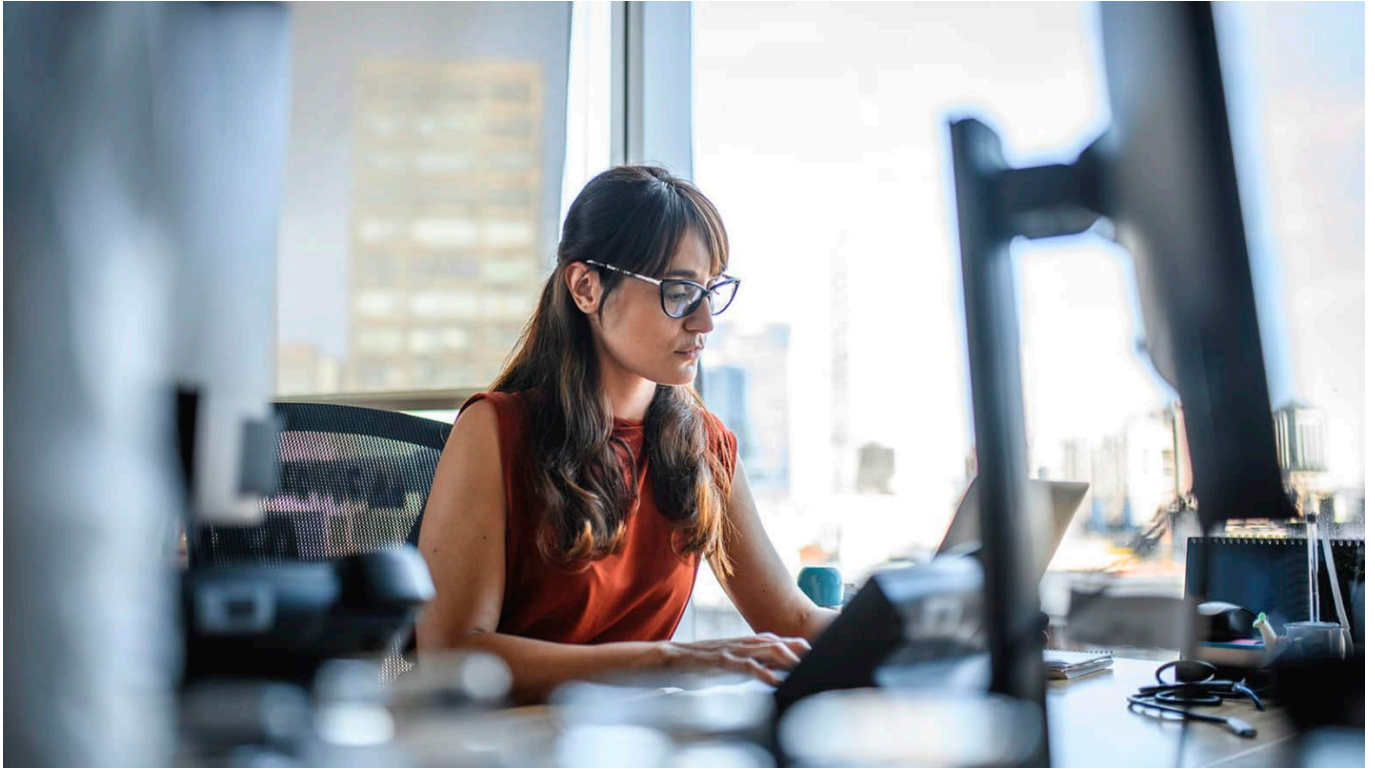


Getting contract termination right



The law surrounding termination of contracts can be a minefield. The decision when, how and on what grounds to terminate a contract is often difficult and complex. Entire chapters are devoted in textbooks to the consequences of “getting termination wrong”. Risks will vary according to the facts and terms of each contract but problems can and do arise when parties attempt to terminate a contract without valid justification or when they might lose a right to terminate through delay or continued performance. These issues can lead to very expensive disputes.

Very often our clients come to us for advice about problematic contracts all too late in the day when the dispute has reached a complicated stage. In these cases, we would have liked to provide a guiding hand sooner, because with our expertise, we can assist in “getting termination right”, often maximising a successful claim for damages, or reducing one, depending on which side of the contract our client sits. We were delighted to do just this for one of our clients recently.

Relevant facts

Our client had entered into a fixed term contract to provide services to a household name in the betting and gaming industry. The contract included a term that some of the services were to be exclusive to our client. The contract initially operated successfully until the other party candidly notified our client of its decision to use another service provider instead of our client during the contract term.



Our expertise

Justin McConville, a Senior Associate in our [commercial dispute resolution team](#), assisted the client in drafting a holding letter, which reserved the client's rights, whilst it investigated (i) whether the parties' differences were irreconcilable and (ii) what the practical implications of terminating the contract were. Ascertaining that the parties had indeed reached the end of their respective commercial endeavor, Justin assisted the client in drafting a clear and unequivocal notice of termination. The client and Justin then considered the monetary losses that the client had suffered or was likely to suffer for the remainder of the fixed term of the contract, and a reasonable period thereafter, which were put to the other party's solicitors in a letter before claim.

The result

Justin successfully negotiated a highly favourable settlement for the client, by way of a substantial cash payment. The excellent result meant that the client would not face the distraction, cost and uncertain outcome of litigation.

Our client was delighted with the outcome and had this to say:

"When it became clear to us that the other party was unlikely to honour our contract, we took Justin's advice about our next steps. I'm so glad that we did because Justin expertly managed the situation and assisted us to recover far more in damages for breach of contract than even we believed possible. Justin made dry contractual and legal terms understandable to us and impressed us with his judgment. He also quickly grasped the group's commercial objectives and achieved an admirable balance between the best result, for the minimum cost. We have always been impressed with PDT's full service offering, and their commercial disputes team provides reassuring support when things don't go to plan."

If you require help with contract termination or disputes, please contact our [commercial dispute resolution team](#).



[Justin McConville](#)

Managing Associate



[Will Angas](#)

Partner