### CHAPTER 15
### CHAPTER SUMMARY

#### STATUTE OF FRAUDS

#### CONTRACTS WITHIN THE STATUTE OF FRAUDS

- **Rule** contracts within the statute of frauds must be evidenced by a writing to be enforceable
- **Electronic Records** full effect is given to electronic contracts and signatures
- **Suretyship Provision** applies to promises to pay the debts of others
  - *Promise Must Be Collateral* promisor must be secondarily, not primarily, liable
  - *Main Purpose Doctrine* if primary object is to provide an economic benefit to the surety, then the promise is not within the statute
- **Executor-Administrator Provision** applies to promises to answer personally for duties of decedents
- **Marriage Provision** applies to promises made in consideration of marriage but not to mutual promises to marry
- **Land Contract Provision** applies to promises to transfer any rights, privileges, powers, or immunities in real property
- **One-Year Provision** applies to contracts that cannot be performed within one year
  - *The Possibility Test* the criterion is whether it is possible, not likely, for the agreement to be performed within one year
  - *Computation of Time* the year runs from the time the agreement is made
  - *Full Performance by One Party* makes the promise of the other party enforceable under majority view
- **Sale of Goods** a contract for the sale of goods for the price of $500 or more must be evidenced by a writing or record to be enforceable
  - *Admission* an admission in pleadings, testimony, or otherwise in court makes the contract enforceable for the quantity of goods admitted
  - *Specially Manufactured Goods* an oral contract for specially manufactured goods is enforceable
  - *Delivery or Payment and Acceptance* validates the contract only for the goods that have been accepted or for which payment has been accepted
Modification or Rescission of Contracts within the Statute of Frauds oral contracts modifying existing contracts are unenforceable if the resulting contract is within the statute of frauds

**METHODS OF COMPLIANCE**

**General Contract Law**
- the writing(s) or record must
  - specify the parties to the contract
  - specify the subject matter and essential terms
  - be signed by the party to be charged or by her agent

**Sale of Goods**
- provides a general method of compliance for all parties and an additional one for merchants
  - **Writing(s) or Record** must (1) be sufficient to indicate that a contract has been made between the parties, (2) be signed by the party against whom enforcement is sought or by her authorized agent, and (3) specify the quantity of goods to be sold
  - **Written Confirmation** between merchants, a written confirmation that is sufficient against the sender is also sufficient against the recipient unless the recipient gives written notice of his objection within ten days

**EFFECT OF NONCOMPLIANCE**

**Oral Contract within Statute of Frauds** is unenforceable

**Full Performance** statute does not apply to executed contracts

**Restitution** is available in quasi contract for benefits conferred in reliance on the oral contract

**Promissory Estoppel** oral contracts will be enforced where the party seeking enforcement has reasonably and justifiably relied on the promise and the court can avoid injustice only by enforcement

**PAROL EVIDENCE RULE AND INTERPRETATION OF CONTRACTS**

**PAROL EVIDENCE RULE**

**Statement of Rule** when parties express a contract in a writing that they intend to be the complete and final expression of their rights and duties, evidence of their prior oral or written negotiations or agreements of their contemporaneous oral agreements that vary or change the written contract are not admissible

**Situations to Which the Rule Does Not Apply**
- a contract that is not an integrated document
- correction of a typographical error
- showing that a contract was void or voidable
- showing whether a condition has in fact occurred
- showing a subsequent mutual rescission or
modification of the contract Supplemental Evidence may be admitted
- **Course of Dealing** previous conduct between the parties
- **Usage of Trade** practice engaged in by the trade or industry
- **Course of Performance** conduct between the parties concerning performance of the particular contract
- **Supplemental Consistent Evidence**

**INTERPRETATION OF CONTRACTS**

**Definition** the ascertainment of the meaning of a promise or agreement or a term of the promise or agreement

**Rules of Interpretation** include the following:
- all the circumstances are considered and the principal purpose of the parties is given great weight
- a writing is interpreted as a whole
- commonly accepted meanings are used unless the parties manifest a different intention
- wherever possible, the intentions of the parties are interpreted as consistent with each other and with course of performance, course of dealing, or usage of trade
- technical terms are given their technical meaning
- specific terms are given greater weight than general language
- separately negotiated terms are given greater weight than standardized terms or those not separately negotiated
- the order for interpretation is express terms, course of performance, course of dealing, and usage of trade
- where a term has several possible meanings, the term will be interpreted against the party who supplied the contract or term
- written provisions are given preference over typed or printed provisions, and typed provisions are given preference over printed provisions
- if an amount is set forth in both words and figures and they differ, words control figures