

Contract law

Law



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Rules Set by Courts to Interpret Contracts There are some specific rules that courts have set to interpret written contracts in a case of dispute between the parties involved. These rules set by courts are mainly directed to decipher the language of the contract, hence, determining the intents of the parties. The common intention the parties had at the time of the contract governs or determines the court's decision in an event of a contractual dispute (Gillies 46). That initial intention is lawful and is also ascertained. This intent is normally determined solely from the terms of the contract written down. The language of the contract is suffice to identify the mutual intent of the parties in a case where the language used is definite and clear. Courts always consider the course of the parties' dealings if the language of the contract is unclear. The course of dealings refers to the initial contract and transactions the parties might have had in the past to interpret their conduct and expressions.

When determining the clarity and definiteness of the language of a contract, the court views the terms in their common and ordinary construct of meaning unless it is apparent that the parties constructed the language in some technical or special sense (Gillies 71). If the words are used in a technical sense, the courts will apply a concept known as trade usage, which is the court's consideration of constructing the meaning as per how it is used by a person in the same profession or business and formulate interpretation from that context unless the parties had not intended to use them as such. Generally, courts one of the two problematic rules governing admissions of evidence that is extrinsic to interpret a contract. One of the rules is the Plain Meaning Rule, which connects contract terms interpretation to the subjective notions of a Judge of the meaning of the words and deter parties from

issuing evidence to change the meanings that are publically used are unanimously acknowledge. The Context Rule on the other side looks at the parties' evidence subjective intention exclusive of the public meaning of the terms, which also, undermines the function of contract predictability (Gillies 63).

The third rule, which is The Public Meaning Rule, only admits the extrinsic evidence produced by the public and constructs the meaning of the language as interpreted by the public. It considers the public domain while making assumptions on the extrinsic evidence of the subjective intent of the parties. This rule has epistemological element that relies on the fact that the language's meaning arises from the shared public conventions that are employed by individuals when they communicate, be it a phrase or a word (Gillies 65). The courts untie the interpretation of contract from the meaning based on public conventions when they give attention to the evidence provided by the parties' subjective intent. The public convention of meaning allows the parties to file their contract in a manner that can be enforced predictably.

Rather than focusing on evidence that is commonly connected with the subjective intent of the parties to provide the meaning of the contract language, courts should limit the chances of making applications of such evidence that provides equitable defenses and claims. When extrinsic evidence that serves such equitable principles are allowed by the courts, it does not portray the attempt to ascertain the meaning of the contract language, but the willingness to sacrifice certainty of meaning and effective predictability in the name of fairness (Gillies 64). The equitable claims existence and defenses, therefore, mitigates the proposed rule's inequitable

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consequences, which excludes extrinsic evidence of the parties' line of dealing and that of performance. This is because evidence like such is admissible to support equitable defenses and claims.

Works Cited

Gillies, Peter. *Concise Contract Law*. Sydney: Federation Press, 2008. Print.