

**78 Agreement Comprising Separate Documents.**

When an agreement is composed of two or more separate documents they are usually marked with the letters of the alphabet, as A, B, C, etc., and referred to as "Schedule A," "Schedule B," etc. Example: Contracts for the erection of large structures are usually accompanied by plans and specifications marked A, B, etc., which are attached to and form part of the agreement.

**79 Requisites of a Valid Contract.**

From the preceding sections the requisites of a valid contract may be summarized as follows: (1) It must be possible. (2) It must be lawful. (3) It must be made by persons who are competent to contract. (4) It must be assented to by each and all the parties. (5) It requires a consideration, except for those under seal and for negotiable instruments. (6) It must be without fraud. (7) Some may be verbal, others must be in writing, and some under seal, according to the nature of the contract.

**80 Interpretation of Contracts.**

Although it is supposed that parties entering into a contract fully understand its terms, and will use language in expressing them that will explicitly give their meaning, yet it often happens that such is not the case; hence certain rules have been adopted to interpret them when ambiguity occurs. The following are those of chief importance:

1. THE INTENTION of the parties at the time the contract was made is considered, rather than the literal meaning of the words.

2. CUSTOM AND USAGE of that particular business and place will be regarded when the wording of the contract is doubtful.

3. THE TECHNICAL WORDS AND PHRASES used will be given the meaning in which they are employed in that particular business.

4. VARIATIONS BETWEEN WRITING AND PRINTING.—When one part of a contract is written and another printed, if they disagree the written portion will be accepted. The same is true with a note or cheque.

5. LIBERAL CONSTRUCTION.—Where the wording of a contract is ambiguous it is the rule of the courts to construe it liberally, so as to give effect to the common sense of the agreement, even sometimes rejecting objectionable clauses and supplying omissions. But where the Statutes fix a definite meaning to words, they will invariably be construed in that sense.

6. CONSTRUCTION AS TO TIME.—When no time is mentioned in the contract for its execution, the presumption is that it must be done at once, or in a reasonable time, and the courts will so construe it, according to the nature of the work to be done.

7. CONSTRUCTION AS TO PLACE.—It is a settled rule that:

(a) All matters bearing upon the interpretation, the validity and the execution of contracts, as well as capacity of the respective parties thereto to contract in such case, are determined by the *law of the place* where the contract is made, unless the law of the place where the contract is to be carried out forbids it.

(b) All matters relating to its *performance* are governed by the law of the Province or country where the contract, by its terms, is to be performed.

(c) All matters respecting the *remedies* to be pursued, the bringing of suits, service of process, etc., are governed by the law of the place where action is brought.