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Parol Evidence Rule

Douglas Wilhelm Harder

The word *parol* is from the Anglo-Norman term for "spoken" (*cf.* the French verb *parler*). The *parol* evidence rule says that one cannot use past evidence or oral testimony to contradict the terms of a contract under the assumption that both parties have summarized their terms into a single final form.

For this rule to be applied, the contract must be written and represent the final agreement between the parties involved. This may be, for example, negated if it can be demonstrated that the document is a draft or where the contract is conditional upon the completion of certain tasks.

Precedence

A precedence setting case is *Pym v. Campbell*. In this case, Pym invented a "crushing, washing, and amalgamating machine". Campbell agreed in writing to purchase three eights of the benefits of the invention for £800 on the understanding that the invention would be inspected and approved by two engineers, one of whom approved it but the other did not. Pym sued claiming he document was a contract. The courts, in this case, however, determined that the document was not a contract but a memorandum of the terms that also included the scheduling of the inspection by the engineers.

Note that the *parol* evidence rule applies only to any discussion taken prior to the signing of the contract:. Once a contract has been signed, if both parties agree, they are able to add to, modify, or remove terms from a contract.

Question: Consider a car salesman who offers to "throw in a free AM-FM radio" with the sale of a car. The contract is written up, the buyer signs the contract, and the contract does not mention the upgrade. Based on the *parol* evidence rule, can the buyer sue the dealership for the radio?

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