

**Purchase Contract**  
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# [ Aims of this class ]

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- Information you need
- Structure of purchase contract
- The most important provisions
- Tips for drafting
- Evaluation of HW (Feedback)
- Summary

# [ Negotiating & Request for Draft ]



**Which one is more likely?**



# [ The most typical one: ]

*„Hi, I need a draft of purchase contract for Gravel pack Equipment, Quotation No. 08-24175rev.1 dtd. 07. October, 2009, Seller Baker Hedges, ASAP.*

*Br, James“*



- Do you have all info you need to draft?

# [ Info Check-list: ]

- Contracting parties (details)
- Goods specification – purchase order reference
- Payment terms
- Delivery details
- Passing of risks, passing of title
- Warranties
- Use of standard terms? - Integration, battle of forms
- Risks you have to deal with? Eg. Contractor's delay, subcontractor delay, the buyer won't be able to pay
- Sanctions and remedies
- Hardship, force majeure

[ Let's start! ]

**Ok, but how?**



# [ The Contracting parties ]

- Which info should be / must be in the heading?
- Where to get and verify them?
- <http://portal.justice.cz/Justice2/uvod/uvod.aspx>
- [http://ec.europa.eu/taxation\\_customs/vies/lang.do?fromWhichPage=vieshome&selectedLanguage=EN](http://ec.europa.eu/taxation_customs/vies/lang.do?fromWhichPage=vieshome&selectedLanguage=EN)
- <http://wwwinfo.mfcr.cz/ares/ares.html.cz>

# [ Preamble ]

- What is it good for?
- What shall be written there?
- How to formulate it?





# [ Subject of the Contract ]

- Describe as precise as possible!
- Reference to other documents? Eg. Purchase order?
- Dangers of such reference?
- Battle of forms
- How to minimise?

# [ Price & payment terms ]

- How much, with or without VAT?
- In words?
- Payment terms, cash, bank deposit, letter of credit, documentary collection
- Term of payment
- In advance, hire purchase
- Invoicing details



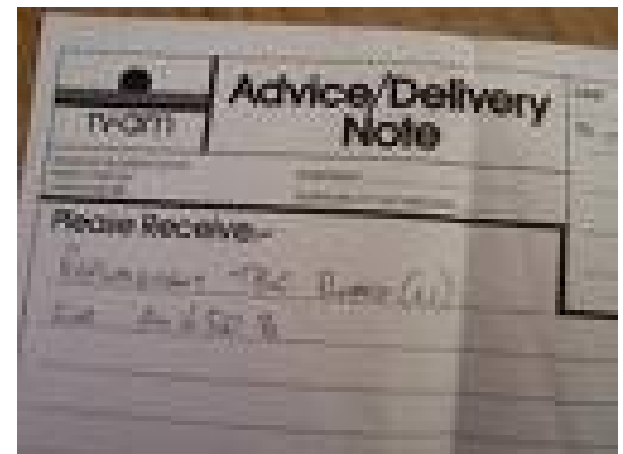
# [ Terms of delivery ]

- Delivery dates
- When is the shipment delivered?
- Passing of title & passing of risk
- International terms?
- Shipping documents



# [ Handover/ takeover & quality ]

- Quality requirements
- Packing requirements
- Handover and inspection
- Content of the handover certificate



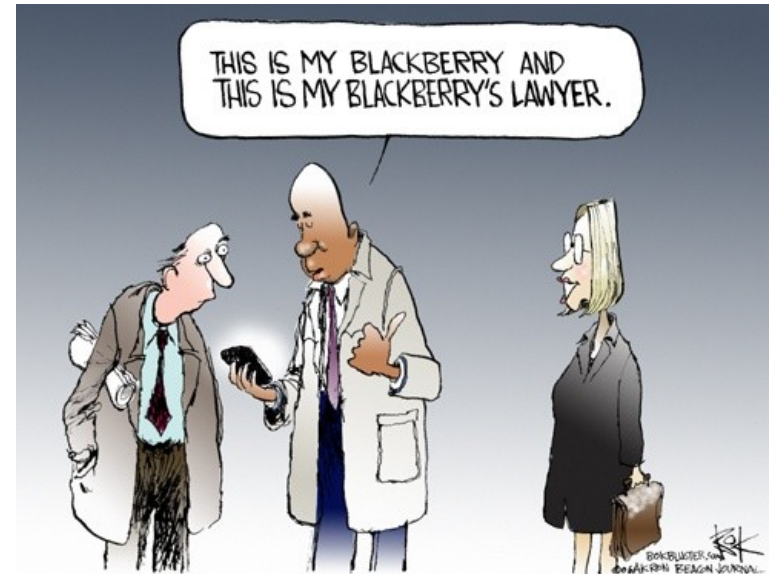
# [ Warranty ]

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- Contractual warranty or implies terms?
  - Length
  - Content? Responsibility for....
  - Warranty claims? Notification requirements
  - Duty to remove defects

# Liquidated damages, penalties

- Differences?
- Amount?
- Choose the better one?
- Which duties are essential?
- Be careful with the translation of terms like “liquidated damages” or contractual penalty



# [ Force majeure ]



# [ Other & Conditions ]

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- Validity of contract
- Confidentiality
- Changes
- Jurisdiction
- Choice of law
- Predictability of damages
- Ineffective provision
- Signatures



# [ Feedback ]

- Deadline!!
- Is the contract as whole compatible?
- Are you sure that every clause in the contract has its sence? Do NOT just copy provisions!
- Have you evaluated the impact of the provisions you have included into the contract?
- Either protect your client or formuate balanced provisions
- Parties definition
- Define the purpose
- Stipulate precise the payment terms
- Passing of risk and title must reflect the need of the parties

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Thank you for your attention!