

Blomley v Ryan (1956) 99 CLR 362

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Facts

- Ryan owned a grazing farm
- Ryan liked to drink, and would often go on drinking benders.
- During one such bender, the Plaintiff offered to buy his property. After some discussion, Ryan agreed and signed a contract.
- The contract sold the property to the Plaintiff at very undervalued terms.
- Once Ryan sobered up, he tried to take back the contract.
- The Plaintiff sued to enforce the contract and stated that he was not so intoxicated so as not to understand the contract's terms.

issue

- Did Ryan's intoxication mean the contract was void for incapacity?

held

- The Court set aside the contract.
- They held that the Plaintiff knew that while he was negotiating, Ryan was incapable of forming a rational judgment about the contract's terms - although he could probably understand the general terms.

Quote

- "The mental capacity required by the law... is relative to the particular transaction ... and may be described as the capacity to understand the transaction when it is explained." (at 438)

Law case summary from www.lawcasesummaries.com