Part Payment of a Debt as Consideration for a Promise

Arthur Corbin
Yale Law School

Follow this and additional works at: http://digitalcommons.law.yale.edu/fss_papers

Part of the Law Commons

Recommended Citation
Corbin, Arthur, "Part Payment of a Debt as Consideration for a Promise" (1908). Faculty Scholarship Series. Paper 2900.
http://digitalcommons.law.yale.edu/fss_papers/2900

This Article is brought to you for free and open access by the Yale Law School Faculty Scholarship at Yale Law School Legal Scholarship Repository. It has been accepted for inclusion in Faculty Scholarship Series by an authorized administrator of Yale Law School Legal Scholarship Repository. For more information, please contact julian.aiken@yale.edu.
lengthy and complicated exposition of the law such as is often
State v. Woolard, 119 N. C. 779; State v. Riley, 113 N. C. 648;
Why then did the court seek to amplify a technicality in order to
find error, even though the charge was faulty or technically
erroneous? Considering the standard of intelligence of our juries,
such a charge would perhaps do justice many more times than a
lengthy and complicated exposition of the law such as is often
given.

Such decisions as the one under consideration add strength to
the cry of those writers who picture the increasing delay and
expense of litigation, which encourage defiant criminality and
foster the spirit of litigious gambling. In spite of technical
error it surely seems as if a new trial ought not to be had unless it
appears probable that the jury were misled by the instructions.
Rather than elevate technicalities to be an end in themselves, it
would be far better to go back to the orthodox English method
of giving the judges great latitude in the use of their discretion
in granting a new trial. See Miller v. State, 3 Wyo. 657. In
fact here is found the great criticism of our American criminal
procedure; the tendency to amplify technicalities and wrest from
our judges the conserving power which they ought to retain and
which they had at common law, and to elevate the jury’s power
beyond anything which is wise and prudent. Judge Nisbet, in
Cook v. State, 11 Ga. 53, forcefully put the warning in these words:
“It is to be feared, in these days, that the judges will be so
strictly laced, as to lose all power of vigorous and healthful
action. I have but little fear of the judicial power so aggranzing
itself as to endanger any of the powers of other depart-
ments of the government; or to endanger the life and liberty of
the citizen; or to deprive the jury of their appropriate functions.
The danger rather to be dreaded is making the judges men of
straw, and thus stripping the courts of popular reverence, and
annihilating the popular estimate of the power and sanctity of
the law.”

PART PAYMENT OF A DEBT AS CONSIDERATION FOR A PROMISE.

A new assault has lately been made upon the established doc­
trine that a part payment of a debt already due is not a sufficient
consideration for a promise by the creditor to forego his right to
the residue. As is well known, the rule is based upon what is
probably a misinterpretation of a dictum in Pinnel’s Case, 5 Coke,
Law Rev. 521. The supreme court of New Hampshire now
holds in Frye v. Hubbell, 68 Atl. 325, that such a part payment is
a sufficient consideration. That there is a considerable tendency
in America toward this result is evidenced by the fact that the
former rule has been changed by statute in some ten States and
by court decision on common-law grounds in two States besides
New Hampshire. Clayton v. Clark, 74 Miss. 499; Dreyfus v.
Roberts, 75 Ark. 354.
While the recent New Hampshire decision is extremely instructive, its reasoning is not in every respect satisfactory. The various theories of consideration are well stated; but the court, following the lead of the House of Lords in *Foakes v. Beer*, gives too much adherence to the erroneous doctrine that a mere benefit to the promisor is a sufficient consideration, whether it amounts to a detriment to the promisee or not. Furthermore it gives definite approval to the theory that one is not bound to perform his contracts. "One may be morally bound to do precisely in terms as he agrees; but he is legally bound to do as a practical proposition, whatever the theory may be, only what he can be compelled by law to do. The common law does not compel men to do as they agree. It gives damages for the failure to perform legal or contractual duties, but except in a few instances only can specific performance of the contract be enforced." And so, the court argues, the part payment by the debtor is an act which he was not bound to perform, and hence is a detriment to him and a sufficient consideration even under the correct detriment theory.

It is not intended here to attack the result arrived at; but the foregoing theory that the promisor is allowed by the law the option between doing as he promised and paying damages for not so doing is both immoral and incorrect. One who contracts is bound to perform, not merely to pay damages for non-performance. As the court here admits, certain promises will be enforced specifically. A good example is the case of an option to buy, where one contracts for a consideration or under seal to hold an offer open for a specified time. This offer cannot be withdrawn, and does not even lapse with the death of the offeror. *Townley v. Bedwell*, 14 Vesey, 591; *Adams v. Peabody Coal Co.*, 230 Ill. 469.

The offer, even after death or an attempted revocation, can be accepted, and specific performance can be obtained, or damages for a breach. The action is based upon the contract of sale, and not upon the promise to hold the offer open. That promise was binding, and had to be performed. The promisor was bound to do more than to pay damages and costs. He was bound to hold his offer open, and it remained open.

If a contractor is bound to perform in case of any class of contracts, then he is bound to perform as to all classes. No difference is discoverable in the nature of the promises or in the character of the legal bond attaching to them. An obligation attaches to all or to none. If equity will not specifically enforce a promise to pay money, it is not because equity does not recognize any obligation resting on the promisor to perform specifically, but because the remedy at law in damages is regarded as so nearly equal to specific performance that there is no need to exercise the extraordinary jurisdiction of equity. Even if a debtor cannot be compelled to perform his promise, an inadequacy of legal remedy is not the same thing as an absence of legal obligation. To this the case of an oral promise within the statute of frauds bears witness.
If it is correct to say that a promisor is bound to do only that which the law will attempt to compel him to do, is it not equally logical to say that a promisor is bound to do only that which the law can compel him to do? If so, then he may be bound to do nothing at all, for if he has no property, or if he can successfully conceal the fact that he has property, he cannot even be compelled to pay damages and costs. Many a judgment creditor knows this to his sorrow.

Therefore it appears that in making part payment, a debtor is doing only that which the law and his contract have already bound him to do. A further question remains: Is such a part payment a detriment to the debtor (promisee) so as to enable him to maintain assumpsit, with its contractual form but tort parentage? There is an aspect in which it may be so regarded, even without adopting the theory of Professor Ames that any act not illegal is a sufficient consideration. With the New Hampshire court, we must admit that payment as per contract cannot be compelled. Hence, in paying part, the debtor gives up money which he might otherwise keep in his pocket. This is in fact a financial detriment, a damage sufficient in fact as a basis for the action of assumpsit. Is there any estoppel to make use of it as such? Is it so immoral for the debtor to say that his doing that which the law and his contract already bound him to do is a detriment, because the law unfortunately affords no adequate remedy for enforcing the obligation, that a court of law should refuse to listen to him? It appears not. It is not immoral in this case, because here the creditor has certainly excused the debtor from his obligation to pay the remainder of the debt, in morals at least. The creditor is morally bound by his promise to give up the remainder of the debt. Hence, it does not lie in his mouth to say that the debtor is immoral in refusing to pay more, or in alleging the above mentioned detriment in fact as a consideration for the creditor's promise. We can thus arrive at the same result as did the New Hampshire court without adopting any immoral general theory that contracts are not binding.

In this reasoning there lies also a rule for deciding such cases as Scotson v. Pegg, 6 H. & N. 295; and Abbott v. Deane, 163 Mass. 433. The doing of that which one is already bound by contract with a third person to do would under this rule always be a sufficient consideration for a promise of a new party. He does what he was bound to do, but what he could not have been compelled to do, an actual detriment; and as between him and the new promisor there is absolutely nothing immoral or unfair in allowing him to set it up as a basis for an assumpsit. The weight of authority contra is based upon an incorrect assumption of fact either as to the damage to the promisee or as to morality.

In cases like Munroe v. Perkins, 9 Pick. 298, where, in return for a new promise, the promisee does that which he was already bound by a former contract with the promisor to do, there is the same actual detriment in fact, but it is harder to determine as to the estoppel on moral grounds. Often there should be such an
estoppel, as in *Lingenfelder v. Brewing Co.*, 103 Mo. 578. But if morally there is no estoppel, the consideration should certainly be held sufficient. The question is purely one of morality in the individual case. See *King v. Railway Co.*, 61 Minn. 482. If a court of law refuses to consider a question of mere morality, then all such contracts are enforceable.

*A. L. C.*