

Precedent Exclusive Distribution Agreement¹

DATE: [date]²

PARTIES:³

- (1) [**COMPANY NAME**], a company incorporated in [jurisdiction] (registration number [number]) having its registered office at [address] (the "**Supplier**"); and
- (2) [**COMPANY NAME**], a company incorporated in [jurisdiction] (registration number [number]) having its registered office at [address] (the "**Distributor**").

BACKGROUND:

- (A) *[Insert explanation of the background to this Agreement.]*
- (B) *[For example, "The Supplier manufactures and supplies the Products, and the Supplier wishes to appoint the Distributor as its exclusive distributor of the Products in the Territory on the terms of this Agreement".]*

AGREEMENT:

1. Definitions and interpretation

1.1 In this Agreement:

"**Affiliate**" means a company, firm or individual that Controls, is Controlled by, or is under common Control with the relevant company or firm;

"**Agreement**" means this agreement (including the Schedule) and any amendments to it from time to time;

"**Business Day**" means any week day, other than a bank or public holiday in [jurisdiction];

"**Contract**" means a contract between the parties for the supply of Products;

"**Control**" means:

¹This distribution agreement template is designed for use in relation to territorially exclusive distribution arrangements between Suppliers and Distributors operating at different levels of the supply chain. It covers both the general terms upon which a distributorship will be granted, as well as the specific terms concerning the purchase of products from the Supplier.

Exclusive distribution agreements are typically subject to competition law, and you will need to ensure that any agreement created using this template does not breach competition law or any other applicable laws or regulations.

²The date should be the date of signature; if the parties sign on different dates, it should be the date of the last signature.

³Where a party to the contract is a sole trader or partnership rather than a company, the following party definitions may be used:

sole trader: "[**INDIVIDUAL NAME**] trading as [business name], which has its principal place of business at [address] (the "[**Supplier/Distributor**]").]"

partnership: "[**PARTNERSHIP NAME**], a partnership established under [applicable] law having its principal place of business at [address] (the "[**Supplier/Distributor**]").]"

- (a) the legal power to directly or indirectly control the management of a company, firm or other entity;
- (b) the right to select the majority of the directors (or their equivalent) of a company, firm or other entity; and/or
- (c) ownership of more than 50% of the voting shares in a company;

and "**Controlled**" will be construed accordingly;

"**Effective Date**" means [the date of execution of this Agreement];⁴

"**Force Majeure Event**" means an event, or a series of related events, that is outside the reasonable control of the party affected (including power failures, industrial disputes affecting any third party, changes to the law, disasters, explosions, fires, floods, riots, terrorist attacks and wars);

"**Minimum Term**" means the period specified as such in the Schedule;]

"**Minimum Quantity**" the minimum value of Products (calculated using the Prices) that the Distributor must purchase from the Supplier [during each Year of the Term] as specified in the Schedule);]⁵

"**Order**" means a request for Products issued by the Distributor to the Supplier;

"**Prices**" means [the Supplier's standard distributor-specific list prices for the Products [as published on the Supplier's website from time to time / as annexed to this Agreement and varied by the agreement of both parties from time to time]];

"**Product Liability Claim**" means any claim, dispute and/or proceedings resulting from or arising in connection with any death, personal injury or damage to property caused in whole or part by a failure of the Products to comply with the warranties in Clause [11];

"**Products**" means the products which are purchased by the Distributor from the Supplier under this Agreement (details of which are set out in the Schedule);

"**Reserved Territories**" means all countries, territories and areas excluding the Territory, being countries, territories and areas in respect of which the Supplier may from time to time appoint another exclusive distributor and those countries and areas which the Supplier has reserved to itself;

"**Schedule**" means the schedule attached to this Agreement;

"**Term**" means the term of this Agreement;

"**Territory**" means the territories and areas specified in the Schedule; and

⁴This is the date from which the provisions of the Agreement come into effect: see Clause 2.2.

⁵The Minimum Quantity may, in the alternative, be defined by reference to the sales by the Distributor to customers. In some distribution agreements, the Minimum Quantity will increase over time. If a long Minimum Term is used, it will be more important to the Supplier to have a robust Minimum Quantity provision.

"Year" means a period of 365 days (or 366 days if there is a 29 February during the relevant period) starting on [the Effective Date] or on any anniversary of [the Effective Date].

- 1.2 In this Agreement, a reference to a [statute or statutory provision or regulation] includes a reference to that [statute or statutory provision or regulation] as modified, consolidated and/or re-enacted from time to time.
- 1.3 In this Agreement, "persons" include companies, partnerships, limited liability partnerships, unincorporated associations and trusts.
- 1.4 The Clause⁶ headings do not affect the interpretation of this Agreement.

2. Appointment and Term

- 2.1 The Supplier hereby appoints the Distributor as its exclusive distributor for the Products in the Territory during the Term.
- 2.2 This Agreement will come into force on the Effective Date and will continue in force [indefinitely, unless and until terminated in accordance with Clause [15] / for a fixed period of [5 Years], after which it will terminate automatically, unless previously terminated in accordance with Clause [15]].

3. Exclusivity

- 3.1 The Supplier will not:
 - (a) appoint any other person as its distributor of the Products in the Territory;
 - (b) itself supply the Products in the Territory; or
 - (c) supply the Products to any person for resale, save where that person is contractually restricted from actively supplying the Products in the Territory during the Term.
- 3.2 The Distributor will not actively supply the Products in the Reserved Territories.

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This is a sample document, showing the first few sections of a premium precedent available from:

<http://www.contractology.com>

⁶In different jurisdictions there are different ways of referring to discrete contractual provisions. Alternatives to "Clause" include "Section" and "Article".