



Hi DLC, I have been following your platform for some time now and I must say that it has already helped me a great deal in my role as in-house counsel.

Very happy to hear that the DLC platform is useful in your day-to-day practice!

What can I help you with?



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Well, I am drafting a template supply agreement. My firm supplies input products to professional customers throughout Europe. And in this new template, we want to include an obligation for the buyers to use the product for incorporation purposes, not for their resale.

So, you want to restrict the use which your buyers make of your product?



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Indeed. I have no intention to appoint them as distributors. We have organised our distribution otherwise.

... I understand.



DLC



Now that you know the context, are we allowed to restrict our buyers in that way?



I have some doubts whether such a use restriction could be seen as a customer restriction, which is on the list of hardcore restrictions. I do not want to lose the benefit of the vertical block exemption regulation.

Well, your question comes at the right time, as we have recently been in contact with the European Commission on exactly this issue.

In its view, use restrictions of the kind you refer to do not qualify as a hardcore restriction.



DLC



But if my buyers are not allowed to resell the products, in practice they cannot sell to, say, traders. I apologise for insisting, but I want to be sure: such restriction does not amount to a customer restriction?

In practice your buyers would indeed not be able to resell.

However, for there to be an illegal customer restriction, specific customer groups must be identified and there must be a prohibition to sell to these groups.

This restriction can be direct, for example by having an explicit customer restriction in the agreement, or indirect, for example, by preventing the buyers to sell the input products for incorporation in end-user products.



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last seen today at 11:15

The use restriction that you foresee does not prohibit your buyers from selling to traders, or any other specified customer group, does it?



No.

Okay, then this use restriction is not the same as imposing a hardcore customer restriction.



That's a relief. Thanks for clarifying!

You're welcome. Good luck with the supply agreement and I look forward to speaking to you next time!



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