# COMMONALITIES BETWEEN THE 'AUSTRALIAN LAW OF CONTRACT' AND THE GENERAL LAW OF CONTRACT OF THE 'BRAZILIAN CIVIL CODE':

A Rule-Based Study Towards a Global Law of Contract

## Submitted by

# ELIEZER SÁNCHEZ LASABALLETT

Lic Abg(Cum Laude) LLM

A thesis submitted for the degree of **Doctor of Philosophy (Law)** 

School of Law
The University of Newcastle
Newcastle, New South Wales

**MARCH 2017** 

### STATEMENT OF ORIGINALITY

The thesis contains no material which has been accepted for the award of any other degree or diploma in any university or other tertiary institution and, to the best of my knowledge and belief, contains no material previously published or written by another person, except where due reference has been made in the text. I give consent to the final version of my thesis being made available worldwide when deposited in the University's Digital Repository, subject to the provisions of the Copyright Act 1968. All other intellectual property is retained by the author.

Eliezer Sánchez Lasaballett

### ACKNOWLEDGEMENTS

Thank you, Eduardo and Ybiskay, for your companionship on this journey.

Flory, thank you for your love from heaven; and, Eugenio, thank you for being a good role model.

Thank you, Professor Ted Wright, for your support during this journey.

Thank you, God, for every good and perfect gift that comes from you.

A word of appreciation to the examiners of this thesis, Dr Rodrigo Momberg and Dr Agustin Parise, for your constructive comments.

Any errors or omissions are my own.

### **ABSTRACT**

This thesis explores the commonalities between the draft *Australian Law of Contract* ('ALC') and the general rules of contract law of the *Brazilian Civil Code* ('*BCC*'). This search for commonalities is framed in the context of legal harmonisation as a phenomenon in various national and transnational agendas of legal reform around the world. This thesis adopts the functional approach to comparative law by looking at how contract rules provide legal solutions to similar legal problems overcoming taxonomic and conceptual barriers between legal traditions and languages.

The comparative exercise involves the translation of relevant rules of the *BCC* from Portuguese into English, a lingua franca, in order to juxtapose them with the *ALC* rules. This thesis argues that there is a high degree of commonality between the contract law of these two jurisdictions that transcends differences in legal traditions and conceptual architectures. Where similarities are apparent, they are reported on the basis of their most significant degree of identity; where similarities are hidden, they are presented on the basis of their consistency.

Both sets of rules establish the basis of contracts under the principles of good faith and freedom of contract and form, only limited by the concurrence of requirements of existence, legality and public policy. Both sets of rules provide for termination of the contractual relationship on the grounds of breach and supervening events while offering a series of remedies of compensatory and restitutionary nature. Likewise, they provide for substitution of parties to the contractual relationship. In any of these categories, contracts fulfil similar functions despite operating under different taxonomic arrangements and concepts. Evidence of numerous commonalities demonstrates the suitability of the *ALC* as an instrument for harmonising the contract law of Australia with its trade partners while paving the way towards the formulation of a global law of contract.

# TABLE OF CONTENTS

I.	Intro	oduction	I		
A.	Research Aims and Research Questions				
B.	Contribution				
C.	RESE	RESEARCH DESIGN			
D.	Thesi	s Structure	11		
E.	Closin	Closing Remarks			
II.	Commonalities in the Midst of Contract Law Harmonisation				
A.	The Concept of Legal Harmonisation				
	1.	Harmonisation as a Problematic Idea	17		
	2.	Harmonisation as a Legal Phenomenon	20		
	3.	Harmonisation as a Regulatory Technique	25		
	4.	Harmonisation as a Public Policy	27		
	5. Harmonisation as a Solution to Transaction Costs				
	6.	Harmonisation as Harmful Interference	34		
B.	Cases	of Harmonisation	36		
	1. Harmonisation in Europe: The Functioning of a Common Market				
		(a) Harmonisation Versus Approximation in the <i>TFEU</i> : Genus and Speci			
		or Synonyms?	37		
	2.	Harmonisation in the USA	44		
	3.	Harmonisation in Australia	45		
	4.	Harmonisation in Latin America	48		
C.	Appro	oaches to Models of Harmonisation	51		
	1.	From Inputs towards Outcomes: Common Principles or Best Solutions and	the		
		Unification or Harmonisation of Rules	52		
	2.	Dealing with Diversity	54		

	3.	The Sources of the Law	56		
	4.	Focusing on the Process Instead	58		
		(a) Spontaneous Convergence	58		
		(b) Coordination Game	59		
		(c) Political Fiat	60		
D.	Concl	usion: A Concept of Harmonisation	61		
III.	Revisiting Comparative Contract Law: An Overview of Purpose, Discourse, and				
	Meth	nodology	63		
A.	Recor	nsidering the Purpose: Better Law, a Better Solution, and Education	66		
B.	Stock	taking Discourses	69		
C.	Redef	ining Methodology	72		
D.	Concl	usion	76		
IV.	Lega	l Translation as Comparative Law	78		
A.	Comp	parative Law and Legal Translation	79		
B.	Translating the BCC for Comparative Purposes				
C.	The English Translation of the BCC Contract Law				
D.	Concl	Conclusion			
V.	Juxta	aposition: Evidence of Harmonisation	177		
A.	Juxtaposition: Theory and Method				
B.	Juxtap	posing the ALC with the BCC: Similarity and Identity	182		
	1.	Total Degree of Identity or Equivalence	184		
	2.	Quasi-Total Degree of Identity or Equivalence	186		
	3.	Partial Degree of Identity or Equivalence	187		
	4.	Specific Degree of Identity or Equivalence	190		
	5.	Restricted Degree of Identity or Equivalence	192		
	6.	Imperfect Degree of Identity or Equivalence	194		
	7.	Slight Degree of Identity or Equivalence	196		
	8.	Other Degrees of Identity or Equivalence	199		
C.	Most	Similar and Identical ALC Rules	202		

	1.	Protection of the Contractual Relationship (ALC 15)	. 205		
	2.	Performance and Breach of Contract (ALC 50)	. 206		
	3.	Unenforceability for Illegality and Public Policy (ALC 70)	. 208		
	4.	Termination for Breach (ALC 76, 81)	. 209		
	5. Change of Circumstance (ALC 86)				
	6. Remedies (ALC 92, 93, 97)				
	7. Transfer of Contractual Rights (ALC 100)				
D.	Most	Similar and Identical ALC Categories	.215		
	1.	Remedies (ALC 91 to 99)	. 217		
	2.	Termination for Breach (ALC 75 to 81)	. 219		
	3.	Illegality and Public Policy (ALC 70 to 72)	. 222		
	4.	Change of Circumstances (ALC 86 to 90)	. 225		
	5.	Invalid Contracts (ALC 61 to 69)	. 225		
E.	Concl	usion: Evidence of Harmonisation	. 226		
VI.	Cons	sistency: Harmony in Dissonance	.229		
A.	ALC	Rules Not Juxtaposed: Their Consistency	.231		
	1.	Objects of the Law (ALC 1)	. 231		
	2.	Analogy and Purposive Methods of Legal Integration (ALC 3)	. 233		
	3.	Legal Meaning Versus Ordinary Meaning (ALC 4)	. 234		
	4.	Concept of Contract (ALC 5)	. 234		
	5.	Plurality of Parties to a Contract (ALC 6)	. 236		
	6.	Effect of Signature (ALC 38)	. 236		
	7.	Integration of Standard Terms (ALC 39)	. 237		
B.	BCC	Rules Not Juxtaposed: Further Consistency Analysis	.238		
	1.	Parties' Capacity for Legal Transactions (BCC 105)	. 239		
	2.	Incidental Elements of Legal Transactions: Condition and Term (BCC 126, 135)			
	3.	Defects of Legal Transaction: Mistake, Duress, Fraud against Creditors	. 243		
		(a) Mistake and Ignorance (BCC 141)	.243		

		(b)	Duress (BCC 152)	5	
		(c)	Fraud against Obligees or Creditors (BCC 160, 161, 163 and to 164) 24	-5	
	4.	Regula	ation of Lawful Acts other than Legal Transactions (BCC 185)24	19	
	5.	Types	of Obligations: Giving a Definite and Indefinite Thing, Divisible ar	ıd	
		Indivis	sible, and Joint and Several25	51	
		(a)	Obligations of Giving a Definite Thing (BCC 241, 242)	52	
		(b)	Obligations of Giving an Indefinite Thing (BCC 244, 245)	6	
		(c)	Divisible and Indivisible Obligations (BCC 257, 259, 260)	<u>59</u>	
		(d)	Joint and Several Obligations (BCC 264 to 266; of Obligees 268 to 272,	,	
			274; and of Obligors 275 to 278, 281 to 285)	i5	
	6.	Perfori	mance and Extinction of Obligations	1	
		(a)	Performance by a Third Party (BCC 306)	1	
		(b)	Recipient of Performance (BCC 308, 310, 311)	<b>'</b> 4	
		(c)	Subject Matter of Performance (BCC 316, 319 to 324)	6	
	7.	Other	Means of Performance and Extinction: Payment by Consignment	ıt,	
		Imputation of Payment, Transfer in Lieu of Performance, Novation, Set-Off,			
		Merge	r, and Remission of Debts27		
		(a)	Payment by Consignment (BCC 334 to 344)	8'	
		(b)	Imputation of Payment (BCC 352 to 355)	'9	
		(c)	Transfer in Lieu of Performance (BCC 359)	30	
		(d)	Novation (BCC 360 to 362, 364 to 367)	31	
		(e)	Set-off (BCC 371, 372, 374, 376 to 380)	32	
		(f)	Merger (BCC 381 to 384)	34	
		(g)	Remission of Debts (BCC 385 to 388)	34	
	8.	Liquid	ated Damages Clause for Non-Performance (BCC 414, 415)28	35	
C.	Concl	usion		36	
VII.	Conc	lusion:	Commonalities between the ALC and the BCC28	39	
A.	Comm	nonalitie	es	39	
	1.	Genera	al Principles	39	
	2.	Freedo	om of Contract and its Limits29	90	

	3.	Format	ion	290
		(a)	Freedom of Form	290
		(b)	Elements	290
		(c)	Delaying Formation	292
		(d)	Defective Formation	292
		(e)	Agreement by Offer and Acceptance	292
		(f)	Third Parties	293
	4.	Terms	or Stipulations	293
	5.	Perform	mance and Breach	293
	6.	Mistak	e, Deceit, Duress, and Unfair Advantage	294
	7.	Illegali	ty and Immorality	295
	8.	Termin	nation	295
	9.	Superv	ening Events	295
	10.	Remed	ies	296
	11.	Substit	ution of Parties	296
B.	Beyon	d Comn	nonalities: What is Similar and Identical?	297
	1.	Catego	ries	297
	2.	Identity	y	302
	3.	Harmo	nisability	303
	4.	Consis	tency	310
C.	Conclusion31			312
Biblio	graphy	······································		315
A.	Article	es/Books	s/Reports	315
B.	Cases			
C.	Legislation			327
D.	Treaties			
E.	Other			
VIII.	Appe	ndices		332