Key Considerations When Preparing or Reviewing a Commercial Contract

Providing your solicitor with the key commercial information at the outset can help ensure that the contract accurately reflects the intended relationship and addresses the issues that matter most to your business.

The Purpose of the Agreement
Be clear about the commercial purpose of the relationship and what each party is expected to provide. Understanding the intended outcome helps ensure the contract supports the practical arrangements between the parties.

Who Are You Contracting With?
Confirm the full legal identity of the other contracting party and check that the correct company or organisation is entering into the agreement. This is particularly important where the other business operates through several companies or is part of a wider group.

The Scope of Goods or Services
Consider how much will be paid, when payments are due and whether prices may change during the contract. The agreement should also address what happens if payments are late or disputed.

Pricing and Payment Arrangements
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Contract Length and Exit Arrangements

Think about how long the agreement should remain in place and the circumstances in which either party should be able to end it. Appropriate notice periods and termination rights can provide valuable flexibility if the relationship changes.

Liability and Commercial Risk

Consider the main risks that could arise if either party fails to meet its obligations. Your solicitor can help determine how liability, warranties and indemnities should be allocated between the parties.

Intellectual Property and Confidential Information

Identify whether the relationship involves valuable intellectual property, business information or commercially sensitive material. The contract should clearly establish who owns relevant rights and how confidential information can be used.

Future Changes

Consider whether the commercial relationship is likely to develop over time. Including clear processes for changing services, pricing or other terms can reduce uncertainty and avoid the need to renegotiate the entire agreement.

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