

# DISTRIBUTORSHIP AGREEMENT

THIS AGREEMENT is made and entered into this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between:

MANUFACTURER, a \_\_\_\_\_ corporation, carrying on business  
in \_\_\_\_\_ (the "Manufacturer")

OF THE FIRST PART

and

DISTRIBUTOR, an \_\_\_\_\_ corporation, carrying on business in  
\_\_\_\_\_ (the "Distributor")

OF THE SECOND PART

## WHEREAS:

- A. Manufacturer \_\_\_\_\_ manufactures \_\_\_\_\_ and \_\_\_\_\_ wholesales \_\_\_\_\_ *[describe products]*;
- B. Manufacturer wishes to appoint Distributor as a non-exclusive distributor for \_\_\_\_\_, and its sole and exclusive distributor in the Province of *[insert name of province]* (the "Territory");
- C. Distributor wishes to be the exclusive distributor for Manufacturer's Products in the Territory.

NOW THEREFORE, in consideration of the mutual covenants herein and other good and valuable consideration given by each party to the other, the receipt and sufficiency of all of which is hereby acknowledged, the parties hereto hereby agree as follows:

## 1. DEFINITIONS

In this Agreement the following terms shall have the following meanings:

- (a) "Products" - means all \_\_\_\_\_ sold or manufactured by the Manufacturer;
- (b) "Current Product List" - the document attached hereto and incorporated herein, as Exhibit "A";
- (c) "Territory" - *[insert name of province]*;
- (d) "Person" - any natural person, corporation, partnership, or other entity or association.

## 2. GRANT OF DISTRIBUTORSHIP

On the terms provided herein, Manufacturer hereby appoints Distributor as its non-exclusive distributor in and for the \_\_\_\_\_ and its sole and exclusive distributor, in the Territory, for the Products, for resale, lease, or rent. Distributor accepts such appointment upon such terms.

## 3. TERM

- (a) Unless sooner terminated in accordance with the provisions hereof, this Agreement commencing on the date hereof shall expire on \_\_\_\_\_.
- (b) At or before the expiration of this Agreement the parties shall negotiate in good faith for the renewal or extension of this Agreement, provided that Distributor has, upon the expiration of the term hereof, fully complied with its obligations hereunder.

#### 4. DISTRIBUTOR'S GENERAL OBLIGATIONS

Distributor shall:

- (a) devote its best efforts to promoting, selling, leasing, renting, and servicing the Products purchased from Manufacturer pursuant hereto to customers within the Territory;
- (b) within one hundred twenty (120) days of the signing of this Agreement, display the Products in a minimum of \_\_\_\_\_ (\_\_\_\_%) per cent of the gross displayed square footage in the Distributor's \_\_\_\_\_ location, located at \_\_\_\_\_;
- (c) refrain from selling, leasing, renting or shipping any Products to any Person outside the Territory or for use outside the Territory;
- (d) use its best efforts to enact and carry out a merchandising policy designed to preserve the good will that is associated with the name and reputation of Manufacturer and the Products;
- (e) conduct any and all sales activities in connection with the Products in a lawful manner, consistent with the highest standards of fair trade, fair competition and business ethics and shall keep the interior and exterior of its business premises in a good state of repair and in a clean and orderly manner and all Products shall be neatly and properly displayed to the retail public; and
- (f) use its best efforts to diligently and faithfully develop demand for the Products and to solicit purchases thereof so as to maintain a substantial and increasing volume of sales of the Products, Distributor further agrees that, at all times hereunder, it will maintain adequate working capital, inventory, facilities and personnel to accomplish this purpose.

#### 5. MANUFACTURER'S GENERAL OBLIGATIONS

Manufacturer shall:

- (a) unless excused by circumstances beyond the Manufacturer's reasonable control in accordance with Section 8 hereof, promptly deliver to Distributor those Products for which Distributor places orders, to a maximum value not to exceed \_\_\_\_\_, by shipment to Distributor's main \_\_\_\_\_ retail location, being, as at the date of this Agreement, \_\_\_\_\_;
- (b) so long as Distributor is not in breach of any term of this Agreement, refrain from selling any Product to any person, other than Distributor, who is engaged in the business of reselling, leasing or renting products similar to the Products within the Territory; or to any person for direct use if delivery thereof will be made to a location within the Territory;
- (c) promptly refer to Distributor all leads, prospects, and related information which are directed to it or which it receives regarding potential purchasers of any Product within the Territory;
- (d) in the event Manufacturer discontinues the manufacture of any of the Products, continue, for a reasonable time after such discontinuance, to make available to Distributor replacement parts for such discontinued Products, to the extent necessary to service such discontinued Products previously sold to Distributor;

**THIS IS A 9-PAGE FORM.**