WATT TIEDER
WATT, TIEDER, HOFFAR & FITZGERALD, L.L.P.

**Maryland – Force Majeure Law**

There is little Maryland case precedent dealing with force majeure clauses, but Maryland courts follow the objective law of contracts. They will generally interpret an agreed contract clause by looking to the contract language and applying the customary, ordinary and accepted meaning of the language. *Atlantic Contracting and Material Co., Inc. v. Ulico Cos. Co*., 380 Md. 285, 301 (2004).

Under Maryland law, in the absence of an agreed force majeure clause, a contracting party may be discharged from its obligations under a contract because performance is rendered impossible by events occurring after formation of the contract, which the party had no reason to anticipate, and to the occurrence of which the party did not contribute. *Stone v. Stone*, 34 Md. App. 509, 515, 368 A.2d 496, 500 (1977).

A contractual duty is discharged where performance is subsequently prevented or prohibited by a judicial, executive, or administrative order, in the absence of circumstances showing assumption of risk by the promisor or contributing fault on the part of the person subjected to the duty. *Damazo v. Neal*, 32 Md. App. 536, 541, 363 A.2d 252, 256 (1976); *Acme Moving & Storage Corp. v. Bower*, 269 Md. 478, 483, 306 A.2d 545, 547 (1973).

"Actual impossibility is not required, only a showing of impracticability because of extreme or unreasonable hardship, expense, injury or loss, but not because a supervening event made performance more expensive." Maryland Civil Pattern Jury Instructions (2019), MPJI-Cv 9:27 Impossibility of Performance, Comment A.1. (citing case authority).

Maryland also recognizes the doctrine of frustration of purpose, as stated in Section 265 of the Restatement (Second) of Contracts, which provides that an obligor's duties may be discharged if that party's principal purpose is substantially frustrated without his or her fault by the occurrence of an event the non-occurrence of which was a basic assumption on which the contract was made. "Inherent in the definition of the doctrine, … are three limitations on its application. First, the purpose that is frustrated must have been a principal purpose of that party in making the contract. Second, the frustration must be substantial. Third, the non-occurrence of the frustrating event must have been a basic assumption on which the contract was made." *Panitz v. Panitz*, 144 Md. App. 627, 639, 799 A.2d 452, 459 (2002) (internal citations omitted).