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### Fact Sheet Distribution – Czech Republic – January, 2013

How is a distributor defined under national law?	There is no legal definition in Czech law.
How does the definition of a distributor differ from that of a commercial agent?	As there is no legal definition, it is necessary to distinguish the distributor and the agent on the basis of the common interpretation. The agent is defined as an independent entrepreneur undertaking to develop for the principal, activities directed at conclusion of a certain type of contracts or to negotiate or conclude such contracts for and on behalf of the principal. Whereas the distributor is understood to be a person (wholesaler) purchasing and selling goods in his/her own name and on his/her account.
Is there any specific legislation governing the relationship between a manufacturer and distributor?	Except for the legislation governing production and sale of specific types of goods for the reason of health, environment etc. protection, there are no rules governing the relationship between the distributor and manufacturer.
How is the duration of a contract normally defined?	There is no definition of the contract duration. The contract can be concluded for definite or indefinite period of time, if the contract is not determined by its fulfilment.
How long is the notice of termination?	The notice of termination depends on the mutual agreement by the parties. If there is no agreement, then a contract for an indefinite period of time can be terminated by a three-month notice as of the end of a calendar quarter.
What rights does the distributor have to compensation or indemnity upon termination?	Unless the parties agree on compensation or indemnity, the law does not provide for it.
Are there any laws or regulations relating to restraint of trade/restrictive covenants	Except for general principles of contract law and public regulation for specific types of goods (e.g. chemicals, weapons), there are no restraints of trade/restrictive covenants.
Are any particular formalities required for a distribution agreement to be legally valid and enforceable under national law?	No.

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