FROM THE IUSTORIA BLOG

A Twenty-Thousand Contract, or a Two-Hundred-Thousand Dispute?

> *Most legal disputes we handle share a single root cause: a contract that either doesn't exist or doesn't account for what actually happened.*

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Most legal disputes we handle share a single root cause: a contract that either doesn't exist or doesn't account for what actually happened. And yet — almost every time — it would have been enough to pay more attention at the start.

Why contracts get underestimated

I know the situation well. Two people shake hands, they get along, there's an opportunity ahead. In that moment, the contract is a formality — something that needs to exist so the deal has a name. They download a template, tweak a few numbers, sign.

And then something changes. One wants out, the other had a different picture, delivery is late, payment doesn't come, a partner starts acting on their own. And suddenly it turns out that the contract — the document the entire relationship rests on — says nothing about what to do when things don't go according to plan.

This isn't a theoretical problem. It's exactly what we deal with at IUSTORIA several times a month.

What a good contract does differently

A good contract isn't longer. It's more thoughtful.

It doesn't focus on what happens when everything goes well — anyone can write that. It focuses on what happens when things go wrong. How partners part ways. Who bears the risk of delay. What happens to intellectual property when the collaboration ends. How severance is calculated. Who decides the dispute and where.

A good contract is a map of terrain no one has walked yet. And that's precisely why you need it before you set out — not once you're lost.

Understanding interests matters as much as knowing the law

Here's something lawyers often overlook: a contract isn't just a legal document. It's a capture of a business agreement between two parties, each with different priorities, different concerns, and a different pain threshold.

When I draft a contract, I need to know more than just "what should be in it." I need to understand why the client is entering the deal. What's unacceptable to them. Where they're willing to compromise and where they're not. What would keep them up at night if the deal went south.

Without that knowledge, I can produce a technically flawless document that completely misses what the client actually cares about. Conversely — when I understand the interests, I can design solutions that protect the client without scaring the other side away from signing.

Law is a tool. But for it to work, you need to know what you want to build with it.

The math of prevention

Let's run the numbers on a real example.

Quality contract documentation for a business transaction — say a shareholders' agreement, a share transfer agreement, and related corporate documents — typically costs tens of thousands of Czech crowns. Depending on complexity it can be more, but we're in that order of magnitude.

Now compare: a commercial dispute that reaches court runs two to three years. Legal representation costs run into the hundreds of thousands. Add the time — hearings, document preparation, expert opinions, appeals. And the risk that you lose and pay the other side's costs too.

That's not a one-to-two ratio. It's one-to-ten, sometimes one-to-twenty.

And in many cases, it would have been enough to spend three extra hours on signing day making sure the contract addressed the scenarios no one wanted to imagine at that point.

When an internet template is fine and when it's not

I'll be honest: not every contract needs a lawyer. If you're having a new fence built and your neighbour is paying you fifty thousand for it, a template will probably do.

But once the stakes are higher — a joint venture, an investor coming in, a cross-border transaction, a technology licence, a long-term collaboration with a key client — a template won't cut it. Not because it's poorly written. But because it doesn't account for your specific situation, your specific risks, and your specific counterpart.

And one more thing: the more important the relationship, the more important the contract. Not because you don't trust each other. But because when things get complicated — and they will — you'll be glad you have clear rules you agreed on while you still saw eye to eye.

The takeaway

A contract isn't a cost. It's an investment in peace of mind. It's an insurance policy that pays off precisely when you need it most — and one you can no longer buy at that point.

When you come to us before the problem arises, you usually leave with a contract that protects you. When you come after, you leave with an invoice for a dispute. For the concrete economics of that dispute (what you pay your own attorney vs. what the court awards back), see Attorney's fees in court; for typical contract mistakes, see Contract mistakes and Five contract clauses nobody reads.

Your call.

Not sure whether a template still does the job for your transaction — or whether you have outgrown it? In our risk prevention practice we quickly assess where a template is fine and where a bespoke contract pays for itself. Get in touch.

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