

NEW YORK COURT OF APPEALS

Lawrence v. Fox

20 N.Y. 268 (N.Y. 1859) · Decided December 5, 1859

SUMMARY

This is a New York Court of Appeals opinion in Lawrence v. Fox, a landmark contracts case. The court held that a third-party beneficiary may sue on a promise made for their benefit, rejecting defenses based on lack of privity and want of consideration. The decision affirmed the judgment for the plaintiff and established the modern rule for third-party beneficiary enforcement.

CASE DETAILS

COURT	New York Court of Appeals
WRITING FOR THE COURT	Gray; Johnson; Denio; Selden; Allen; Strong
JURISDICTION	New York
DECIDED	December 5, 1859
DISPOSITION	affirmed
PROCEDURAL POSTURE	Appeal from the Superior Court of the city of Buffalo, affirmed at general term, and then appeal to the Court of Appeals.
STANDARD OF REVIEW	Not explicitly stated; the court reviewed legal errors in the trial court's rulings.
PRECEDENTIAL VALUE	Published
PARTIES	Fox v. Lawrence

TOPICS

- third party beneficiary
- consideration
- contracts

PRACTICE AREAS

- Contracts

QUESTIONS PRESENTED

- Whether the evidence of Holly's declarations was hearsay and incompetent
- Whether the defendant's promise to pay the plaintiff was void for lack of consideration

3. Whether there was privity between the plaintiff and defendant to support the action

HOLDINGS

1. A promise made to one person for the benefit of a third person can be enforced by that third person, even though there is no privity between the promisee and the third party, provided there is consideration.

KEY QUOTATIONS

“upon the principle of law long recognized and clearly established, that when one person, for a valuable consideration, engages with another, by a simple contract, to do some act for the benefit of a third, the latter, who would enjoy the benefit of the act, may maintain an action for the breach of such engagement; that it does not rest upon the ground of any actual or supposed relationship between the parties as some of the earlier cases would seem to indicate, but upon the broader and more satisfactory basis, that the law operating on the act of the parties creates the duty, establishes a privity, and implies the promise and obligation on which the action is founded.” (at 273)

“It seems to have been well settled that if A promises B for a valuable consideration to pay C, the latter may maintain assumpsit for the money;” (at 272)

FACTUAL BACKGROUND

Holly owed Lawrence \$800 for money borrowed. At Holly's request, the defendant loaned Holly \$800, and in consideration, the defendant promised Holly to pay that sum to Lawrence the next day. The defendant did not pay, and Lawrence sued the defendant. The court found that the promise was enforceable by Lawrence as a third-party beneficiary.

PROCEDURAL HISTORY

The plaintiff sued the defendant in the Superior Court of Buffalo. The defendant moved for nonsuit on three grounds, which was overruled. The jury found for the plaintiff. Judgment was entered, and the defendant appealed to the Superior Court at general term, where the judgment was affirmed. The defendant then appealed to the Court of Appeals.

DISPOSITION

affirmed

CASES CITED

- Farley v. Cleaveland, 4 Cow. 432 (N.Y. Sup. Ct. 1825)
- Barker v. Buklin, 2 Denio 45 (N.Y. Sup. Ct. 1846)
- Hudson Canal Company v. The Westchester Bank, 4 Denio 97 (N.Y. Sup. Ct. 1847)
- Schermerhorn v. Vanderheyden, 1 Johns. 140 (N.Y. Sup. Ct. 1806)
- Seaman v. White
- Delaware and Hudson Canal Company v. Westchester County Bank, 4 Denio 97 (N.Y. Sup. Ct. 1847)

- Arnold v. Lyman, 17 Mass. 400 (1821)
- Hall v. Marston, 17 Mass. 575 (1821)
- Brewer v. Dyer, 7 Cush. 337 (Mass. 1851)
- Mellen v. Whipple, 1 Gray 317 (Mass. 1854)
- Felton v. Dickinson, 10 Mass. 189 (1813)
- Berley v. Taylor, 5 Hill 577 (N.Y. Sup. Ct. 1843)

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