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**Fact Sheet Agency – Sweden** (per November, 2012)

<p>How is an agent defined under national law?</p>	<p>A commercial agent is defined as “a person who, in the course of conducting a business, contracts with another ie the principal, to independently and on a permanent basis act on behalf of the principal in the sale or purchase of goods through the receipt of offers made to the principal, or through the conclusion of contracts in the name of 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"><li>1. A fixed term with provision for termination on notice thereafter.</li><li>2. An indefinite term terminable on notice from the start.</li><li>3. A fixed term requiring positive extension. Where the parties continue the agency relationship after the expiry of the term, it will thereafter be considered to be for an indefinite term.</li></ol>
<p>How long is the notice of termination?</p>	<p>Minimum notice periods are implied under the Swedish Commercial Agents Act (SFS 1991:351) Section 24; one month for the first year. Thereafter the period of notice of termination shall be prolonged by one month for each year, up to a maximum of six months. The parties may, however, agree that the period of notice of termination for the agent shall be three months even though the agency has subsisted for three years or more.</p> <p>The parties may naturally agree longer notice periods.</p>
<p>What rights does the agent have to compensation or indemnity upon termination?</p>	<p>Under the Swedish Commercial Agents Act, Section 28, the agent may be entitled to severance compensation, this is normally only when the principal terminates the agency agreement and with a cap of the agency contract’s average annual remuneration.</p> <p>Under Section 34 of the abovementioned act, , the agent may be entitled to indemnification in the event the principal fails to fulfill his contractual or statutory obligations.</p>
<p>Are there any laws or regulations relating to restraint of trade/restrictive covenants</p>	<p>Under Section 35 of the Swedish Commercial Agents Act, , non-competition clauses are only binding in the event the clause:</p> <ol style="list-style-type: none"><li>1. is in writing;</li><li>2. refers to the area or group of customers allotted to the agent; and</li><li>3. refers to the same kind of goods as the agency agreement.</li></ol> <p>The non-competition clause cannot relate to a time period</p>



	<p>longer than two years to be binding.</p> <p>A non-competition clause can also be tried under the Contracts Act (SFS 1915:218), to determine whether the clause is fair or not.</p>
<p>Are any particular formalities required for an agency agreement to be legally valid and enforceable under national law?</p>	<p>None save for the normal rules in relation to offer and acceptance.</p> <p>The parties have the right to request a written formalisation setting forth an agency agreement. Nonetheless, an agency agreement not formalised in writing is valid in full.</p>

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