

Sample Novation Agreement¹

DATE: [date]

PARTIES:

- (1) [COMPANY NAME], a [limited company / public limited company] incorporated in [England and Wales] (registration number [number]) having its registered office at [address] (the "Transferor");
- (2) [COMPANY NAME], a [limited company / public limited company] incorporated in [England and Wales] (registration number [number]) having its registered office at [address] (the "Transferee"); and
- (3) [COMPANY NAME], a [limited company / public limited company] incorporated in [England and Wales] (registration number [number]) having its registered office at [address] (the "Counterparty").

BACKGROUND:

- (A) On [date] the Transferor and the Counterparty entered into an [agreement]² relating to [subject matter] [(a copy of which is annexed to this Agreement)] (the "Contract").
- (B) The parties have agreed that the Transferee will assume the rights and obligations of the Transferor under the Contract, in accordance with the terms of this Agreement.

AGREEMENT:

1. Definitions

In this Agreement:

"Agreement" means this novation agreement;

"Contract" has the meaning given to it in the Background section; and

"Novation Date" means [date].

2. Transferee's obligations

- 2.1 The Transferee undertakes to the Counterparty to observe and perform the Contract and be bound by its terms from the Novation Date, and accordingly all the obligations and liabilities of the Transferor owed to the Counterparty under the Contract arising on or after the Novation Date shall become the obligations and liabilities of the Transferee owed to the Counterparty.

...

¹ This template can be used to novate (transfer) the rights and obligations of one party under a contract (the Transferor) to another person (the Transferee).

As a matter of English law, whilst the benefit of a contract may be assignable without the consent of the counterparty, the burden may not. Hence the need for novation agreements.

Novation agreements are widely used following corporate transactions to regularise the contractual position of an entity that has purchased an ongoing business.

² You should take care to precisely identify the contract being novated. If the contract has been amended since execution, you should specify that the amendments are part of the "Contract" as defined here. You may want to annex a copy of the contract being novated to this Agreement.

3. Counterparty's obligations

...

4. Releases

Subject to [Clauses [5] and [6]]:

- (a) the Transferor releases and discharges the Counterparty from its obligations arising under the Contract on or after the Novation Date;
- (b) the Counterparty releases and discharges the Transferor from its obligations arising under the Contract on or after the Novation Date; and
- (c) the Counterparty releases and discharges the Transferor from all liabilities arising under the Contract on or after the Novation Date.

5. Pre-existing claims

Nothing in this Agreement shall affect any liabilities which:

- (a) the Transferor may owe to the Counterparty; or
 - (b) the Counterparty may owe to the Transferor,
- arising under the Contract before the Novation Date.

6. Indemnity

...

7. Third party rights

...

8. Counterparts

This Agreement may be executed in one or more counterparts, each of which shall be an original, and which together shall constitute one agreement.

9. Law and jurisdiction

...

SIGNED AND DELIVERED as a deed)
 by [*director name*])
 and [*director or company secretary name*])
 duly authorised for and on behalf)
 of the Transferor)

SIGNED AND DELIVERED as a deed)
 by [*director name*])
 and [*director or company secretary name*])
 duly authorised for and on behalf)
 of the Transferee)

SIGNED AND DELIVERED as a deed)

by [*director name*])
and [*director or company secretary name*])
duly authorised for and on behalf)
of the Counterparty)

This is a sample version of an SEQ Legal novation agreement template. Omitted sections of the template are indicated by ellipses. You can purchase a full SEQ Legal novation agreement document from:

http://www.template-contracts.co.uk/acatalog/novation_agreements.html