The Quiet Killers Contract Review Checklist

ICC Biz Live -Kalpana M. Muthireddi - 12 June 2025

Top 6 Clauses to Review in Every Contract

These clauses may appear harmless but hide massive risk if you are not sure what you are signing up for:

1. **Limitation of Liability**
   → Is there a cap? Is it mutual? Watch out for lopsided limits where your liability is unlimited but theirs is capped at the contract value - meaning if things go wrong, you could be looking at unlimited liability and loss while they risk losing only an amount equal to the value of the contract.
2. **Indemnity Clauses**
   → Who's indemnifying whom, and for what? This can bankrupt you if unchecked.
3. **IP Ownership and Usage Rights**
   → Are you *really* the owner of what you paid for? Can you assert your right to your retained rights in the IP of the deliverable and can you use your residual knowledge for subsequent clients? Don't assume. Ensure that it is mentioned in the contract.
4. **Governing Law & Jurisdiction**
   → Is it enforceable in your country? Or will you be dragged to a foreign court? Is the expense worth it?
5. **Termination & Exit Clauses**
   → Can they walk away for convenience while you're still locked in? Understand the exit risks.
6. **Confidentiality**
   → Watch for asymmetrical confidentiality clauses where you're bound to keep their information confidential for a long period or in perpetuity, but they can freely use your proprietary information or after a short period.

Ask These 4 Questions Before Signing Any Commercial Agreement:

1. What's the worst-case scenario in this deal; and does the contract protect me if it happens?
2. Are there any one-sided obligations or unclear deliverables?
3. Would I be okay with this contract if I were the weaker party?
4. Do I understand this document clearly or am I making any assumptions?

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3 Red Flags That Indicate a Contract Is Biased Against You

1. Look out for asymmetrical clauses where you have obligations with no reciprocal obligations for the other side.
2. Everything is “standard,” but they refuse to negotiate even a single clause.
3. You are offering extensive representations and warranties, but you are not getting any in return.

Pro Tip / Key Takeaway: These “quiet killers” are preventable. "Before signing any major contract, do the 'Role Reversal Test' - flip every obligation, liability, and protection in the agreement and ask: 'Would I be comfortable if these exact same terms applied to them instead of me?' If the answer is no, you've found your red flags. This works because it's simple and immediately reveals contract imbalances that business people might otherwise miss in legal jargon. Finally, when in doubt, always get legal advice.

If you found this checklist useful and want to explore how your contracts measure up, feel free to reach out.

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Email: Kmuthireddi@gmail.com | www.linkedin.com/in/kalpanamuthireddi | https://www.legalesedecoded.com |