

QATAR LAW Q&A: COMMERCIAL AGENCY MATTERS IN QATAR

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WHAT RULES AND REGULATIONS GOVERN MATTERS OF COMMERCIAL AGENCY IN QATAR?

The Qatari Commercial Agents Law No. 8 of 2002 (the "Agency Law") is the key piece of legislation regulating commercial agents in Qatar. It has, however, now been supplemented by the Qatari Commercial Law No. 27 of 2006 (the "Commercial Law"), which includes a chapter on commercial agencies, and the various sub-forms of agency arrangement. In addition, as with any commercial matter in Qatar, such relationships are also subject to the general laws and regulations of Qatar, such as the Qatari Civil Law No. 22 of 2004, and laws of specific application, such as the Qatari Consumer Protection Law No. 8 of 2008.

MUST ALL AGREEMENTS EFFECTING IMPORTS INTO QATAR BE REGISTERED WITH THE COMMERCIAL AGENTS REGISTER AT THE MINISTRY OF ECONOMY AND COMMERCE?

No. There is no express restriction on the conduct of product import and distribution into the State of Qatar in the absence of a registered commercial agency agreement. However, certain agency arrangements *are required* to be registered in order for the agent and principal to receive the benefits offered by registration. Moreover, a foreign party must either register a commercial presence in Qatar with the Ministry of Business and Trade and obtain the applicable customs license, or sell to or appoint a party that is so registered and licensed, in order to effect imports into the State of Qatar. Further information on establishment options for foreign parties and how foreign parties can import goods into Qatar, is available in our "Doing Business in Qatar" and "Q&A" newsletters (respectively) on those same topics which can be found [here](#).

WHAT TYPES OF CONTRACTS ARE REQUIRED TO BE REGISTERED AT THE COMMERCIAL AGENTS REGISTER AT THE MINISTRY OF ECONOMY AND COMMERCE?

The Agency Law requires that a commercial agency contract be registered with the Qatari Commercial Agents Register in order to receive the benefits of registration. Key to such registration is the commercial agent themselves, who in addition to meeting certain eligibility criteria, must be solely licensed in Qatar to distribute the commodities and products (or services) which are the subject of the agency, on behalf of his principal, for consideration (whether fees or a commission)

In addition, the Commercial Law classifies several further sub-categories of commercial agent which are required to be registered in order to receive the associated benefits of registration. Respectively, these are "contract agencies," "distribution contract agencies," "commission agents," and "commercial/sales representatives," each of which is further defined and regulated under the Commercial Law.

IS NON-EXCLUSIVITY PERMITTED BY THE LAWS OF QATAR, WHEN APPOINTING A COMMERCIAL AGENT?

The categories of commercial agent which are regulated by the Agency Law and Commercial Law generally require the agent to be exclusively appointed, although this will depend on the type of agency arrangement being entered into between the principal and the agent. Some categories of agent, such as "sales representatives/agents" are exempt.

It is, however, considered possible to enter into an agency arrangement in Qatar on a non-exclusive basis and, in so doing, avoid the application of the Agency Law and the agency provisions of the Commercial Law. Note however that non-exclusivity may not, alone, ensure avoidance of the application of these laws. In this regard, comprehensive legal structuring advice is recommended.

FOR HOW LONG IS THE REGISTRATION VALID?

The Agency Law provides that a commercial agency registration must be renewed periodically every two years, at least two months prior to the date of expiry of registration. In practice however, a failure to register or renew is not consequential for the agent as the Registry will generally allow registration of a commercial agency at any time, including where a dispute in relation to a commercial agency has arisen and the agent has previously failed to register the same.

The registration itself is made using a specific Ministry form and is to be accompanied by supporting documents together with a copy of the commercial agency contract and an Arabic language translation.

HOW IS DEREGISTRATION EFFECTED AND WHEN MUST THIS BE DONE?

If an agency arrangement terminates, there is an obligation on the agent to file an application with the Ministry to delete their name from the register within 30 days of the date of the event causing termination of the contract. Under the Agency Law, criminal penalties apply for the agent's failure to do this. However the agent may still nonetheless claim compensation for termination of the contract where termination wasn't justified. De-registration in the absence of co-operation by a Qatari agent can be a difficult and protracted process.

CAN A PRINCIPAL ATTEND TO DE-REGISTRATION ON AN AGENT'S BEHALF?

Current Registry practice requires the direct involvement and co-operation of the Qatari agent to de-register a commercial agency arrangement, and the Registry is unlikely to accept authorization of the principal to de-register the agency by way of Power of Attorney or similar documentation entered into at the same time as the agency arrangement. The Registry also generally requires the deregistration application to be printed on the agent's letterhead, and dated contemporaneously with the submission of the application. Of course, Ministerial (including Registry) practice in Qatar is unwritten and subject to change from time to time without notice, however, we consider that this practice is unlikely to be relaxed in the foreseeable future.

CAN A PRINCIPAL MAKE DIRECT SALES INTO QATAR, NOTWITHSTANDING THE APPOINTMENT OF AN AGENT?

The permissibility or otherwise of direct sales by a principal into Qatar, will depend again on the type of agency arrangement which it has entered into with their agent. For general commercial agencies regulated under the Agency Law, the law provides that the agent has the right of recourse against the principal to obtain their commission in accordance with their agreement, if goods or merchandise for trading purposes were imported into the territory by the principal. The law does not, however, stipulate a minimum commission and so the parties can in theory agree to a low commission rate between them for such circumstances.

IS TERMINATION OF AN AGENCY CONTRACT FOR CONVENIENCE PERMITTED UNDER THE LAWS OF QATAR?

This again depends on the category of agency entered into. In the case of a commercial agent under the Agency Law, early termination of a fixed term or indefinite term contract may only be undertaken by the mutual agreement of the principal and agent, or by way of legal recourse through the Courts. However, in addition, the Commercial Law has now clarified that commercial agency arrangements may be terminated where the object of the agency is completed, upon the death of the agent or the principal, or in case of bankruptcy or loss of legal capacity of the agent or the principal. Termination for default is not necessarily permissible, although it is possible with some categories of commercial agency.

WHAT CAN A PRINCIPAL DO TO ENSURE ITS RIGHTS TO TERMINATION OF AN AGENCY CONTRACT, WITHOUT CAUSE AND WITHOUT PAYMENT OF COMPENSATION TO THE AGENT?

Prima facie, there is nothing a principal can do to retain its right to terminate an agency agreement without cause and without entitling the agent to claim compensation. The Agency Law and agency provisions of the Commercial Law are intended to protect the rights of agents in Qatar, and are heavily weighted in agents' favor. There are, however, a number of ways in which an agency arrangement may be carefully structured, so as to assist a foreign principal to minimize or avoid the impact of the most onerous provisions of these laws. While we recommend that legal advice be sought in relation to any specific circumstances, some of the measures which may generally be taken by a foreign agent for this purpose include (i) the provision of a comprehensive listing of grounds of default under the agency contract and appointment of the agent on a short, fixed-term basis (so that the principal may more easily assert non-renewal against one of the grounds of default); and (ii) express and specific limitation on the scope of the products and/or services to be supplied by the agent under the relevant contract, so as to allow for different products and services to be supplied into the territory by another agent, if needs be.

CAN RIGHTS TO COMPENSATION IN CASE OF TERMINATION OF AN AGENCY CONTRACT BE WAIVED?

Express waiver of rights to compensation in case of termination, is unlikely to be enforceable under Qatar law. While the Civil Law provides that the "contract is the law of the contracting parties," meaning that they are free to agree between them as they see fit, this rule is subject to mandatory provisions of Qatar law, which is traditionally deemed to include the Agency Law, and thus the right of commercial agents regulated by such law, to compensation in case of wrongful termination. We therefore consider that such right is a mandatory right which cannot be waived, notwithstanding the intention of the parties as expressed under contract.

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