



To Infinity and Beyond: When a Business Contract is Incomplete

Parties who decide to do business with each other must be very careful to ensure that the agreement between them contains all the important terms, especially the duration of the contract over which the parties expect to be in business with each other. A recent case from the Massachusetts Appeals Court confirms that in situations where a contract does not have an express duration term, the parties' intent and circumstances dictate the reasonable duration of the contract, and one party cannot terminate the contract at-will.

In *Prism Group, Inc. v. Slingshot Technologies Corp.*, an independent sales company (Prism) recruited two significant clients for Slingshot, which provides secure facsimile services to healthcare clients. Although Slingshot agreed to pay Prism commissions on revenues from these clients, a dispute arose over the duration of these commission payments. For the first client, the contract between Prism and Slingshot stated that the agreement was subject to automatic renewal but could be terminated by either party on thirty days' written notice. Significantly, however, the agreement provided that even after termination, Slingshot would continue to pay commissions Prism in the amount of 15% on all revenue billed and collected from the first client. As to the second client, the agreement between Prism and Slingshot required that commission be paid in the amount of 10% of all revenue billed and collected from the

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Matthew Kane

Congratulations to Matt Kane on being the firm's new Managing Partner, effective January 1, 2025!



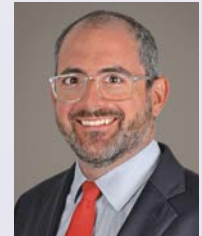
Marc Laredo



Mark Smith



Payal Salsburg



Will Cosmas



Jessica Conklin

Marc Laredo, Mark Smith, Matt Kane, Payal Salsburg, Will Cosmas, and Jessica Conklin are named *Best Lawyers in America*®!

Marc Laredo, Mark Smith, Matt Kane, Payal Salsburg, Will Cosmas,

Jessica Conklin, and Darshana Indira are named *2024 MA Super Lawyers*!



Darshana Indira

Darshana Indira is appointed as co-chair of the BBA's Well-Being Advisory Committee.

Payal Salsburg is named to the BBA's Mary Ryan Achievement in Pro Bono Awards Selection Committee.

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second client. When Slingshot refused to continue the commission payments on both contracts, Prism sued. The trial court found that both contracts were silent on the issue of duration and supplied a “reasonable” term for both – that commissions will be paid at the agreed rate for as long as Slingshot receives income from each of the clients and commissions will continue at the same rate after either side ends the business relationship.

Specifically, the Appeals Court ruled that a contract without an express duration term may not be terminable at-will if the parties’ intent and circumstances indicate a reasonable duration, particularly when one party has fully performed.

The Appeals Court upheld the trial judge’s decision, affirming that Slingshot was obligated to pay commissions to Prism for as long as Slingshot continued to receive revenue from the clients recruited by Prism. Specifically, the Appeals Court ruled that a contract without an express duration term may not be terminable at-will if the parties’ intent and circumstances indicate a reasonable duration, particularly when one party has fully performed. The court explained that the contracts



were enforceable as long as Slingshot received revenue from the recruited clients, referencing similar rulings from other courts in Massachusetts that allow indefinite durations tied to a defined event, such as the termination of client revenue. Additionally, evidence of Slingshot’s past practice and course of dealing supported the trial judge’s inference that the parties intended a lasting commitment for commissions.

This case illustrates Massachusetts contract law’s flexibility in filling missing terms to reflect parties’ intentions. The decision also underscores the enforceability of long-term commission agreements where one party has fully performed by procuring substantial, ongoing client relationships. Parties must ensure that all contracts contain, at a minimum, terms for any conditions precedent, each party’s obligations to perform, where applicable the pricing, quantity, and payment terms, the duration of the contract, the options to terminate, and the applicable law that governs the contract and any disputes arising from the subject matter of the contract.