

Cap on Liability Clause Sample

This Cap on Liability Clause ("Clause") is effective as of [Insert Date] and forms part of the Agreement between [Party A] and [Party B].

1. Limitation of Liability

Except as expressly set forth in this Agreement, in no event shall either party's total aggregate liability to the other party for any and all claims, damages, losses, and causes of action arising out of or relating to this Agreement exceed the total amount of fees paid or payable by [Party B] to [Party A] under this Agreement during the twelve (12) months preceding the event giving rise to such liability.

2. Exclusions from Limitation

The above limitation shall not apply to liabilities arising from:

- Breach of confidentiality obligations;
- Fraud, gross negligence, or willful misconduct;
- Infringement of intellectual property rights;
- Indemnification obligations expressly provided in this Agreement.

3. Consequential Damages

Neither party shall be liable to the other for any incidental, indirect, special, punitive, or consequential damages, including but not limited to loss of profits, revenues, or data, even if advised of the possibility of such damages, except to the extent prohibited by applicable law.

4. Survival

This Clause shall survive the termination or expiration of the Agreement.

Important Notes

- The cap amount and exceptions should be carefully negotiated and tailored to each transaction.
- Specific laws or regulations may override or affect the enforceability of such clauses in some jurisdictions.
- Review interaction with indemnity and exclusion clauses for consistency and coverage.
- Clearly define scope of liabilities and exceptions to avoid ambiguity and disputes.