In exchange for valid and sufficient consideration, a man orally promised his son, who had no car and wanted a minivan, "to pay to anyone from whom you buy a minivan within the next six months the full purchase price thereof." Two months later, the son bought a used minivan on credit from a dealership for $8,000. At the time, the dealership was unaware of the man's earlier promise to the son, but learned of it shortly after the sale.

Can the dealership enforce the man's promise to the son?

A. No, because the dealership was neither identified when the man's promise was made nor aware of it when the minivan-sale was made.

B. No, because the man's promise to the son is unenforceable under the suretyship clause of the statute of frauds.

C. Yes, because the dealership is an intended beneficiary of the contract between the man and the son.

D. Yes, under the doctrine of promissory estoppel.

Explanation:

Third-party beneficiaries

(ie, nonparties who benefit from contract)

Type	Definition	Right to enforce
Intended	• Receive *direct* benefit from contract because contracting parties intended to benefit them • Eg, A promises to paint B's house if B promises to pay $500 to C	Yes
Incidental	• Receive *indirect* benefit from contract even though there was no contractual intent to benefit them • Eg, A promises to buy B a car manufactured by C	No

A **third-party beneficiary** is a nonparty to a contract who receives an advantage or benefit from the contract. The third party can **enforce the contract if** the third party is an ***intended*** **beneficiary** (ie, one whom the contracting parties intended to benefit directly). Although unusual, a third party **does not need to be named** in the contract to be an intended beneficiary or have enforcement rights.

Here, the man promised to pay the full purchase price to "anyone" from whom the son bought a minivan within the next six months. The son bought a minivan from the dealership within that time frame, making the dealership an intended beneficiary of the contract between the man and the son. This is true even though the dealership was neither identified when the man's promise was made nor aware of the promise when the minivan was sold **(Choice A)**. Therefore, the dealership can enforce the man's promise and recover the $8,000 purchase price.

(Choice B) Under the statute of frauds, certain contracts must be in writing. This includes suretyships—ie, contracts in which one party (surety) promises a second party (obligee) that the surety will answer for the debt of a third party (principal). Here, the father's promise was to the son—not the dealership—so the suretyship clause of the statute of frauds does not apply.

(Choice D) An intended beneficiary does not need to rely on the doctrine of promissory estoppel—which allows a party to enforce a promise on which it relied when *no* valid contract was formed—to enforce its rights.

Educational objective:

A third party who receives some advantage or benefit from a contract can enforce the contract if the third party is an intended beneficiary—even if the third party is not specifically named in the contract.

References

- Restatement (Second) of Contracts § 302 (Am. Law Inst. 1981) (intended and incidental beneficiaries).
- Restatement (Second) of Contracts § 308 (Am. Law Inst. 1981) (identification of beneficiaries).