

Black's Law Dictionary (11th ed. 2019), privity

PRIVITY

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privity (priv-ə-tee) (16c) **1.** The connection or relationship between two parties, each having a legally recognized interest in the same subject matter (such as a transaction, proceeding, or piece of property); mutuality of interest <privity of contract>.

- **horizontal privity.** (1968) *Commercial law.* The legal relationship between a party and a nonparty who is related to the party (such as a buyer and a member of the buyer's family).

- **privity of blood.** (16c) **1.** Privity between an heir and an ancestor. **2.** Privity between coparceners.

- **privity of contract.** (17c) The relationship between the parties to a contract, allowing them to sue each other but preventing a third party from doing so. • The requirement of privity has been relaxed under modern laws and doctrines of implied warranty and strict liability, which allow a third-party beneficiary or other foreseeable user to sue the seller of a defective product.

“To many students and practitioners of the common law *privity of contract* became a fetish. As such, it operated to deprive many a claimant of a remedy in cases where according to the *mores* of the time the claim was just. It has made many learned men believe that a *chose* in action *could not* be assigned. Even now, it is gravely asserted that a man cannot be made the debtor of another against his will. But the common law was gradually influenced by equity and by the law merchant, so that by assignment a debtor could become bound to pay a perfect stranger to himself, although until the legislature stepped in, the common-law courts characteristically made use of a fiction and pretended that they were not doing that which they really were doing.” William R. Anson, *Principles of the Law of Contract* 335 (Arthur L. Corbin ed., 3d Am. ed. 1919).

“It is an elementary principle of English law — known as the doctrine of ‘Privity of Contract’ — that contractual rights and duties only affect the parties to a contract, and this principle is the distinguishing feature between the law of contract and the law of property. True proprietary rights are ‘binding on the world’ in the lawyer’s traditional phrase. Contractual rights, on the other hand, are only binding on, and enforceable by, the immediate parties to the contract. But this distinction, fundamental though it be, wears a little thin at times. On the one hand, there has been a constant tendency for contractual rights to be extended in their scope so as to affect more and more persons who cannot be regarded as parties to the transaction. On the other hand, few proprietary rights are literally ‘binding on the world.’” P.S. Atiyah, *An Introduction to the Law of Contract* 265 (3d ed. 1981).

“The doctrine of privity means that a person cannot acquire rights or be subject to liabilities *arising under* a contract to which he is not a party. It does not mean that a contract between A and B cannot affect the legal rights of C indirectly.” G.H. Treitel, *The Law of Contract* 538 (8th ed. 1991).

- **privity of estate.** (17c) A mutual or successive relationship to the same right in property, as between grantor and grantee or landlord and tenant. — Also termed *privity of title*; *privity in estate*.

- **privity of possession.** (1818) Privity between parties in successive possession of real property. • The existence of this type of privity is often at issue in adverse-possession claims.

- **privity of title.** See *privity of estate*.

- **vertical privity.** (1968) **1.** *Commercial law.* The legal relationship between parties in a product's chain of distribution (such as a manufacturer and a seller). **2.** Privity between one who signs a contract containing a restrictive covenant and one who acquires the property burdened by it.

Greenthread Ex. 2013, p. 1
Semiconductor v. Greenthread

2. Joint knowledge or awareness of something private or secret, esp. as implying concurrence or consent <privity to a crime>.

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