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Fact Sheet Distribution – Lithuania (April, 2013)

How is a distributor defined under national law?	A distributor is an independent enterprise (entrepreneur) which purchases in its/his name and at its/his expense goods from a producer or other distributor and sells them to the final consumer or other distributors.
How does the definition of a distributor differ from that of a commercial agent?	A <u>commercial agent</u> is an independent person whose basic business activity is to act as intermediary for a principal in conclusion of contracts or conclusion of contracts in principal's name and at the latter's expense. A <u>distributor</u> concludes agreements in his own name and on his own account.
Are there any specific legislation governing the relationship between a manufacturer and distributor?	Yes, there are. Articles 6.801 – 6.803 of Civil code of the Republic of Lithuania governs limitations of rights, the rights and the duties between a manufacturer and distributor.
How is the duration of a contract normally defined?	A contract of distribution may be concluded for a fixed or an indeterminate term.
How long is the notice of termination?	Not later than three months in advance before the intended termination of the contract unless a more extended period for notice has been established in the contract.
What rights does the distributor have to compensation or indemnity upon termination?	The distributor has the right to demand remuneration of the income he did not receive for the remaining period of the validity of the contract in the event where the contract was dissolved due to the fault of the producer (supplier). In the instances where the contract is dissolved due to the fault of the producer (supplier), the distributor also has the right to demand remuneration for additional services unless otherwise provided for by the contract.
Are there any laws or regulations relating to restraint of trade/restrictive covenants?	The regulations of competition law should be checked in each individual case. For certain products (for example, medications) there are specific rules of trading and selling.
Are any particular formalities required for a distribution agreement to be legally valid and enforceable under national law?	A contract of distribution must be concluded in <u>written form</u> . Failure to comply with this requirement shall render the contract null and void.

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