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SOFTWARE DISTRIBUTION AGREEMENT

DATED THE ___ DAY OF _____ 20__

BETWEEN

ABC Company Limited

AND

Sample Company Limited

SAMPLE

SOFTWARE DISTRIBUTION AGREEMENT

AGREEMENT dated the _____ day of _____ 20__.

BETWEEN: ABC Company Limited of 1 Smith Lane London WC2A 1PL
(the “**Supplier**”);

AND: Sample Company Limited of 52 Chance Lane London WC2A 1PL
(the “**Distributor**”).

BACKGROUND

- A. The Supplier is in the business of software development and it requires distribution of a computer program.
- B. The Distributor’s business is distribution of software in the automotive industry.
- C. The Supplier and the Distributor have agreed to enter this distribution agreement on these terms and conditions.

THE PARTIES AGREE:

1. APPOINTMENT AND TERM

- 1.1 The Supplier appoints the Distributor and the Distributor accepts its appointment as an exclusive distributor of the Software for the Term in the Territory on the terms set out in this Agreement.
- 1.2 In the event of any extension of the Term as permitted by this Agreement:
 - (a) the Supplier reserves the right to adjust the Royalty effective from the date of the extension; and
 - (b) the provisions of this Agreement apply.
- 1.3 The Distributor is licensed to use the Software and Materials solely for the purpose of:
 - (a) marketing the Software;
 - (b) distributing the Software to Customers; and
 - (c) installing the Software.
- 1.4 The Distributor must not install the Software for a Customer unless the Customer has entered into a Licence agreement
- 1.5 During the Term the Distributor is not entitled to market or distribute or sell software that is competitive with or is similar in functionality to the Software. It will be a breach of this clause for any director or shareholder of the Distributor to have an interest directly or indirectly in any company or business that markets, distributes or

sells software that is competitive with or is similar in functionality to the Software. This is an essential term.

- 1.6 The parties acknowledge that they are not in a joint venture partnership and there is no franchise arrangement or agency established by this Agreement. Neither party may claim or hold itself out as having any other relationship, authority, right or entitlement to represent itself or act as an agent of the other or to have any interest or shareholding in the other.

2. INITIAL SUPPLY OF SOFTWARE

- 2.1 On or before the Commencement Date, the Supplier will provide the Distributor with a disk of the Software and all supporting Materials.
- 2.2 The Supplier will Deliver the Software and Materials pursuant to Clause 2.1 to the Distributor's Delivery Address, such delivery to be paid for by the Distributor.
- 2.3 All responsibility and liability for risk and loss of or damage to the Software and Materials despatched pursuant to Clause 2.1 will pass to the Distributor when despatched.

3. ORDERS & MINIMUM ORDER REQUIREMENTS

- 3.1 All orders for the Software must be made by the Distributor using the Supplier's prescribed order form as amended from time to time. Orders must be sent to the Supplier's Ordering Address set out in Schedule A.
- 3.2 Orders are subject to acceptance by the Supplier. Acceptance by the Supplier will be oral with written confirmation to follow.
- 3.3 The Distributor must comply with any Minimum Order Requirement. If the Distributor is or becomes aware that he/she/it is or may become unable to comply with a Minimum Order Requirement, the Distributor must notify the Supplier as soon as practicable.
- 3.4 Should the Distributor fail to meet a Minimum Order Requirement, the Supplier reserves the right to terminate the Agreement and the Supplier will be entitled to all remedies available for breach of this Agreement.
- 3.5 Should the Distributor fail to meet a Minimum Order Requirement, the Supplier reserves the right to convert the Agreement from an exclusive/sole basis to a non-exclusive basis effective immediately.
- 3.6 The Supplier reserves the right to cancel a previously accepted order placed by the Distributor in the following circumstances: notification of a 3rd party IP claim.

3.7 The Supplier reserves the right to supply the Distributor with an amount less than what was ordered and in such circumstances the Supplier will refund or provide a rebate to the Distributor adjusted *pro rata* for any amount already pre-paid.

3.8 The Supplier reserves the right to not accept orders from the Distributor or supply the Distributor if the Distributor is in any way in breach of the Agreement including with its payment obligations.

4. DELIVERY & NOTICE OF DEFECTS

4.1 The Supplier undertakes to promptly deliver all orders for the Software within the Delivery Time Frame to the Distributor's Delivery Address however the Supplier accepts no responsibility and will not be liable for loss including any consequential or special loss arising from late Delivery.

4.2 The Distributor must notify the Supplier within 30 days of Delivery of any claims it may have in relation to defects in the Software. In the absence of receipt of any such Notice, the Distributor is deemed to have accepted the Software.

5. ROYALTY, TAX INVOICES & PAYMENTS

5.1 In consideration for the Supplier entering into this Agreement, the Distributor will pay the Royalty. The Supplier reserves the right to charge interest at current commercial bank interest rates for any late payment of the Royalty.

5.2 The Distributor will be liable for payment of the Royalty when a Licence has been validly entered into with a Customer.

5.3 The Distributor is not obliged to pay any Royalty unless it has received a Tax Invoice from the Supplier.

5.4 The Supplier will issue a Tax Invoice within 21 days of request by the Distributor.

5.5 The Distributor will pay the amount set out in a Tax Invoice within 7 days of receipt of the Tax Invoice from the Supplier. All payments including any Extension Fee are to be made by electronic transfer to the Supplier's Banking Account set out in Schedule A.

5.6 Any money or security received by the Distributor from a Customer in consideration for a Licence will be held on trust for the Supplier until payment of the Royalty has been made.

5.7 The Distributor will permit the Supplier or its accountant access at reasonable times and on reasonable notice to inspect and make copies of the Distributor's books and accounting records for the purpose of verifying the Distributor's compliance with its obligations under this Agreement.

6. SOFTWARE MODIFICATION, ENHANCEMENT & IP REGISTER

- 6.1 Notwithstanding the operation of Clause 18.7, the Distributor must not copy, alter, modify, enhance, reverse engineer or otherwise interfere with the Software without the prior written consent of the Supplier and the Supplier reserves the right to impose any condition in connection with giving its consent.
- 6.2 Intellectual Property rights in any software produced pursuant to Clause 6.1 will immediately vest in the Supplier, and the Distributor will establish and maintain for the duration of this Agreement an IP register which clearly identifies all such software. This is an essential term.
- 6.3 The Supplier reserves the right at reasonable times and on reasonable notice to inspect and/or request a copy of the IP register referred to in Clause 6.2. On expiry or termination of this Agreement, the Distributor will hand over to the Supplier the IP register in either electronic format or original hard copy together with all related source code and object code.

7. INTELLECTUAL PROPERTY

- 7.1 All Intellectual Property rights in the Software remain with the Supplier and the Supplier warrants it has the right to use the Intellectual Property
- 7.2 The Distributor is entitled during the Term to use the Intellectual Property including any trade mark as it may reasonably require for the sole purpose of effectively marketing and/or distributing the Software in the Territory. The Distributor may not use the Intellectual Property for any other purpose without the prior written consent of the Supplier.
- 7.3 If the Distributor creates the marketing material or marketing material additional to Materials provided by the Supplier, the Distributor will own the Intellectual Property rights in such material. By this clause, the Supplier grants the Distributor a licence to use ABC's Auto Software in/on such material.
- 7.4 The Distributor must not in the future use any trade mark which is the same as or is deceptively similar to any trade mark used in connection with this Agreement. This clause survives this Agreement.

8. CONFIDENTIAL INFORMATION

- 8.1 Each party undertakes not to use or disclose to any other person or entity any of the other party's Confidential Information and will only use such Confidential Information in good faith and for the proper purposes of this Agreement and subject to



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