

**LEGAL ISSUES WHEN BUILDING DISTRIBUTION
NETWORKS IN EUROPE**

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Distributing your products and services through:

- **Commercial agents**
- **Distributors**

Commercial agency:

- European Directive 653/1986;
- National laws, which implemented the Directive:
important differences between Member States;
- National and European case-law.

Typical clauses of commercial agency contracts:

- Territory and products;
- Obligations of the parties;
- Commissions;
- Exclusivity;
- Termination by notice and earlier termination;
- Applicable law and jurisdiction.

Distribution:

- No European common rules on distribution contracts;
- Some national laws protecting distributors (e.g. Belgian law of 1961);
- National and European case-law;
- European antitrust rules.

Typical clauses of distribution contracts:

- Territory and products;
- Minimum turnover;
- Conditions of supply, prices;
- Exclusivity;
- Supplier's trademarks;
- Termination by notice and earlier termination;
- Applicable law and jurisdiction/arbitration.

Goodwill indemnity granted to commercial agents at the end of the contract:

- Up to 1 year's commissions, calculated on the average of the commissions earned by the agent during the last 5 years;
- France: 2/3 years' commissions.

Goodwill indemnity granted to distributors at the end of the contract:

- Belgian law of 1961:
 - Decided by Courts on a case by case basis, under certain conditions:
 - Indemnity for lack of notice: 3-48 months distributor's profits;
 - Supplementary indemnity: 6-24 months distributor's profits
- Case law of some Member States: analogical application of the rule on commercial agents

Thank you!

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