## Prototype development agreement

[ABC Ltd]

AND

[DEF Ltd]

Dated: [Date]

#### **Contents**

- 1. Definitions
- 2. Interpretation
- 3. Entire agreement
- 4. Client's warranties
- 5. Manufacturer's warranties
- 6. Scope of work
- 7. Representative liaison and design review
- 8. Product design testing
- 9. Regulatory approvals
- 10. Setup costs
- 11. Design price and payment
- 12. Production specification and material coverage
- 13. Delivery
- 14. Transportation
- 15. Taxes
- 16. Visitors
- 17. On-site audits
- 18. Limitation of liability
- 19. Use of sub-contractors
- 20. Confidential Information
- 21. "Work made for hire"
- 22. Inventions already made
- 23. New IP
- 24. Protection of Licensed Material
- 25. Third party infringement
- 26. Duration and termination
- 27. Change of Control
- 28. Publicity / Announcements
- 29. Assignment
- 30. Indemnities
- 31. Damages not adequate
- 32. Uncontrollable events
- 33. Miscellaneous matters

Schedule 1 Detailed specification and phases

Schedule 2 Standards

Schedule 3 List of setup tools and equipment

Schedule 4 Press release

Inis	agreement is dated: [date]									
It is n	nade between:									
_	oer] whose registered ■ ■ ■ ■	d in New Zealand, Company Number/NZBN								
and										
-	oer] whose registered ■ ■ ■ ■	d in New Zealand, Company Number/NZBN								
Back	ground:									
A.	The Client is a designer, manufacturer and merchant of high performance cycles. The Manufacturer is									
B.	The Client has ideas and preliminary drawings of a wheel it   I I I I I I I I I I I I I I I I I I									
C.	The Parties have agreed that the Manufacturer will undertake the detailed design of the Super Fizz Wheel and the manufacture									
It is r	now agreed as follows:									
1.	Definitions									
	In this agreement, the following words shall have the following meanings,									
	"Affiliate"	means, with respect to any person, any human individual, or corporate body, or organisation of people acting together, who is able to Control its affairs or actions;								
	"Confidential Information"	means all information about a Party, including any information which may give a commercially competitive advantage to								

information about employees, their performance and
data or information relating to suppliers, product plans, marketing strategies, finance, performance, operations, customer • • • • ;
information about the Intellectual Property, the Know-how and all
information created or arising from this agreement;
information owned by a third party and in respect of which a party ••••••••••••••••••••••••••••••••••••
information, comment or implication published on ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ .
data or information relating to pre-clinical and clinical trial results, processes, formulae, procedures, designs, drawings, apparatus,   , , , , , , , , , , , , , , , , , ,
It does not include information that it is reasonably necessary to disclose to a customer or other person in the usual course ••••••••••••••••••••••••••••••••••••
(including all derived terms), means, with respect to the relationship between two or more corporate bodies, the possession, directly or indirectly, of the power to direct the affairs or management of a corporate body, whether through the ownership of voting securities, as trustee or executor, by contract or otherwise, including, without limitation,

	•••••
"Incoterm"	means latest version of pre-defined commercial rules of international trade published by $\blacksquare$ $\blacksquare$ $\blacksquare$ 2020.
"Intellectual Property"	means intellectual property of every sort, whether or not registered or registrable in any country, including
	and including:
	patents, trade marks, unregistered marks, designs, copyrights, software, domain names, discoveries, know-how, creations and inventions, moral rights, together with all rights
	concepts, ideas, designs, inventions, improvements, discoveries, data, processes, methods, techniques, know-how, and information,
	••••
"Know-how"	means scientific or technical information, and other procedures and ways of working and organising
"Licensed Material"	means Intellectual Property and machines, prototypes, models, finished goods, and all other tangible and intangible things which are now or may in future be,
"Party"	means one of the parties to this agreement,
"Product"	means the [Super Fizz Wheel] or any other product which

. . . . . . . . . . . . . "Project" ............. "Specification" means the detailed specification set out "Stage" means one of a series of stages in making Prototypes of the Product, "Standards" means the standards, protocols and regulatory 2. Interpretation This agreement shall be interpreted as  $\blacksquare \blacksquare \blacksquare \blacksquare \blacksquare \blacksquare \blacksquare \blacksquare \blacksquare \blacksquare \blacksquare$ . 2.1. A reference to a person includes a human individual, a corporate entity and any organisation . . . . . . . . . 2.2. In connection with any benefit given by this agreement, a reference to a Party includes ----2.3. A reference to a person includes reference to that person's successors, legal representatives, permitted assigns and any person to whom rights and obligations are transferred or pass as a - - - - - - - - - - - - - -... .... ........................... 2.4. A reference to a paragraph or schedule is to a paragraph or schedule ----------------... 2.5. The headings to the paragraphs and schedules to this agreement are inserted for convenience 2.6. Any agreement by Party not to do or omit to do something includes an obligation not to allow some other

	2.7.	A reference to the knowledge, information, belief or awareness of any person shall be deemed to include the knowledge, information,
	2.8.	The words "without limitation" shall be deemed to follow any use of the words " ■ ■ ■ " ■ ■ ■ " ■ ■ ■ " ■ ■ ■ .
	2.9.	All money sums mentioned in this agreement are calculated net of GST, which
	2.10.	All dollar amounts referred to in this agreement $\blacksquare \blacksquare \blacksquare$
	2.11.	This agreement and its schedules / attachments are to be taken together so as to give effect to all of them as far as possible with each document helping to interpret the others. But if there is any conflict or
		••••••
	2.12.	This agreement is made only in the English language. If there is any conflict in meaning between the English language version of this agreement and any version or
3.	Enti	re agreement
	3.1.	This agreement contains the entire agreement between the Parties and supersedes all
	3.2.	Conditions, warranties or other terms implied by statute or common law in any country, are excluded • • • • • • • • • • • • • • • • • •
	3.3.	Each Party acknowledges that, in entering into this agreement, he does not rely on any representation, warranty, information
	3.4.	As an exception to the last previous sub paragraph, the Parties do rely
		[Enter list of other docs and dates = = = = = = = = = = ]

## 4. Client's warranties

**5**.

The Client warrants that:

4.1.	it is either the owner of the entire right, title and interest in and to the Licensed Material or it has been granted a licence to those rights and that any such
4.2.	use of the Licensed Material by the Manufacturer does not infringe
4.3.	it has power to enter • • • • • • • • • [ • • • • • • • • •
4.4.	it is not insolvent and knows of no circumstance which would
4.5.	it has taken out a policy • • • • • • • • • • • • • • • • • • •
Man	ufacturer's warranties
	ufacturer's warranties lanufacturer warrants that:
	Identification of the state of
The M	Identification of the state of
The M	Identification of the state of
The M	Identification of the state of
The M 5.1.	It is a registered [what, if any?] and is certified to [ISO 9001]   28]   it is not aware of anything within   it has the necessary experience, all necessary   , , , , , , , , , , , , , , , , , ,

5.5.	it has taken out a policy ••••• \$ [ •••••• ].
Sco	pe of work
The I	Manufacturer shall:
6.1.	complete the design of the Product.
6.2.	prepare a series • • • • • • • • • • • • • • • • • • •
6.3.	for each Prototype Stage, submit • • • • • • • • • • • • • • • • • • •
6.4.	complete the
Rep	presentative liaison and design reviews
7.1.	With effect from today each of the parties will nominate a representative who will be
7.2.	At completion of each Stage, the Manufacturer shall call a design review
7.3.	The representative of a Party at a design review meeting shall be a person with
7.4.	If the Client fails to attend a design review meeting after notice of

6.

	7.5.	So far as the Client suggests changes
	7.6.	After each change to any part of the design or ••••, •••••
8.	Prod	duct design testing
	8.1.	The Manufacturer shall test
	8.2.	So far as any Standard requires • • • • • • • • • • • • • • • • • • •
	8.3.	All cost relating in any way to obtaining Standard verification and certification
	8.4.	Test data and results provided to the
	8.5.	If at any stage of development, a Product fails
	8.6.	After receiving such a notice, the Manufacturer will $\blacksquare \blacksquare \blacksquare [30] \blacksquare \blacksquare$
	8.7.	Test data, reports and correspondence

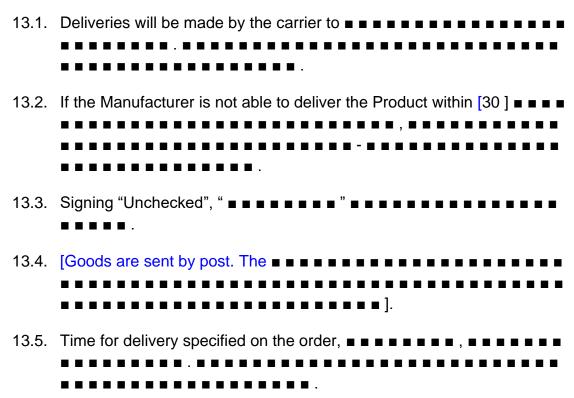
9.	Regu	latory	app	rova	S
----	------	--------	-----	------	---

	9.1.	The Client shall be responsible for obtaining whatever regulatory and other
	9.2.	The Manufacturer shall assist the Client
10.	Setu	ıp costs
	10.1.	The costs of tools and
	10.2.	The Client has approved the list and  ,  ,  ,  ,  ,  ,  ,  ,  ,  ,  ,  ,  ,
	10.3.	The Client shall buy,
	OR	
	10.4.	The Manufacturer = = = = = = = = = = = = = = = = = =
11.	Des	ign price and payment
	11.1.	Wherever a payment obligation is specified in •••••, ••••
	11.2.	For development and testing, the Client shall pay the Manufacturer   1
	11.3.	The rate of payment shall be:
		11.3.1 For work to completion of Stage 1: [1 . 5]

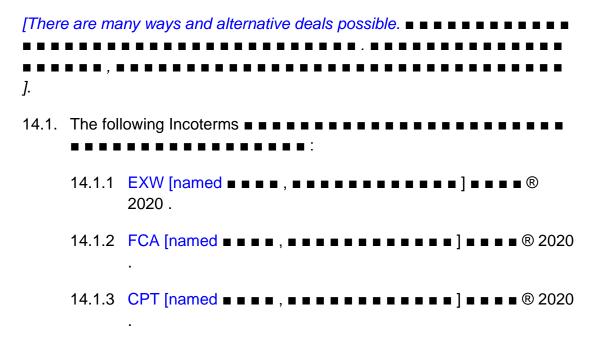
		11.3.2	For work to completion of Stage 2: [1.5] = = = = = = = = = = = = = = = = = = =
		11.3.3	For work to completion of Stage 3: [1 . 5]
		[Contin	ue or substitute alternative method of payment]
	11.4.	In calcu	ulating the cost of materials:
		11.4.1	cost shall include all
		11.4.2	cost shall be = = = = = ;
		11.4.3	materials shall include bought-in raw materials plus whatever finished parts,
	11.5.	In calcu	ulating the cost of labour:
		11.5.1	all production cost shall be included;
		11.5.2	the design team ••••••••••••••••••••••••••••••••••••
		11.5.3	a fixed sum of \$ [
12.	Prod	ductio	n specification and materials coverage
	12.1.	The ma	aterials specification as finally recorded
		••••	
	12.2.	[scrap /	/ trimmings / • • • • / • • • ] • • • • • • • • • •
	12.3.		anufacturer shall from time to time obtain arms length, market for [scrap / trimmings / • • • • / • • • ] • • • • • • • • • •

		1		_		_	_		_	_		_	 	_	_	_	_	
		•																
	•																	
⁄er	У																	

### 13. Delivery



### 14. Transportation



	14.1.4	CIP [named • • • • , • • • • • • • • • ] • • • • ® 2020 .
	14.1.5	DPU [named = = = , = = = = = = = ] = = = ® 2020
	14.1.6	DAP [named • • • • , • • • • • • • • • ] • • • • ® 2020
	14.1.7	DDP [named = = = , = = = = = = = ] = = = ® 2020
	14.1.8	FAS [named • • • • , • • • • • • • • • • • • • •
	14.1.9	FOB [named • • • • , • • • • • • • • • ] • • • • ® 2020
	14.1.10	CFR [named = = = , = = = = = = = ] = = = ® 2020
	14.1.11	CIF [named • • • • , • • • • • • • • • ] • • • • ® 2020
14.2.	All righ	ts, obligations, <b></b>
14.3.	Unless	otherwise agreed in this agreement so far
	••••	

### 15. Taxes

15.1.	This paragraph relates to all sales, transfer and other taxes or import duty ("Tax") imposed on the
45.0	
15.2.	Insofar as any Tax is recoverable or can   , , , , , , , , , , , , , , , , , ,
15.3.	Tax shall be stated separately on the Manufacturers invoices, collected

15.4.	The Manufacturer will indemnify the Client against the
15.5.	Wherever any sum is chargeable by the Manufacturer to the Client for services based on
15.6.	In any case where the Client is prohibited by law from making a payment to the Manufacturer without first withholding tax from that
Visi	tors
<b>Visi</b> : 16.1.	The Manufacturer agrees to host visits by prospective large customers, licensees and regulators or other
	The Manufacturer agrees to host visits by prospective large customers,
16.1.	The Manufacturer agrees to host visits by prospective large customers, licensees and regulators or other
16.1. 16.2.	The Manufacturer agrees to host visits by prospective large customers, licensees and regulators or other

### 17. On site audits

17.1.	On notice of at least [seven] days, the Client 's, its partners, financial supporters and its customers' representatives may attend at •••••••••••••••••••••••••••••••••••
17.2.	On notice of at least [seven] days, the Client and/or any professional advisor, may attend at
OR	
17.3.	The Parties agree that within [number] days after the end of each period of [six] months, based on the financial year of the Client/
AND	
17.4.	The auditor shall be instructed not to disclose to
17.5.	The provisions of this paragraph apply equally to any sub-
17.6.	If any discrepancy is found in •••••, •••••••

## 18. Limitation of liability

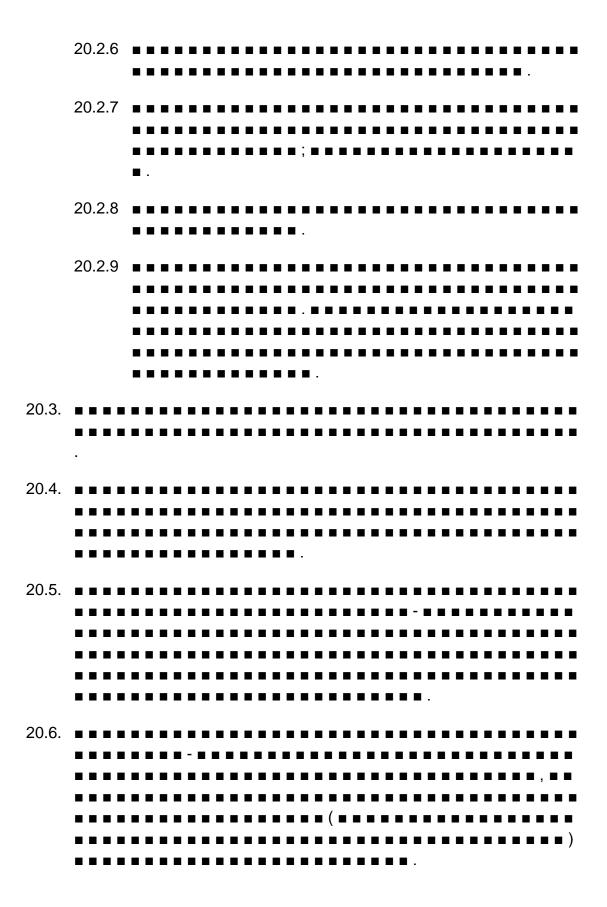
18.1.	The law differs from one
18.2.	The Manufacturer shall not
	18.2.1 indirect or consequential loss; or
	18.2.2 economic loss or other • • • • • • • • • • • • • • • • • • •
	18.2.3 loss or damage suffered by
	The above provisions apply even if such
18.3.	Except in the case of death or personal injury, the total liability of the Manufacturer under
18.4.	This paragraph (and any other paragraph which excludes or restricts the liability of the Manufacturer) applies • • • • • • • • • • • • • • • • • • •
18.5.	Conditions, warranties or other terms implied by
18.6.	The Manufacturer is not
	18.6.1 the Product • • • • • • • • • • • • • • • • • • •
	18.6.2 the Product that has been = = = = = = = = = = = = = = = = = =

		,,
19.	Use	of sub-contractors
	The N	Manufacturer shall not sub-
	OR	
	The N	Manufacturer may perform any or
	19.1.	The Manufacturer first obtains the written consent of the Client to
	OR	
	19.2.	The Manufacturer must first obtain the written consent • • • • • • • • • • • • • • • • • • •
	19.3.	The Manufacturer • • • • • • • • • • • • • • • • • •
	19.4.	The Manufacturer indemnifies the Client fully against any
	19.5.	So far as work under this • • • • • • • • • • • • • • • • • • •
20.	Con	fidential Information
	20.1.	The Parties are aware that, as a result of this agreement, they will each have access to and be entrusted with Confidential Information of the other. All

18.6.3 the model or serial number

	20.1.1	except as provided in this • • • • , • • • • • • • • • • • • • •
	20.1.2	not use the Confidential Information in any way for itself
	20.1.3	not store, copy, or use the Confidential
	20.1.4	keep all records of •••••;
	20.1.5	keep all records only at the address
	20.1.6	use its best endeavours to keep confidential (
20.2.	This pa	ragraph does not apply to disclosure:
	20.2.1	to any person to whom some part of it must be disclosed in
	20.2.2	made with the
	20.2.3	of information or knowledge
	20.2.4	by a third party who
	20.2.5	

-----[----]-



## 21. "Work made for hire"

21.1.	•••																			
								•										• •	-	
21.2.	•••																			
										- 1			۱, ∎						-	
	•••																			
	•••													<b>=</b> 1		- 1	• •	•		
21.3.																				
	•••							•		■ '	S ■	••	•						•	• •
21.4.										- 1							•			
	•••																- 1			
OR		<b>-</b> , <b>-</b>							_		_					•				
	[===					<b>-</b> 2	1 = .			_			_		_		_			
Z 1.J.				••						- 1				-	•	•	•	• •	•	
	•••																			
			-	••			■.							_						
21.6.	[ • • •	• • •		• • •	• •															
04.7	,					0	1													
21.7.				••				•		•					•	•	•		-	
	•••																			
	•••																			
	•••				_		_								- •	, –		- <b>-</b>	- <b>-</b>	
21.8.																				

21.9. [
Inventions already made
22.1.
22.2.
22.3.
22.4.
22.5.
New IP

22.

	23.1.		, ■ ■ ■									•		•	-	, ■					
			■ ■ , ■				-					•	, ■			 	-				,
						■:															
		23.1.1							<b>.</b>		<b>.</b>						•	<b>.</b>			
									•				-	-			•	■ ;			
		00.4.0									_									_	
		23.1.2																			
															_	 _	-			_	_
														,							
		23.1.3																			
			•••																		
				,																	
	23.2.																				
									-	_	-		_	_		 _	-		-	_	_
	23.3.																				
			•						•												
				<b>.</b> .										-		- 1			•		ı
						• • •	1		•		•		•	•	- 1						
	23 4								_		_		_		_	 _				_	
	20. 1.																				
							1		•		•		-	• •	- 1	 •	•	■ .			
24.	Prot	ection	of I	nte	llec	tua	al F	<b>Pro</b>	p	er	ty										
				"					"		_		_		_	 _	_			_	_
			·	•••						 		 		 		  	•		 	-	-
				■ ■ [	-		] 🔳 1		-		•		-			•	_ I			•	
	■ ■ :																				
	24.1.			<b>.</b> .					<b>.</b>		_	-	_		<b>.</b>	 -	_			-	_
	<b>∠</b> ∃.1.										_				- ·	_	_	- ·	- <b>-</b>	_	_
				<b>=</b> ;																	

24.2.					•																- 1										- 1		I
																										-						-	
					•																• 1		ı ;										
24.3.												•							- 1									<b>.</b>	<b>-</b> 1				
			•	■ ;																													
24.4.	_					_	_	_	_	_	_	_		_	_	_		_	_	_	_			_	_	_	_	_	_	_	_		
			-									•							-	-	•			-							- 1		ı
					•																												
24.5.	•					•	•			_								•	•	_						_		•	•	•	<b>=</b> [		•
												•								-	•										- 1		I
					•		;																										
24.6.	•		•	[ =	-										• ]	-	-	_	•	, 1			<b>=</b>	•	•	•	•	•	•	<b>=</b>			ļ
																															1 =		
	-				•							•	•	•	•		•				•	■ ;											
24.7.																																	
																																	1
					•																						;						
24.8.			-									•							-	-	•			-							- 1		ı
					•																•												
	•																																
24.9.																			•	•	•	•		•							•	•	I
	-					_	_														•										•		ı
	•				-	•	•																										
24.10.																			-	-	•			-							- 1	•	ı
	, ■	•		•				•		•	• :																						
	24	1.10	).1				•	•					•				•			•	-				-	,				■ ,	•	•	
				<b>=</b> 1	■ ,		- 1			• •		• 1	•	- 1	•	•	■ ;	,															
	24	1.10	) 2	<b>.</b>			_	_	_	_	_	_	_	-	_	_	_	_	_	_						_	-	_	-	-			,
	<u> </u>	г. ГС			· -																										_		•

# 25. Third party infringement

25.1					 		 	 				
25.1.					 		 					
						, ■ □						
				. — —								
25.2.					 			, ■ ■				
		•						•				
			■,■						<b>■</b> , 1			
25.3.									■ ■ [	28]		
									-	-		
									•			
25.4.							- 🔳 🛭					
			■,■									
25.5					 		 	 				
25.5.												
									■ -			
25.6.												
								•				
	■.											
25.7.												
											■.1	
	■,■■				 		 	 				
	•											

### 26. Duration and termination

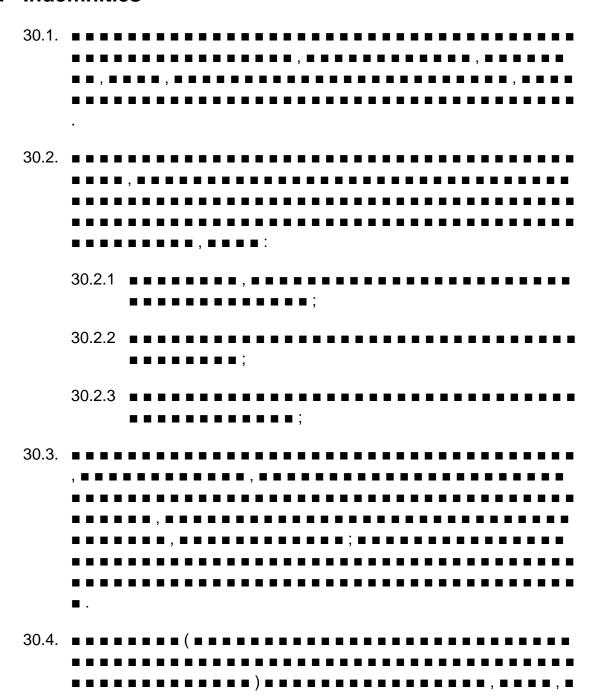
•••	
	By mutual agreement on an agreed date.
26.3.	•••••.
26.4.	
	26.4.1
	30
	;
	26.4.2
	26.4.3
	,
	;
	26.4.4
	•••••;
	26.4.5

	26.5.	•••••	
		•••••	
	OR		
	26.6.		•
		••••••••••••••••••••••••••••••••••••••	
			-
27.	Cha	nge of Control	
	27.1.		
		•••••	
		••••	
	27.2.	,	
		•••••	
	07.0		
	21.3.		_
	27.4.	The Manufacturer agrees that this provision is fair.	
20	Dub	licity / Announcements	
<b>20.</b>	Pub	licity / Announcements	
	28.1.	•••••	
	0.5		
	OR		

	28.2.	Neither	Party sh	nall:							
		28.2.1	make a	ny publi	ic anno	uncem	ent; or				
		28.2.2	disclose	any in	formation	on; or					
		28.2.3	••••								••••
			••••			<b>=</b> ;					
						• • • •	•••	•••	• • • •		
		••••								•	••••
							•••	•••	• • • •		
		••••			■ ■ .						
	28.3.					 			• • • •		4
											.,
29.	Ass	ignme	ent								
	29.1.	••••				■,■■	■ ■ , ■			■ ■ , ■ 1	■■,
				 		 	•••	•••	• • • •	• • • •	
						• • • •	•••	•••		• • • •	••••
								•••			••••
				••••				,			••••
		••••	••••	• • • •							
	OR	••••		• • • •							
	OR	::::				•	:::	•••			
			••••					•••			
							::: :::	•••			

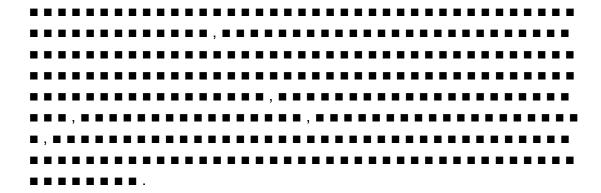
....]....

#### 30. Indemnities





31.	<b>Damages</b>	not	adeq	uate



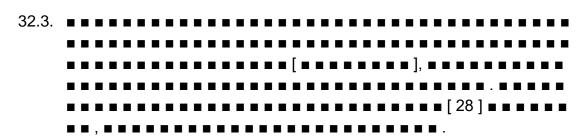
#### 32. Uncontrollable events

32.1.			 		$\blacksquare \blacksquare \blacksquare \blacksquare$	
	 	.]	 			 
	•				•	
	•					 
				I ■ .		

#### AND/OR

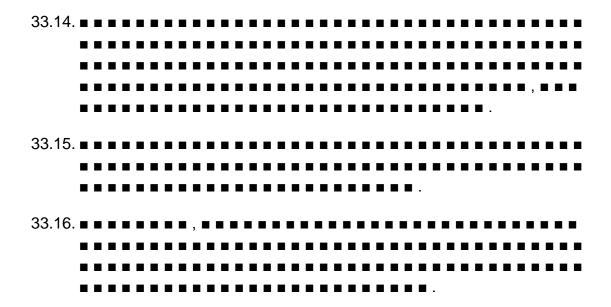
32.2.																	- 1						
			-			 			 				 	-			- 1						
		•				 			 							, [		<b>=</b> !			•	•	
	_			_	_	 -	_	_	 		_	_	 		_	_			 _	1			

#### OR



32.5	,
JZ.J.	
	];
32.6.	
32.7.	
	<b></b> , [
32.8.	
Misc	cellaneous matters
33.1.	
33.2.	
22.2	
33.3.	
33 A	
JJ.4.	,
33.5	
55.6.	

		 		 	-	•		•		- 1		•			•		•	- 1	-
	•••							,											
													_	-	_ '		_		
33.7.																			
				 											• '		-	- 1	
			-																
33.8.																		- 1	
		 		 		•		•	-		-	•	•	٠					
33.9.		 		 	-					•	-				-				
			•																
		 		 									-		• '			•	
33.10		 		 		•		•		-		•	•		•		•	- 1	
		 	-	 	-	•	-	•			-	•	•						
33.11.		 		 															
										-									
	<b>■</b> 72 ı																		
													- 1		•		I <b>=</b>		
	•••	 •••		 				•				• .							
33.12		 		 											- 1			<b>=</b> :	
								•				-					-	- 1	
33.13																			
	•••																		
												•				•			•
		 		 		•		•			■ .			- 1				. =	i <b>=</b>



**Signed by** / on behalf of the named Parties by their representatives who personally accept liability for the proper authorisation by their respective employer or principal to enter into this agreement

For, and on behalf of [ABC Limited]

print name

For, and on behalf of [DEF Limited]

print name

# **Schedule 1: Detailed specification and phases**

## **Schedule 2: Standards**

## **Schedule 3: List of setup tools and equipment**

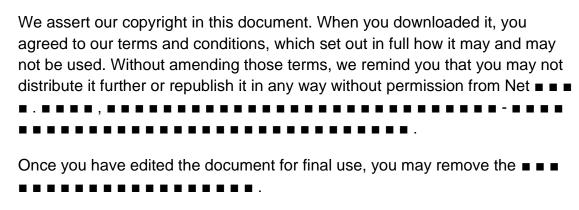
# Schedule 4: Press release

# **Explanatory notes:**

### Prototype development agreement

## **General notes:**

### 1. Recognition of our copyright in this document



#### 2. Document review service

Please contact our support team at <a href="mailto:support@netlawman.co.nz">support@netlawman.co.nz</a> for further information.

# Paragraph specific notes:

Notes numbering refers to paragraph numbers.

### 1. Definitions

You should first decide on the contents of the document, then return to check what definitions are needed and whether they really
Please read the general notes sent along with ■ ■ ■ ■ ■ ■ ■ .
Here we have provided a very full menu of items to cover in "Confidential Information". Depending on your business,

If your counter-party is in New Zealand, you may decide to remove or abbreviate the lists in "Intellectual Property". We have included them, first to

make sure your counter-party is under no illusions about IP, and second because some
There is no copyright in know-how.
We have not included a specific, extensive licence by the customer (you?) to the manufacturer, but as a matter of law, you will license your IP • • • • • • • • • • • • • • • • • •
If you do change any defined word, <b>make sure it applies to every use</b> ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Interpretation
Leave these items in place unless there is a good reason to edit or remove. Each of these items has been carefully considered in the context of this agreement and has been included for a purpose.
Entire agreement
This paragraph prevents a party from later saying he was relying on some other document or web site or what was said. If other documents are to be relied on, let them be listed
Client's warranties
If you are the customer, you may delete this, but keep the words, in case ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■
The main reason for inclusion of this paragraph is that you really do need the next paragraph - warranties by the manufacturer. Your willingness to give these warranties may make
Manufacturer's warranties
This paragraph covers a number of points which may be very important to you. It is not enough to see them in the agreement. You should also check each one
Scope of work

3.

4.

5.

This paragraph is concerned with the basics of what each side is expected to do and not do. It is intended to be a summary,
Representative liaison and design reviews
A framework of practical business provisions. Edit ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ .
Product design testing
We have provided a simple and logical system for testing to a standard and payment on reaching it. It is a framework of practical business provisions, to ensure that the product quality is adequate and meets the specification. This avoid the
De maletem emmanale
Regulatory approvals
So many products in our daily lives have to be tested or qualified in some way that it is impossible for us to specify. Please regard this paragraph as a reminder that you should specify who must do what. Your list should tie up with the schedule setting out your standards. Standards could include the regulatory approvals you also list here. If
Setup costs
A framework of practical business provisions. Edit ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ .
Design price and payment
Product development is usually paid for based either on cost plus uplift, or a fee for reaching each milestone. Here we have combined the two. This text provides for
Production specification and materials coverage
Replace our words by those better suited to your industry and the arrangements
Delivery
We have included a full delivery provision for you to edit. Delivery of the product will be made once the product design is finalised and has gone through the quality assurance procedure. When it is ready for

8.

9.

10.

11.

12.

Transportation
This and the following paragraph are relevant only to •••••••••••••••••••••••••••••••••••
We have left the mode of transport open. We strongly advise that you use an Incoterm because delivery, risks and costs are considered critical points in a sale contract cross the border. Parties to a contract are often unaware that there are different trading practices in their respective countries, for example FOB for an American company
. <b> </b>
https://iccwbo.org/resources-for-business/incoterms-rules/incoterms-2020/
Incoterms are not legally binding, unless they are incorporated into an agreement by express reference to the specific Incoterm. We have worded Incoterms in this paragraph prescribed by the International
Below is a basic summary ••••••••••••••••••••••••••••••••••••
The seven rules defined by Incoterms 2020 for $\blacksquare$
EXW – Ex Works
The seller makes the goods available at a named place of delivery. This can either be the seller's premises or any other place. This term places the maximum obligation on the buyer and minimum obligations on the seller. EXW is often used when making an initial quotation for the sale of goods without any costs included. The buyer pays all transportation costs and also bears the risks for bringing the goods to their final

FCA – Free Carrier
The seller hands over the goods, cleared for export, into the disposal of the first carrier (named by the buyer) at the named place. The carrier can be anyone i.e. buyer, seller or third party. The passing of risk depends on the where the goods are delivered. If the goods are delivered at seller's $\blacksquare$ $\blacksquare$ $\blacksquare$
•••••••••••
CPT - Carriage Paid To
The seller pays for the carriage and delivers the goods to the buyer by handing them
CIP – Carriage and Insurance Paid to
The seller pays for carriage and insurance to the named destination point, ■ ■
DAP – Delivered at Place
The seller pays for carriage to the named place, except for costs related to import clearance,
•••.
DPU - Delivered at Place Unloaded
The seller pays for carriage, except for costs related to import clearance, and assumes all risks •••••••••••••••••••••••••••••••••••

**DDP** – Delivered Duty Paid

The seller is responsible for delivering the goods to the named place. The seller must pay all costs in bringing the goods • • • • • • • • • • • • • • •
Rules for Sea and Inland Waterway Transport
The four rules defined by Incoterms 2020 for international ••••••••••••••••••••••••••••••••••••
FAS – Free Alongside Ship
The seller is responsible for delivering goods to the buyer by placing the goods alongside the ship at the named port.
FOB – Free on Board
The seller is responsible for loading the goods on board the vessel nominated by the buyer. The seller must
CFR – Cost and Freight
The seller must deliver the goods to the buyer and pay the costs and freight to bring the goods to the port of destination . ■ ■ ■ , ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■
CIF – Cost, Insurance and Freight
CIF is exactly the same as CFR except that the seller must pay for the insurance cover against
•••••
Taxes
This paragraph is relevant only to export orders. A basis of taxation can change at the whim of a government. Because you can never know exactly what tax may be charged nor how it will be collected,

	A framework of practical business provisions. You can set this paragraph to apply to any category who might have   ,  ,  ,  ,  ,  ,  ,  ,  ,  ,  ,  ,  ,
17.	On site audits
	If you are paying on some calculated basis and not a fixed sum, you need to be able to control the process on which costs are based. We
18.	Limitation of liability
	This is powerful protection for the manufacturer. It is usual to have some limit in an agreement of this nature, but whether you do, and if so, how $\blacksquare$ $\blacksquare$ $\blacksquare$ , $\blacksquare$
	.,
19.	Use of sub-contractors
	A framework of practical business provisions. Edit as you require. This ■ ■ ■
20.	Confidential Information
	We have given you a very full
21.	"Work made for hire"
	We have provided the
	In most Western countries, the originator of any "work" has a packet of rights. If he does not sell those rights, they remain his, usually for a limited number of years. This can be very unfair to a person who

**Visitors** 

••••
Inventions already made
Depending the value and extent of the IP
New IP
This is another area on which much litigation is based. At the start, both
· · · · · · · · · · · · · · · · · · ·
Protection of intellectual property
If you fail to protect your IP, someone will steal it. They may just steal it at the edges, or they may
Third party infringement
Who sues? You need to be

23.

24.

	The problem in a contract of this nature is that the work done is of little value to the customer until complete.
	Leave the insolvency provisions. As soon as there is any involvement of a
	court
27.	Change of Control
	This draconian provision helps you to avoid the transfer of
28.	Publicity / Announcements
	We advise that publicity • • • • • • • • • • • • • • • • • • •
29.	Assignment
	Give careful thought to this. Consider the circumstances on both sides which may
30.	Indemnities
	These indemnities favour you,
31.	Damages not adequate

	In a contract dispute, the Court will usually look for a
32.	Uncontrollable events
	Often referred to as "force majeure". We advise that you
33.	Miscellaneous matters  A number of special points. We have identified each of these as important to
	These are just as valid in law
	Dispute resolution
	There are many ways to settle a dispute. But an action in court is the least desirable because it takes a long
Sche	dule 1 Detailed specification and phases
	The schedules may be "typed in" or be contained in some document attached.

ĺ	
Sched	ule 2Standards
	These could be international engineering standards, or specification
ı	
l	
	ule 3List of setup tools and equipment
	This should

### **Schedule 4Press release**

We have no comment.

# **Ends of notes**