CURRENT DEVELOPMENTS IN INTERNATIONAL CONTRACTS LAW

Agency, distribution and franchising
European Contract Law
ICC recommendations and model forms

Amsterdam
16-18 June 2011

Meeting of the
Thursday, 16 June 14:00-16:00

Presentation of the
Thursday, 16 June 16:00 - 18:30

IDI annual Conference
Friday, 17 June 9:00-17:00
Saturday 18 June 9:00-13:00

ICC Commission on Commercial Law and Practice
ICC International Franchising Model Contract
Topical Issues of International Distribution Law

The International Chamber of Commerce (ICC) and the International Distribution Institute (IDI) invite you to take part, on 16, 17 and 18 June in Amsterdam, in three events of great importance for attorneys, company lawyers and practitioners dealing with international contracts.

Sponsored by

More details about these events can be found in the following pages as well as in the IDI website (www.idiproject.com)
This session of the CLP Commission, to which also non-members of the Commission are invited, intends to give an overview of the activity of the Commission and to discuss a number of topical issues in which the Commission is involved: European contract law; choice of general principles of law as the applicable law; anti-corruption.

After the session of the CLP Commission there will be the presentation of the new ICC model international franchising contract, followed by a cocktail.

### 14:00-14:20

**The CLP Commission of the ICC: what it does, how to contribute to its efforts.**

The task of the Commission: setting up rules for facilitating international trade (Incoterms, model contracts, model clauses) and discussing issues which are relevant for the development of international commercial law. The need to involve businesspeople and lawyers dealing with cross-border contracts. How to become member of the Commission.

**Emily O’Connor,** Senior Policy Manager, ICC Commission on Commercial Law and Practice.

**Camilla Pagnetti,** Policy Manager, ICC Commission on Commercial Law and Practice.

### 14:20-14:40

**European Contract Law.**

The European Commission is currently looking at contract law as an area for potential harmonization and/or development of a new legislative instrument. After the publication of the draft of a "Common Frame of Reference", a set of rules and principles drafted by an academic research network, the Commission has launched a consultation on the possible options in the area of European Contract Law. On 26 April 2010, the Commission set up an expert group on a common frame of reference which should prepare a user-friendly text in simple language, which could in the future become an optional instrument for cross-border contracts within the European Union. The expert group is meeting regularly with a group of key stakeholders: three members of the CLP Commission are participating regularly on behalf of the ICC. Two members of this "sounding board" will give an update of the ongoing discussions and will discuss the possible outcome of the project.

**Christian Steinberger,** Director of Legal Services, Germany Engineering Federation, VDMA; Vice Chair of the CLP Commission.

**Bengt Kriström,** Legal consultant, Stockholm, Vice Chair of the ICC Task Force on European Contract Law.
**General Principles as the applicable law: presentation of the ICC project.**

In recent years the alternative of submitting an international contract to general principles of law (lex mercatoria) together with the Unidroit Principles, instead of a national (domestic) law has become an alternative solution which the parties can use, especially if possible disputes are submitted to arbitration. ICC has created a task force which is examining the various issues and is preparing a set of guidelines.

**Fabio Bortolotti**, Chair of the CLP Commission, Professor of Law, University of Torino; Buffa Bortolotti & Mathis, Torino.

**15:00-15:20**

**The ICC recommendations on combating extortion and bribery.**

In recent years the issue of bribery and the risks involved for companies involved in critical situations (like, for instance, the payment of commissions used by the intermediary for corruption purposes) is increasing.

**François Vincke**, Vice Chair ICC Commission on Corporate Responsibility and Anticorruption.

**15:20-15:40**

**Discussion**

**15:40-16:00**

**Coffee break**

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**PRESENTATION OF THE NEW INTERNATIONAL FRANCHISE MODEL AND COCKTAIL**

**16:00-16:30**

**Purpose and characteristics of the ICC Franchising Model: the approach followed by the task force.**

The revision of the model has given rise to extensive discussions between the members of the task force regarding the scope of the contract (only distribution franchises or also service franchises?) the drafting technique, the criteria for establishing a “balanced” model contract. Two members of the task force will discuss the criteria which were adopted for drafting the model contract.

**Anders Fernlund**, Advokatfirman NOVA AB, Stockholm.

**Amelie Pohl**, PF&P Rechtsanwälte, Gasteig; rapporteur of the ICC task force on franchising.

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**CHAI RMAN**

**Didier Ferrier**, Professor of Law, University of Montpellier; Co-chair of the ICC task force on franchising.
Panel discussion on the ICC model.

Several lawyers having different backgrounds have been asked to give their views on the ICC model, its practical use and possible further improvements.

CHAIRMAN

John Pratt, Hamilton Pratt, Warwick.
John Baer, Chair IBA Franchising Committee; Greensfelder, Hemker & Gale, Chicago.
Carl Zwisler, Gray, Plant, Mooty, Mooty & Bennett, PA, Washington DC.
Didier Ferrier, Professor of Law, University of Montpellier; Co-chair of the ICC task force on franchising.
Guy Gras, French Franchise Federation; Director for legal affairs, Yves Rocher.

Closing remarks.

Fabio Bortolotti, Chair of the CLP Commission, Professor of Law, University of Turin; Buffa Bortolotti & Mathis, Turin.

Cocktail
The International Distribution Institute (IDI), the leading organization dealing with international distribution law, will hold its 2011 Annual Conference in Amsterdam.

The conference is addressed to lawyers and businesspeople involved in negotiating, drafting and managing international distribution contracts (agency, distributorship, franchising, etc.) and will deal with a number of topical issues which justify an in-depth discussion between the participants and qualified experts in this field. The conference has been organized in collaboration with the International Chamber of Commerce (ICC).
Companies from outside the US know that the US market offers very interesting opportunities, but are nevertheless afraid to approach this market which is often considered to imply substantial dangers for the foreign exporter, such as the risk of product liability claims, the cost of defending a case, the complexity of the legal environment, etc.. In fact, many of the above fears are exaggerated and several typical risks can be substantially reduced by accurate planning and preliminary knowledge of a number of basic issues.

The purpose of this session is to give the foreign exporter a better knowledge of a number of key issues, which will be discussed with US lawyers having specific experience in dealing with foreign parties who wish to enter the US market. Various speakers will examine the main alternatives of the foreign exporter (appointing one or more agents/sales representatives; appointing a distributor/importer; establishing a subsidiary; establishing a network of franchisees or dealers) and give a general overview of the main legal aspects which arise within each type of solution.

A panel will finally discuss a number of critical issues regarding mainly the choice of the applicable law and jurisdiction.

**Registration**

**Welcome**

**Presentation of the IDI website.**

**Organizing distribution in the US: the problems faced by the foreign exporter.**

There is a common view that the US market offers great opportunities, but that it is a difficult market. We have invited a number of European managers and company lawyers to give us their view on their experience in dealing with the US.
10:20-10:40

Appointing an agent/sales representative for the US (or part of it).

Agents and sales representatives: what is the difference? Complying with state laws on sales representatives. Drafting the agency agreement. How to avoid the risk of apparent authority. Time when commission is earned/to be paid. Organizing contract termination.

John Baer, Greensfelder, Hemker & Gale, Chicago.

10:40-11:00

Appointing a distributor/importer and/or establishing a subsidiary.

Appointing a distributor or establishing its own subsidiary? Pro’s and con’s. How to avoid franchising statutes and how to comply with antitrust rules. Drafting a safe distributorship contract.

Leslie Thiele, Whiteman Osterman & Hanna LLP, Albany (NY); IDI country expert for agency and distribution (U.S.A.).

11:00-11:20

Coffee break

11:20-11:40

Establishing a franchising network in the US: a general overview.

When is recourse to franchising appropriate? How to structure the network: subsidiary as franchisor; master franchising. The rules to be observed: FTC Franchise rule; state registration and disclosure laws; state business opportunity laws. This issue will be further developed by a panel of US experts in Workshop 3 on Saturday morning.

Carl Zwisler, Gray, Plant, Mooty, Mooty & Bennett, PA, Washington DC; IDI country expert for franchising (U.S.A.).

11:40-12:30

PANEL on applicable law and jurisdiction.

- Choosing the applicable law. Should the foreign company prefer its own law or the law of its US counterpart? Which rules would in any case be applicable?
- How to deal with various state laws and what assistance is required from the US lawyer to this effect.
- Is the fear for litigation in the US justified? Is arbitration the right solution? How to defend against a claim before US courts.

CHAIRMAN
John Pratt, Hamilton Pratt, Warwick; IDI country expert for franchising (UK).
Carol Xueref, Director for Legal Affairs and Group Development Essilor International SA, Paris.
Thomas J. Tallerico, Bodman PLC Troy, Michigan.
Carl Zwisler, Gray, Plant, Mooty, Mooty & Bennett, PA, Washington DC; IDI country expert for franchising (U.S.A.).

12:30-13:00

Discussion

13:00-14:00

Lunch
The trend towards protecting distributors in case of termination: a general overview.

The various means used by courts and legislators to protect distributors: social statutes (Belgium) application by analogy of the rules on commercial agency (Austria, Germany, Spain, Switzerland, etc.); unjustified enrichment; recovery of investment (Austria); long periods of notice (the Netherlands, France).

When courts set aside the contractual notice periods: the example of the Netherlands.

In two recent cases Dutch courts have granted an exclusive distributor long periods of notice (2 and 3 years) in case of termination, although the contract provided for shorter periods. The speaker will discuss if this shows a general trend in Dutch case law.

A special situation: the “rupture brutale” in French law.

Under article 442-6, 1-5° of the French code de commerce an established business relationship can be terminated only by complying with a reasonable minimum notice period. This rule applies also to contractual relations, and especially to distributorship contracts. Courts are recognizing minimum notice periods from 3 to 24 months.

Calculation of the damages due to the distributor for insufficient period of notice.

The damage for not having been granted a sufficient period of notice normally corresponds to the loss of profit during such period. However, how to calculate such loss of profit? Should it be based on the gross or net profit and how should these be determined? Two experts will examine this crucial issue with reference to case law in Belgium and French law.
15:20-16:00

PANEL on jurisdiction and “rupture brutale”. Can your distributor bring an action for rupture brutale before his own courts although the contract contains a jurisdiction of arbitration clause?

Since the violation of Article 442-6, 1-5° of the French code de commerce implies a tortious responsibility, some courts have considered that the distributor can bring his claim before the court which is competent for such issue, without respecting a possible choice of forum or arbitration clause. The case law is divided and it is not certain if this principle would prevail over jurisdiction or arbitration clauses in cross-border contracts. A further problem is whether such approach would be contrary to the Brussels I Regulation (Regulation 44/2001) in case of a choice of forum clause and to the New York convention (in case of an arbitration clause).

16:00-16:30

Discussion

16:30-17:00

After the afternoon session the IDI country experts will be available for individual contacts with the participants.

The updated list of the country experts present at the conference and available for individual contacts can be found at http://www.idiproject.com/docs/individual_contacts_2011.pdf

Request forms for meetings with the expert(s) will be enclosed in the informative sheets handed out at the conference.

17:00-18:30

General meeting of the members of the International Distribution Institute.

In this general meeting, to which also non members are invited, the officers of IDI will inform the members about the current situation of IDI: the results achieved in 2010 and the plans for the following years.

The participants will be kindly invited to share their opinions about the activity of IDI and make suggestions for the future.

Social event: Gala Dinner (20:00)

On Friday evening (June 17, 2011) a Gala Dinner will be held at the restaurant Cristofori at the Prinsengracht.

Reservations should be made in time due to the limited number of places.
FIRST WORKSHOP
When does a party waive its rights by tolerating a breach: discussion of two case studies

Saturday 18 June 09:00 – 13:00

This workshop deals with the rather frequent situation where a party tolerates the breach of certain contractual provisions. Does this mean that it waives the right to require compliance by the other party? Does this apply to past violations or also to the future? And, what is the effect of possible non-waiver clauses? Two case studies will be examined and discussed with the public by two panels of experts from various (civil law and common law) countries.

CHAIRMAN
Marcel Fontaine, University of Louvain.

09:30-10:00
General introduction. Do contractual clauses always have the force we imagine?

It commonly happens that parties stipulate clauses which they do not actually enforce and which are invoked only when a dispute arises and the contract is terminated. Courts look at these situations in rather different ways, especially when the parties have expressly stated that possible tolerance does not imply a waiver. This issue can best be discussed on the basis of two specific cases.

Fabio Bortolotti, University of Torino; Buffa Bortolotti & Mathis, Torino; President IDI; IDI country expert for agency, distribution and franchising (Italy).

10:00-11:00
First case study. Terminating a contract because the distributor is selling competitive products.

A distribution contract contains a clause according to which the distributor undertakes not to represent any competing products. The distributor represents since several years a line of competing products. There is evidence that the supplier has always been aware of this and has tolerated this fact because he was anyway happy with the distributor’s performance. Recently, the supplier found another distributor and would like to terminate the contract for cause, or – at least – require the distributor to stop representing the competing brand (in order to induce him to terminate). The panel will examine the following questions:

• Is the supplier entitled to ask the distributor to stop selling the competing products and to terminate for cause if he does not?
• Is the supplier entitled to immediately terminate for cause?
• Would the result be different in the presence of a non-waiver clause?

Marcel Fontaine, University of Louvain.
Anders Fernlund, Advokatfirman NOVA AB, Stockholm.
Jelena Perovic, Faculty of Economics University, Belgrade; IDI country expert for agency and distribution (Serbia).
Leslie Thiele, Whiteman Osterman & Hanna LLP, Albany (NY); IDI country expert for agency and distribution (U.S.A.).

11:00-11:30
Coffee break
Second case study. Non attainment of minimum purchase by a distributor.

The parties in a distributorship contract have agreed that the distributor would purchase at least certain minimum quantities of contractual products in the years 2008 and 2009. No minimum has been fixed for the year 2010. The contractual clause on termination for cause indicates the non-attainment of the agreed minimum turnover as one of the specific circumstances justifying termination without notice. The distributor purchases about 30% less than the minimum amount in 2008 and 2009 and a similar quantity in 2010. In June 2011 the supplier wants to terminate the contract for cause. The panel will examine the following questions:

- Can the supplier terminate the contract for cause because of the non attainment of the minimum turnover in 2008 and 2009?
- Can the supplier request damages (loss of sales) for the breach of the minimum purchase clause in the years 2008 and 2009?
- Would the result be different in the presence of a non-waiver clause?

Marcel Fontaine, University of Louvain.
Peter Gregersen, Horten, Copenhagen; IDI country expert for agency and distribution (Denmark).
Rocio Belda de Mergelina, Garrigues, Madrid.
Edward Miller, Reedsmith, London; IDI country expert for agency and distribution (UK).

Second Workshop
Should a supplier/franchisor treat equally members of his network?
How to deal with parallel networks selling the same products?

Members of a distribution or franchising network will normally expect not to be treated worse than the other members of the same network. Moreover, in case the same products are sold through other channels, they pretend not to be disadvantaged with respect to other resellers. In some cases a right to equal treatment is recognized by law or by case law. But, even where this is not the case, the supplier may wish to respect certain standards of equal treatment, provided this does not affect his right to reward performance and quality. This problem may also arise in case of dual distribution networks. These questions will be examined by experts of various countries and discussed with the public.

Didier Ferrier, Professor of Law, University of Montpellier; Vice-President IDI; IDI country expert for agency, distribution and franchising (France).

Discussion

Lunch

Edward Miller, Reedsmith, London; IDI country expert for agency and distribution (UK).
Possible discrimination between members of two different networks: how to avoid possible problems.

Franchisees or dealers may complain that other resellers not belonging to the network are granted better conditions (prices, assortment, etc.). This may happen with respect to company owned outlets or other stores (e.g. duty free) or when the supplier manages two different networks (dual distribution). How to deal with these complaints?

Stefano Artuso, General Counsel, COIN, Venezia-Mestre.
Claudia Kolb, Legal and corporate department, Gucci Spa, Firenze.

Coffee break

11:30-12:00

The use of uniform criteria for selecting outlets under EU competition rules and their impact on the members of the network

Under the EU competition rules on selective distribution implies that the distributors are selected on the basis of specified criteria. How does this impact on the rights of distributors? Are these criteria to be applied in a non-discriminatory way?

Didier Ferrier, Professor of Law, University of Montpellier; Vice-President IDI; IDI country expert for agency, distribution and franchising (France).

Possible conflicts between selective distribution systems and Internet sales.

Sales through Internet by the supplier (through his own website) or through companies specialized in Internet sales, may create problems to the members of his selective distribution network. How to avoid these problems through a system which incorporates the members of the network or by clearly separating the two channels? Another problem is to try to prevent non authorized dealers to sell through Internet.

Frédéric Fournier, Redlink, Paris.

Discussion

12:30-13:00

Lunch

13:00-14:30
A franchisor which is considering offering franchises in a new country must be aware of how the franchise sales process is regulated in the country before initiating contact with prospective franchisees there. Some countries require registrations or disclosures before a franchisor signs an agreement with or accepts any payment from a prospective franchisee. Some countries will restrict the fees which franchisors may charge and may restrict the type of financial performance representations a franchisor may make to a prospective franchisee. Other countries may require franchisors to have registered trademarks before offering franchises or require a franchisor to provide franchisees with financial statements which meet the auditing standards of the franchisee’s country. This interactive session with experts from four countries will address these issues as well as the impact of commercial agency and franchise relationship laws, laws prohibiting discrimination among franchisees, how venue and law selection practices are affected by local laws, and whether franchisors may lawfully restrict franchisees’ ability to set their own prices and sell to whom and where they want.

**PANEL of discussion.**

- **Possible restrictions:**
  - when approaching a prospective franchisee: trademark registration, disclosure, financial statements.
  - during the contract: resale price, discrimination etc..
  - on termination: lack of renewal, assignment of the contract.

**Coffee break**

- **Rules on:**
  - applicable law,
  - jurisdiction,
  - arbitration,
  - recognition of foreign judgements and arbitral awards.
## ICC Commission on Commercial Law and Practice (CLP) Meeting (16 June 2011, 14:00-16:00)

| Venue                  | Felix Meritis  
|                        | Keizersgracht 324, Amsterdam |
| Fee                    | Participation in this conference is free of charge, but subject to previous registration (limited number of places available). |

## Presentation of the new ICC International Franchise Contract and cocktail (16 June 2011, 16:00-18:30)

| Venue                  | Felix Meritis  
|                        | Keizersgracht 324, Amsterdam |
| Fee                    | 50 € contribution to expenses |
|                        | Please add 20% (VAT) to your payment (only for Italian participants). |


| Venue                  | Hotel Krasnapolski  
|                        | Dam Square 9, Amsterdam |
| Documentation          | A CD-Rom containing all documents discussed at the conference. |
| Fee                    | 800 € first participant  
|                        | 300 € for additional participants within the same premises of the same organisation as the first participant (i.e. having the same address and VAT code)  
|                        | 300 € for IDI members having paid their yearly subscription fee  
|                        | The fee includes the coffee break, lunch and documentation. |
| Gala dinner            | 100 € per person. Please, remember that places are limited and must be reserved in time.  
|                        | Please add 20% (VAT) to your payment (only for Italian participants). |

### Registration and cancellation

- **Registration on-line:** Registration can be made through the IDI website, at the page [http://www.idiproject.com/conference-registration.ucw](http://www.idiproject.com/conference-registration.ucw)
  - In that case, you can pay with credit card or by bank transfer. After complete payment, you will receive a confirmation of your registration by e-mail or fax.
- **Registration by fax:** Alternatively, you can fill in the registration form, and send it by fax to: **IDI Project Srl,**  
  - Via Alfieri 19,  
  - 10121 Torino (Italy)  
  - fax: + 39 011 574 11 41  
  - In case of registration by fax, payment shall be made by bank transfer and confirmation of your registration will be sent after having received the registration form together with the evidence of the payment.
- **Payment:** Credit card (only for on-line registration) or bank transfer.  
  - NO CHEQUE PAYMENTS WILL BE ACCEPTED.
- **Cancellation:** Cancellation request received in writing by IDI Project on or before 6 June 2011 will be subject to a 20% administration charge of the total fees paid. After that date no refunds are possible.

### Hotel Accommodation

Accommodation is not included in the registration fee. For your information, a limited number of rooms have been reserved in **Hotel Krasnapolski***** (Dam Square 9, Tel:+31.20.5549111, Fax:+31.20.6228607) at special rates for the IDI/ICC conference participants. These rooms will be available for booking until 25 May 2011 only. In order to receive the discounted rate, please follow the link below: [http://www.nh-hotels.com/events/en/event-detail/8206/van_till_.html](http://www.nh-hotels.com/events/en/event-detail/8206/van_till_.html)

The following hotels are all close to the venue of the conference, but do not have any specific rates for participants to the IDI conference:

- **Ambassade Hotel****: Herengracht 341, Tel: +31 20 5550222, Fax: +31 20 5550277, [info@ambassade-hotel.nl](mailto:info@ambassade-hotel.nl)
REGISTRATION FORM

First Name .......................................................... Last name ..........................................................
Company .......................................................... Address ..........................................................
ZIP/ Postal code .......................................................... City ..........................................................
Country .......................................................... Value Added Tax (VAT) Code ..........................................................
E-mail .......................................................... Phone ..........................................................

FEES: (in case of more participants, please fill in a separate form for each participant)

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<thead>
<tr>
<th>Event</th>
<th>Fee (€)</th>
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<tbody>
<tr>
<td>ICC CLP Meeting (16 June 2011)</td>
<td>Free of charge</td>
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<tr>
<td>Presentation of new ICC Franchising contract and cocktail (16 June 2011)</td>
<td>€ 50</td>
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<tr>
<td>IDI Conference (17-18 June 2011):</td>
<td>€ 800: First participant</td>
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<td>€ 300: Second participant</td>
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<td>€ 300: Third participant</td>
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<td>€ 300: IDI member (subscriber), having a valid subscription on the day of the conference</td>
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<td>€ 100: Ticket for the gala dinner (please, specify the number of tickets: ...........)</td>
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TOTAL AMOUNT: €: ............

WORKSHOPS: (Saturday, 18 June 2011):

- I will attend the First WORKSHOP: When does a party waive its rights by tolerating a breach: discussion of two case studies.
- I will attend the SECOND WORKSHOP: Is a supplier/franchisor obliged to grant non-discriminatory conditions to members of his network?
- I will attend the THIRD WORKSHOP: What a Franchisor Should Know Before Negotiating a Franchise Agreement in Brazil, China, Japan and the United States.

PAYMENT: Please make a bank transfer marked «16-18 June 2011 Conference», including a clear reference to the name of the participant. The bank transfer details are the following:

- Bank: Banca Sella, Piazza Castello, Torino (Italy)
- Account Name: IDI Project s.r.l.
- Account Number: 052879649600
- ABI: 03268 CAB: 01000
- IBAN: IT86X0326801000052879649600
- SWIFT: SELB IT 2B

NO CHEQUES payments ACCEPTED

Please complete this form and return it, with your payment made out to:

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Via Alfieri 19,
10121 Torino (Italy)
Fax: +39 011 574 11 41

Date ..................... Signature ..........................................................

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