

12.7: Parol Evidence Rule

Courts often must interpret the meaning of a contract. When the contract is written, courts will look within the “four corners” of the document and apply the contract as written. **The Parol Evidence Rule** is the principle that a writing intended by the parties to be a final embodiment of their agreement cannot be modified by evidence that adds to, varies, or contradicts the writing. This rule usually prevents a party from introducing evidence of negotiations that occurred before or while the agreement was being reduced to its final written form.

However, there are several important exceptions that allow oral statements to be admitted:

1. Subsequent modifications;
2. Evidence of intentional misrepresentations by a party;
3. Correcting errors in drafting;
4. Clarifying ambiguities and filling in gaps; and
5. Supplements to a partially integrated contract.

As a result of the parol evidence rule, businesses should do their due diligence to ensure any written contracts fully and adequately include the essential terms of their agreement.

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