



Injunctions may not be used to reverse the results of terminating an exclusive distribution agreement

News Release: 5 December, 2012, FISMCA Decision No. 10920/2011 (Injunctions Procedure)

In a decision handed down on November 8, 2011, the First Instance Single-Member Court of Athens (Injunctions Procedure) ruled that the plaintiff, an electrical appliances exclusive distributor, may not request injunctive relief to alleviate the situation created by the termination from the defendant, an electronic appliances manufacturer, of the exclusive distribution agreement between plaintiff and defendant.

Ballas, Pelecanos & Associates LPC Senior Partner Gregory Pelecanos, assisted by Associate Dr. Catherine Stringaris argued for defendant.

In this case, plaintiff received notice of immediate termination by defendant under their exclusive distribution agreement. Faced with the potentially harsh results of termination, plaintiff filed a petition for injunctive relief with an array of requests, including an order prohibiting defendant from appointing another distributor and from trading in the goods in its own account. In effect, defendant called for the continuation of the business relationship between the parties until the outcome of the main hearing on the validity of the termination notice.

The Court ruled that to allow the requested measures would amount to full satisfaction of the right to challenge the validity of the termination under question, which under Greek law can only be the subject-matter of the main termination hearing and not the Court hearing for injunctive relief. Under Greek law an injunction may not bring about results which should be the subject matter of a regular lawsuit.

The Court went on to rule that a termination notice, even if it is later found to have been invalid, produces its intended results in full and a petitioner may not rely on injunctive relief to revive and reactivate the terminated distributorship. If the termination is later found, as an outcome of the main hearing, to have been unlawful and invalid, the aggrieved party's sole remedy is to claim compensation for damages.

This decision facilitates terminating distributorships and is to be welcomed by suppliers but spells bad omens for their distributors, whose case may find its only chance of vindication at the eventual main hearing and not before.