

CHAPTER 87
INTERPRETATION OF CONTRACTS

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§ 87101. Uniformity of Interpretation.

All contracts, whether public or private, are to be interpreted by the same rules except as otherwise provided by this Title and Titles 19, 20 and 21 of this Code.

SOURCE: CC § 1635.

COMMENT: The original section refers only to "this Code". This Guam Code Annotated titles referred to here are those containing what was the Civil Code of Guam.

§ 87102. How Contracts are Interpreted.

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A contract must be so interpreted as to give effect to the mutual intention of the parties as it existed at the time of contracting, so far as the same is ascertainable and lawful.

SOURCE: CC § 1636.

§ 87103. Intention of Parties Ascertained.

For the purpose of ascertaining the intention of the parties to a contract, if otherwise doubtful, the rules given in this Chapter are to be applied.

SOURCE: CC § 1637.

§ 87104. Intention from Language.

The language of a contract is to govern its interpretation, if the language is clear and explicit, and does not involve an absurdity.

SOURCE: CC § 1638.

§ 87105. Interpretation of Written Contracts.

When a contract is reduced to writing, the intention of the parties is to be ascertained from the writing alone, if possible; subject, however, to the other provisions of this Chapter.

SOURCE: CC § 1639.

COURT CASES; See *T.S.S. Sportswear, Ltd v. Swank Shop*, 380 F.2d 512 (CA9 1967).

§ 87106. When Writing to be Disregarded.

When through fraud, mistake, or accident, a written contract fails to express the real intention of the parties, such intention is to be regarded, and the erroneous parts of the writing disregarded.

SOURCE: CC § 1640.

COURT CASES: See *Scharff v. Bank of Hawaii*, 432 F.2d 160 (CA9 1974).

§ 87107. Effect to be Given Every Part.

The whole of a contract is to be taken together, so as to give effect to every part, if reasonably practicable, each clause helping to interpret the other.

SOURCE: CC § 1641.

§ 87108. Several Contracts Together.

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Several contracts relating to the same matters, between the same parties, and made as parts of substantially one transaction, are to be taken together.

SOURCE: CC § 1642.

§ 87109. Interpretation on Favor or Contract.

A contract must receive such an interpretation as will make it lawful, operative, definite, reasonable, and capable of being carried into effect, if it can be done without violating the intention of the parties.

SOURCE: CC § 1643.

§ 87110. Words in Usual Sense.

The words of a contract are to be understood in their ordinary and popular sense, rather than according to their strict legal meaning, unless used by the parties in a technical sense, or unless a special meaning is given to them by usage, in which case the latter must be followed.

SOURCE: CC § 1644.

§ 87111. Technical Words.

Technical words are to be interpreted as usually understood by persons in the profession or business to which they relate, unless clearly used in a different sense.

SOURCE: CC § 1645.

§ 87112. Law of Place.

A contract is to be interpreted according to the law and usage of the place where it is to be performed; or, if it does not indicate a place of performance, according to the law and usage of the place where it is made.

SOURCE: CC § 1646.

§ 87113. Contracts Explained by Circumstances.

A contract may be explained by reference to the circumstances under which it was made, and the matter to which it relates.

SOURCE: CC § 1647.

§ 87114. Contracts Restricted to Evident Object.

However broad may be the terms of a contract, it extends only to those things concerning which it appears that the parties intended to contract.

SOURCE: CC § 1648.

§ 87115. Interpretation of Sense Intended.

If the terms of a promise are ambiguous or uncertain, it must be interpreted in the sense in which the promisor believed, at the time of making it, that the promisee understood it.

SOURCE: CC § 1649.

§ 87116. Particular Clauses Subject to General Intent.

Particular clauses of a contract are subordinate to its general intent.

SOURCE: CC § 1650.

§ 87117. Contract: Part Written, Part Printed.

Where a contract is partly written and partly printed, or where part of it is written or printed under the special directions of the parties, and with a special view to their intention, and the remainder is copied from a form originally prepared without special reference to the particular parties and the particular contract in question, the written parts control the printed parts, and the parts which are purely original control those which are copied from a form. And if the two are absolutely repugnant, the latter must be so far disregarded.

SOURCE: CC § 1651.

§ 87118. Repugnances Reconciled.

Repugnancy in a contract must be reconciled, if possible, by such an interpretation as will give some effect to the repugnant clauses, subordinate to the general intent and purpose of the whole contract.

SOURCE: CC § 1652.

§ 87119. Inconsistent Words Rejected.

Words in a contract which are wholly inconsistent with its nature, or with the main intention of the parties are to be rejected.

SOURCE: CC § 1653.

§ 87120. Against whom Words are to be Taken.

In cases of uncertainty not removed by the preceding rules, the language of a contract should be interpreted most strongly against the party who caused the uncertainty to exist. The promisor is presumed to be such

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party; except in a contract between a public officer or body, as such, and a private party, in which it is presumed that all uncertainty was caused by private party.

SOURCE: CC § 1654.

§ 87121. Reasonable Stipulations Implied.

Stipulations which are necessary to make a contract reasonable or conformable to usage, are implied, in respect to matters concerning which the contract manifests a contrary intention.

SOURCE: CC § 1655.

§ 87122. Necessary Incidents Implied.

All things that in law or usage are considered as incidental to a contract, or as necessary to carry it into effect, are implied therefrom, unless some of them are expressly mentioned therein, when all other things of the same class are deemed to be excluded.

SOURCE: CC § 1656.

§ 87123. Time of Performance, Contract.

If no time is specified for the performance of an act required to be performed, a reasonable time is allowed. If the act is in its nature capable of being done instantly -- as, for example, if it consists in the payment of money only, it must be performed immediately upon the thing to be done being exactly ascertained.

SOURCE: CC § 1657.

§ 87124. When Joint, Several.

(a) Where all the parties who unite in a promise receive some benefit from the consideration, whether past or present, their promise is presumed to be joint and several.

(b) A promise made in the singular number, but executed by several persons, is presumed to be joint and several.

SOURCE: CC § 1659, 1660 (on the same subject) joined. §1659 is subsection (a) and §1660 is subsection (b).

§ 87125. Executed, Executory Distinguished.

An executed contract is one, the object of which is fully performed. All others are executory.

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SOURCE: CC § 1661.

NOTE: No 1970 Civil Code §§ 1662-1666 existed.

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