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### **Fact Sheet: Distribution – Portugal December 2012**

How is a distributor defined under national law?	<p>The Distribution Agreement is not expressly governed or regulated by the Commercial Code, so there is no legal definition for “distributor” under the national law.</p> <p>However “Agency Agreement” rules, approved by Decree-Law 178/86 3 July, which transposed Council Directive No. 86/653/EEC, 18.12.1986, can be applied, because there are strong similarities of purpose.</p> <p>The Distribution Agreement is a contract whereby one party (the distributor) agrees to acquire from the counterparty a certain quota of goods for subsequent placement on the market in a given area at his own expense and risk.</p>
How does the definition of a distributor differ from that of a commercial agent?	<p>The distributor, unlike the agent, acts in his name and on his own, acquires ownership of the goods for resale to third parties, and assumes the commercial risks.</p>
Is there any specific legislation governing the relationship between a manufacturer and distributor?	<p>The responsibility of the manufacturer is governed by Decreto-Lei 383/89, 6 December, which adopts the Council Directive n.º 85/374/EEC, 25 July 1985.</p>
How is the duration of a contract normally defined?	<p>Both parties can agree a specific duration for the Contract term. If the parties have not agreed on a specific duration, it is presumed to be for an undetermined period of time.</p>
How long is the notice of termination?	<p>If the distribution agreement does not have a specific duration the notice of termination can be the same as the agency agreement.</p>
What rights does the distributor have to compensation or indemnity upon termination?	<p>Without prejudice to any other compensation that may have been settled between the parties, the distributor is entitled, after the termination of the contract, to compensation referred to as “indenização de clientela/customers compensation”</p>



<p>Are there any laws or regulations relating to restraint of trade/restrictive covenants</p>	<p>We do not have specific laws in relation to restraint of trade, except the general ones related to restrictive practices of competition - Law No 19/2012 of 8 May that approves the new competition act, repealing Laws No 18/2003 of 11 June and No 39/2006 of 25 August, and makes the second amendment to Law No 2/99 of 13 January.</p>
<p>Are any particular formalities required for a distribution agreement to be legally valid and enforceable under national law?</p>	<p>There are no particular formalities. The agreement does not even have to be made in writing.</p>

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