



Using generic contracts and what that means for your business

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In times where more and more legal documentation is available online at little to no cost, the temptation to “download the contract” is increasingly strong.

However, what is being missed is that whilst those contracts may well have been prepared by lawyers, those lawyers may not know enough about the intended use of the contract, the circumstances of the contracting parties, the specifics of your business or the law in the jurisdiction in which the contract will be ultimately used.

Poorly drafted contracts can cost you and your business significantly; and many generic contracts which are drafted without the context of their intended use are poorly drafted contracts –

Very basic examples of matters that are often missed in contracts completed from generic online forms include the [registration of security interests](#) and the provisions of personal guarantees.

There is no realistic chance that a lawyer who has prepared a generic supply of goods contract in America, Europe or Asia and uploaded it to the internet would include provisions under the *Australian Personal Property Security Act* which allows you to register an interest in goods you have provided to a buyer but you have not yet been paid for.

Similarly, it is possible that a generic contract may not take into account that you are conducting business with a company and hence may wish for the directors of that company to give a guarantee that they will pay you in person if the company becomes unable to pay.

It should be noted that there are reputable law firms online who prepare and sell good quality legal materials, including in and for Australia. The point of this blog is simply to express the view that if you require a contract which can be used over and over again, or even for once off use, it is still best for that contract to be prepared by a local lawyer with knowledge of local laws. Just as importantly, that lawyer needs to understand your business and what events the contract is intended to capture.

A failure on either may result in a contract which may as well have been drafted by a lay person. The intention may be there, but the essential elements might not be.

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