

TALBOT SAYER NOTEPOOL

LAWS1701 – Contract I – Estoppel



Estoppel prevents a person from contradicting what they have expressed or implied to be true. They are prevented from misrepresenting themselves.

Common law estoppel prevents a person from contradicting an assumption of existing fact (past conduct); looking backward.

Equitable estoppel prevents a person from contradicting an assumption about their future conduct; looking forward.

There are two types of equitable estoppel:

- Proprietary estoppel prevents a person from reneging on their promise to grant someone an interest in their land in the future
- Promissory estoppel prevents a person from reneging on any other promise regarding future conduct that does not concern land

Elements of equitable estoppel (mainly Brennan J in *Waltons*):

- Assumption
 - o The plaintiff has adopted a clear and unambiguous assumption about the representor's future conduct, in the context of a legal relationship
- Inducement
 - o This assumption has been induced by the representor, i.e., the representor made an express or implied representation or promise about their future conduct
- Reliance

- o The plaintiff acted on this assumption
- Intention or Knowledge – unconscionability
 - o The representor intended or knew that the plaintiff was acting on reliance of the assumption
- Material (vs significant – even more) Detriment
 - o Because they acted on this assumption, the plaintiff will suffer some detriment if the representor reneges their promise
 - o Proved by evidence (by plaintiff)
- Unconscionability
 - o Does the representor deserve blame? The representor failed to avoid detrimental reliance of plaintiff. Would it be unfair to allow them to renege their promise? Plaintiff must have acted equitably.
 - o Verwayen factors

Cases

Central London Property Trust v High Trees House [1947]	Parties are lessor and lessee. Agreed to lower rent when occupancy declined in WWII for an indeterminate period. No consideration provided.	If lessor had tried to recover rent from when occupancy declined, they would have been estopped. Established the doctrine of promissory estoppel.
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Waltons Stores (Interstate) Ltd v Maher [1988]	<p>Maher owned property. Waltons wanted them to demolish existing building and build a new one which they would then lease. Waltons then told their lawyer to slow the deal while they considered whether they wanted to sign lease, knowing Maher had proceeded with demolition and construction. They then refused to sign lease.</p>	<p>Waltons were estopped from denying the contract.</p> <p>Maher received damages for the</p> <p>First application of equitable estoppel in Australia.</p> <p>Established necessary elements of equitable estoppel.</p>
Giumelli v Giumelli [1999]	<p>Parents owned house and orchard. Promised that they would transfer a portion of the property if son stayed and worked on the property. Gave up different career. Parents refused to transfer property.</p>	<p>Parents estopped from denying the contract.</p> <p>Son received damages for the value of the house (expectation loss).</p>
Saleh v Romanous [2010]	<p>NSWCA. Appellants are brothers who owned neighbouring properties. Entered into contract with developer to purchase property, who paid deposit. One brother changed his mind and developer sought to terminate contract and return deposit.</p>	<p>Appellants estopped from enforcing the contract.</p> <p>Promissory estoppel is negative in substance – restricts representor from enforcing rights (here: contract), rather than creating new rights for the plaintiff</p>

		(here: to recover deposit) vs proprietary estoppel)*
Sidhu v Van Dyke [2014]	Parties are lessor and lessee in relationship. Sidhu promised Oaks Cottage to Van Dyke upon subdivision of property. As such, she did not pursue settlement with ex-husband, or other work, and lived and worked on the property for 8 years. After relationship ended, Sidhu refused to transfer property (subdivision wasn't approved because wife refused).	<p>Plaintiff bears the onus of proof in relation to detrimental reliance.</p> <p>Establishing detrimental reliance: Promise need not be the sole inducement/cause of her actions/decision-making, just a contributing cause (in this case, to stay at the property).</p> <p>Van Dyke received damages for the value of Oaks Cottage (expectation loss).</p>

*Different from the decision in *Hawcroft v Hawcroft General Trading* [2016].