

Does the Statute of Frauds Apply to a Claim Based on Quantum Meruit?

By Kelly A. Karstaedt, Esq.

It is common knowledge in the legal community that the Statute of Frauds can preclude recovery on an action for breach of contract. However, claims for breach of contract are typically accompanied by some alternative claim should the court find that the contract was unenforceable, such as restitution or quantum meruit. That begs the question of whether the Statute of Frauds would apply to such an alternative claim not based on the purported contract.

The Uniform Commercial Code sets forth the Statute of Frauds, which governs when a contract must be reduced to writing in order to be enforceable. The Florida statute pertaining to the Statute of Frauds can be found at § 725.01 and states in pertinent part:

No action shall be brought whereby to charge any executor or administrator upon any special promise to answer or pay any debt or damages out of her or his own estate, or whereby to charge the defendant upon any special promise to answer for the debt, default or miscarriage of another person or to charge any person upon any agreement made upon consideration of marriage, or upon any contract for the sale of lands, tenements or hereditaments, or of any uncertain interest in or concerning them, or for any lease thereof for a period longer than 1 year, or upon any agreement that is not to be performed within the space of 1 year from the making thereof...unless the agreement or promise upon which such action shall be brought, or some note or memorandum thereof shall be in writing and signed by the party to be charged therewith or by some other person by her or him thereunto lawfully authorized.

Quantum meruit is a legal doctrine created to impose liability in the absence of an enforceable contract. Williston on Contracts § 1:6 (4th ed.) defines this as an action on a “quasi-contract”, or a contract implied-in-law by courts to bring about justice and equity. A quasi-contract does not require the mutual assent of the parties; it often applies where no contract was intended at all. Id. The elements of an action for quantum meruit are” (1) plaintiff provided, and the defendant assented to and received, a benefit in the form of goods or services, where (2) in the ordinary course of common events a reasonable person receiving such a benefit normally would expect to pay for it. W.R. Townsend Contracting, Inc. v. Jensen Civil Construction, Inc., 728 So.2d 297, 305 (Fla. App. 1999).

Since quantum meruit is considered a quasi-contract and is a legal fiction created by the courts in the absence of a contract, it would seem that the Statute of Frauds would not apply since creating a contract was not necessarily in the contemplation of the parties. This particular issue was addressed in Harrison v. Pritchett, 682 So.2d 650 (Fla. App. 1996) when Harrison brought claims for breach of an oral contract and quantum meruit against Pritchett for goods and services provided by Harrison over an eighteen-year time period. The trial court denied both claims based on the Statute of Frauds. However, the appellate court reversed the ruling of the lower court as it applied to the quantum meruit claim, advising that the Statute of Frauds does not apply to such an action. Id. at 651. The court, reviewing previous holdings which determined that

quantum meruit is a quasi-contract, also relied on the Restatement of Contracts for guidance. It stated that “an action for restitution...is not regarded as an action “upon” the contract within the meaning or purpose of the Statute of Frauds, and the remedy is not in general affected by the Statute.” Id. at 652 citing Restatement (Second) of Contracts § 141, cmt. a (1981). The Court held that a party can bring an action in quantum meruit when an action on an oral contract is excluded by the operation of the Statute of Frauds. Id.

The law appears to be clear that actions based on a quasi-contract, or contract implied-in-law, are not subject to the Statute of Frauds. If they were, it would impede the ability of individuals who conferred a benefit on others, but failed to create an adequate written or oral agreement for the transactions, to recover their losses.