

Contracts and Official Documents

“A verbal contract isn’t worth the paper it’s written on” -Samuel Goldwyn

Warm up:

- Do you ever have to deal with contracts at work? What type of contracts?
- Have you ever had to read a contract or official document in English? How did you find it?
- Do you think you live in a country that has a lot of “red tape”? How would you describe the bureaucracy in your country?
- If you had to ask someone to help you read and understand a difficult legal contract, who would you ask and why?



1. Read the text and choose the correct word from the options below for each gap.

Misunderstandings are surprisingly common when two people read the same contract, so each **clause** (a) should be written in clear and precise language. A good contract should never be **ambiguous** (b) in any way, and leave no room for interpretation. Depending on the type of contract, it should usually contain points describing the circumstances under which the contract becomes null and **void**(c). For example, if both the landlord and the tenant agree to terminate a **lease** (d) early, then large sections of the contract are no longer applicable. All parties should be able to examine a contract before they sign it, and have the ability to suggest **amendments** (e), although the other party may reject these changes. The terms of the contract should be **legally binding** (f) and create formal and enforceable obligations on all **parties** (g).

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|-------------------------|---------------------|--------------------|-------------------|
| (a) 1. clause | 2. classification | 3. collaboration | 4. cartel |
| (b) 1. fragile | 2. ambiguous | 3. obvious | 4. sheltered |
| (c) 1. detrimental | 2. greedy | 3. formless | 4. void |
| (d) 1. verbal contract | 2. lease | 3. warranty | 4. NDA |
| (e) 1. litigation | 2. interferences | 3. amendments | 4. subletting |
| (f) 1. legally attached | 2. legally grasping | 3. legally binding | 4. legally sticky |
| (g) 1. defendants | 2. toddlers | 3. guardians | 4. parties |




2. Read the texts describing different types of contracts below and match them to the contract types in the box.

bill of sale	deed	will	Non-Disclosure Agreement (NDA)
lease	terms and conditions	licensing agreement	promissory note

- a) A **will** is a legal document that outlines a person's wishes regarding the distribution of their assets after their death. The document should specify exactly how their assets (money, real estate, etc.) should be distributed, and appoint an executor who will ensure the instructions of the deceased are followed.
- b) A **lease** is a contract between a landlord and a tenant that outlines the terms and conditions under which the tenant can occupy and use a property owned by the landlord. The contract sets forth the rights and responsibilities of both parties during the agreed-upon period of the lease.
- c) A **bill of sale** is a legal document that records the sale of an item or property from one party to another. It serves as evidence of the transaction and typically includes details about the buyer, seller, the item being sold, the sale price, and any conditions or warranties associated with the sale.
- d) **Terms and conditions** are rules and conditions that individuals must agree to before using a particular service, website, application, or product. They serve as a legally binding contract between the provider of the service or product and the user.
- e) A **non-disclosure agreement** is a legal contract between two or more parties that outlines confidential information the parties wish to share with each other, but prevents the receiving parties from sharing that information with unauthorized third parties. The purpose of this contract is usually to protect sensitive information and trade secrets.
- f) A **deed** is a legal document that conveys or transfers the ownership of real property (land and any structures attached to it) from one party to another. It is a type of contract specifically used for real estate transactions.
- g) A **promissory note** is a legally binding document that outlines a promise made by one party (the "maker" or "issuer") to pay a specific sum of money to another party (the "payee") at a specified future date. In essence, it is a written promise to repay a loan or fulfill a debt obligation.
- h) A **licensing agreement** is a legal contract between a party that owns the rights to a product or intellectual property and a party that is granted permission to use it. The contracts are common in various industries and can involve a wide range of intellectual property, including patents, trademarks, copyrights, and trade secrets.



 **3. Read the situations and say which documents from exercise 2 would be needed *and why*. In some situations more than one contract or document may be necessary.**

a) Jeremy received a loan from the bank to open a restaurant. The loan has 10% interest and can be refinanced if needed. *A promissory note*

b) A textile company has developed a new fabric for sports clothing. They want a marketing firm to start working on marketing campaigns for clothing using the new material, but they do not want their competitors finding out about the material until the campaigns and the clothes are ready. *NDA*

c) Sam wants his Ferrari to be donated to a car museum after he dies, but he wants to leave his 3 apartments to his nephew. *A will and 3 deeds*



d) Janet found an apartment to rent online, and her application has been accepted by the landlord. *A lease*

e) GRT Solutions has purchased 3 industrial label printing machines for \$2.5 million each and a large factory and warehouse. A bill of sale and a deed.

f) John runs a small website that allows people to share large files quickly. He needs to make sure that anybody who uses the site does not share copyrighted material such as music or films. *Terms and conditions*

g) Scharvel Studios, a large film-making company, wants to allow a videogame company to make a videogame based on one of their most popular characters, The Amazing Spuderman®. *A licensing agreement*



 **4. Ask and answer the questions with a partner.**

- Which of the documents or contracts from exercise 2 do you have to deal with in your personal or professional life?
- Have you ever had to sign an NDA? What was it for?
- When you're asked to sign an agreement, do you always read the terms and conditions before you sign?
- What do you think are some common mistakes people make with contracts?
- The term "legalese" means language used in official documents that is so difficult to understand that only lawyers or experts would understand it. Do you have a lot of "legalese" in your native language? When was the last time you were confused by "legalese"?





5. Read through the contracts, choose the correct underlined words, and answer the questions below the paragraphs.

a) YouTunes reserves the chance / right / license to modify or update these terms at its discretion. Your continued use of the services following such modifications constitutes your acceptance to the updated terms. YouTunes is not reliable / reluctant / liable for any direct or indirect damages arising out of use of our services, the user assumes full responsibility for any damages incurred. YouTunes reserves the right to terminate or suspend your access to the services at any time for any reason, including violation / neglect / transmission of these terms.

- When can YouTunes change the terms and conditions, and how would a user agree to these changes? *Whenever they want, the user agrees to them simply by continuing to use the service.*
- Who is responsible if something bad happens as a result of using YouTunes? *The user.*
- What type of contract do you think this is from? *Terms and conditions*

b) The borrower agrees to repay the loan amount in 15 equal consecutive / erratic / coherent monthly instalments of \$10,000 each, starting on 6/8/2024, with subsequent payments due on the 6th of every month until the entire balance, including any accrued income / payments / interest, is paid in full. If the borrower fails to make any payment when due, the borrower / lender / notary may declare the entire unpaid principal balance immediately due and payable.

- How much does the borrower owe in total? *150,000*
- What could happen if the borrower misses a payment? *The lender could demand the full amount immediately.*
- What type of contract do you think this is from? *A promissory note*



c) This contract shall commence on the 15/01/2021 and is correct / tangible / valid until 15/01/2028. This lease may be renewed or extended upon mutual / lobbied / beneficial agreement between the landlord and the tenant. The landlord will be responsible for major repairs not caused by tenant neglect. Either party may terminate this contract with 180 days written notice before the end of the term. Early termination may result in penalties / reductions / fatalities as specified in this agreement.

- If the tenant does not clean their bathroom for a year, resulting in mould damaged paint, who would have to pay for the mould removal and repainting? *The tenant*
- What should the tenant do if they want to move out before 2028? *Inform the landlord in writing 180 days before they move out.*
- What type of contract do you think this is from? *A lease*

d) The recipient agrees to hold the confidential information in strict confidence and to take all reasonable precautions to prevent unauthorized interference / *disclosure* / enhancement or use of the confidential information. The recipient may disclose the confidential information to its employees, contractors, or agents on a first name / *need-to-know* / round the clock basis, provided that they are bound by confidentiality *obligations* / relationships / letters at least as restrictive as those set forth in this agreement. Upon termination of discussions or business dealings between the parties, the recipient shall promptly return or destroy all copies of the confidential information in its possession.

- Can the recipient disclose the information to all of its employees whenever they want? *No, they can only disclose it to employees who need to know it.*
- What does the recipient need to do when their business with the disclosing party is finished? *Either destroy or return the information.*
- What type of contract do you think this is from? *An NDA*

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