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WHAT DOES SIGNED UNDER SEAL MEAN?

Archaic legal jargon remains in modern U.S. contracts due to the historic influence of English law, particularly on the Eastern seaboard states. Some Latin phrases, such as *inter alia*, may be used without great risk of harm. The same is not true, however, for the word “SEAL.” In the State of North Carolina, for example, the presence of this word in a legal document under the right circumstances could increase the statute of limitations for filing a lawsuit related to that document from three years to ten years. Understanding what a seal is and what it means for a contract to be signed under seal can help you avoid this potential trap for the unwary.

History of the Seal

Seals were historically used in English law to provide further verification of the identity and assent of the party affixing such seal. A common example is pressing a signet ring bearing the signatory’s family crest into hot wax poured on the document. The resulting imprinted symbol was unique and provided verification of the party’s identity above and beyond a signature. A sealed document was more likely to be authentic, and thus the law accorded it greater legal significance. As time went on, courts relaxed the requirements for seals from wax imprints to other methods such as embossing paper, drawing symbols, and finally to simply printing the word “SEAL” in brackets or parentheses by the signature of the party (or simply an encircled “L.S.” standing for the Latin phrase *locus sigilli* meaning “place of the seal”).

Seals Under North Carolina Law

North Carolina statutorily recognizes the concept of seals at N.C.G.S. § 1-47(2) which provides for a ten year statute of limitations “upon a sealed instrument.” The extent to which a particular contract constitutes a seal instrument is, generally speaking, a question of law for the court. *Square D Co. v. C.J. Kern Contractors, Inc.*, 314 N.C. 432, 426 (1985). “[I]f it appears without ambiguity on the face of a contract that a party **signed under seal**, it is held as a matter of law that the contract is under seal.” *Central Systems, Inc. v. General Heating & Air Conditioning Co.*, 48 N.C. App. 198, 201-02 (1980). Therefore, where the word SEAL appears in brackets or parentheses on a contractual document adjacent to each of the parties’ signatures, the instrument in question will likely be considered executed under seal. See *Biggers v. Evangelist*, 71 N.C. App. 35, 39 (1984). These rules continue to be applied by North Carolina courts, including in the 2013 case *Davis v. Woodlake Partners, LLC* where the North Carolina Court of Appeals ruled that the statute of limitations did not bar the claim at hand because the purchase agreement in question was signed under seal. 230 N.C. App. 88, 95. North Carolina law even prohibits oral testimony that a particular litigant did not intend to adopt the seal where the sealed nature of the contract is apparent on the document. *Id.* at 97-

98. Therefore, signing a contract under seal without understanding the consequences of that action can have disastrous consequences.

JAH Can Help

The **attorneys at JAH** are available to counsel you on your commercial contracts, including the legal consequences of signing under seal. **Our corporate attorneys** will navigate these and other complicated legal concepts so that you don't have to. Click **here** to contact a member of our Corporate Group if you are in need of assistance.

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