

# Corrective Notice ordered by the Federal Court of Australia

**J.J. Richards**  
& Sons Pty Ltd



## Unfair contract terms contained in JJ Richards standard form small business contracts

Following action by the Australian Competition and Consumer Commission, the Federal Court of Australia has declared that eight terms contained in the JJ Richards & Sons Pty Ltd (**JJ Richards**) standard form contracts with small businesses, entered into or renewed after 12 November 2016, are unfair contract terms, and are therefore void.

JJ Richards uses a standard form contract for its waste management service contracts with small business customers. Since 12 November 2016, the Australian Consumer Law (**ACL**) has prohibited unfair contract terms being included in standard form contracts with small businesses.

The JJ Richards terms that were declared unfair and therefore void are clauses that:

- renew the contract for a further term unless customers cancel the contract within 30 days before the end of the term
- permit JJ Richards to unilaterally increase its prices
- remove any liability for JJ Richards where its performance is “prevented or hindered in any way”
- allow JJ Richards to charge customers for services not rendered for reasons that are beyond the customer’s control
- grant JJ Richards exclusive rights to remove waste from a customer’s premises
- allow JJ Richards to suspend its service but continue to charge the customer if payment is not made after seven days
- create an unlimited indemnity in favour of JJ Richards
- prevent the customer terminating the contract if they have payments outstanding and entitle JJ Richards to charge customers equipment rental after the termination of the contract.

The ACL provides that a term is unfair if it would cause a significant imbalance in the parties’ rights and obligations arising under the contract, is not reasonably necessary in order to protect the legitimate interests of the party who would be advantaged by the term, and would cause detriment to a party if applied or relied on.

The Court has made an order restraining JJ Richards from applying or relying on these terms in existing standard form contracts with small businesses, and from entering into further standard form contracts with small businesses that contain these terms for a period of 5 years. JJ Richards was also ordered to provide a copy of the Court’s orders to all of its small business customers.

