

Statute of Frauds



General rule: Oral Contracts are enforceable unless they're within the Statute of Frauds.

Two types of Statute of Frauds scenarios:

- 1) Common Law (services, land or intellectual property cases)**
- 2) UCC (contracts for the sale of goods)**

What is within the Statute of Frauds?

- Common Law Statute of Frauds cases:
 - **1.** Contract to *guarantee* the debt of another
 - **2.** Contract to pay the debts of a decedent from one's own funds
 - **3.** Contract that is incapable of being performed within one year from the time of the agreement.
Contrast:
 - Employment contract for 5 years: Within the SOF
 - Lifetime employment contract: NOT within the SOF
 - **4.** Promises in *consideration of marriage*
 - **5.** Contracts for the transfer of an interest in *real estate for more than one year*
- **U.C.C. Statute of Frauds**
 - **6.** Contracts for the sale of goods for \$500 or more

Quiz Time!



The Statute of Frauds - Satisfaction by Writing



- **There must be a writing that is signed by the party against whom the contract is being enforced.**
- **What must the writing contain?**
 - **In common law cases, all material terms.**
 - **In UCC cases, only the existence of an agreement and quantity is needed.**

The Statute of Frauds - Satisfaction by Performance

- **Full performance** is enough to satisfy the SOF.
- **Part Performance:**
 - **Never sufficient in a services contract case.**
 - **Part Performance in a Real Estate Contract requires: Possession + either payment or improvements to the real estate.**
 - **UCC Cases:**
 - **Part performance (receiving and accepting the goods) makes the contract enforceable, but only to the extent of the part performance**
 - **The creation of unique goods that cannot easily be re-sold to another buyer can satisfy the SOF.**



The Statute of Frauds - Exceptions and Other Issues

- The SOF is a Defense that must be raised by the party looking to avoid the contract (it will not be raised by a judge herself in a contract enforcement action).
 - The SOF is a rule of evidence; the contract is not void, illegal or barred; it just cannot be proven in court by oral evidence.
 - If the party against whom the contract is being enforced admits to the existence of the contract, the SOF does not bar the enforcement of the contract.
 - If a person tricks another party into making an oral agreement in violation of the SOF, that party will be estopped from raising the SOF as a defense.
 - Promissory estoppel can, in some jurisdictions, be used to avoid the SOF.
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