

CHECKLIST: DISTRIBUTION AGREEMENT

<p>1. Parties</p>	<ul style="list-style-type: none"> • Who are the parties to this agreement? (individual, company or trust) • Contact details
<p>2. Description of product</p>	<ul style="list-style-type: none"> • Is the agreement to distribute: <ul style="list-style-type: none"> - A selection of the suppliers products; - All of the suppliers products.
<p>3. Type of distribution</p>	<ul style="list-style-type: none"> • Is the distributorship to be: <ul style="list-style-type: none"> - Non-exclusive; - Exclusive. • Can the agreement be assigned?
<p>4. Term</p>	<ul style="list-style-type: none"> • Is the distribution agreement for: <ul style="list-style-type: none"> - A fixed period; - An indefinite period; - Subject to sales figures.
<p>5. Territory</p>	<ul style="list-style-type: none"> • Where can the products be distributed: <ul style="list-style-type: none"> - Everywhere; - Defined territory; - Only in specific markets/locations. • Will the supplier be restricted from supplying products in the territory? • What about online/web sales?
<p>6. Promotion</p>	<ul style="list-style-type: none"> • Who is responsible for marketing and promotion? • Will marketing and promotions costs be shared? • Will a proportion of the sales profits be used for marketing and promotions? • Who pays for, or supplies brochures and manuals? • How are budgets agreed?
<p>7. Compliance with Local Regulations</p>	<ul style="list-style-type: none"> • Who is responsible for compliance with local regulations relating to: <ul style="list-style-type: none"> - Safety; - Labelling; - Product liability;

	<ul style="list-style-type: none"> - Import/export permits.
8. Costs	<ul style="list-style-type: none"> • Who is responsible for costs in relation to – - Sales; - Warranty and service; - Storage.
9. Fee / Payment Terms	<ul style="list-style-type: none"> • What are the payment terms for the product? • Is set-off and deduction available?
10. Order Procedure	<ul style="list-style-type: none"> • How will orders be placed for the product? • Is there any minimum quantity requirements? • Product delivery location?
11. Ownership / Title and Risk	<ul style="list-style-type: none"> • When does title/risk pass to the distributor? • Does the supplier retain ownership of the goods until sold by the distributor? • Is the distributor insured for loss or damage?
12. Suppliers Warranties	<ul style="list-style-type: none"> • Warranties with respect to merchantable quality and fitness for purpose? • Product testing? • Warranties that the intellectual property rights in the product does not infringe third party rights?
13. After Sales	<ul style="list-style-type: none"> • Who is responsible for after sales issues? • Will the supplier indemnify the distributor for any injury resulting from the use of the product? • Is product liability insurance available?
14. Sales Targets	<ul style="list-style-type: none"> • Are there any minimum sales targets imposed?
15. Competing Products	<ul style="list-style-type: none"> • Can the distributor distribute competing products?
16. Option for Renewal	<ul style="list-style-type: none"> • Do the parties want an option for renewal? • What criteria must be present before an option can be exercised? • Is renewal automatic if pre-agreed sales targets are met?
17. Indemnity	<ul style="list-style-type: none"> • What indemnities are to be provided by the parties? For example injury resulting from use of the product. • Any other risk issues that may arise?

<p>18. Disputes</p>	<ul style="list-style-type: none"> • How will disputes be resolved: <ul style="list-style-type: none"> - In relation to payment? - If there's a breach of the distribution agreement? • Mediation and arbitration first resort? Who pays the costs or parties share equally? • What jurisdiction can the disputes be heard in?
<p>19. Termination</p>	<ul style="list-style-type: none"> • How will the distribution agreement end? • Can a party terminate without giving a reason? • What happens if there is breach by either party? Will the parties be given an opportunity to remedy a breach? • What happens if the agreement is terminated: <ul style="list-style-type: none"> - Will the distributor be allowed to sell-off stock and for what period? - What happens to "confidential information"? - Is "confidential information" an agreed term? - Will there be any restraint provisions after termination?

Disclaimer: This checklist contains general information only. It is not an exhaustive checklist and is proposed as a guide only. It is not intended to be given as advice and should not be relied upon as such. Surry Partners Lawyers recommends that parties to a Distribution Agreement obtain specific advice from an experienced lawyer.