

## Article Information

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## Formula One contract dispute demonstrates the importance of finalising your contracts

**McLaren has won their contract dispute against Formula One rivals Alpine for Oscar Piastri to race with McLaren in 2023 and 2024. Are you interested in learning best practice tips to draft contracts to avoid disputes? Read this article by [Maria Capati](#) to find out more about the key learnings from this case.**

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The Fédération Internationale de l'Automobile's (FIA) is the governing body for many auto racing events, such as the well-known Formula One. FIA's four person Driver Contract Recognition Board (CRB) recently ruled unanimously that the only valid contract for Oscar Piastri was his contract with McLaren Racing Limited dated 4 July 2022. Read the [article here](#) by Reuters for more details.

The CRB deals with the registration of contracts for drivers in the FIA Formula One World Championship, as well as any issues related to priority of contracts between teams and drivers.

The issue for the CRB was whether Oscar Piastri was entitled to drive in the 2023 and 2024 championships for McLaren or if Alpine was contractually entitled to his services for 2023.

The CRB confirmed that Piastri had never signed a contract with Alpine for a 2023 race seat. There was a contract for his 2022 reserve driver duties and a separate contract for a potential 2023 race seat. Alpine had argued that a 2022/2023 'Terms Sheet' dated November 2021 constituted a valid contract for the purpose of a race seat in the 2023 and 2024 seasons. However, this was only intended to be the starting point for negotiations. Piastri had previously been informed by the Alpine CEO that contracts would be exchanged within 10 business days of 15 November 2021.

That deadline passed and Alpine did not send any documents through to Piastri.

The reserve driver draft contract for the 2022 season was only sent to Piastri on 4 March 2022, and was lodged with the CRB on 14 March 2022. That contract did not feature any extension beyond 2022 for a race seat with Alpine.

The deadline to finalise a contract for the 2023 season was quickly approaching, so Alpine's Director of Legal Affairs took the 2022/2023 Terms Sheet dated November 2021 and added the words "legally binding Heads of Terms" to the document. The CRB found that this document was not legally binding. Therefore, Piastri had not signed any document that bound him to race for Alpine in 2023.

This serves as a lesson to prioritise clarity in [contract drafting](#). Heads of Agreement or Terms Sheets are only intended to be a starting point laying out important terms or issues to be incorporated in a contract. They are not usually binding on their own. Certainty is fundamental in negotiating contracts to keep all parties happy and avoid misalignment and even potential dispute.