

OFFICIAL CODE OF GEORGIA - Statute of Frauds

§ 13-5-30 - To make the following obligations binding on the promisor, the promise must be in writing and signed by the party to be charged therewith or some person lawfully authorized by him:

...

(2) A promise to answer for the debt, default, or miscarriage of another;

...

(4) Any contract for the sale of lands, or any interest in, or concerning lands;

(5) Any agreement that is not to be performed within one year from the making thereof;

(6) Any promise to revive a debt barred by a statute of limitation.

§ 13-5-31 - The provisions of § 13-5-30 do not extend to the following cases:

(1) When the contract has been fully executed;

(2) When there has been performance on one side, accepted by the other in accordance with the contract;

(3) When there has been such part performance of the contract as would render it a fraud of the party refusing to comply if the court did not compel performance.

Practice Problem:

Five years ago, Georgia Manufacturing (GM) hired Bob as its exclusive sales agent in Atlanta. They did not have a written contract. They orally agreed that Bob would receive 5% on sales as his commission and that Bob would cover all his own expenses.

GM has terminated its relationship with Bob because the new president wants to give the job to his nephew. No one disputes that Bob has done a good job for GM. Bob claims that five years ago, to induce him to leave a good job with another firm, the then president of GM promised him that GM would not terminate the arrangement for at least 10 years.

Did GM and Bob have a contract? If so, what are its terms?

What if, 5 years ago, the president told Bob he “would never terminate him as long as he does a good job?”

What if Bob has invested his time and money these past five years to build up GM’s sales from a gross of \$1.2 million 5 years ago to \$4.1 million last year?