon incorporation and will be hereafter called "FOUNDERS".
- 5.2 The FOUNDERS are members of the ASSOCIATION for an indefinite time and have free access to the IDI WEBSITE and to all services provided by the IDI COMPANY. They agree to do their reasonable efforts to support the IDI Project and to promote in all ways the activities of the ASSOCIATION.
- 5.3 For the whole life of the ASSOCIATION the FOUNDERS shall also be members of the COUNCIL.

#### **Article 6 COUNTRY EXPERTS**

- 6.1 Qualified professionals (natural persons) with actual experience in advising and assisting on distribution matters shall be eligible to become COUNTRY EXPERTS. The prospective COUNTRY EXPERTS shall be appointed by the COUNCIL and shall be selected between persons known for their experience in the field of international distribution. Since the COUNTRY EXPERT will in principle be exclusive (see Article 6.5), it is essential for the image of the ASSOCIATION that he has the highest level of competence in distribution law with respect to his country.
- 6.2 The COUNTRY EXPERT shall be responsible for supplying and updating the information on his country for the IDI WEBSITE and for other possible purposes approved by the ASSOCIATION and for promoting the ASSOCIATION and the IDI WEBSITE in his country.

The COUNTRY EXPERT undertakes to prepare the «information section» (Country Report, Case-Law Report, News and any other information the ASSOCIATION will decide) regarding his country (under the supervision of the COUNCIL) and to keep such information updated at regular intervals,

according to the standards fixed by the COUNCIL for all COUNTRY EXPERTS.

- 6.3 The COUNTRY EXPERT agrees to transfer all proprietary rights regarding the information prepared within the framework of the IDI Project to the ASSOCIATION, which will use such information only for the purposes foreseen in these Articles of Association or decided by the ASSOCIATION. The COUNTRY EXPERT also grants the ASSOCIATION all subsidiary rights, including, but not limited to, rights for translation into any language (in whole or in part), rights for electronic storage and retrieval. The ASSOCIATION shall have the sole and exclusive right to sell, license, or make such other arrangements as it deems appropriate with respect to all subsidiary rights.
- 6.4 Each COUNTRY EXPERT will be mentioned on the IDI WEBSITE and in all other IDI documents as the expert responsible for his country. The names and curricula of all COUNTRY EXPERTS will be available on the IDI WEBSITE. The COUNTRY EXPERTS will be free to establish a professional relationship with any natural person and/or legal entity contacted through the initiatives of the ASSOCIATION (and particularly through the IDI WEBSITE), without paying any fee to the ASSOCIATION or to the IDI COMPANY. They undertake to perform any such professional activity according to the standards of fairness of their profession and to avoid in such context any action that could prejudice the image of the ASSOCIATION or the interests of its members.
- 6.5 In principle, there will only be a COUNTRY EXPERT for each State. Exceptionally, if justified by special circumstances, and subject to the decision of the COUNCIL, a person may be allowed to be the COUNTRY EXPERT for more than one country or two persons may be allowed to be the COUNTRY EXPERTS for the same country.
- 6.6 The COUNTRY EXPERTS will have free access to the IDI WEBSITE, and will be involved in the initiatives of the ASSOCIATION regarding their country.
- 6.7 The COUNTRY EXPERTS play a substantial role in the process of establishing the policies of the IDI Project. They transmit their observations on the various issues (model contracts, report forms, issues to be dealt with, etc.) to the EDITORIAL BOARD. They discuss within the Board of the COUNTRY EXPERTS proposals to be transmitted to the COUNCIL according to Article 11.3.
- 6.8 The COUNTRY EXPERTS will be represented in the COUNCIL by two members appointed by the Board of the COUNTRY EXPERTS as per Article 11.2 of these Articles of Association.

**Article 7  
ORDINARY MEMBERS**

- 7.1 ORDINARY MEMBERS of the ASSOCIATION are all persons who have paid the yearly subscription fee to the IDI COMPANY.
- 7.2 The ORDINARY MEMBERS have the right to access all the contents of the IDI WEBSITE, to obtain all the services that the ASSOCIATION (or the IDI COMPANY) puts at the disposal of the members and to participate to the ANNUAL GENERAL MEETING of the ASSOCIATION.
- 7.3 Where the ORDINARY MEMBER is a company or a legal entity of any type, his rights will be exercised by a natural person indicated in the subscription bulletin as member. Legal persons may subscribe more memberships according to the conditions indicated in the Subscription Agreement.

**Article 8  
HONORARY MEMBERS**

- 8.1 Honorary membership may be awarded by the COUNCIL to natural persons having made substantial contributions to the development of distribution law and/or of the IDI Project.
- 8.2 The HONORARY MEMBERS shall have the right to participate to all initiatives the ASSOCIATION as well as to the General Meeting of the ASSOCIATION, but shall not have free access to the services offered through the IDI WEBSITE.

**Article 9  
ADMISSION AND TERMINATION OF MEMBERSHIP**

**Admission**

- 9.1 The admission as ORDINARY MEMBER becomes effective when the prospective member has accepted the Subscription Agreement of the IDI WEBSITE and has paid the annual subscription fee to the IDI COMPANY.
- 9.2 The admission as COUNTRY EXPERT and HONORARY MEMBER is decided by the COUNCIL, after the prospective member has submitted an application to the ASSOCIATION. The COUNCIL may, in its absolute discretion, and without stating any reason for its decision, admit or refuse an application to such class of membership of the ASSOCIATION.

**Termination**

- 9.3 Any member shall cease to be a member of the ASSOCIATION:
- (a) in case of resignation from membership;
  - (b) in case of exclusion deliberated by the COUNCIL;
  - (c) as regards ORDINARY MEMBERS, in case of non-payment of the annual subscription fee, when due.

## **Exclusion**

- 9.4 The COUNCIL is entitled to decide the exclusion of any member in case:
- (a) he commits a substantial breach of his obligations under these Articles of Association, or
  - (b) he commits any action contrary to the Subscription Agreement and/or the Terms and Conditions regarding access and use of the IDI WEBSITE.
- 9.5 Moreover, the COUNCIL is entitled to decide the exclusion of any COUNTRY EXPERT in case:
- (a) the COUNTRY EXPERT does not fulfil (or is unable to fulfil, for whatever reason) his obligations as COUNTRY EXPERT according to Article 6.
  - (b) the quality level of his contributions is not deemed satisfactory by the COUNCIL.
- 9.6 Before taking any decision to exclude a member, the COUNCIL shall inform the member in writing, explaining the reasons of the decision and giving him the faculty of reply.

## **Article 10 ANNUAL GENERAL MEETING**

- 10.1 The ASSOCIATION shall convene each year an ANNUAL GENERAL MEETING of its members to be held at such time as the COUNCIL determines. The first ANNUAL GENERAL MEETING will be held in the year following the launch of the IDI WEBSITE.

### **Notice and proceedings at the Meeting**

- 10.2 The ANNUAL GENERAL MEETING shall be called by at least 2 months notice by the SECRETARY. The notice shall be given by publication on the IDI WEBSITE. The ANNUAL GENERAL MEETING shall be normally held in the same place and time of the meeting of the Board of the COUNTRY EXPERTS.
- 10.3 Any member of the ASSOCIATION is entitled to attend to the ANNUAL GENERAL MEETING. The decision of each member to participate to the Meeting shall be communicated to the SECRETARY (by sending an e-mail to secretary@idiproject.com) at least fifteen (15) days before the Meeting.
- 10.4 The ANNUAL GENERAL MEETING shall be chaired by the PRESIDENT of the ASSOCIATION, or in his absence, by a person indicated by the PRESIDENT to represent him. The PRESIDENT and or one or more COUNCIL MEMBERS shall illustrate the activity carried out by the ASSOCIATION in the preceding year and the programs for the future and shall answer possible questions made by the members.

- 10.5 All decisions of the ANNUAL GENERAL MEETING shall be adopted by a majority of votes of the members present at the meeting.
- 10.6 The SECRETARY shall ensure that proper minutes be made of the proceedings of all meetings. A record of all such minutes signed by the PRESIDENT shall be conclusive evidence without further proof of the facts therein stated.

#### **Powers of the ANNUAL GENERAL MEETING**

- 10.7 The ANNUAL GENERAL MEETING shall evaluate the results of the activities carried out by the ASSOCIATION during the previous year and discuss the strategies and the initiatives for the following year.
- 10.8 The decisions of the ANNUAL GENERAL MEETING shall only have the value of recommendations for the COUNCIL. However, the COUNCIL shall consider all proposals approved by the GENERAL MEETING and shall state its position in writing where it decides not to follow a recommendation, indicating the reasons of its refusal.

#### **Article 11 Board of the COUNTRY EXPERTS**

- 11.1 The Board of the COUNTRY EXPERTS shall have an annual meeting, which shall be usually held in conjunction with the ANNUAL GENERAL MEETING. The first annual meeting of the Board of the COUNTRY EXPERTS shall be held in November 2004, on the occasion of the launch of the IDI Project.
- 11.2 The Board of the COUNTRY EXPERTS shall appoint two REPRESENTATIVES («EXPERTS' REPRESENTATIVES»), chosen between its members, who will remain in charge for a period of two years and will act as Chairman and Vice-chairman of the Board of the COUNTRY EXPERTS. The EXPERTS' REPRESENTATIVES are *de jure* members of the COUNCIL. The EXPERTS' REPRESENTATIVE acting as Chairman will also be appointed by the ASSOCIATION as member of the Board of the IDI COMPANY. In case the member of the board of the IDI COMPANY so appointed should cease to exercise his functions of member of the board, the other EXPERTS' REPRESENTATIVE (i.e. the Vice-chairman) shall be appointed by the ASSOCIATION as member of the board of the IDI COMPANY.
- 11.3 The first two EXPERTS' REPRESENTATIVES will be Ercüment Erdem (Chairman) and Gustav Breiter (Vice-chairman). During the first annual meeting, the Board of the COUNTRY EXPERTS will decide whether to confirm them for the remaining period.
- 11.4 During the annual meeting of the Board, the COUNTRY EXPERTS shall discuss the initiatives of the ASSOCIATION and make any proposals or suggestions to the COUNCIL regarding the carrying out of the IDI Project and possible improvements and/or additional activities to be developed in the future, which must be examined and discussed by the COUNCIL.

- 11.5 Meetings of the Board of the COUNTRY EXPERTS other than the annual meeting may be called from time to time by the Chairman or by five (5) or more members of the Board at such times and places as may be fixed by the Board of COUNTRY EXPERTS or designated in the notice of the meeting. Reasonable notice of any such meeting specifying the time and place at which it is to be held shall be given to all COUNTRY EXPERTS.

## **Article 12 The COUNCIL**

### **COUNCIL Members**

- 12.1 The COUNCIL shall consist of seven (7) Members: five (5) permanent members and two (2) COUNTRY EXPERTS appointed by the Board of COUNTRY EXPERTS. The five permanent members at the date of constitution of the ASSOCIATION are the FOUNDERS, i.e. Fabio Bortolotti, Silvia Bortolotti, Didier Ferrier, Erwin Gärtner and Klaus Meyer Swantee.
- 12.2 The five permanent members shall remain in charge for an indefinite time (except that the COUNCIL may decide to revoke them in case of impossibility to perform their activity due to illness, unsound mind or similar situations). Should one of them resign from the COUNCIL or otherwise cease to be member of the COUNCIL, the COUNCIL shall appoint a new permanent member to replace him. Such appointment must have the approval of at least four members of the COUNCIL.
- 12.3 The two (2) COUNCIL Members appointed by the Board of the COUNTRY EXPERTS (EXPERTS' REPRESENTATIVES) shall remain in charge for a period of 2 years.

### **Powers of the COUNCIL**

- 12.4 The COUNCIL shall have the power to take all decisions regarding the ASSOCIATION and its activities, including possible modifications to these Articles of Association. The COUNCIL shall determine the general policy of the ASSOCIATION and the activities to be carried out, taking into account the proposals made by the Board of the COUNTRY EXPERTS, pursuant with Article 11.3 of these Articles of Association.
- 12.5 The COUNCIL may delegate any of its powers to one or more COUNCIL Members. Any such delegation may be made subject to the conditions the COUNCIL may impose.
- 12.6 The COUNCIL may, by power of attorney, or otherwise, appoint any person to be the agent of the ASSOCIATION for such purposes and on such conditions as it determines.

### **Meetings of the Council**

- 12.7 Subject to the provisions of these Articles of Association, the COUNCIL may regulate its proceedings as it thinks fit. A COUNCIL Member may, and the



SECRETARY at the request of a COUNCIL Member shall, call a meeting of the COUNCIL.

- 12.8 The COUNCIL's meetings will be chaired by the PRESIDENT, and, in case of absence by the VICE-PRESIDENT. In case of absence of both of them by the eldest member of the COUNCIL.
- 12.9 The quorum required for the COUNCIL meetings (including those held through Internet) shall be of 4 members. The COUNCIL shall deliberate with the majority of the votes. In the case of an equality of votes, the Chairman shall have a second or casting vote. Decisions concerning the modification of these Articles of Association shall be adopted with the approval of at least five COUNCIL Members.
- 12.10 The meetings of the COUNCIL may be held in persons or through Internet or conference call.
- 12.11 Where the COUNCIL meeting is to be held through Internet, the COUNCIL Members shall participate through the mailing list council@idiproject.com. At the beginning of the meeting, the Chairman, assisted by the SECRETARY, will send to the mailing list the Agenda and will open the discussion. The discussion shall continue for the time required by the issue (or issues) to be discussed, but not more than three days. The Chairman shall decide when the discussion should be closed and shall then ask the COUNCIL Members to vote. Thereafter the Chairman shall send the relevant minutes to all COUNCIL Members.
- 12.12 The COUNCIL shall ensure that proper minutes be made of the proceedings of all meetings of the COUNCIL. A record of all such minutes signed by the Chairman, shall be conclusive evidence without further proof of the facts therein stated.

### **Article 13 PRESIDENT of the ASSOCIATION**

- 13.1 The COUNCIL shall appoint a PRESIDENT and a VICE-PRESIDENT of the ASSOCIATION who will represent the ASSOCIATION before third parties and shall bear an unlimited liability for all obligations undertaken on behalf of the ASSOCIATION.
- 13.2 The PRESIDENT (or, in his absence, the VICE-PRESIDENT) shall appoint, on behalf of the ASSOCIATION, one EXPERTS' REPRESENTATIVE (Chairman) as member of the Board of the IDI COMPANY, in accordance with Article 11.2.
- 13.3 The PRESIDENT and a VICE-PRESIDENT will remain in charge for a period of two (2) years. The first PRESIDENT and VICE-PRESIDENT will be Fabio Bortolotti and Didier Ferrier. During its first meeting, the COUNCIL will decide whether to confirm the appointment of Fabio Bortolotti and Didier Ferrier for the remaining period.

**Article 14  
SECRETARY**

- 14.1 The SECRETARY is entrusted with the day to day management of the ASSOCIATION according to the directions given by the COUNCIL. The SECRETARY shall call the ANNUAL GENERAL MEETING when requested to it by the COUNCIL, and shall keep minutes of the ANNUAL GENERAL MEETING, and of the meetings of the COUNCIL and of the board of COUNTRY EXPERTS.
- 14.2 The SECRETARY shall be appointed by the COUNCIL for such time, at such remuneration and upon such conditions as the COUNCIL will decide. The first SECRETARY will be Silvia Bortolotti. During its first meeting, the COUNCIL will decide whether to confirm such appointment.

**Article 15  
EDITORIAL BOARD**

- 15.1 The EDITORIAL BOARD shall carry out and perform all initiatives decided by the ASSOCIATION, under the supervision of the COUNCIL and the SECRETARY.
- 15.2 As a main activity, the EDITORIAL BOARD shall be responsible of the editing of the IDI WEBSITE: it will collect all necessary information and keep it update; it will organize and review all contributions of the COUNTRY EXPERTS and it will provide the day to day management of the IDI WEBSITE. In addition, the EDITORIAL BOARD will organise any seminar or conference the ASSOCIATION may decide to hold as well as it will edit and publish any publication the ASSOCIATION may decide to publish.
- 15.3 People working for the EDITORIAL BOARD shall receive a remuneration from the IDI COMPANY in conformity with the terms and conditions decided by the IDI COMPANY, in accordance with the indications given by the COUNCIL.

**Article 16  
Winding up**

- 16.1 The ASSOCIATION is incorporated for an indefinite time.
- 16.2 The winding up of the ASSOCIATION shall be decided by the COUNCIL, with a unanimous vote.

**Article 17  
Final provisions**

- 17.1 These Articles of Association are governed by the laws of Italy.

17.2 The competent law courts of Turin (place where the ASSOCIATION has his registered office) shall have exclusive jurisdiction in any dispute arising out of or in connection with these Articles of Association.

Torino, June 14, 2004

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Fabio BORTOLOTTI

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Silvia BORTOLOTTI

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Didier Louis Marie FERRIER

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Erwin Robert GÄRTNER

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Klaus MEYER SWANTEE