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Fact Sheet Agency - The Netherlands (per May 2012)

<p>How is an agent defined under national law?</p>	<p>The agency contract (<i>agentuurovereenkomst</i>) is the contract in which one party (the principal) intrusts to the other party (the commercial agent) to intermediate (on the basis of a reward) in the conclusion of contracts between the principal and third parties. The agent can (but must not necessarily) be granted the authority to enter these contracts in the name of the principal. The agent is not subordinated to the principal.</p>
<p>How is the normal duration of a contract normally defined?</p>	<p>The duration of the appointment is likely to be one of:</p> <ol style="list-style-type: none"> 1. A fixed term with provision for termination on notice thereafter (no interim notice possible, unless agreed). 2. An indefinite term terminable on notice from the start. 3. A fixed term requiring positive extension.
<p>How long is the notice of termination?</p>	<p>If no notice periods agreed in the contract: 4 months +1 month (if contract >3 years) + 1 month (if contract >6 years)</p> <p>If agreed in the contract: minimum notice periods: 1 month in first year 2 months in second year 3 months in following years</p> <p>Notice period for principal not shorter than for agent.</p>
<p>What rights does the agent have to compensation or indemnity upon termination?</p>	<p>Agent is entitled to 'client compensation' if:</p> <ol style="list-style-type: none"> a. he brought the principal new clients or extended the principals business on existing clients, provided that the business is still profitable for principal, <i>and</i>; b. payment of compensation is fair in view of all circumstances, particularly his lost commissions. <p>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>Are there any laws or regulations relating to restraint of trade/ restrictive covenants?</p>	<p>Restrictive covenants only if agreed in writing. Duration: maximized to two years. Limited to geographical area or group of entrusted customers.</p> <p>Principal cannot invoke any rights from restrictive covenants if he terminated the contract irregularly or unjustly.</p>



	Court can nullify clause whole or in part, based on weighing of mutual interests.
Are any particular formalities required for an agency agreement to be legally valid and enforceable under national law?	None, save for normal rules in relation to offer and acceptance.

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