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| **Document name:** | Distribution Agreement |
| **Document Summary:** | Distribution Agreement for the distribution of products in the UAE. |
| **PLEASE READ:**    *This precedent has been prepared by Al Tamimi & Company without reference to any particular matter, transaction or set of facts.  Substantive changes to this precedent may be required to adapt it to the requirements of a specific client or matter.  As of the date of publication, this template has been drafted pursuant to all applicable legislation and statutes. Laws and/or procedures may have changed since this precedent was published.*      ***NOTE: THIS IS A BASIC SAMPLE ONLY AND SPECIFIC ADVICE SHOULD BE SOUGHT FROM COUNSEL DULY LICENSED TO OPINE ON THE LAWS OF THE UNITED ARAB EMITRATES PRIOR TO A PARTY ENTERING INTO SUCH AN AGREEMENT.*** | |
| **Notes:**   1. The territory under this draft is the UAE only and does not contemplate any other cross-border distribution activities into other GCC countries. 2. The draft contemplates the governing law to be UAE law. 3. The distributor in this example is not permitted to assign the agreement or appoint sub-distributors. 4. In terms of delivery, the parties have to choose the relevant Incoterms that best suite the supply pipeline agreed to. | |

**DISTRIBUTION AGREEMENT**

**THIS [NON-EXCLUSIVE] [EXCLUSIVE] DISTRIBUTION AGREEMENT is dated [INSERT]**

**Parties**

1. [FULL NAME], a company incorporated and registered in [INSERT] with [company number] [ license number] whose registered office is at [REGISTERED OFFICE ADDRESS] (“**Supplier**”); and
2. [FULL NAME], a company incorporated and registered in [INSERT] with [company number] [ license number] whose registered office is at [REGISTERED OFFICE ADDRESS] (“**Distributor**”).

**RECITALS**

1. The Supplier wishes to appoint the Distributor as its [exclusive] / [non-exclusive] distributor for the promotion, sale and distribution of the Products within the Territory (all as defined below) on the terms of this Agreement.
2. The Distributor wishes to accept such appointment subject to the terms of this Agreement.

**Agreed terms**

1. DEFINITIONS AND INTERPRETATION
   1. In this Agreement, capitalised terms shall, unless the context otherwise requires, have the following meanings:

“**Agreement**”means this distribution agreement including any Schedules or annexures attached or referred to herein;

“**Business Day**” means a day (other than a Saturday, Sunday or public holiday in the UAE) when banks in the UAE are open for retail business;

“**Commencement Date**” means [insert] OR [the date of this Agreement];

**“Intellectual Property Rights”** meansall patents, rights to inventions, utility models, copyright and related rights, trademarks, service marks, trade, business and domain names, rights in trade dress or get-up, rights in goodwill or to sue for passing off, unfair competition rights, rights in designs, rights in computer software, database right, topography rights, moral rights, rights in Confidential Information (including know-how and trade secrets) and any other intellectual property rights, in each case whether registered or unregistered and including all applications for and renewals or extensions of such rights, and all similar or equivalent rights or forms of protection in any part of the world;

**“Products”** meansthe products of the type and specification as set out in ‎Schedule 1;

**“Term”** has the meaning ascribed to such term in clause ‎8.1;

**“Territory”** meansthe country specified in ‎Schedule 2;

**“Trade Marks“** means the trade mark registrations and applications identified in ‎Schedule 3, together with any further trademarks which the Supplier may permit or procure permission for the Distributor by express notice in writing to use in the Territory in respect of the Products;

**“Year**” means the period of twelve (12) months from the Commencement Date and each consecutive period of twelve (12) months thereafter during the Term; and

**“VAT“** means value added tax or any equivalent tax chargeable in the United Arab Emirates or elsewhere.

1. APPOINTMENT
   1. The Supplier hereby appoints the Distributor as its [non-exclusive] [exclusive] Distributor to import and distribute the Products (in ‎Schedule 1) in the Territory on the terms of this Agreement.
   2. The Distributor shall buy the Products only from the Supplier.
   3. The Distributor shall not without the Supplier’s prior written consent make any promises or guarantees with reference to the Products beyond those contained in the promotional material supplied by the Supplier or otherwise incur any liability on behalf of the Supplier.
2. DISTRIBUTORS OBLIGATIONS AND UNDERTAKINGS
   1. The Distributor undertakes and agrees with the Supplier at all times during the Term:
      1. to use its best endeavours to promote the distribution and sale of the Products in the Territory and employ dedicated and adequately qualified and trained personnel sufficient to fulfilment of the Distributor’s obligations under this Agreement;
      2. to keep all stocks of the Products which it holds in conditions appropriate for their storage and provide appropriate security for the Products all at its own cost;
      3. to provide to customers a high level of after-sale service in respect of the Products during the Term and for a period of six (6) months after the termination of this Agreement, however terminated;
      4. to comply with all applicable laws, rules and regulations including without limitation those relating to the import, sale, packaging, distribution, marketing and labelling of Products within the Territory (the “**Local Regulations**”) and give the Supplier as much advance notice as reasonably possible of any prospective changes in the Local Regulations. Distributor shall inform the Supplier of issues related to trade, finance, politics, or business and events in the Territory generally affecting the trade in the Products. For the avoidance of doubt, it is understood and agreed that Distributor shall be solely responsible for ensuring compliance with the Local Regulations; and
      5. [insert any additional undertakings].
3. SUPPLY AND DELIVERY OF PRODUCTS
   1. Distributor shall submit written orders for the Products to the Supplier and Supplier shall either accept or reject the order within five (5) Business Days by written notice.
   2. The Supplier undertakes to use all commercially reasonable endeavours to meet all accepted orders for the Products within [forty-five (45) days] of written acceptance of such order and the Distributor agrees to purchase the Products for its own account for resale pursuant to the terms of this Agreement.
   3. The Products shall be supplied and delivered pursuant to Supplier’s standard terms and conditions of sale, as applicable from time to time.
4. sUPPLIER’S UNDERTAKINGS
   1. The Supplier undertakes:
      1. [to supply the Products [only] to the Distributor for resale in the Territory [and not to supply the Products to third parties in the Territory]];
      2. to provide any information and support as may reasonably be requested by the Distributor to enable it properly and efficiently to discharge its duties under this Agreement;
      3. to assist the Distributor with reasonable promptness around any reasonable enquiries concerning the Products from the Distributor themselves and/or its customers; and
      4. [insert any additional undertakings].
5. PRICES, PAYMENT AND TAXES
   1. The prices to be paid by the Distributor to the Supplier for the Products are to be the Supplier’s prices noted in ‎Schedule 1 or any update thereto. All price noted hereunder are exclusive of any VAT chargeable on the supplies for which such sums (or any part of them) are the whole or part of the consideration for VAT purposes.
   2. All taxes, charges, levies, assessments and other fees of any kind imposed on the purchase or import of the Products shall be the responsibility of, and for the account of, the Distributor.
6. TRADE MARKS AND INTELLECTUAL PROPERTY
   1. The Supplier hereby grants to the Distributor the non-exclusive, royalty free, non-transferable, [non-] sub-licensable right, in the Territory, to use the Trade Marks in the promotion, advertisement and sale of the Products in accordance with the provisions of this Agreement and for Term only.
   2. All Intellectual Property Rights in or arising out of or in connection with the Agreement, the Products shall be owned by Supplier.
7. DURATION AND TERMINATION
   1. This Agreement shall come into effect on the Commencement Date and, unless otherwise terminated in accordance with this Agreement, shall continue in force for a period of five (5) years (“**Term**”) after which time this Agreement shall automatically terminate, without need for a court order and without need for further notice, unless the parties agree otherwise in writing.
   2. The Supplier may terminate this Agreement, without need for a court order and without need for further notice, if:-
      1. the Distributor has broken or is in breach of any terms of this Agreement and shall not have remedied such breach within [thirty (30) days] of having been notified of the breach by the Supplier in writing; or
      2. the Distributor commences negotiations with all or any class of its creditors with a view to rescheduling any of its debts, or makes a proposal for or enters into any compromise or arrangement with any of its creditors other than (being a company) for the sole purpose of a scheme for a solvent amalgamation of the Distributor with one or more other companies or the solvent reconstruction of that other party; or
      3. the Distributor suspends or ceases, or threatens to suspend or cease, carrying on all or a substantial part of its business; or
      4. the Distributor purports to assign its rights or obligations under this Agreement without the prior written consent of the Supplier.
8. EFFECTS OF TERMINATION
   1. All the rights and licences of the Distributor under this Agreement shall terminate on the termination date.
   2. The Supplier may cancel any orders for Products placed by the Distributor before termination if delivery would fall due after termination, whether or not they have been accepted by the Supplier. The Supplier shall have no liability to the Distributor in respect of such cancelled orders.
9. CONFIDENTIALITY
   1. Distributor acknowledges that in the ordinary course of performing its obligations pursuant to this Agreement it may be exposed to information about Supplier’s business which is confidential or is commercially sensitive and which may not be available to others engaged in a similar business to that of Supplier or to the general public.
   2. Distributor shall keep secret and shall not at any time either during this Agreement or after its termination, for whatever reason, use, communicate or disclose to any person any secret or confidential information concerning the business, finances or organization of Supplier and shall use its best endeavours to prevent the publication or disclosure of such information.
   3. The restrictions contained in this clause shall not apply to:
      1. any disclosure authorized by Supplier or reasonably required in the ordinary and proper course of the implementation of this Agreement;
      2. any disclosure that is required by a court of competent jurisdiction or an appropriate regulatory authority; and
      3. any information which Distributor can demonstrate was known to Distributor prior to the commencement of this Agreement or is in the public domain otherwise than as a result of a breach of clause 10.2 above.
10. WAIVER

The failure of either Party to enforce at any time any of the provisions hereof or any right with respect thereto shall not be construed to be a waiver of such provisions of a waiver of the right of such Party thereafter to enforce any such provision or right.

1. NOTICES
   1. Any notice to be served under this Agreement may be delivered by hand (with receipt confirmed in writing) or sent by registered courier to the Party to be served at its address set out in the preamble of this Agreement or as otherwise agreed between the Parties in writing.
   2. All such notices or communications will be deemed to have been duly given or made:-
      1. when delivered by hand; or
      2. upon delivery by registered courier,

provided always that if such notice is given on a day other than a business day the notice will be deemed to have been given on the next day which is a business day. “Business day for purposes of this clause shall mean a day on which banks are open for normal business in the UAE.

1. NO PARTNERSHIP OR AGENCY

Nothing in this Agreement shall be deemed to constitute a partnership between the Parties, nor constitute either Party constituting or becoming in any way the agent of the other Party for any purpose.

1. ENTIRE AGREEMENT AND AMENDMENTS

This Agreement constitutes the entire agreement between the Parties relating to the subject matter of this Agreement and supersedes all previous verbal or written agreements and negotiations between the Parties and this Agreement, including this clause, may only be modified or amended if mutually agreed in writing and signed by the duly authorised representatives of the Parties.

1. FORCE MAJEURE
   1. Neither of the Parties to this Agreement shall be responsible to any other Party for any delay in performance or non-performance of its obligations hereunder due to any cause beyond its reasonable control, but the affected Party shall promptly upon the occurrence of any such cause so inform the other Party in writing, and thereafter such Party shall use reasonable endeavours to comply with the terms of this Agreement as fully and as promptly as possible.
   2. If performance of the Agreement is suspended under this clause for more than [eight (8) consecutive weeks] either Party may by notice in writing to the other terminate this Agreement and without the need to obtain a court order.
2. INVALIDITY

If any Party of this Agreement is determined to be invalid, unenforceable or illegal the remainder shall be enforceable to the maximum extent possible.

1. SEVERABILITY

If any part of the Agreement becomes invalid, illegal or unenforceable the parties shall in such an event negotiate in good faith in order to agree the terms of a mutu­ally satisfactory provision to be substituted for the invalid, illegal or unenforcea­ble provision which as nearly as possible validly gives effect to their intentions as expressed in the Agreement. Failure to agree on such a provision within six months of commencement of those negotiations shall result in automatic termina­tion of the Agreement. The obligations of the parties under any invalid, illegal or unenforceable provision of the agreement shall be suspended during such a nego­tiation.

1. REPRESENTATION

The Parties represent that they are legally entitled and empowered to perform all aspects of this Agreement and that they will take steps necessary to comply with the law and the diligent performance of all aspects of this Agreement the performance of their obligations hereunder to the other Party. The failure of any Party to comply with any legal requirements for any cause shall not discharge it from any of its obligation under the terms of this Agreement.

1. COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which when executed shall constitute an original, but all of which when taken together shall constitute one and the same Agreement.

1. COSTS

Each Party shall pay the costs and expenses incurred by it in connection with the entering into of this Agreement.

1. LANGUAGE
   1. Any notice given in connection with this Agreement must be in Arabic.
   2. Any other document provided in connection with this Agreement must be:
      1. in Arabic; or
      2. (unless the Parties otherwise agree)
2. GOVERNING LAW AND DISPUTE RESOLUTION
   1. This agreement shall be governed and construed in accordance with the laws of the United Arab Emirates.
   2. The Parties shall endeavor to resolve all disputes or differences in relation to this agreement through good faith negotiations.
   3. Any dispute arising out of or in connection with the formation, performance, interpretation, nullification, termination or invalidation of this agreement or arising there from or related thereto in any manner whatsoever which has not been resolved pursuant to clause 22.2 above within the 5 (five) days, shall be subject of the exclusive jurisdiction of the UAE courts.

**[Remainder of page left blank]**

**[Signatures follow the Schedules]**

1. The Products and Prices

|  |  |  |  |
| --- | --- | --- | --- |
| **Product** | **Size** | **SKU** | **Price (AED)** |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

1. Territory
2. [United Arab Emirates]
3. The Trade Marks

This Agreement has been entered into on the date stated at the beginning of it.

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| --- | --- |
| Signed for and on behalf of **[PARTY 1]** | .......................................  General Manager / Director |
| Signed for and on behalf of **[PARTY 2]** | .......................................  General Manager / Director |