

Contracts and Considerations of the Renewal Term



Many contracts contain no provisions regarding renewal, and the term simply ends after a specified period of time, write **Peter M. Watt-Morse** and **Cindy L. Dole** for the **Sourcing @ Morgan Lewis** blog.

They explain that sometimes this is appropriate:

“For example, contracts will end when a specific project has been completed or by a specified date for reasons related to intellectual property, third-party agreements, or specific business requirements. On the other hand, renewal should not be overlooked. The parties may have incurred significant start-up costs (including negotiating efforts) and want to avoid repeating those costs. For customers, the goods or services (or the price or quality of such deliveries) may not be available from other vendors. For vendors, the customer may be an important client that competitors prize. Therefore, before finalizing the term of any contract, potential renewal provisions should be reviewed.”

The article covers practical considerations of renewal, automatic renewal, and other renewal options.

Read the article.