

What is the Difference between a Contract and a Deed?

This is not a question about Chinese contract law, rather one I have regarding contract law in UK and USA or other common law countries.

In China, there is only one set of rules of Contract Law, much the same principles as applicable in other major civil law countries like German or France.

When reading materials regarding common law trusts, very often I encountered words like “deed” and contract, for example, deed of variation.

I am quite familiar with the concept of contract under common law esp in that it requires a sufficient consideration to make a contract formed and valid in UK and USA.

But what does a deed entail and mean under UK laws?

I bumped onto a web page ([Claric Legal Services](#)) explaining the difference between a contract and a deed:

1. a simple contract can be entered into orally but a deed must be in writing;
2. a deed must make it clear that it is intended to be a deed. This will often mean specific wording is inserted above the signatures confirming that the document is intended to be a deed;
3. under a simple contract each party has to provide “consideration” for it to be valid. “Consideration”, in simple terms, is the price paid by each party. Often, this will be the provision of goods or services by one party and the provision of money by the other but it could be anything of value. Deeds, on the other hand, do not require consideration in order for them to be valid. It is therefore advisable, for example, that a contract for the provision of a gift is drafted in the form of a deed or it is likely to be unenforceable due to lack of consideration from one party;

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4. a deed requires additional formalities in relation to its signature/execution for it to be enforceable. Depending on whether the party signing/executing is an individual, company or other legal entity, signatures will require witnessing or more than one signatory will be required;

5. simple contracts have a statutory limitation period of six years. The effect of this is that a claimant must make a claim for breach of contract within six years of such breach. Deeds have a limitation period of twelve years.

Difference between a Deed and a Contract under UK Laws

According to this quotation, it is clear that a deed has its own role to play in legal practice. A deed is not a contract in the sense that it doesn't require consideration to be present to make it valid, and thus it is often used in making gift or donation. Furthermore, it requires more stringent formalities to be established, for example, clear wording intending for a deed, and witnesses.