IV.5.3 - Interpretation in favor of effectiveness of contract

Where there is doubt about the meaning of a contract term, an interpretation should be preferred that makes the contract lawful or effective ("ut res magis valeat quam pereat"; "effet utile").

Commentary:

1 This principle follows from the general principle of interpretation pursuant to which contract interpretation must always seek to determine the common intentions of the parties.

2 The assumption behind that Principle is that each contract is aimed at achieving the parties' common commercial objective. Therefore, contract interpretation of terms which convey different meanings and of which one renders the terms redundant or even absurd or the contract invalid, should always focus on that meaning of the contractual terminology which gives a certain effect to the words or validity to the contract as a whole. Another consequence of this rule is that in interpreting a contract, a solution should always be found that avoids the premature termination of the contract by one side, thus making the avoidance of the contract a remedy of last resort.