Illustrative Example

How interpretation risk arises in ordinary commercial documents

(Illustrative example only — not advice)

Purpose of this example

This short example is provided to illustrate how **interpretation risk** can arise in ordinary, good-faith commercial documents — even when nothing appears obviously wrong.

No advice is given; no judgement is made — the aim is simply to make ambiguity visible.

The scenario

(what the documents appear to say)

A client engages a supplier to manufacture a component.

The written documents include:

- a short contract
- a set of technical drawings attached as an appendix
- and a brief scope description in the quotation

The documents state that:

- the supplier will manufacture the component *"in accordance with the supplied drawings"*,
- the drawings have been *"approved"*,
- a price and delivery schedule are agreed.

Both parties believe they are acting reasonably and in good faith.
At first glance, the documentation appears sufficient.

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What is not explicitly stated

The documents do **not** define:

- what *"ready for manufacture"* means,
- whether the drawings are conceptual or production-ready,
- whether tolerances are fully specified,
- whether the supplier is expected to validate the design,
- which standards the drawings are assumed to comply with,
- or how responsibility is allocated if manufacture fails.

None of these points are addressed directly, even though each materially affects risk and responsibility.

The interpretation questions

This situation gives rise to several **interpretation questions**.
These are not legal questions.
They are questions of meaning, assumption, and responsibility.

1. Is the product actually ready for manufacture?

One party may reasonably assume that:

- approval of drawings means manufacture can proceed.

The other party may reasonably assume that:

- approval means the drawings are accepted *for review*, not that they are production-ready.

Nothing in the documents resolves this difference.

2. If something goes wrong, whose responsibility is it?

If the manufactured component fails to perform as expected:

- Is this a manufacturing defect?
- A design issue?
- Or the result of unclear responsibility between the two?

Because the documents are silent on design validation and fitness for purpose, responsibility is open to interpretation.

3. What standard do the drawings comply with?

The drawings are *"approved"*, but:

- Approved against which standard?
- With what tolerance regime?
- Using which measurement assumptions?

If tolerances or standards are not explicitly stated, they must be assumed — and assumed standards silently transfer risk.

Why these issues matter

No one in this scenario needs to act badly for problems to arise.

The risk exists because:

- assumptions differ,
- omissions are real,
- and the documents allow more than one reasonable interpretation.

Once manufacture begins, these ambiguities stop being theoretical.
They harden into cost, delay, rework, or dispute.

What this example illustrates

This example shows how risk can arise **not from what documents say**, but from what they leave unsaid.

Interpretation risk lives in:

- silence
- omission
- and apparently reasonable assumptions

Making those risks visible early allows decisions to be made while options still exist.

The outcome of the Private Interpretation Risk Review is not confrontational.
It provides a shared level on which assumptions, responsibility, and intent can be examined and agreed.

Your drawings might not have to conform to a standard if one party says that these are good enough for purpose and they accept responsibility for that. The mere fact that it is agreed in advance who is taking responsibility avoids conflict and misunderstanding later.