

Distribution Agreement · Miele × [Distributor]

Distribution · Buyer side · Counterparty: Miele & Cie. KG

OVERALL VERDICT

MEDIUM · Score 74/100

Zusammenfassung

Standard German-law distribution agreement, balanced on delivery + minimum-purchase terms but seller-friendly on liability cap (capped at 12 months of net fees) and termination for convenience (only Miele has the right). Recommend redlines on three clauses before signing.

1. Liability — 'Liability capped at 12 months of net fees paid'

SEVERITY: HIGH

The liability cap equals 12 months of net fees, which for a first-year distributor equals the invoice value. This is tight for a premium appliance line where a supply gap or defect could result in significant downstream loss (customer refunds, warranty exposure, reputation damage).

Redline: Increase liability cap to 2x annual fees OR carve out gross negligence, wilful misconduct, and IP infringement from the cap entirely.

2. Termination — 'Manufacturer may terminate for convenience with 90 days notice'

SEVERITY: HIGH

Only the manufacturer has the right to terminate without cause, leaving the distributor exposed to abrupt product-line withdrawal. This is asymmetric and out of line with multi-year distribution norms.

Redline: Make termination for convenience mutual, OR add a minimum-12-month supply commitment after notice so the distributor can transition inventory and customer relationships.

3. Minimum purchase — 'Annual minimum purchase commitment of 500 units'

SEVERITY: MEDIUM

500-unit minimum is at the high end for a first-year distributor without a proven track record. Missing the target risks contract termination or lost volume rebates.

Redline: Propose a graduated ramp — 250 units year 1, 400 units year 2, 500 units year 3 — with volume-bonus incentives above target.

4. Force Majeure — 'Standard force majeure clause'

SEVERITY: LOW

Well-drafted, symmetrical, covers strikes and government action. No changes needed.

5. Governing law — 'German law, jurisdiction Bielefeld'

SEVERITY: INFO

Convenient for German + EU distributors. For a non-EU distributor, consider requesting ICC arbitration in Paris or Zurich as an alternative.