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Fact Sheet Distribution – Denmark (per September 2012)

How is a distributor defined under national law?	There is no specific law in Denmark concerning distributors and therefore no legal definition in law.
How does the definition of a distributor differ from that of a commercial agent?	The term “distributor” is not defined in law. The main differences are that an agent negotiates on the principal’s behalf and is typically paid a commission calculated by reference to the purchase sum by the principal. In contrast the distributor concludes agreements in his own name and for his own account.
Are there any specific legislation governing the relationship between a manufacturer and distributor?	There is no specific legislation governing the relationship between a manufacturer and distributor and the relationship is therefore primarily regulated by the parties’ distribution agreement and/or general principles of contract law..
How is the duration of a contract normally defined?	There is no “usual” term for a distribution agreement. Unless otherwise agreed the distributor agreement can be terminable on the giving of reasonable notice by either side. What is reasonable depends on the facts of the case.
How long is the notice of termination?	As mentioned above a distributor agreement can be terminated on the giving of reasonable notice unless otherwise agreed. When we look at distributor agreements which have been in force for a longer time a “reasonable notice” will often be at least six months.
What rights does the distributor have to compensation or indemnity upon termination?	As a starting point the distributor will not be entitled to any compensation upon termination of the distributor agreement. But there are a few rulings where the courts have given the distributor goodwill compensation upon termination where the distributor has built up a new customer base or significantly increased the existing customer base and the manufacturer can take this over.
Are there any laws or regulations relating to restraint of trade/restrictive covenants	There is no Danish legislation specifically directed at distributorships. Any restraint of trade/restrictive covenants will be subject to general principles of contract law.
Are any particular formalities required for a distribution agreement to be legally valid and enforceable under national law?	None.

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