

# Contractual Distinctions Without a Difference? Standards:

In many contracts, reference is made to one or the other party to the agreement undertaking its “best efforts,” “reasonable efforts” or commercially reasonable efforts.” Often, much time and attention is devoted to negotiating which of these standards will apply, points out **Mayer Brown**.

But these standards are inconsistently interpreted by courts and are often subjectively applied, the authors of the article explain. Practitioners generally understand that “best efforts” is considered the highest of these standards requiring a party to undertake every action, short of bankruptcy, to accomplish the stated objective. On the other hand, “reasonable efforts” is perceived to be a less stringent standard, allowing a party to use its discretion “within its good faith business judgment” to fulfill a particular contractual obligation.

“Commercially reasonable efforts” is generally interpreted as requiring a party to undertake some conscious effort to accomplish the agreed-upon goal; however, the standard is understood to limit the amount of effort a party is required to expend.

**Read the article.**