**Contract Clause – Term and Termination**

1.  Term and Termination.

    1.1  Term. [The term of this Agreement (the “**[Initial] Term**”) commences on [the Effective Date/the date first written above/[DATE]] and continues thereafter [in perpetuity/until [DATE]/for a period of [NUMBER] [month(s)/year(s)]], unless and until sooner terminated as provided in [Section 1.3](#co_anchor_a207417_1).

**OR**

    The term of this Agreement (the “**[Initial] Term**”) commences on [the Effective Date/the date first written above/[DATE]] and continues thereafter until the [completion of the Services/delivery of the Products] as set forth in this Agreement, unless and until terminated as provided in [Section 1.3](#co_anchor_a207417_1).]

    1.2  [Renewal. [Upon expiration of the Initial Term, this Agreement shall automatically renew for [an/[NUMBER]] additional [successive] [NUMBER] [month/year] term[s] unless [either Party/Seller/Customer] provides written notice of nonrenewal at least [NUMBER] days prior to the end of the then-current term (each a “**Renewal Term**” and together with the Initial Term, the “**Term**”), or unless sooner terminated as provided in [Section 1.3](#co_anchor_a207417_1). If the Term is renewed for a[ny] Renewal Term[s] pursuant to this Section, the terms and conditions of this Agreement during [each] such Renewal Term shall be the same as the terms and conditions in effect immediately prior to such renewal[, subject to any change in the [fees/amounts] payable hereunder by Customer during the applicable Renewal Term as set forth in Section [NUMBER]]. If [either Party/Seller/Customer] provides timely notice of its intent not to renew this Agreement, then, unless otherwise sooner terminated in accordance with its terms, this Agreement shall terminate on the expiration of the then-current Term.

**OR**

    [Either Party/Seller/Customer] may renew this Agreement for [an/up to [NUMBER]] additional [NUMBER] [month/year] term[s] by providing [the other Party/Customer/Seller] written notice of its intent to renew at least [NUMBER] days prior to the end of the then-current term (each a “**Renewal Term**” and together with the Initial Term, the “**Term**”). If the Term is renewed for any Renewal Term(s) pursuant to this Section, the terms and conditions of this Agreement during each such Renewal Term shall be the same as the terms and conditions in effect immediately prior to such renewal[, subject to any change in the [fees/amounts] payable hereunder by Customer during the applicable Renewal Term as set forth in Section [NUMBER]]. If [[Seller/Customer] fails to provide/neither Party provides] timely notice of its intent to renew this Agreement, then, unless otherwise sooner terminated in accordance with its terms, this Agreement shall terminate on the expiration of the then-current Term.]]

  1.3  Termination.

(a)  [For Convenience. [Seller/Customer/Either Party], in its sole discretion, may terminate this Agreement at any time [after [DATE]], without cause, by providing at least [NUMBER] days’ prior written notice to the [Customer/Seller/other Party]. [As consideration for the right to terminate this Agreement under this [[Section 1.3(a)](#co_anchor_a360728_1)], the terminating party shall, upon [termination/furnishing notice of termination], pay to the non-terminating party a termination fee in an amount equal to [$[NUMBER]/[TERMINATION FEE FORMULA]] (”**Termination Fee**”). The parties intend the Termination Fee to be liquidated damages constituting compensation, and not a penalty. The parties acknowledge and agree that damages resulting from termination pursuant to this Section would be impossible or very difficult to accurately estimate, and that the Termination Fee is a reasonable estimate of the anticipated or actual harm that may arise from such termination. The terminating party’s payment of the Termination Fee is the terminating party’s sole liability and entire obligation and the non-terminating party’s exclusive remedy for any termination by the terminating party under this [[Section 1.3(a)](#co_anchor_a360728_1)].]]

(b)  [With Cause. This Agreement may be terminated before the expiration date of the Term on written notice:

(i)  by Seller, if Customer fails to pay any amount when due hereunder [and such failure continues for [NUMBER] days after Customer’s receipt of written notice of nonpayment];

(ii)  [by Seller, if Customer fails to pay any amount when due hereunder more than [NUMBER] time[s] in any [NUMBER] month period;]

(iii)  by [Seller/Customer/either Party], if the [Customer/Seller/other Party] [materially] breaches any provision of this Agreement and either the breach cannot be cured or, if the breach can be cured, it is not cured by the [Customer/Seller/breaching Party] within [NUMBER] days after the [Customer’s/Seller’s/breaching Party’s] receipt of written notice of such breach; [or]

(iv)  [by [Seller/Customer/either Party] upon the occurrence of a Force Majeure Event that lasts longer than [NUMBER] days; or]

(v)  by [Seller/Customer/either Party], if the [Customer/Seller/other Party] (A) becomes insolvent, (B) is generally unable to pay, or fails to pay, its debts as they become due, (C) files, or has filed against it, a petition for voluntary or involuntary bankruptcy or pursuant to any other insolvency Law, (D) makes or seeks to make a general assignment for the benefit of its creditors, or (E) applies for, or consents to, the appointment of a trustee, receiver or custodian for a substantial part of its property or business.]

    1.4  Effect of Termination.

(a)  No Release. The expiration or termination of this Agreement, for any reason, shall not release either Party from any obligation or liability to the other Party, including any payment and delivery obligation, that:

(i)  has already accrued hereunder;

(ii)  comes into effect due to the expiration or termination of the Agreement; or

(iii)  otherwise survives the expiration or termination of this Agreement.

[Subject to [Section 1.3(a)](#co_anchor_a360728_1), the Party/The Party] terminating this Agreement, or in the case of the expiration of this Agreement, each Party, shall not be liable to the other Party for any damage of any kind (whether direct or indirect) incurred by the other Party by reason of the expiration or termination of this Agreement.

Following the termination of this Agreement, Seller shall [promptly/, within [NUMBER] days of the termination,] invoice Customer for any outstanding [amounts/fees] and expenses due and owing under this Agreement, and Customer shall pay all such [amounts/fees] and expenses to Seller in accordance with the payment terms set forth in Section [NUMBER]. If a deposit or advance payment has been made by Customer for any [goods/services] that have not and will not be delivered to Customer following expiration or termination, Seller shall [promptly/within [NUMBER] days] reimburse such payment to Customer.

(b)  Return of Materials and Property. Each Party shall [promptly/within [NUMBER] days], following the expiration or termination of this Agreement:

(i)  return to the other Party all documents and tangible materials (and any copies) containing, reflecting, incorporating or based on the other Party’s Confidential Information[; provided, however, that Customer may retain copies of any Confidential Information of Seller incorporated in the Deliverables or to the extent necessary to allow it to make full use of the [Services and any] [Deliverables]];

(ii)  permanently erase all of the other Party’s Confidential Information from its computer systems[, except for copies that are maintained as archive copies on its disaster recovery and/or information technology backup systems in which case such copies shall be destroyed upon the normal expiration of the backup files];

(iii)  return to the other Party all tangible property[, including molds, equipment, and tools,] in its possession or control, belonging to the other Party; and

(iv)  [upon the other Party’s [written] request, ]certify in writing to the other Party that it has complied with the requirements of this [Section 1.4(b)](#co_anchor_a320638_1).

(c)  [Cooperation and Assistance. [Except where this Agreement has been terminated by Seller for cause,] Seller shall provide reasonable cooperation and assistance to Customer, [upon Customer’s written request] [and] [at Customer’s expense], in Customer’s transition to a new supplier.]

(d)  [[Work in Process] [and] [Expense Reimbursement]. [Except where the Agreement has been terminated by Seller for cause:]

(i)  [Customer shall have the right, for a period of [NUMBER] days following its receipt of a Notice of termination, to elect to receive work in process through the date of termination.]

(ii)  [Seller shall have the right, to receive reimbursement for its reasonable out-of-pocket expenses incurred in connection with work in process through the date of termination [after using [reasonable/its best] efforts to mitigate such expenses]. [Such reimbursement amount shall not, in any event, exceed the Prices].]]