

**IDI**  
**SHORT FORM INTERNATIONAL DISTRIBUTION CONTRACT**  
**(SUPPLIER-FRIENDLY)**

Between

..... (name)  
..... (address)  
(hereinafter called "the Supplier")

and

..... (name)  
..... (address)  
(hereinafter called "the Distributor")

**IT IS AGREED AS FOLLOWS**

**Article 1 - Distributor's obligations**

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**1.1 (Appointment and acceptance).** The Supplier hereby appoints the Distributor, who accepts, as his distributor for the sale of the products listed in Annex A-1 (hereinafter called «the Products») in the territory defined in Annex A-2 (hereinafter called «the Territory»).

**1.2 (Changes regarding the Products).** The range of the Products as well as their qualities, prices etc., can be varied at any moment by the Supplier at his own discretion.

**1.3 (Distributor as buyer-reseller acting in his own name).** The Distributor sells in his own name and for his own account, in the Territory, the Products he purchases from the Supplier. Unless otherwise specifically agreed in writing, the Distributor has no authority to enter into contracts on behalf of the Supplier, or in any way to bind the Supplier towards third parties.

**1.4 (Obligation to promote sales).** The Distributor agrees to use his best efforts to promote the sale of the Products within the whole Territory in accordance with the Supplier's indications and shall protect the Supplier's interests with the diligence of a responsible businessman. He shall provide and maintain an adequate organisation to promote sales and, where appropriate, after-sale service, with all necessary means and personnel, in order to ensure the fulfilment of his obligations throughout the Territory under this contract.

**1.5 (Conformity to the Supplier's indications).** The Distributor undertakes to strictly conform to the Supplier 's marketing policy, especially with regard to the choice of the distribution channels, which must in any case be adequate for the trademark image of the Supplier. Any advertising and promotion regarding the Supplier and/or the Products shall be in strict accordance with the indications given by the Supplier, in order to warrant that it conforms in all respects to the Supplier 's image and marketing policies. Any advertisement materials regarding the Products is-

sued by the Distributor, including their presentation through Internet, shall strictly conform to the Supplier's guidelines and must receive the prior approval of the Supplier.

**1.6 (Prohibition of active sales outside the Territory).** The Distributor agrees not to actively promote sales (e.g. through advertising, or by establishing branches or distribution depots) into the territories reserved by the Supplier exclusively for himself or allocated by the Supplier to other exclusive distributors or buyers.

## **Article 2 - Minimum Orders**

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**2.1 (Minimum Orders).** The Distributor undertakes, during each year, to place orders for not less than the amount specified in Annex A-3 («Minimum Orders»). For the years following those for which the Minimum Orders are indicated in Annex A-3, the parties shall determine jointly and in good faith the Minimum Orders within the end of the month preceding the year at issue. If nothing has been agreed such minimum amount will be automatically increased by 10% with respect to the minimum of the previous year.

**2.2 (Consequences of non-attainment of the Minimum Orders).** If at the end of a year the Minimum Orders applicable to such year have not been attained, the Supplier shall be entitled, subject to giving one month's notice, at his choice,

- (a) to terminate this contract, under Article 7.3, or
- (b) to cancel the Distributor's exclusivity, or
- (c) to reduce the extent of the Territory, by excluding the territories where the Distributor has made less promotion.

## **Article 3 - Non competition obligation**

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**3.1 (Non competition obligation).** Unless authorised in advance in writing by the Supplier, the Distributor shall not represent, manufacture, sell or distribute, in the Territory or elsewhere (or be involved either directly or indirectly in the manufacture, sale or distribution of) any products which are in competition with the Products, for the entire term of this contract. He shall especially not engage in acting as distributor, reseller, commission agent, agent or in any other similar way, for the benefit of third parties who manufacture or sell products which are in competition with the Products.

**3.2 (Non-competing products).** The Distributor may represent, distribute or manufacture any products which are not in competition with the Products, provided he informs the Supplier in writing in advance, and provided the exercise of such activity does not prejudice the fulfilment of his obligations under this contract.

## **Article 4 - Conditions of supply - Prices**

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**4.1 (Acceptance and refusal of orders).** The Supplier shall supply the Products against Distributor's regular orders, which he shall be free to accept or to refuse at his sole discretion.

**4.2 (Rules applicable to sales).** Sales of the Products to the Distributor shall be governed by the Supplier's general conditions of sale, the currently applicable version of which is attached to this contract (Annex A-4). In case of conflict between such general conditions and the terms of this contract, the latter shall prevail.

**4.3 (Prices and payment conditions).** The prices payable by the Distributor, as well as possible discounts, shall be those set forth in Annex A-5. Unless otherwise agreed, such prices are subject to change at any time, subject to two months' notice. Payment conditions will be those specified in the Supplier's general conditions of sale or agreed upon case by case.

**4.4 (Compliance with terms of payment and supply).** The Distributor agrees to comply, with the utmost care, with the terms of payment agreed upon between the parties.

**4.5 (Reservation of title).** It is agreed that the Products delivered remain the Supplier's property until the Supplier has received payment in full.

**4.6 (Resale prices).** The Distributor is free to autonomously determine the actual sale price of the Products, with the only exception that he agrees not to sell at prices higher than the maximum resale prices that the Supplier may impose. The Supplier may indicate recommended resale prices: such prices are not binding and do in no way affect the Distributor's right to grant lower prices to his customers.

## **Article 5 – Supplier's Trademarks – Confidentiality**

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**5.1 (Use of the Trademarks).** The Distributor shall use the Supplier's trademarks, trade names or any other symbols (hereafter «Trademarks»), but only for the limited purpose of advertising the sale of the Products and identifying himself as Distributor of the Supplier, such use of the Trademarks being made in the Supplier's sole interest. Any use of the Trademarks on the Distributor's letter paper, on advertising materials or on any other materials addressed to third parties or on Internet (especially on the Distributor's site, if any) shall require the prior written consent of the Supplier, which, however, shall not be unreasonably withheld.

**5.2 (Prohibition to register).** The Distributor agrees neither to register, nor to allow or favour the registration by third parties of any of the Trademarks (nor of any trademarks, trade names or symbols which are confusingly similar to the Trademarks), in the Territory or elsewhere. He furthermore agrees not to include the Trademarks in his own trade or company name.

**5.3 (No use after contract termination).** The right of the Distributor to use of the Trademarks, as granted under Article 5.1 here-above, shall cease upon the expiration or termination, for any reason, of this contract. However, the Distributor may continue to use the Trademarks for a reasonable period, in no case exceeding three months, after contract termination for the limited purpose of selling the Products in stock at the date of expiration of the contract which bear the Trademarks.

**5.4 (Confidential information).** Neither party shall reveal either during the currency of this contract or after its termination or expiration any trade or commercial secrets or other confidential information (e.g. technical data regarding the Products, discount and pricing policies, etc.) of the other party that has come to his knowledge within the context of the performance of this contract, and agrees not to use such secrets or confidential information for purposes other than those of the present contract.

## **Article 6 - Distributor's exclusive rights**

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**6.1 (Distributor's exclusivity).** Except as set out in the following paragraphs of this Article, the Supplier will sell the Products, in the Territory, only to the Distributor. He agrees furthermore not to appoint in the Territory any distributors, agents or intermediaries, for the purpose of distributing the Products. He will however be free to send his personnel to the Territory in order to harmonise the Distributor's activities with his own commercial policy and to take direct contact with the customers of the Territory. The distributor's exclusive right does not prevent the Supplier from selling the Products to customers outside the Territory who may thereafter export the Products into the Territory.

**6.2 (Direct sales by the Supplier - Special Customers).** As an exception to Article 6.1 above, the Supplier may directly contact customers of the Territory and make direct sales to such customers, provided he pays the Distributor a commission on such business at the rate indicated in Annex A-6. The Supplier retains the right to deal directly with the special customers listed in Annex A-7 (hereafter called «Special Customers»). In respect of the sales to such customers the Dis-

tributor shall be entitled to commission, at the rate indicated in Annex A-7.

## **Article 7 – Term and termination of the contract**

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**7.1 (Entry into force and duration).** This contract enters into force on the date of its signature and will continue in force until terminated by either party respecting the terms of notice specified in Article 7.2 hereunder or by mutual consent.

**7.2 (Termination with prior notice).** (Termination with prior notice). Either party may terminate this contract by notice communicated to the other party in conformity with Article 7.7 not less than three months in advance. If the contract has lasted for more than four years, the period of notice will be of four months. The end of the period of notice must coincide with the end of a calendar month.

**7.3 (Earlier contract termination).** Each party may terminate this contract with immediate effect, without respecting a period of notice, by simple communication served in conformity with Article 7.7, in case of:

- (a) a substantial breach by the other party of the obligations arising out of this contract, as defined in Article 7.4 hereunder, or
- (b) exceptional circumstances justifying the earlier termination, as defined in Article 7.5 hereunder, or
- (c) change of control, ownership and or management, as specified in Article 7.6 hereunder.

**7.4 (Substantial breach).** Any failure by a party to carry out all or part of his contractual obligations resulting in such detriment to the other party as to substantially deprive him of what he is entitled to expect under the contract, shall be considered as a substantial breach for the purpose of Article 7.3 above. The parties hereby agree to consider in principle, unless the contrary is proved, as a substantial breach of the contract the violation of the provisions under Articles 2.1, 3.1, 4.4, 5.2, 5.4 and 6.1. Moreover, the violation of any other contractual obligation may be considered as a substantial breach, if such violation is repeated notwithstanding a request by the other party to fulfil its contract duties.

**7.5 (Exceptional circumstances).** Circumstances in which it would be unreasonable to require the terminating party to continue to be bound by this contract, shall be considered as exceptional circumstances for the purpose of Article 7.3 above. The parties agree to consider as exceptional circumstances which justify the earlier contract termination by the other party the following situations: bankruptcy, moratorium, receivership, liquidation or any kind of composition between the debtor and the creditors, or any circumstances which are likely to affect substantially one party's ability to carry out his obligations under this contract.

**7.6 (Change of control, ownership and or management).** If the Distributor is a company, this contract may also be terminated by the Supplier with immediate effect at the occurrence of a material change of the legal structure, of the shareholders or of the management of the Distributor company, carried out without the prior consent of the Supplier, and particularly where one of the persons indicated in Annex A-8 ceases to have the position therein indicated or anyway ceases to personally take care of the relationship with the customers.

**7.7 (Communication of contract termination).** Contract termination by either party must be communicated to the other party in writing through a means of communication evidencing that the termination notice has been received and the date on which it is received (e.g. registered mail with return receipt, special courier). A termination notice is effective when it reaches the person to whom it is directed. If the notice is not received by the addressee for reasons for which the person sending the notice cannot be held responsible and all reasonable efforts have been made to reach the addressee, the notice will nevertheless be considered effective.

**7.8 (No goodwill indemnity).** The Distributor shall not be entitled to an indemnity for goodwill or similar compensation («indemnity») in case of termination of the contract.

**Article 8 – Applicable law - Jurisdiction**

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**8.1 (Applicable law).** This contract is governed by the laws of ..... (name of the country the law of which is to apply).

**8.2 (Rules applicable to sales).** Unless otherwise agreed in writing, the sale contracts concluded between the Supplier and the Distributor within this distributorship agreement will be governed by the United Nations Convention on Contracts for the International Sale of Goods (Vienna Convention of 1980, hereafter referred to as «CISG»), and to the extent that such questions are not covered by CISG, by reference to the rules and principles of law generally recognised in international trade as applicable to international contracts of sale.

**8.3 (Competent jurisdiction).** In case of dispute the courts of .....\_(place) ..... (country) shall have exclusive jurisdiction.

Made in ..... on the

The Supplier

The Distributor

.....

.....

**ANNEX A**

**A-1 Products (Article 1.1)**

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 .....  
 .....

**A-2 Territory (Article 1.1)**

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**A-3 Minimum Orders (Article 2.1)**

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The parties have agreed, in accordance with article 5.1, the following Minimum Orders for the year ..... :

- ..... (amount in money)
- ..... (amount in Products)

**A-4 Supplier's general conditions of sale (Article 4.2)**

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To be annexed to the contract.

**A-5 Prices and/or discounts granted to the Distributor (Article 4.3)**

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 .....

**A-6 Amount of commission on direct sales made by the Supplier (Article 6.2)**

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\_\_\_\_\_ %

**A-7 Special Customers (Article 6.2)**

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Name of customer	no commission	rate of commission
		%
		%

		%
		%
		%
		%
		%

**A-8 Key persons (Article 7.6)**

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<b>Name</b>	<b>Function<sup>1</sup></b>

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<sup>1</sup> E.g. Majority shareholder, director, general manager, chairman of the board.