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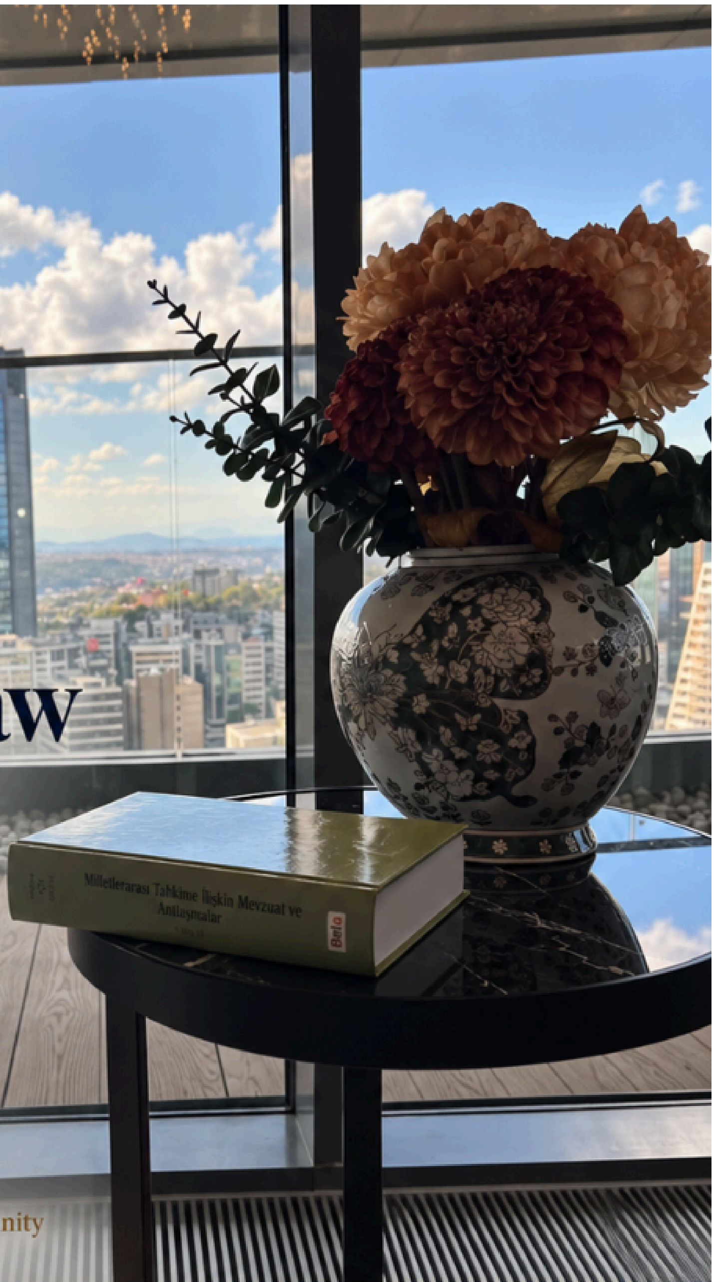
Exclusive Distribution Agreements Under Turkish Law

A 2026 Legal Guide for Foreign Suppliers and Distributors



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Exclusivity | Competition Law | Termination | Goodwill Indemnity

Territorial Exclusivity | Competition Law | Termination | Goodwill Indemnity

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Exclusive Distribution Agreements Under Turkish Law

2026

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Abstract

This article examines the legal structure and termination of exclusive distribution relationships affecting the Turkish market. It considers contractual classification, territorial protection, resale pricing, non-compete obligations, competition compliance, goodwill indemnity, customer information, intellectual property and dispute resolution. The discussion places the judicial authorities cited in the manuscript alongside the applicable statutory framework. It argues that exclusivity should be expressed through precise obligations and supported by operational compliance. For foreign suppliers and distributors, the most important preparation often concerns the future end of the relationship, including notice, stock, customer transition, evidence and potential compensation exposure.

Keywords exclusive distribution, Turkish law, competition compliance, goodwill indemnity, termination, foreign suppliers

Introduction

An exclusive distribution relationship often begins with a simple commercial objective. A foreign manufacturer wants one reliable partner to develop the Turkish market. The distributor wants territorial protection in return for investing in sales staff, warehousing, marketing, customer development and brand recognition.

The arrangement can work extremely well for many years. The legal difficulties usually arise later, when one of the assumptions that supported the relationship changes.

The supplier may want to establish its own Turkish subsidiary. It may decide to appoint a second distributor, move to direct online sales, restructure the territory or terminate the relationship altogether. The distributor may fail to meet sales expectations, object to pricing policies or claim that the supplier has undermined the exclusivity originally promised.

At that point, the legal analysis is not limited to what the termination clause says. For a long-running exclusive distributorship in Türkiye, counsel may need to consider the exact scope of exclusivity, competition law, customer ownership, trademark use, non-compete provisions, unsold inventory, notice, accrued claims and, importantly, whether the distributor may be entitled to a goodwill indemnity, denkleştirme istemi, after termination.

That is why I regard an exclusive distribution agreement as a relationship agreement rather than simply a sales contract. The document should regulate not only how the relationship begins, but how it performs, changes and eventually ends.

How Is an Exclusive Distribution Agreement Classified Under Turkish Law?

The Turkish Code of Obligations does not regulate the exclusive distribution agreement as a separately named contractual type. It is therefore generally treated as an atypical or unnamed contract whose legal content is determined principally by the parties' agreement, together with the applicable provisions and principles of the Turkish Code of Obligations, Turkish Commercial Code and other mandatory legislation.

In a typical structure, the distributor:

purchases the supplier's products, takes title to those products, resells them in its own name and for its own account, bears its own inventory and resale risk, and develops the relevant market using its own commercial organisation.

This distinguishes a distributor from a commercial agent. An agent generally facilitates or concludes transactions on behalf of the principal within the statutory agency framework. A distributor, by contrast, ordinarily buys and resells products as an independent trader.

That difference matters for taxation, commercial risk, customer relationships and liability.

But the distinction does not mean that agency law is irrelevant to exclusive distribution. Article 122(5) of the Turkish Commercial Code expressly extends the goodwill indemnity rules, where not contrary to equity, to exclusive distributorships and similar continuing contractual relationships that confer monopoly rights.[1]

Exclusivity Must Be Defined With Precision

The word "exclusive" is not sufficient by itself.

A properly drafted agreement should identify what the exclusivity actually protects. Is the distributor exclusive for all of Türkiye? Only Istanbul? Only a particular customer segment? Only one product line? Does exclusivity prevent the supplier from appointing another distributor? Does it also prevent the supplier from selling directly? What happens to sales made through the supplier's international website? What about multinational customers buying through group procurement arrangements?

These distinctions matter increasingly in modern distribution systems. A contract written twenty years ago might have assumed that exclusivity concerned only the appointment of another physical distributor.

Today, e-commerce, cross-border websites, marketplace sales and direct key-account sales can create disputes even where no second distributor has formally been appointed.

[1] Turkish Commercial Code No. 6102, art. 122, including para. 5. Official Gazette No. 27846, 14 February 2011. Official Gazette statutory text.

The agreement should therefore define active sales, passive sales, direct sales, online sales, key accounts, reserved customers and permitted exceptions where relevant.

Competition law must then be considered separately.

Turkish Competition Law Applies to Distribution Arrangements Affecting the Turkish Market

A foreign governing law clause does not make Turkish competition law irrelevant. Article 2 of Law No. 4054 on the Protection of Competition applies to restrictive agreements and practices involving undertakings operating in Turkish markets or affecting those markets.[2]

Accordingly, a distribution agreement between a foreign supplier and Turkish distributor can fall within Turkish competition rules even where the contract selects another country's substantive law.

The main vertical agreement framework is Communiqué No. 2002/2 on Block Exemption for Vertical Agreements, as subsequently amended. Following Communiqué No. 2021/4, the relevant market share threshold for the block exemption is generally 30 percent. For ordinary vertical agreements, the supplier's share of the relevant market in which it supplies the relevant goods or services must not exceed that threshold. In single-brand supply arrangements, the purchaser-side market share may also become relevant under the Communiqué.[3]

Being below the threshold does not mean that every contractual restriction is automatically acceptable.

Certain restrictions can remove the benefit of the block exemption.

A Supplier Should Not Control the Distributor's Resale Price

This is one of the clearest competition law risks in distribution agreements. The Competition Authority's official Guidelines on Vertical Agreements state that preventing the buyer from independently determining its resale price falls outside the permitted block exemption framework.

A supplier may, subject to the applicable conditions, recommend a resale price or establish a maximum resale price. It may not convert that recommendation into a fixed or minimum resale price through direct or indirect pressure.[4]

Indirect pressure can be just as problematic as an express clause.

The Authority identifies examples such as:

linking discounts to compliance with recommended prices, restricting the distributor's permitted discount level, delaying supply when the distributor discounts, threatening termination, or otherwise penalising deviation from the supplier's preferred resale price.[5]

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[2] Law No. 4054 on the Protection of Competition, particularly arts. 1, 2, 4 and 5. Competition Authority, official statutory text.

[3] Communiqué No. 2002/2 on Block Exemption for Vertical Agreements, as amended by Communiqué No. 2021/4, Official Gazette No. 31650, 5 November 2021. Competition Authority, official notice of the amendment.

[4] Competition Authority, Guidelines on Vertical Agreements, concerning resale price maintenance, territorial restrictions, active and passive sales. See also the Authority's published territorial-restriction decision.

[5] Competition Authority, Guidelines on Vertical Agreements, concerning resale price maintenance, territorial restrictions, active and passive sales. See also the Authority's published territorial-restriction decision.

This continues to be an active enforcement area in 2026. For example, in April 2026 the Competition Board concluded part of its investigation concerning Kyocera through settlement in relation to allegations involving resale price maintenance.[6]

The practical rule for foreign suppliers is simple:

recommended pricing must remain genuinely recommended. A commercial team should not undermine carefully drafted competition language by pressuring distributors through emails, WhatsApp messages, discount controls or supply threats.

Territorial Exclusivity Does Not Mean Every Sale Into the Territory Can Be Prohibited

This is another area where commercial expectations and competition law often diverge.

A supplier may want to promise a distributor "complete exclusivity" for Türkiye.

Competition rules do not necessarily permit that promise to be implemented literally.

The Competition Authority distinguishes between active sales and passive sales. Under the vertical framework, certain restrictions on active sales into an exclusively allocated territory or customer group may be permissible within the specified exceptions.

A general prohibition on passive sales is much more problematic. The Competition Authority has expressly stated that, even in an exclusive territory structure, restrictions on passive sales can remove the benefit of the group exemption.[7]

This distinction becomes particularly important online. A customer located in another distributor's territory who independently visits a website and places an unsolicited order may present a passive-sales issue.

By contrast, targeted advertising, direct solicitation or customer-specific marketing in another exclusive territory can constitute active selling.

The contract should therefore not simply say:

"Distributor shall not sell outside its territory."

That sentence may be commercially understandable but legally overbroad.

Non-Compete and Single-Brand Obligations Need Their Own Review

Suppliers often want the distributor to focus exclusively on their products.

Competition law imposes limits. Under the current vertical agreement framework, a non-compete obligation extending beyond five years ordinarily falls outside the block exemption, subject to the recognised exceptions.

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[6] Competition Authority, published enforcement notices concerning İntema, Kyocera, automotive tyre distribution and technology dealer networks, 2025 and 2026.

[7] Competition Authority, Guidelines on Vertical Agreements, concerning resale price maintenance, territorial restrictions, active and passive sales. See also the Authority's published territorial-restriction decision.

An indefinite non-compete obligation is also outside the ordinary safe harbour, as is an obligation that can automatically renew beyond five years without a genuine possibility for the distributor to terminate the restriction at the end of that period.[8]

The Competition Authority also treats an obligation requiring the buyer to purchase more than 80 percent of its requirements from the supplier, directly or indirectly, as a form of non-compete obligation for this purpose.[9]

This means the legal analysis should not focus only on a clause expressly headed "Non-Compete." Minimum purchasing structures, rebate schemes and sourcing restrictions can have the same substantive effect.

Recent Competition Authority Practice Shows Why Distribution Agreements Need Operational Compliance

A compliant contract is not enough if the parties behave differently in practice.

This point has become especially visible in recent Competition Board investigations. In 2025, the Board concluded proceedings concerning İntema involving alleged resale price maintenance, restrictions on dealer sales by territory, reseller or customer, and non-compete and exclusive purchasing obligations.[10]

In 2026, the Board also completed a major investigation in the automotive tyre distribution sector examining allegations including resale price maintenance, customer and territorial restrictions, discrimination and non- compete obligations.[11]

Further 2026 investigations have concerned dealer networks in technology markets, including allegations of customer allocation and resale price restrictions.[12]

For foreign suppliers, this has a practical compliance consequence. The distribution agreement, sales department, pricing team and local commercial managers should operate under the same competition law rules.

A contract stating that the distributor is free to determine resale prices offers little protection if the supplier's sales personnel regularly demand price approval.

Termination Is Usually the Most Legally Sensitive Stage

The beginning of an exclusive distribution relationship tends to be optimistic.

Termination rarely is.

[8] Competition Authority, published interpretation of non-compete obligations under Communiqué No. 2002/2, including the five-year rule and 80 percent sourcing criterion.
[9] Competition Authority, published interpretation of non-compete obligations under Communiqué No. 2002/2, including the five-year rule and 80 percent sourcing criterion.
[10] Competition Authority, published enforcement notices concerning İntema, Kyocera, automotive tyre distribution and technology dealer networks, 2025 and 2026.
[11] Competition Authority, published enforcement notices concerning İntema, Kyocera, automotive tyre distribution and technology dealer networks, 2025 and 2026.
[12] Competition Authority, published enforcement notices concerning İntema, Kyocera, automotive tyre distribution and technology dealer networks, 2025 and 2026.

The agreement should therefore regulate termination with particular care.

Relevant issues can include:

the contractual term, ordinary termination rights, notice periods, termination for cause, failure to meet minimum purchase requirements, repeated late payment, supply interruption, change of control, insolvency, regulatory breach, competition law violations, unauthorised trademark use, confidentiality violations, and conduct damaging the supplier's reputation.

The consequences of termination deserve equal attention. Who buys remaining stock? Can the distributor continue using the trademark during a transition period? What happens to customer enquiries? Who services existing warranties? When must confidential information be returned? What happens to local registrations, marketing materials, domain names and social media accounts? Does the distributor have a right to compensation?

A termination clause that answers only when notice may be given is incomplete.

The Goodwill Indemnity Is Now Expressly Addressed by the Turkish Commercial Code

Before the current Turkish Commercial Code, there was no express statutory rule granting goodwill indemnity to an exclusive distributor.

Yargıtay developed the concept through case law.

The position changed with the entry into force of Turkish Commercial Code No. 6102. Article 122 regulates the commercial agent's goodwill indemnity and Article 122(5) expressly provides that the rule also applies, where equity does not require otherwise, to exclusive distributorships and similar continuing contractual relationships granting monopoly rights.[13]

Accordingly, the modern legal analysis should not say that courts merely "extend agency law by analogy" to distributors.

The statute itself now provides the legal bridge.

Not every distributor qualifies. The particular relationship must fall within the substantive category contemplated by Article 122(5).

What Conditions Must Be Satisfied for a Goodwill Indemnity?

Article 122 sets out the core elements.

In simplified terms, the claim depends on factors including whether:

the distributor created or substantially developed a customer base, the supplier continues to derive substantial benefit from those customers after termination, the distributor loses the economic benefit it

[13] Turkish Commercial Code No. 6102, art. 122, including para. 5. Official Gazette No. 27846, 14 February 2011. Official Gazette statutory text.

would otherwise have obtained from the continuing customer relationships, and payment of the indemnity is equitable in all the circumstances.

Formal legal scholarship discussing the application of Article 122 emphasises that merely calling an agreement a "distribution agreement" or "dealership" does not create a goodwill indemnity.

The claimant must first establish that the relationship is one of the exclusive or monopoly-type continuous relationships falling within Article 122(5).[14]

This distinction is critical. A non-exclusive reseller with no protected territory and no integration into the supplier's distribution organisation does not stand in the same position as a distributor that spent twenty years developing a national market under an exclusive appointment.

Yargıtay Recognised Distributor Goodwill Before Article 122 Was Enacted

The historical development remains useful because it explains why Article 122(5) exists.

Yargıtay 19th Civil Chamber: E. 2012/6027, K. 2013/957, 21 January 2013

This is one of the foundational Turkish decisions concerning goodwill compensation for an exclusive distributor. The relationship had existed for nearly two decades, and the distributor had been the supplier's first dealer in Turkiye and had helped make the supplier's brand known in the Turkish market.

Yargıtay accepted that where the distributor had substantially expanded the customer base and the agreement ended without a justified cause attributable to the distributor, equity could require appropriate compensation for the customer portfolio created.

The Court also stated that the amount should be assessed through expert examination taking account of the customer base developed by the distributor.

This decision was particularly important before Article 122(5) because it filled a legislative gap.

After 2012, Article 122 provides the express statutory basis.

Article 122 Does Not Guarantee Compensation Whenever a Relationship Ends

The goodwill indemnity is not a termination fee automatically payable to every exclusive distributor.

Article 122 also identifies circumstances in which the claim is unavailable. For example, the commercial agent framework excludes the claim where the relationship is terminated by the agent without a reason attributable to the principal or another statutorily justified reason, and where the principal terminates because of fault attributable to the agent.

[14] Burçak Yıldız, "Acentenin Denkleştirme İstemi Hakkındaki Yargı Kararlarına İlişkin Bazı Değerlendirmeler," İnönü Üniversitesi Hukuk Fakültesi Dergisi, Vol. 13, No. 2, 2022, pp. 534 to 548.

Those principles must be considered when Article 122 is applied to qualifying exclusive distributorships under paragraph 5.[15]

The reason for termination therefore matters. A foreign supplier terminating because a distributor seriously breached the agreement may stand in a very different position from a supplier that simply replaces a successful long-term distributor with its own subsidiary after the distributor has spent years creating the market.

The Claim Is Subject to a Statutory Cap and Time Requirement

Article 122 also contains financial and procedural limits. The amount cannot exceed the statutory ceiling calculated by reference to the claimant's average annual remuneration over the specified preceding period.

The concept of "remuneration" requires adaptation in an exclusive distributorship because a distributor earns a resale margin rather than an agency commission.

For this reason, calculation frequently requires financial and expert evidence rather than a mechanical percentage of annual turnover. Formal scholarship on distribution and agency goodwill indemnity notes that calculation remains one of the most technically difficult areas in practice.[16]

Article 122 also provides that the goodwill indemnity cannot be waived in advance. The claim must be asserted within one year following termination of the contractual relationship.[17]

This is a particularly important point for both foreign suppliers and Turkish distributors. A contract provision signed at the beginning of the relationship stating that the distributor "irrevocably waives all goodwill indemnity rights" should not simply be assumed to eliminate statutory exposure.

Customer Data Becomes Critical at Termination

Goodwill indemnity litigation is often ultimately an evidence dispute. Who brought the customer into the network? Was the customer already purchasing the supplier's brand before the distributor was appointed? Was the customer generated through the supplier's international key-account programme? Did the distributor independently create the relationship? Will the supplier continue selling to that customer after termination?

These questions become difficult to reconstruct after fifteen years if customer information has never been categorised properly. For a long-running distributorship, the parties should therefore maintain records showing the source and development of major customer relationships.

This is commercially useful during the relationship and potentially decisive in a later Article 122 dispute. The agreement should also regulate possession and lawful use of customer information after termination, taking into account applicable personal data protection obligations.

[15] Turkish Commercial Code No. 6102, art. 122, including para. 5. Official Gazette No. 27846, 14 February 2011. Official Gazette statutory text.

[16] M. Zahid Doğanay, "Acentelik ve Dağıtım Sözleşmelerinde Denkleştirme Alacağının Hesaplanması," Selçuk Üniversitesi Hukuk Fakültesi Dergisi, Vol. 29, No. 3, 2021, pp. 2267 to 2307.

[17] Turkish Commercial Code No. 6102, art. 122, including para. 5. Official Gazette No. 27846, 14 February 2011. Official Gazette statutory text.

Minimum Purchase Obligations Should Be Objective

Exclusivity usually has a commercial price. A supplier granting an exclusive territory will often require minimum annual purchases or sales targets.

Those obligations should be measurable. A clause simply requiring the distributor to "use its best efforts to maximise sales" creates considerably more room for argument than a defined target structure.

The contract should ideally state:

how targets are calculated, whether they concern purchases or resale, whether returns are deducted, what happens if supply shortages prevent performance, whether force majeure affects the target, how currency or major market disruption is handled, and what consequence follows if the target is missed.

The consequence should also be proportionate.

Loss of exclusivity, a remediation period and termination are different remedies.

They should not be treated as interchangeable.

Intellectual Property Use Must Be Separated From Ownership

Foreign brand owners frequently allow distributors to use trademarks, product images, catalogues, technical documents, domain names and marketing materials.

The agreement should make clear that permission to use these assets does not transfer ownership.

The licence should define:

approved use, territory, permitted marketing channels, brand guidelines, domain names, online marketplace accounts, social media, local advertising, translation of materials, and obligations after termination.

Particular care is needed where the distributor registers a domain name, social media account or local trademark containing the supplier's brand.

The contract should establish who owns those assets and how they will be transferred at termination. A supplier should not discover after termination that the former distributor controls the main Turkish website or social media account through which the brand's customers communicate.

A Foreign Governing Law Clause Is Possible, but It Does Not Solve Every Turkish Law Issue

For cross-border contracts, Turkish private international law generally respects party autonomy. Article 24 of Law No. 5718 on Private International and Procedural Law provides that contractual obligations are governed by the law expressly chosen by the parties, and also recognises a sufficiently clear implied choice.[18]

[18] Law No. 5718 on Private International and Procedural Law, art. 24. Official Gazette No. 26728, 12 December 2007. Official Gazette statutory text.

The parties may therefore choose foreign law for the contractual relationship in an appropriate international distribution agreement.

But that does not mean every issue connected with Turkish market activity is displaced. Turkish competition law applies to conduct operating in or affecting Turkish markets under Article 2 of Law No. 4054.[19]

Other directly applicable Turkish rules may also require separate analysis. A foreign-law clause should therefore be viewed as one component of the legal structure, not as a universal exemption from Turkish mandatory law.

Arbitration Can Be Effective, but the Written Contract Must Stay Current

International distribution agreements frequently use arbitration. That can be a sensible choice where the supplier and distributor are based in different jurisdictions or where enforcement may eventually be required outside Türkiye.

There is, however, a particular risk with long-term distributorships.

The written agreement expires.

Nobody signs an extension.

The parties simply continue trading for another five years.

Then a dispute arises.

Yargıtay has considered exactly this problem. A formal academic study in the Public and Private International Law Bulletin examines a decision of the 11th Civil Chamber concerning a distributorship that continued in practice after expiry of the written term. Yargıtay treated the continued relationship as a new contractual relationship for the dispute in question and concluded that the arbitration clause in the expired written agreement did not automatically govern the later relationship because the required arbitration intention had not been established for that subsequent period. The academic author criticises the Court's narrow approach, but the case remains a very useful risk warning for commercial parties.[20]

The practical solution is simple:

do not allow an important distribution agreement to drift into undocumented continuation.

Renew it, extend it or replace it formally.

What Should a Foreign Supplier Look for in Turkish Distribution Counsel?

For a foreign company, a distribution agreement sits at the intersection of several legal disciplines.

A lawyer handling the agreement should understand more than contract drafting.

[19] Law No. 4054 on the Protection of Competition, particularly arts. 1, 2, 4 and 5. Competition Authority, official statutory text.

[20] Işık Önay, "Belirli Süreli Bir Sözleşmede Yer Alan Tahkim Anlaşması Borç İlişkisinin Süre Sonunda Fiilen Devam Ettirilmesi Durumunda Uygulanabilir mi? Yargıtay 11. HD'nin Güncel Bir Kararının Eleştirisi," Public and Private International Law Bulletin, Vol. 43, No. 2, 2023, pp. 491 to 516.

The work may require:

commercial contract law, competition law, Turkish Commercial Code Article 122, trademark and intellectual property licensing, data protection, international private law, arbitration or litigation, and termination strategy.

The foreign supplier should therefore ask whether counsel has experience with distribution networks and continuing commercial relationships, not simply general corporate contracts.

Counsel should also be able to review how the company's commercial team actually operates. If headquarters sends monthly recommended prices, local employees monitor compliance and distributors are punished for discounting, revising the written contract alone does not solve the competition problem.

Similarly, where the company is considering termination, counsel should review the factual history before notice is sent.

That review should consider:

the duration of the relationship, the termination ground, customer development, remaining inventory, brand use, non-compete obligations, notice, potential Article 122 exposure, ongoing tenders, and the transition to a replacement distributor or direct sales model.

A foreign company should also verify that Turkish legal counsel is registered through the official Türkiye Barolar Birliği Baro Levhası / Avukat Arama system.[21]

For distribution work, I would value counsel who is prepared to ask the commercial questions behind the legal ones.

The most useful legal advice may not be:

"You may terminate under clause 18."

It may be:

"You may have a contractual termination right, but if you exercise it in this way after twenty years of exclusivity, you should also budget for a potential Article 122 claim and restructure the transition before notice is served."

That is the difference between reading the agreement and advising on the relationship.

Frequently Asked Questions

Is an exclusive distribution agreement specifically regulated in the Turkish Code of Obligations?

No. It is generally treated as an unnamed contractual type whose content is primarily determined by the parties' agreement together with applicable Turkish statutory rules and principles.

[21] Türkiye Barolar Birliği, Baro Levhası / Avukat Arama, official professional registry.

Can a foreign manufacturer appoint one distributor for all of Türkiye?

Yes, subject to contractual and competition law considerations. Territorial exclusivity must be structured consistently with Law No. 4054 and the vertical agreement rules.[22]

What is the current block exemption market share threshold?

The current general threshold under the amended Vertical Agreements Block Exemption Communiqué is 30 percent.[23]

Can a supplier set the distributor's resale price?

A supplier may generally recommend prices or establish maximum prices within the applicable framework, but fixed or minimum resale pricing, whether direct or indirect, is a serious competition law risk.[24]

Can the distributor be prohibited from selling outside its exclusive territory?

Not in absolute terms. Turkish competition law distinguishes active and passive sales. Certain active-sale restrictions may fall within permitted exclusive distribution arrangements, while passive-sale prohibitions present significant competition concerns.[25]

Can a distributor be required not to sell competing products?

Potentially, but the duration and structure matter. Non-compete obligations longer than five years, indefinite obligations and certain automatically renewable restrictions ordinarily fall outside the vertical block exemption, subject to exceptions.[26]

Does every exclusive distributor receive a goodwill indemnity after termination?

No. Article 122(5) makes the goodwill indemnity regime applicable to qualifying exclusive distributorships and similar monopoly-type continuous relationships where equity permits, but the substantive conditions still need to be proved.[27]

Can the supplier exclude goodwill indemnity in advance in the contract?

Article 122 provides that the indemnity right cannot be waived in advance. A broad advance waiver should therefore not be assumed to eliminate the statutory risk.[28]

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[22] Law No. 4054 on the Protection of Competition, particularly arts. 1, 2, 4 and 5. Competition Authority, official statutory text.Communiqué No. 2002/2 on Block Exemption for Vertical Agreements, as amended by Communiqué No. 2021/4, Official Gazette No. 31650, 5 November 2021. Competition Authority, official notice of the amendment.

[23] Communiqué No. 2002/2 on Block Exemption for Vertical Agreements, as amended by Communiqué No. 2021/4, Official Gazette No. 31650, 5 November 2021. Competition Authority, official notice of the amendment.

[24] Competition Authority, Guidelines on Vertical Agreements, concerning resale price maintenance, territorial restrictions, active and passive sales. See also the Authority's published territorial-restriction decision.

[25] Competition Authority, Guidelines on Vertical Agreements, concerning resale price maintenance, territorial restrictions, active and passive sales. See also the Authority's published territorial-restriction decision.

[26] Competition Authority, published interpretation of non-compete obligations under Communiqué No. 2002/2, including the five-year rule and 80 percent sourcing criterion.

[27] Turkish Commercial Code No. 6102, art. 122, including para. 5. Official Gazette No. 27846, 14 February 2011. Official Gazette statutory text.

[28] Turkish Commercial Code No. 6102, art. 122, including para. 5. Official Gazette No. 27846, 14 February 2011. Official Gazette statutory text.

How long does the distributor have to raise the goodwill claim?

Article 122 provides that the claim must be asserted within one year after termination of the contractual relationship.[29]

Does giving the contractual notice period automatically protect the supplier from a goodwill indemnity claim?

No. Contractual termination rights and the statutory Article 122 goodwill analysis are separate questions. Proper notice can make the termination contractually valid while a qualifying goodwill claim may still require separate analysis.[30]

Can the parties choose foreign law?

In an international contractual relationship, Article 24 of Law No. 5718 generally permits parties to choose the governing law. Turkish mandatory rules, including competition law where the Turkish market is affected, may nevertheless remain relevant.[31]

Can the agreement provide for arbitration outside Türkiye?

Yes, subject to a valid arbitration agreement and the applicable international arbitration framework. The clause should be drafted clearly and should remain aligned with the actual contractual relationship.

What happens if the written distribution agreement expires but the parties continue trading?

Do not assume that every clause continues automatically. Turkish case law has specifically raised problems concerning whether an arbitration clause in an expired distribution agreement governs the later de facto relationship. A formal renewal or extension is much safer.[32]

When should a foreign supplier consult Turkish counsel about termination?

Before sending notice. The legal position can be materially affected by the termination ground, customer portfolio, duration of the relationship, stock position, competition restrictions, notice wording and potential Article 122 exposure.

Conclusion

An exclusive distribution agreement in Türkiye should not be viewed as a simple product resale document. It creates a continuing commercial structure. The supplier may give up freedom to appoint competing distributors. The distributor may invest heavily in developing the brand and customer base. Pricing and territorial policies may attract Turkish competition law. Non- compete arrangements are subject to specific limits. Intellectual property and customer data become strategically important. And

[29] Turkish Commercial Code No. 6102, art. 122, including para. 5. Official Gazette No. 27846, 14 February 2011. Official Gazette statutory text.
[30] Turkish Commercial Code No. 6102, art. 122, including para. 5. Official Gazette No. 27846, 14 February 2011. Official Gazette statutory text.
[31] Law No. 5718 on Private International and Procedural Law, art. 24. Official Gazette No. 26728, 12 December 2007. Official Gazette statutory text.Law No. 4054 on the Protection of Competition, particularly arts. 1, 2, 4 and 5. Competition Authority, official statutory text.
[32] Işık Önay, "Belirli Süreli Bir Sözleşmede Yer Alan Tahkim Anlaşması Borç İlişkisinin Süre Sonunda Fiilen Devam Ettirilmesi Durumunda Uygulanabilir mi? Yargıtay 11. HD'nin Güncel Bir Kararının Eleştirisi," Public and Private International Law Bulletin, Vol. 43, No. 2, 2023, pp. 491 to 516.

termination can create liabilities that were not obvious when the agreement was first signed. The modern Turkish position on goodwill indemnity deserves particular attention.

Before the current Turkish Commercial Code, Yargıtay developed protection for qualifying exclusive distributors through case law. Article 122(5) now expressly brings exclusive distributorships and similar monopoly-type continuing relationships within the statutory goodwill indemnity regime where equity permits. Foreign suppliers should therefore not assume that an express contractual termination right ends the legal analysis. The better approach is to structure the relationship from the beginning with termination in mind. Define exclusivity precisely. Respect the distributor's pricing independence. Draft territorial restrictions in accordance with competition law. Document customer development.

Keep the written agreement current. Address stock, intellectual property and transition obligations. And before termination, assess Article 122 exposure rather than discovering it after litigation begins. A distribution agreement works best when both sides understand not only how they will sell products together, but also what happens when they eventually stop.

Legal Notice

This article provides general legal information and does not constitute legal advice. The applicable legislation, regulations, administrative and judicial practice, documentation requirements, filing, notification or service dates and other deadlines where relevant, and the facts of the particular matter should be checked before any action is taken.

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