



International Distribution Institute

The Logistic Service Provider Agreement

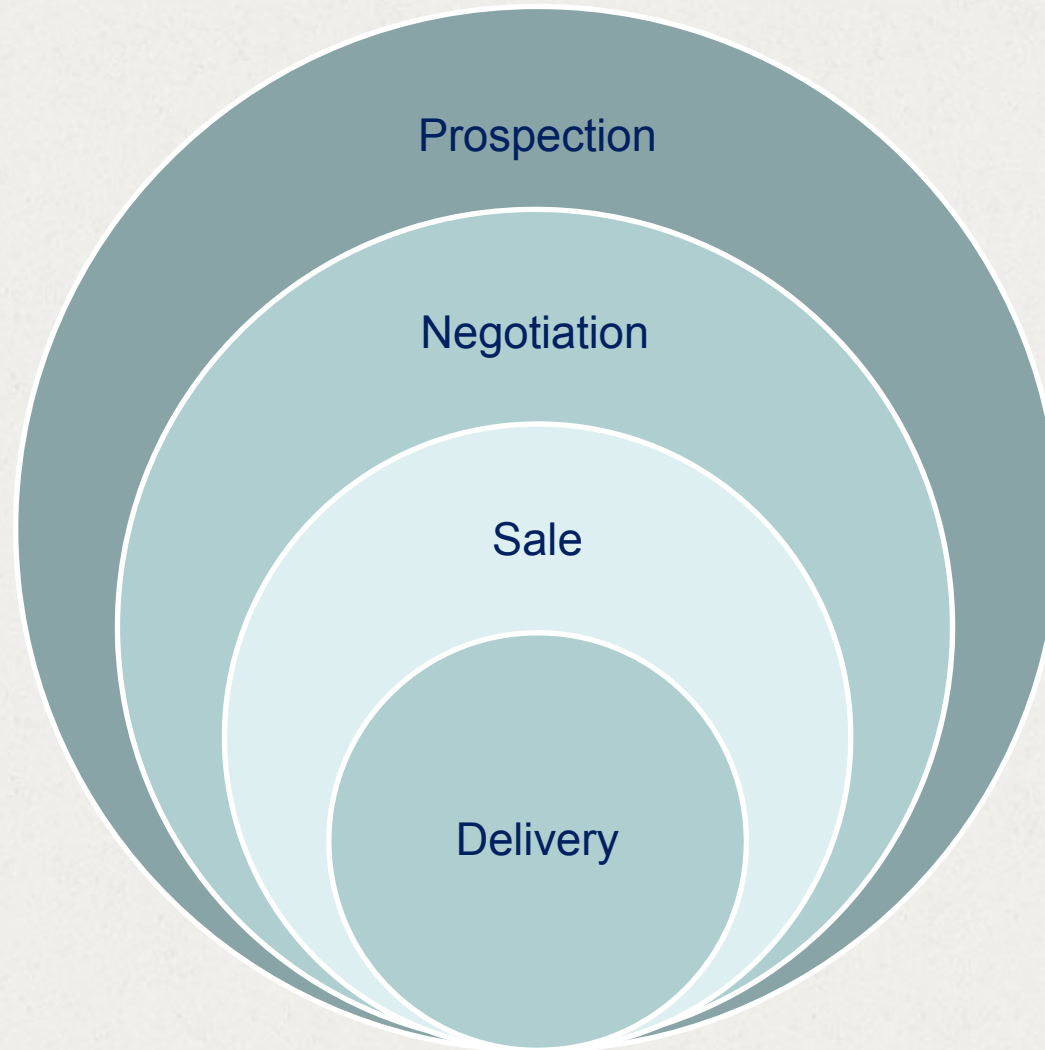
Edward Miller

Reed Smith, London and Paris

IDI agency & distribution country expert for UK



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Distribution

Supplier

- Manufactures
- Negotiates with Distributor
- Sells to Distributor
- May jointly promote
- Delivers to distributor

Distributor

- Buys from Supplier
- Negotiates with customers in territory
- Sells to customers in territory
- May jointly promote
- Delivers to customers in territory

Result

- No control over resale price or customer selection
- Limited control over sales outside territory
- Commercial agents directive does not apply



Agency

Supplier

Manufactures
Sells to customers
in territory
May jointly promote
Delivers to
customers in
territory

Distributor

Negotiates with
customers in
territory
May jointly promote

Result

Total control over resale price, customer selection and
sales outside territory
But – Commercial agents directive applies



LSP

Supplier

Manufactures
Sells to customers in territory
Negotiates with customers in territory
Promotes

LSP

Delivers to customers in territory

Result

Total control over resale price, customer selection and sales outside territory
Commercial agents directive does not apply

When to use LSP

Want to control price

Want to stop parallel trade

Customers largely known



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LSP Agreement - Key Services

Contract
Administration

Product
Reception/
Warehousing

Order
Reception/
Processing

Invoicing

Delivery

Payment
Collection



LSP Agreement - Key Legal Provisions

No authority to prospect

No authority to negotiate

Customer list supplied

Liability
Service Levels
LDs

Adverse events
Recalls

Data protection
Other compliance

Reporting

Change control

Termination
Handover



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