

Distribution Agreement with IP Clauses (India)

Governs distribution rights with IP protection, brand guidelines, and post-termination obligations

HOW TO USE THIS TEMPLATE

- For appointing a distributor to sell your products in a territory.
- Restrict the distributor from reverse-engineering or copying your products.
- Brand usage guidelines must be mandatory — distributors damage brands through misuse.
- Include IP indemnification: you protect the distributor from IP claims about your products.
- Post-termination: require return of all branded materials and cessation of trademark use.

PARTIES

Supplier / Brand Owner	[Full legal name and CIN]
Distributor	[Full legal name and CIN]
Products	[Description of products to be distributed]
Distribution Territory	[State / Region / All India / Specific cities]
Exclusivity	[Exclusive / Non-exclusive] distribution rights in Territory
Agreement Date	[DD Month YYYY]
Term	[2 / 3 / 5] years

1. DEFINITIONS

"**Brand Guidelines**" means the Supplier's guidelines for use of the Supplier's Marks, as provided to the Distributor and updated from time to time.

"**Distributor's Customers**" means retailers, wholesalers, resellers, and end customers to whom the Distributor sells the Products.

"**Products**" means the products described in Schedule 1, as may be updated by written agreement from time to time.

"**Supplier's Marks**" means all trademarks, logos, trade dress, and brand identifiers used in connection with the Products, as listed in Schedule 2.

"**Territory**" means the geographic area described in Schedule 3 within which the Distributor is authorised to sell the Products.

2. APPOINTMENT AND SCOPE

2.1 Appointment. The Supplier appoints the Distributor as its [exclusive / non-exclusive] distributor for the Products in the Territory during the term of this Agreement. The Distributor accepts this appointment on the terms set out herein.

2.2 Distributor's Obligations. The Distributor shall: (a) actively promote and sell the Products in the Territory; (b) maintain minimum stock levels as agreed with the Supplier; (c) achieve minimum annual sales targets as specified in Schedule 4; (d) maintain a qualified sales team; and (e) provide the Supplier with quarterly sales reports.

2.3 No Manufacturing Rights. This Agreement grants distribution rights only. The Distributor has no right to manufacture, reproduce, copy, or otherwise produce the Products or any products substantially similar thereto.

3. INTELLECTUAL PROPERTY — CRITICAL PROVISIONS

3.1 Supplier IP Ownership. All IP rights in the Products, their designs, formulations, technology, and all Supplier's Marks are and remain the exclusive property of the Supplier. The Distributor acquires no IP rights by virtue of this Agreement.

3.2 Trademark Licence. The Supplier grants the Distributor a limited, non-exclusive, non-transferable licence to use the Supplier's Marks solely for the purpose of promoting and selling the Products in the Territory, in strict accordance with the Brand Guidelines. All goodwill generated by this use accrues to the Supplier.

3.3 Brand Guidelines Compliance. The Distributor shall comply strictly with the Brand Guidelines in all marketing materials, product displays, digital content, and customer communications. The Distributor shall obtain prior written approval from the Supplier for all marketing materials before publication or distribution.

3.4 Prohibited IP Activities. The Distributor shall not: (a) reverse engineer, disassemble, or analyse the Products to determine their composition, formulation, or technology; (b) register or use any trademark, domain name, or social media account that includes the Supplier's Marks without consent; (c) create any derivative products based on the Products; (d) represent that the Products are manufactured by the Distributor; or (e) use the Supplier's Marks after termination.

3.5 Reporting Infringement. The Distributor shall promptly notify the Supplier of any actual or suspected counterfeiting, infringement, or unauthorised use of the Supplier's IP in the Territory. The Distributor shall assist the Supplier in any enforcement action in the Territory.

3.6 IP Indemnification. The Supplier shall indemnify the Distributor against any third-party claim that the Products, as supplied by the Supplier, infringe any third-party IP rights in the Territory, provided the Distributor: (a) uses the Products only as authorised; (b) promptly notifies the Supplier of any claim; and (c) cooperates in the defence.

4. FINANCIAL TERMS

Transfer Price	Products sold to Distributor at Rs.[X] per unit / [Y]% below RRP
Payment Terms	Net [30 / 45 / 60] days from invoice date
Minimum Annual Purchase	Rs.[X] / [Y] units per year — failure triggers non-exclusivity
Late Payment Interest	[2]% per month compounding
Security Deposit	Rs.[X] payable on signing — refundable on expiry if no outstanding dues

5. TERM AND POST-TERMINATION IP OBLIGATIONS

Term	[2 / 3 / 5] years
Renewal	Mutual written agreement
Termination for Performance Failure	[90] days notice if minimum sales targets missed for [2] consecutive years
Termination for Breach	[30] days notice for material breach not cured

5.1 Post-Termination Obligations. On termination or expiry: (a) the Distributor shall immediately cease using all Supplier's Marks; (b) return all branded materials, marketing collateral, display units, and point-of-sale materials; (c) cancel any domain names containing Supplier's Marks; (d) cancel any social media accounts using Supplier's Marks; and (e) sell remaining Product inventory within [60] days at agreed prices.

6. GENERAL PROVISIONS

6.1 Independent Contractor. The Distributor is an independent contractor. This Agreement does not create agency, employment, or partnership.

6.2 Governing Law. Governed by the laws of India. Disputes by arbitration in [City].

6.3 Entire Agreement. This Agreement and Schedules constitute the complete agreement.

6.4 Stamp Duty. Execute on non-judicial stamp paper.

EXECUTION

SUPPLIER / BRAND OWNER	DISTRIBUTOR
[Full Legal Name]	[Full Legal Name]
Signature: _____	Signature: _____
Name: _____	Name: _____
Date: _____	Date: _____

IMPORTANT NOTE

Record the trademark licence at the Trade Marks Registry (Form TM-P). Exclusive distribution agreements may require review under the Competition Act 2002 if the Supplier has market power. Template only — not legal advice.

ANTI-COUNTERFEITING, GREY MARKET, AND TRADE COMPLIANCE

7.1 Anti-Counterfeiting Programme. The Distributor shall actively cooperate with the Supplier in combating counterfeiting and grey market activities in the Territory. This includes: (a) immediately reporting any suspected counterfeit Products or unauthorised parallel imports to the Supplier; (b) assisting the Supplier (including by providing information and access) in any anti-counterfeiting raid, court proceeding, or customs enforcement action; (c) not purchasing Products from any source other than the Supplier or its authorised agents; and (d) implementing anti-diversion measures to prevent Products from being exported outside the Territory without the Supplier's consent.

7.2 Grey Market and Parallel Imports. The Distributor shall not, directly or indirectly, export or cause to be exported the Products outside the Territory. The Distributor shall not purchase Products from any third party who obtained them outside normal authorised channels. If the Distributor becomes aware of any parallel imports or grey market activity involving the Products, it shall immediately notify the Supplier with full details.

7.3 Product Authentication and Serialisation. Where the Supplier has implemented product authentication, serialisation, or track-and-trace systems, the Distributor shall: (a) not tamper with any authentication feature, serial number, or QR code on the Products; (b) maintain records of product serial numbers for all Products received and distributed; (c) cooperate with the Supplier's product authenticity verification audits; and (d) require resellers and retailers to report any suspected counterfeit products.

7.4 Customs Enforcement Rights. Where the Supplier has recorded its IP rights with Indian Customs under the Intellectual Property Rights (Imported Goods) Enforcement Rules 2007, the Distributor shall cooperate with Customs authorities in identifying and detaining suspected infringing imports, including by making a Company representative available to inspect detained goods within the timeframe required by Customs.

7.5 E-Commerce Marketplace Compliance. The Distributor shall not list or permit the Products to be listed on any e-commerce marketplace (including Flipkart, Amazon.in, Meesho, or similar) without the Supplier's prior written approval. Any approved marketplace listings shall: (a) use only Supplier-approved product images and descriptions; (b) not undercut the Supplier's own marketplace prices; (c) comply with the Supplier's pricing policies; and (d) be subject to the Supplier's right to control the content and presentation of listings.

PROMOTIONAL MATERIALS IP AND SELLER TRAINING

8.1 Marketing Material IP Ownership. All marketing materials, promotional content, product imagery, and advertising created by the Supplier specifically for the Products shall remain the Supplier's exclusive IP. The Distributor shall use such materials only for promoting and selling the Products in the Territory and shall not modify them without written approval. Marketing materials created solely by the Distributor for promoting the Products shall be owned by the Distributor, but: (a) shall require the Supplier's approval before use; (b) shall include required attribution notices; and (c) shall be licensed to the Supplier for use outside the Territory on a royalty-free basis.

8.2 Training and Product Knowledge. The Supplier shall provide the Distributor's sales team with product training [annually / on product updates]. Training materials provided by the Supplier are the Supplier's confidential IP and shall not be: (a) shared with competitors; (b) reproduced or distributed beyond the Distributor's sales team; or (c) retained after termination of this Agreement. The Distributor shall maintain trained staff capable of providing accurate product information to customers.

8.3 Product Liability and Quality Assurance. The Supplier shall maintain adequate product liability insurance covering the Products in the Territory. The Distributor shall not make any product quality or safety representations beyond those expressly stated in the Supplier's official product materials. If the Distributor becomes aware of any quality issue, customer complaint, or product safety concern, it shall immediately notify the Supplier and cooperate fully in any investigation, recall, or remediation action.

8.4 GST and Compliance. The Distributor shall maintain all applicable registrations and licences required for distributing the Products in the Territory, including GST registration, drug licences (if applicable), FSSAI licences (if applicable), and any other sector-specific distribution licences. The Distributor shall issue GST-compliant invoices for all sales and shall maintain GST records enabling the Supplier to verify input tax credit entitlements. The Distributor is responsible for its own GST compliance and shall not claim input tax credit for transactions not meeting GST requirements.