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Fact Sheet Agency- Czech Republic (per May 2012)

<p>How is an agent defined under national law?</p>	<p>The agent is defined as an independent entrepreneur undertaking to develop for the principal activities directed at conclusion of a certain type of contract or to negotiate or conclude such contracts for and on behalf of the principal.</p> <p>Commercial Code, Section 652 para. 1</p>
<p>How is the normal duration of a contract normally defined?</p>	<p>The contract can be concluded for a definite or indefinite period of time. If no agreement is made, the contract is considered to be concluded for an indefinite period of time. The contract concluded for a definite period of time turns into a contract for indefinite period of time if the parties continue after the end of the definite period of time.</p> <p>Commercial Code, Sections 667 - 668</p>
<p>How long is the notice of termination?</p>	<p>The minimum notice period amounts to: 1 month in the first year 2 months in the second year 3 months in the following years</p> <p>The agreed notice period may not be shorter than the above notice periods. The notice period for the principal may not be shorter than for the agent.</p> <p>Commercial Code, Section 667 para. 3 and 4</p>
<p>What rights does the agent have to compensation or indemnity upon termination?</p>	<p>The agent is entitled to 'client compensation' if: (a) he acquired new clients for the principal or substantially extended the principal's business on existing clients and the principal still has substantial advantages from the business with those clients, and (b) the compensation is justified in respect of all circumstances, particularly his lost commissions, and with regard to the use or non-use of a competition clause.</p> <p>The compensation shall not exceed the average of one year commission (over last 5 years). Agent must claim this compensation within 1 year after end date.</p> <p>Commercial Code, Section 669</p>



<p>Are there any laws or regulations relating to restraint of trade/ restrictive covenants</p>	<p>A competition clause can be agreed in writing for the maximum period of 2 years for a determined territory or a determined group of persons in this territory.</p> <p>Commercial Code, Section 672a</p>
<p>Are any particular formalities required for an agency agreement to be legally valid and enforceable under national law?</p>	<p>The agency agreement must be in writing.</p> <p>Commercial Code, Section 652 para. 4</p>

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