

Requirements Contracts and the Duty to Act in Good Faith

Regardless of whether you are a supplier or purchaser, it is imperative to know whether your contract with your purchaser or supplier is a “requirements contract,” according to a paper published by Greensfelder, Hemker, & Gale.

“Potentially conflicting terms and conditions in purchase orders and invoices exchanged between parties may result in the formation of a ‘requirements contract’ or preclude the formation of such an agreement. And whether you are a supplier or purchaser, a requirements contract will have a material impact on your rights and obligations.” writes Thadford Felton.

The paper defines requirements contracts and gives examples of building protections into contracts.

Read the paper.