MODEL INTERNATIONAL COMMERCIAL AGENCY CONTRACT

The International Commercial Agency Contract is used for activities requiring a commercial agent to promote the sale of goods in overseas markets. In this contract, one party asks other party, either a person or a company to carry out the promotion of international trade transactions for a continuous period of time as an independent intermediary without assuming liability for those transactions. In the International Commercial Agency Contract, the agent receives payment exclusively through commission on transactions which are completed successfully, and in some cases certain costs may be taken into account, for example trips expenses or promotional activity.

INTERNATIONAL COMMERCIAL AGENCY CONTRACT

DATE:

……

BETWEEN:

…… [*company legal name*] whose registered office is at …… [*address, city and country*] and registration/fiscal number is …… (hereafter referred to as "the Principal"),

AND:

Alternative A [*When the Agent is an individual*]

Mr./Ms. ……., of legal age, …… [*include professional qualification*], Tax Identification Number……., registered address …… , acting on his/her own behalf (hereafter, "the Agent").

Alternative B [*When the Agent is a company*]

…… [*company legal name*] whose registered office is at …… [*address, city and country*] and registration/fiscal number is …… (hereafter referred to as "the Agent").

IT IS AGREED AS FOLLOWS:

1. PRODUCTS AND TERRITORY

The Principal authorizes the Agent, and the Agent accepts, the right to act as Commercial Agent to promote the sale of:

Alternative A. The following products ..... (hereafter "the Products"), in the following designated territory: ..... (hereafter "the Territory").

Alternative B. The products as described in Annex 1 of the present Contract (hereafter "the Products") in the territory as set out in Annex 1 (hereafter "the Territory").

2. FUNCTIONS OF THE AGENT

Alternative A. The Agent may negotiate sales transactions on behalf of the Principal, without being entitled to sign contracts on the Principal's behalf or impose any sort of legal or other obligation upon the Principal. The Agent shall merely inform clients as to the sales conditions established by the Principal.

Alternative B. The Agent shall negotiate and close sales transactions on the Principal's behalf. When negotiating with clients, the Agent shall promote the Products strictly under the sales conditions and clauses stipulated by the Principal.

3. ACCEPTANCE OF ORDERS

The Agent shall inform the Principal of any order received. The Principal may refuse to deal with any order managed by the Agent; nevertheless the continued rejection of orders shall be deemed contrary to good faith and shall be considered a breach of contract by the Principal. The Principal shall inform the Agent within ..... [3, 7, 10] calendar days of the acceptance or rejection of orders passed on by the Agent.

4. OBLIGATION TO MEET A MINIMUM SALES OBJECTIVE

The Agent undertakes, for each year of the term of the Contract, to pass on orders for a minimum of ..... [*insert amount of money*] and/or ..... [*insert amount of products*]. Should the Agent fail to meet the minimum objective established hereunder by the end of each year, the Principal shall be entitled to choose between: a) termination of the Contract; b) cancellation of exclusivity, where applicable; c) reduce the size of the Territory. The Principal must given written notice to the Agent of the exercise of such rights within 30 calendar days from the end of the year in which the minimum objective was not achieved.

5. EXCLUSIVITY

Alternative A. Throughout the term of the present Contract, the Principal shall not grant sales rights for the Products within the Territory, to any third party. Nevertheless, the Principal shall be entitled to negotiate directly, without the Agent intermediating, with clients located in the Territory on condition that the Principal informs the Agent of such agreements. In such cases, the Agent shall be entitled to receive a reduced commission as set out in Annex 2, unless the Principal has reserved the right to negotiate exclusively with clients mentioned in Annex 3 of the present Contract.

Alternative B. The Principal may grant to any third party the right to represent and sell its Products in the Territory. The Agent shall not be entitled to commission for sales thus generated.

6. COMMITMENT NOT TO COMPETE

Alternative A. Unless the Principal gives authorization to the contrary, the Agent shall not manufacture, distribute or represent any type of product which may compete directly with the Products. To this end, the Agent declares that on the date of signing the present Contract, it acts as agent or distributor for the organizations and products mentioned in Annex 4 of the present Contract. The commitment not to compete shall be upheld throughout the term of the Contract and for a further ..... [1, 2, 3] years after its completion.

Alternative B. Throughout the term of the present Contract, the Agent shall be entitled to manufacture, distribute or represent products similar to those of the Principal, on condition that the Agent informs the Principal of such actions.

7. OBLIGATION TO INFORM THE PRINCIPAL

The Agent shall keep the Principal duly informed as to market conditions, the competition and the legislation pertinent to the commercialization of the Products. Similarly, the Principal shall send the Agent a report every ..... [1, 2, 3] months regarding its activities and sales expectations.

.....

This is a sample of 3 pages out of 12 of the

International Commercial Agency Contract.

To get more information about this contract click here:

INTERNATIONAL COMMERCIAL AGENCY CONTRACT

USER GUIDE

Contracts drafted by the legal experts of International Contracts cover all relevant aspects that are negotiated and agreed in the different types of business between companies. However, when these contracts are used you should take into account some recommendations common to all of them that are described in this User Guide.

DATE

The date when the contract comes into force is the one that appears in its header, as mentioned in the final paragraphs of the contract, before signatures (This Contract comes into force on the date written above).

In some contracts -for example in the Supply Contract- the date of coming into force is also mentioned in one of the clauses. In these cases you have to verify that the two dates inserted in the contract (in the heading and in the corresponding clause) are the same, in order to avoid discrepancies.

PARTIES

Be sure to insert in the first page of the contract the full details of the Parties:

- When a Party is a company you must insert the following information: legal name, legal form (limited, incorporated, etc.), full address, registration data and fiscal identification number.

- When a Party is an individual that works as independent professional (for example a commercial agent) you must insert the following information: full name, profession, full address and fiscal identification number.

CLAUSES

Clauses with different alternatives: choose the most favorable

In the most important clauses of each contract (exclusivity, payment terms, applicable law and competent jurisdiction, etc.) several drafting alternatives are proposed so you can choose the most appropriate to each situation. Therefore, the user before submitting the contract to the other Party must choose the alternatives that seem best suited to their interests, and eliminate the rest.

Clauses with blank spaces to be completed

In several clauses of the contract blank spaces appear with dots (.....) that the user has to complete inserting text. Following the dots, between brackets, you will see the data and explanations to insert the text.

- When the text between brackets is in normal letters (the same as the contract) and separated by "," or the word "o", the user must insert one of the options suggested.

Example of blank space (.....) with options to select between brackets:

Orders handled before completion of the present Contract which produce sales transactions within ..... [1, 2, 3, 6] months shall entitle the Agent to receive the corresponding commission. In this case the user must choose between options 1, 2, 3 or 6 months and insert one in the blank space (.....).

- When the text between brackets is in italics the user has to insert the data and information requested and eliminate the bracketed text.

Example of blank space - (.....) to insert text:

Both parties, by mutual consent, resolve to refer any dispute to the Rules of Conciliation and Arbitration of the International Chamber of Commerce by one or more arbitrators appointed in accordance with said Rules. The place of arbitration shall be ..... [*city and country*]. In this case the user must insert in the blank space (.....) the city and country chosen to conduct the arbitration and afterwards eliminate the bracketed text [city and country].

Notices Clause

Sometimes it may happen that the official address of the Parties which appear at the beginning of the contract is different from which is to be used for communications between the Parties during the terms of the contract. In this case the user should include at the end of the contract a Notices Clause.

Example of Notices Clause:

Notices. - In order to comply with their contractual obligations, the Parties establish the following address for the provision of notices related to this contract:

- Party 1 ..... [*insert full address*].
- Party 2 ..... [*insert full address*].

ANNEXES

The contracts incorporate some Annexes, each of them, referenced to the corresponding Clause. Annexes are drafted in commonly used formats, although the user must adapt these formats and the text inserted in them to each particular situation.

SIGNATURES

People who sign

Persons signing the contract on behalf of the company must have the authority to do so and preferably, be entitled on the basis of a power of attorney. Below the signature, in addition to the full name of the person that signs his/her position must be inserted. When one of the Parties who signs is a natural person (for example a commercial agent in a Agency Contract) obviously he or she is the person that has to sign the contract.

The laws of some countries require that contracts, to be valid, shall be signed in front of witnesses or a public notary. Therefore, before signing a contract you should be informed about the requirements that may exist in each country.

Place and date of signature

Usually contracts are signed by both Parties on the same date and place. Nevertheless, in international contracts, due to physical distance, it is common that each of the Parties sign in different dates and places. This contract provides for both alternatives so it comes to choosing the most appropriate to each situation.

Number of copies

Usually, the Parties sign two copies of the contract, each Party retaining one of them, but cal also arise the need to sign more copies. In this case all you have to do is mention explicitly the number of copies to be signed in the paragraph that is included at the end of the contract (Both Parties declare their conformity to the present contract, which is signed in ..... copies, each of which shall be considered an original).

GENERAL RECOMMENDATIONS

The Parties must sign all pages of the contract, including Annexes, so they are also valid. It is better to use ball point or pen (not pencil) in a color other than black (e.g.: blue); this makes it easier to distinguish an original document from a photocopy.

It is preferable (although no mandatory) to express sums of money and percentages in words and figures. Of course, the words and figures for a given amount must match exactly. You also must insert the currency in which the amounts are expressed. It is advisable to use the rules establish by ISO that name each currency by three capital letters (EUR for euro, USD for dollar, GBP for sterling pound, JPY for Japanese yen, etc. - you can get the acronyms of every currency in the website www.oanda.com).

Once you have chosen the best alternatives of each clause and have completed the blank spaces you should revise the whole contract to remove remaining paragraphs and correct any errors.

Contracts for the international company

International contracts (English, Spanish, French & German)

- International Sale Contract
- International Distribution Contract
- International Commercial Agency Contract
- International Sales Representative Agreement
- Intermediary Contract for Trade Operations
- International Joint Venture Contract
- International Franchise Contract
- International Services Agreement
- International Consulting Agreement
- International License Contract
- International Supply Contract
- International Manufacturing Contract
- Expatriate Contract of Employment
- Pack 5 International Contracts English (Basic)
- Pack 12 International Contracts English (Premium)

Commercial contracts (English, Spanish, French & German)

- Distribution Contract
- Commercial Agency Contract
- Sales Representative Agreement
- Commission Contract
- Joint Venture Contract
- Services Contract
- Consulting Contract
- Technology Transfer Agreement
- Franchise Contract
- Supply Contract
- Manufacturing Contract
- Confidentiality Agreement
- Pack 5 Commercial Contract English (Basic)
- Pack 12 Commercial Contracts English (Premium)

China contracts (English-Chinese dual version)

- Distribution Contract China
- Agency Contract China
- Commission Contract China
- Supply Contract China
- OEM Manufacturing Contract China
- Confidentiality Contract China
- Memorandum of Understanding for Distribution Contract China
- Memorandum of Understanding for Joint Venture China

Contractual letters

- Letter Enclosing Contract for Signature
- Letter Proposing Amendments to Contract
- Letter Proposing Variation of Contract
- Letter Terminating Contract on Breach
- Letter Terminating Contract on Notice
- Pack 5 Contractual Letters

Letters of intents

- Letter of Intent for International Sale
- Letter of Intent for International Distribution
- Letter of Intent for International Joint Venture
- Pack 3 Letters of Intent

International Contracts

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