

Courts Find Email Communications Result in Binding Contracts

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Two recent court decisions reaffirm that exchanges of email messages can result in binding contracts; one establishing a real estate deal under Tennessee state law and the other creating an agreement for the sale of medical equipment.

In *Waddle v Elrod*, M2009-02142-SC-R11-CV (4/24/12), two family members were quarrelling over the ownership of a parcel of land. Just prior to trial, the parties met in an attempt to settle the dispute and their respective attorneys exchanged emails. Appellee's counsel's message set forth proposed settlement terms including the transfer of the land. Appellant's counsel replied with the phrase "that is the agreement" and typed his name at the bottom of the message. The trial court found that the email exchange constituted a binding agreement with the attorney's "signature" at the bottom of the email message rendering it a "signed memorandum" to satisfy Tennessee's statute of frauds requirements for a conveyance of real property. The Tennessee Supreme Court affirmed the trial court's ruling.

In *Republic Bank Inc. v West Penn Allegheny Health System Inc.*, 10th Cir., No. 10-4145 (4/12/12), there was a series of email messages between representatives of the bank and hospital agreeing to the sale of various medical equipment. The hospital had specifically offered to purchase equipment at specific prices and the bank accepted the offer. Ultimately, the hospital did not purchase the equipment. The bank ended up selling the equipment at auction, then filed a breach of contract action against the hospital. The hospital pointed to a lack of purchase order or similar paper but the trial court found that a valid contract was formed through the email exchanges. On appeal, the U.S. Court of Appeals for the 10th Circuit held that the bank's reply was intended as an acceptance and that the hospital understood it as such based on its later internal communications.

As a growing number of courts are following this reasoning by construing e-mail on the same level with more traditional or formal means of correspondence, e-mail messaging should be approached from the perspective that the message could form binding obligations on the author. The *Waddle* opinion is available [here](#) and the *Republic Bank* opinion is available [here](#).