

**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 Licensee 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 Article.

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 the

Licensee of any of the essential obligations of the Concession Contract, or any action or omission of the Licensee 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

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, for 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.

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 prived.

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 263 of Dec.31/71 and 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.

#### Article 5

(Amended by Law 263 of Dec. 31/71) -Every Concession Contract granting Licensee the exclusive representation of the Licensor, comprehends 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.

#### Article 6

All natural, juridical, national 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 services 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 ordinary law concerning the jurisdiction, proceedings and prescription. 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 or the Licensor shall previously request to the Official Chamber of Commerce, Agriculture and Trade under their jurisdiction its 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, a term of no less than eight clear days and no more than thirty days shall be given, which term could be extended due to the distance according to the provision established in the amended Article 73 of the Code of Civil Procedure.

#### 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 nonagreement or nonappearance certificate shall be executed, a copy of which shall be given together with the act of the demand; the lack of the certificate would render the demand null.

#### 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 the Licensor and the 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 Industry, 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 open to the opposition remedy.

#### Paragraph VII

(Created by Law 622 of Dec. 28/73) -The term for filing the remedy of Appeals and the appeal for dismissal or reversal before the Supreme Court shall be, for each of these remedies, one month as of the date of the notice of judgment.

#### Paragraph VIII

(Created by Law 622 of Dec. 28/73) -The Courts of First Instance and the Courts 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) -In order to exercise the rights conferred by the present Law, the natural or juridical persons to which Article 1st of the present Law refers 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 agents, representatives, importers, commission merchants, licensees or under any other denomination in the Dominican Republic.

#### Paragraph I

(Created by Law 263 of Dec. 31/71) -For these purposes they shall submit to the Foreign Exchange Department of the Central Bank the supporting documents substantiating their personal or corporate 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.

(Amended by Law 664 of Sept. 21/77) -The new foreign firms or companies should be registered at the mentioned Department at the latest 60 days after they are contracted and for the registration they should submit the same documents and data of the firms currently 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 establishing its domicile in the country or incorporating a Dominican sister company 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 16-95 of Dec. 16/95). The juridical and natural foreign persons, like national persons, shall dedicate themselves to the importation, sale or rent, as well as any other kind of traffic within the Dominican Republic, of products and merchandise of foreign origin which are produced abroad or in the country whether it is agent, representative, exclusive distributor, commission merchant, licensee or any under any other designation. However, if the juridical or natural person that is going to carry out the commercial activity has had any other commercial relation with other local licensee, he must previously hand in written the complete indemnization of the damages created by said cause, based in the factors and according to the form described in Article 3 of the present law.