

**CONCERNING THE PROTECTION TO AGENTS, IMPORTERS OF
MERCHANDISE AND/OR PRODUCTS Law No.173 (Official Gazette No.8979,
Dated April 1966)**

Hector Garcia Godoy, temporary President of the Dominican Republic

WHEREAS the State cannot remain indifferent to the growing number of cases of natural or juridical persons from abroad who, without a just cause, eliminate their licensees or agents as soon as these have created a favorable market in the Dominican Republic, without taking into consideration their legitimate interests.

WHEREAS it is necessary to grant adequate protection to natural or juridical persons who dedicate themselves in the Dominican Republic to promote and negotiate the import, distribution sale, lease or any other type of exploitation of commodities or products coming from abroad or when these are manufactured in the Country, acting as agents or under any other denomination against detriments that could cause the unjust termination of the relationships by virtue of which they exercise these activities, by the unilateral action of persons or entities who they represent or on whose account or interest they act, for the purpose of obtaining the equitable or complete compensation of all the losses sustained by them, as well as the legitimate profits receivable of which they are being deprived.

Article 1 Definitions

For the purpose of this Law the following terms shall have the meaning they express, except when its context clearly expresses a different meaning:

a) (Amended by Law 263* * of Dec. 31/71) -Licensee: Natural or juridical person dedicated to promote or negotiate the import, distribution, sale of products or services, lease or any other form of trade, commercializing with foreign merchandise or products and the services related with such negotiations, or when same are manufactured in the Dominican

Republic whether he acts as agent, representative, importer, commission merchant, licensee, or under any other denomination.

b) *Concession Contract*: Any form of established relations between a License and a Licensor by virtue of which the first party dedicates himself in the Dominican Republic to the activities provided for in section a) of this Articles. I

c) (Amended by Law 263 of Dec. 31/71) -*Licensor*: Natural or juridical persons represented by the Licensee or on his behalf or interest or of his merchandise, products, or services, performing the above mentioned activities, whether the Concession Contract has been directly granted by said natural or juridical persons or through any other persons of firms acting as his representatives or in his own name, but always on behalf of those persons of firms or of their merchandise, products or services.

d) (Amended by Law 263 of Dec. 31/71) -*Just Cause*: Breach or non compliance by any of the parties or any of the essential obligations of the Concession Contract, or any action or omission of such that could adversely affect in a substantial way the interest of the Licensor in the promotion or negotiation of the import, distribution, sale, lease, or any other form of trade of his merchandise, products or services.

Article 2

It Even if in a Concession Contract there exists a clause by which the parties unilaterally reserve the right of terminating their commercial relations, the Licensor shall not denounce or dissolve said commercial relations, nor refuse to renew the contract at its due date, unless a just cause exists.

Article 3

Every Licensee shall have the right to institute a damage suit against the Licensor in case of his destitution, substitution or termination of the Concession Contract existing between them, or due to his refusal to renew said contract, unilaterally or without a just cause on the

part of the Licensor, the complete and just indemnization of the damages and losses caused by such reason, which amount shall be fixed based on the following formula:

a) All losses sustained by the Licensee due to the personal efforts he has promoted for the exclusive benefit of the business he is part of, including expenses for payment of the compensation established by the Labor Laws.

-*Law No.173, April 6 of 1966, Gazette Official No.8979, April 6 of 1966.

-**Law No.263, December, 31 of 1971, Gazette Official No.9252, January 15 of 1972.

b) The present value of the investment in the acquisition or lease and the fitness of the premises, equipment, installations, furniture and fixtures, in case these were only used for the business of which he is pArticle

c) (Amended by Law 263 of Dec. 31/71) -The promotion value of the services offered according to the goodwill of the agent, merchandise and products, parts, spare parts, accessories and fixtures that he has in stock and from which sale, lease or negotiation he shall not receive any benefit; this value shall be determined by the acquisition cost and transportation to his warehouse or office, plus taxes, duties, inland freight charges and any other charges caused by the delivery of the merchandise to his warehouse or office; and

d) (Amended by Law 622* of Dec. 28/71) -The amount of the gross profit obtained by Licensee from the sale of the merchandise, products or services during the last five years, and if commercial relations have been for less than 5 years, five times the annual average gross profit obtained during the last years. In case the licensee had represented the Licensor for more than 5 years, the latter shall have to pay, besides the amount resulting from the multiplication of years in excess of five years by the tenth part of the average gross profit obtained by him during the last five years of representation.

Article 4

(Amended by Law 263 of Dec. 31/71) -If Licensor decides to manufacture, elaborate, pack or bale the products to which the present Law refers, or to establish by himself offices for the sale of those

services which compete with his agents in the Dominican Republic, Licensor shall be equally obligated to compensate Licensee in the form provided for by Article 3 of this Law, in case the Concession Contract is terminated by one of the causes listed in said article.

Articles 5

(Amended by Law 263 of Dec. 31/71) -Every Concession Contract granting Licensee the exclusive representation of the Licensor, including merchandise or products of foreign origin or manufactured in the Dominican Republic, and also foreign services bound to the Dominican Republic, or vice-versa, or even if they originated in the Dominican Republic for local distribution.

- * Ley No.622, December 28 of 1973, Gazette Official No.9325, January 2 of 1974.

Article 6

All natural, juridical or foreign persons associated with the author of the destitution or substitution of the resolution or termination of the Concession Contract or who refuses to renew said contract, by unilateral action and without a just cause on the part of the Licensor, and who substitutes Licensee, shall be jointly responsible for the compensation payment agreed upon.

Paragraph

(Amended by Law 263 of Dec. 31/71) -The natural or juridical person, national or foreign, who has by any means obtained the rights over the merchandise, products or service of Licensor, shall be jointly held responsible for such action, as well as the persons substituting Licensee on behalf of the new buyer.

Article 7

(Amended by Law 622 of Dec. 28/71) -Action taken according to this Law shall be governed by the provisions of the Common Law concerning the jurisdiction, proceeding and prescription of the Law. Furthermore, such action shall be subject to the following provisions:

Paragraph I

(Created by Law 622 of Dec. 28/73) -To exercise this action, the Licensee of the Licensor shall previously request to the Official Chamber of Commerce, Agriculture and Trade under their jurisdiction their intervention to amicably reconcile the interests of the parties concerned. Within three days of the receipt of this request, the President of the Chamber shall designate a Reconciliation Commission of three of its members and this Commission in a three days term shall call the parties in conflict to attend the meeting at which the reconciliation shall take place. Such notice shall be delivered to the parties by a Court Officer and shall indicate the date and place of same, and the date, time and place of the meeting, as well as the purpose of the meeting. Between the day of the notice and the day of the meeting, and for no less than a term of eight clear days and no more than thirty days shall be given, which terms could be extended due to the distance according to the provision established in the amended Article 73 of the Civil Code.

Paragraph II

(Created by Lay 622 of Dec. 28/73) -The parties shall attend the meeting personally, or represented by attorneys or proxies and they can be assisted by their lawyers and counsels. They shall furnish the documents and arguments they judge pertinent or those requested by the Commission to enforce the reconciliation and submit to the parties the recommendations and advice it considers pertinent. If the parties or one of the parties does not attend the meeting after having been duly notified, or they do not reach an agreement, a non agreement or nonappearance certificate shall be executed.

Paragraph III

(Created by Law 622 of Dec. 28/73) -If parties reach an agreement, a document shall be executed containing the names, personal identification card numbers and any other personal data of Licensee; the names, personal identification card numbers and the official status of the other persons attending the meeting and a detailed report including all the clauses of the agreement. This document shall be signed by all those present.

Paragraph IV

(Created by Law 622 of Dec. 28/73) -In case that in the provincial jurisdiction of the Licensee there is no Official Chamber of Commerce, Agriculture and Trade, the same procedure shall take place at the nearest Chamber of Commerce, Agriculture and Industry, exclusively for the reconciliation purposes in order to appeal. It shall not be necessary that the Licensee be a member of same.

Paragraph V

(Created by Law 622 of Dec. 28/73) -The notice to attend the before mentioned reconciliation meeting shall be made at the request of the members of the Commission and it shall indicate the conditions of their procedures; the expenses arising from said meeting shall be paid by the party requesting the service who shall pay in advance at the time of making the request.

Paragraph VI

(Created by Law 622 of Dec. 28/73) -The judgments pronounced by the Court of First Instance and the Court of Appeal and originated in Art 3 of this Law, shall not be subject to right of opposition.

Paragraph VII

(Created by Law 622 of Dec. 28/73) -The terms of filing an appeal for reversal for each petition shall be a months a of the date of the notice of judgment.

Paragraph VIII

(Created by Law 622 of Dec. 28/73) -The Court of Appeals responsible for the actions generated by this Law, shall pronounce judgment no later than thirty (30) days after the case is in state, except that a just cause impedes the solution of the litigation in the prescribed time limit, which shall be read into the record issued to that effect and which shall be registered in the same judgment under the penalty that the Judge or Judges in charge of the case shall be sanctioned according to Article 165 of the amended Law of the Judiciary Organization.

Article 8

The provisions of the present Law are of public order and therefore can not be abolished nor modified by private agreement.

Article 9

The present Law cancels and substitutes Law No.6080 of October 22nd, 1962, amended by Law No.646 of March 8th, 1965, as well as any other Law or provision contrary to it.

Article 10

(Created by Law 263 of Dec. 31/71) -Natural or juridical persons to which Article 1st of the present Law refers in order to exercise the rights conferred by such Law shall record or register in the Foreign Exchange Department of the Central Bank the name of the foreign firms or enterprises on behalf of which they are acting as agent, representatives, importer, commission merchant, licensee or under any other denomination in the Dominican Republic.

Paragraph I

(Created by Law 263 of Dec. 31/71) -For these purposes they should submit to the foreign Exchange Department of the Central Bank the supporting documents substantiating their personal data, with the name of the foreign firm or company, address, products they represent, the maximum commission rate they receive and the correct address of the interested party.

This registration should be made within 90 days after the present Law takes effect for the companies and lines of products they actually represent.

The new foreign firms or companies should be registered at the mentioned Department at the latest 15 days after they are contracted and for the registration they should submit the same documents and data of the terms actually represented.

Article 11

(Created by Law 622 of Dec. 28/73) -In the cases provided in Article 3 as well as in the cases provided for by Article 4, Licensor cannot establish himself in the Dominican Republic, whether becoming a resident of the Dominican Republic or in any other way, in order to substitute the Licensee's activities, nor can he name a new national or foreign Licensee to substitute him if a friendly agreement has not been reached before within the provisions of this Law with his Licensee and pay to the Licensee the corresponding compensation of a single and total payment.

Article 12

(Created by Law 622 of Dec., 28/73, Amended by Law 16-95 of November 20 of 1995) Foreign individuals and corporations, as well as nationals, can engage in the Dominican Republic in the promotion or handling of the importation, sale, rental or any other kind of marketing or operations of merchandise and products of foreign origin that may be produced abroad or in the country, whether acting as agent, representative, receiver of commissions, exclusive distributor, licensee or under any denomination. However, if the individual or corporation that is to engage in this activity has maintained a commercial relationship with local licensees, he or it must agree to and deliver beforehand and in writing the fair and complete indemnities for the losses and damages produced by such cause, on the basis of the factors and in the manner described in article 3 of this law.