

# LAW REFORM COMMISSION OF BRITISH COLUMBIA

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## Backgrounder

### LRC 44—Report on the Parol Evidence Rule

Date: December 1979

When the parties to a contract have apparently set down all the terms and conditions in a written document, extrinsic evidence is inadmissible to add to, vary, or contradict those terms and conditions. This feature of the law of contracts is known as the parol evidence rule. The rule itself is relatively simple to state, but its application is subject to a number of complex and ill-defined exceptions. This leads to uncertainty about the rule and even, on occasion, to unfair results.

This report examines the parol evidence rule and considers options for its reform. After a short introduction, the report proceeds to examine the rule and its many exceptions. These exceptions are grouped into seven categories. In addition, special exceptions exist for collateral contracts and the application of the rule in some circumstances has been modified by statute.

The report proceeds to consider the arguments for and against retaining the parol evidence rule. Proponents of the rule have argued that it promotes certainty in legal arrangements, finality in contractual negotiations, and a narrowing of issues in litigation. Opponents counter that these claims are overstatements lacking in empirical grounding.

Finally, the report concludes by examining options for reform of the law. Among the options canvassed are abrogation of the rule, codification of the rule and its myriad exceptions, and statutory modification of the rule. The commission concluded that reform would be best served by legislation abrogating the rule. This would be accomplished by an amendment to the *Evidence Act*, the proposed text of which was included with the report.

#### Further Developments

The report's recommendations have not been implemented by legislation.