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Fact Sheet Distribution - Sweden – (per November, 2012)

How is a distributor defined under national law?	There is no legal definition in law and no specific legislation governing distributors.
How does the definition of a distributor differ from that of a commercial agent?	There is no legal definition in law governing distributors. However, the main differences are based on who the contracting party is and to whom remuneration is paid. An agent negotiates on the principal's behalf and is paid a commission calculated by reference to the purchase sum by the principal. A distributor, on the other hand, buys and resells goods in its own name. The resulting profit is the difference between the purchase price and the resale price.
Is there any specific legislation governing the relationship between a manufacturer and distributor?	There is no specific legislation directed at distribution agreements. General principles of contract law and competition law will be applicable on the distribution agreement.
How is the duration of a contract normally defined?	It is up to the parties to freely decide the duration. A standard agreement (EÅ 04) exists stipulating duration of a contract to two years but it is not very well spread. Therefore, it is very common that the parties agree on duration of both shorter and longer terms.
How long is the notice of termination?	The parties are free to decide the notice of termination as there is no legislation governing that. The Supreme Court of Sweden has in a ruling regarding notice of termination said that reasonable notice of termination shall be given. In that ruling, three months was considered reasonable but it was also said that the notice of termination could be shorter or longer depending on circumstances of each case.
What rights does the distributor have to compensation or indemnity upon termination?	Unless agreed in the contract, a distributor has no legal right to be compensated by reason of such termination. In case of a wrongful termination, the affected party may have the right to indemnification for breach of contract.



<p>Are there any laws or regulations relating to restraint of trade/restrictive covenants</p>	<p>There are no specific Swedish legislation regarding distributors save for competition issues.</p> <p>Restraint of trade and/or restrictive covenants are primarily void, but may be justified in a few specific situations.</p>
<p>Are any particular formalities required for a distribution agreement to be legally valid and enforceable under national law?</p>	<p>There are no particular formalities as long as they comply with the general principles of contract law. An agreement may be oral or written, even though it is recommended to have a written agreement.</p>

Contact: Johan Jacobsson, Partner, Flood Herslow Holme Advokatbyrå, Malmö & Stockholm, joja@fhhlaw.se