

## Don't put your footer in it when it comes to contracts

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**Companies are being urged to review their electronic procedures following a court ruling that an automatic email signature could suffice to conclude a binding contract.**

Although legislation to align e-signature standards, across the EU, was introduced by the [Electronic Identification Regulation \(EU\) 910/2014](#) in 2016 and the [Electronic Communications Act 2000](#), there remains confusion.

Head of Company Commercial [Victoria Holland](#) explains:

*"As a general rule, no contract made under English law needs to be signed, or even be in writing, unless the contract is a guarantee for payment by someone else, or it relates to land or is made by deed. People often think they must sign on the dotted line to seal a deal but in many situations all that is needed is a clear agreement and intention."*

*"With the increased use of electronic communications in contractual negotiations, it is important for companies to understand all the different circumstances in which an exchange may form a binding contract."*

Last year, the Law Commission published a [report](#) on the electronic execution of documents to tackle this uncertainty. The Law Commission confirmed that e-signatures could be used to execute documents as an alternative to wet ink signatures in most circumstances and relied upon as evidence.

The recent case of [Neocleous v Rees](#) signals a further shift in the approach to e-signatures with implications for anyone involved in electronic contractual negotiations.

The court ruled that the inclusion of the writer's name in the automatic email footer amounted to an electronic signature and was sufficient to conclude a binding contract for the transfer of an interest in land.

The judge said that the email sender knew that his name would be added as a footer and, although it was an automatic process, it represented a conscious decision, combined with the name and contact details being in the conventional style of a signature, at the end of the document.

Head of Dispute Resolution, [Kaiser Khanzada](#) explains:

*"This case related to a fairly rare type of property transaction but has an important message for day-to-day communications. If companies are to avoid inadvertently entering into a contract with suppliers or customers, they should incorporate a clear disclaimer designed to prevent the accidental formation of a contract and not simply rely on an automatic proviso to their e-signatures."*

It follows that as well as email footers, other methods that could create a valid signature include:

- **secure passwords**
- **tick-boxes**
- **PIN numbers**

Ink signatures are still required for the execution of deeds, as the signature must be witnessed and the law does not presently allow for remote witnessing, although live video witnessing is under discussion.

**For contract enquiries, speak to [Victoria Holland](#).**

**For contract disputes, call [Kaiser Khanzada](#).**

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Note: This is not legal advice; it is intended to provide information of general interest about current legal issues.

