

THE STRUCTURE OF A CONTRACT

Read the following text about the structure of a contract. The most important words are in the key vocabulary below. Then complete the exercises that follow.

Key vocabulary

- drafts
- parties
- key obligations/duties
- delivery of goods/services
- drafting checklist
- template
- precedent bank/library
- to draft 'from scratch'
- recitals
- definitions section
- precedent

A contract has a logical structure. Some lawyers say that a well-written contract is like a story because it explains the agreement from the beginning to the end in a way that a reader can clearly understand. When a modern lawyer **drafts** a contract he or she is following a tradition that has developed over many years. Let's look at the first half of a commercial contract. Most commercial contracts begin with the following sections:

- the **parties** – the people or companies who are entering into the contract
- the **recitals** – the background to the contract and the reason(s) why the parties are entering into the contract
- the **definitions section** – how certain words must be interpreted when they are used in the contract
- the **key obligations/duties** – the most important things that each party agrees to do
- the **delivery of goods/services** – the time when the key obligations will be carried out and where they will be carried out.

However, a lawyer who is drafting a contract doesn't often begin with a blank page. A lawyer would call this **to draft 'from scratch'**. Most modern contracts are not drafted from scratch but are based on a **precedent**. A precedent is an existing contract that a lawyer can use as a model for drafting another, similar agreement. A precedent also acts as a useful **drafting checklist** to make sure that everything necessary is included. Most law firms have a **precedent bank** or **precedent library** as part of the word processing facility on the company computer, or they rely on an encyclopaedia of precedents. The precedents are regularly updated, particularly when the relevant law changes.

A precedent can also be referred to as a **template**, but this is a more general word for something that you can copy. It is not so specific to contract law as a 'precedent'. Remember, a contract precedent should not be confused with the other meaning of the word precedent, which is the decision of a judge in common law that is used as a general principle of law.

Help desk

What do these words mean?

a key obligation – an important obligation.

carried out – done, performed.

a blank page – a page with no writing on it.

current – existing now.

a checklist – a list to help you make sure that everything necessary is done.