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### Fact Sheet Agency – France (March 2012)

How is an agent defined under national law?	An agent is defined as “an individual or an entity, acting <u>independently</u> of the principal, without an employment agreement, who is responsible on an <u>on-going basis</u> for the task of negotiating and executing purchase and sale agreements, leases, or contracts for services <u>on behalf of</u> producers, manufacturers, merchants, or other agents.”
How is the normal duration of a contract normally defined?	The duration of the appointment can be either for a fixed term (normally no longer than 1 year) or an indefinite term.
How long is the notice of termination?	Fixed term agreements can only be terminated for reasons set forth in the agreement or “faute grave” (inexcusable fault) and the notice period, if any, is provided for in the agreement for these terminations govern.  Minimum notice periods for indefinite term agreements are: one month for the first year, two months for the second year and three months for the third and subsequent years. These notice provisions do not apply to “faute grave” or force majeure terminations. The parties may naturally agree longer notice periods.
What rights does the agent have to compensation or indemnity upon termination?	After the termination of the agreement: the agent must receive compensation if (1) the order was received by the agent or the principal during the term or (2) (a) the transaction occurred thanks to the agent and (b) the transaction occurred within a reasonable period after the termination of the agency agreement.  Sales which began during the term of the agency agreement but for which commissions are not yet due at the time of termination must be paid no later than the end of the month following the trimester in which the sale/service occurs.  The agent has a right to indemnification for the loss of a business concern upon termination of the agency agreement and has an additional right to indemnification in the event the agreement is terminated early.
Are there any laws or regulations relating to restraint of trade/restrictive covenants	During the term of the agency agreement, an agent is prohibited from becoming an agent for a competitor of the principal without the principal’s consent.  To prevent competition after the term of the agency agreement, the parties can have a written non-competition agreement that must contain restrictions on the following: geography, clientele, type of merchandise/service, and the non-competition period cannot exceed 2 years and the agent must be adequately compensated.
Are any particular formalities required for an agency agreement to be legally valid and enforceable under national law?	None save for normal rules in relation to offer and acceptance.

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