

QUICK TIPS FOR EFFECTIVE AND ENFORCEABLE CONTRACTS AND LICENSE AGREEMENTS

1 Use a Contract Checklist or Intake Form: Ensure all necessary information is provided upfront, to facilitate issue spotting and better communication and collaboration between legal and business teams.

2 Detail License Scope: For license agreements, clearly define the scope, exclusivity, duration, fees, and sublicense rights. Evaluate the licensed assets in order to negotiate royalties and other financial terms.

3 Specify Ownership and IP Rights: Clearly delineate the specific intellectual property (IP) involved and establish the corresponding ownership rights. Specify whether the IP rights granted are exclusive or non-exclusive, outline any usage limitations, and define post term rights and obligations to prevent future disputes.

4 SaaS Considerations: In Software as a Service (SaaS) agreements, it is crucial to clearly specify service-level expectations (uptime and availability, performance metrics, support and maintenance, penalties and remedies) and data usage rights (data ownership, data access and control, data usage and sharing). These elements are essential for ensuring service quality, data security, and overall satisfaction.

5 Define Acceptance Criteria: Clearly specify the conditions for acceptance of goods and services—whether upon delivery, payment, or completion of services. Outline timelines, procedures for handling defective goods, and consequences of non-performance.

6 Clarify Payment Terms: Define specific payment terms, including the total fees and expenses, due dates, and acceptable payment methods. Consider aligning payment obligations with specified milestones or deliverables.

7 Use Comprehensive Representations and Warranties: Implement robust representations and warranties to provide assurance about ownership of intellectual property, the quality of the goods and services, compliance with industry standards, and reliability of the goods and services being exchanged. Tailor these clauses to help mitigate specific transaction risks by ensuring that all parties are aware of their obligations and the standards to be met.

8

Incorporate Indemnification and Limit Liability: Clearly state indemnification terms (scope, triggering events, procedure) to protect against losses from third-party claims. Consider mutual indemnification to balance risks and set reasonable limitations on liability to protect both parties.

9

Include Confidentiality and Integration Clauses: Ensure confidentiality clauses extend beyond the termination of the agreement and clearly define the types of data covered by confidentiality obligations. Use integration clauses to consolidate and control the agreement terms, minimizing the impact of external documents.

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Establish Clear Dispute Resolution Mechanisms: Include detailed clauses specifying how disagreements will be handled, for example, negotiation, mediation by a neutral third party, or arbitration. Clearly state the jurisdiction, venue, and governing law, and whether the prevailing party is entitled to recover attorneys' fees. Establish specific time frames and cost allocation for the dispute resolution process.

FOR MORE INFORMATION, PLEASE CONTACT:



EVAN J. FOSTER
*Co-Chair, Cybersecurity
and Privacy*

📍 Chesterbrook, PA
📞 (610) 251-5762
✉️ Evan.Foster@saul.com



FRANCELINA M. PERDOMO KLUKOSKY
Counsel

📍 New York
📞 (212) 980-7206
✉️ Francelina.PerdomoKlukosky@saul.com

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