

# Contract Law

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<b>Smith v Hughes</b>	<b>2</b>
<p><b>Relevance:</b> Intention to enter legal relations – Objective test</p> <p><b>Relevant facts:</b> Defendant purchased what he thought were old oats for horse feed based on a sample he had received; purchase was in fact of new oats; Defendant refused to pay for the oats and Claimant sued for breach of contract; held that the Claimant's passive acquiescence to sell the oats did not amount to a misrepresentation.</p>	
<p><b>Ratio:</b> Regardless of what a man's real intentions are, if he conducts himself in such a way as a reasonable man would believe means acceptance, he is bound by it.</p> <p>If a buyer has a chance to inspect goods, and purchases those goods based on his own judgment then the rule of caveat emptor applies.</p>	

<b>Edward v Skyways</b>	<b>1</b>
<p><b>Relevance:</b> Intention to enter legal relations – presumption for commercial agreements</p> <p><b>Relevant facts:</b> Pilot made redundant; told he could receive ex gratia payment equivalent to company contribution to pension; Skyways later refused to pay out ex gratia payment and claimed there was no intention to enter legal relations and therefore their agreement did not result in contractual obligations; held presumption arose.</p>	
<p><b>Ratio:</b> For commercial agreements, there will be a presumption of intention to enter legal relations.</p>	

<b>Balfour v Balfour</b>	<b>2</b>
<p><b>Relevance:</b> Intention to enter legal relations – presumption for family agreements</p> <p><b>Relevant facts:</b> Husband made verbal agreement to give wife a certain amount of money per month in return for her not asking for further maintenance; husband did not honour agreement; held to be a domestic relationship therefore no legal intention and no contract to enforce.</p>	
<p><b>Ratio:</b> For non-commercial/family agreements, there is a presumption that there is no intention to enter legal relations.</p>	

<b>Rose and Frank Co v Compton Bros</b>	<b>3</b>
<b>Relevance:</b> Intention to enter legal relations – rebutting presumption for commercial agreements	
<b>Relevant facts:</b> Arrangement between English firm and two British companies, specifically mentioned 'This arrangement is not entered into ... as a formal or legal agreement, and shall not be subject to legal jurisdiction in the law courts ... This is hereinafter referred to as the 'honourable pledge' clause.	
<b>Ratio:</b> The presumption regarding intention to enter legal relations for commercial agreements can be rebutted.	

<b>Merritt v Merritt</b>	<b>3</b>
<b>Relevance:</b> Intention to enter legal relations – presumption for family agreements	
<b>Relevant facts:</b> Husband signed written agreement that he would pay the wife £40/month and if she paid mortgage he would transfer the home to her; held there was intention to enter legal relations.	
<b>Ratio:</b> Presumption regarding family agreements can be rebutted based on whether any consideration has been given, whether the parties are on good terms, and whether any agreement exists in writing.	

<b>Scammell v Ouston</b>	<b>3</b>
<b>Relevance:</b> Agreement	
<b>Relevant facts:</b> Claimants wished to trade their van for a new van; agreed price for old van with Defendants but only agreed to pay for the new van 'on hire purchase terms'; Defendants then pulled out; held agreement could not be enforced because phrase was too vague.	
<b>Ratio:</b> For an agreement, there must be certainty.	

<b>Allied Marine Transport v Vale do Rio Doce Navegacao SA (The Leonidas)</b>	<b>1</b>
<b>Relevance:</b> Offer - Definition	
<b>Relevant facts:</b> Dispute between two parties referred to arbitration; Claimant silent for five and a half years; question arose of whether silence amounted to offer to abandon claim.	
<b>Ratio:</b> An offer is an expression of willingness to contract on certain terms, made with the intention to be bound by it as soon as it is accepted by the person to whom it is addressed.	

<b>Pharmaceutical Society of Great Britain v Boots Cash Chemists</b>	<b>1</b>
<b>Relevance:</b> Invitations to treat – Self-service	
<b>Relevant facts:</b> Law required that purchase of drugs listed under the Pharmacy and Poisons Act 1933 must be supervised by a pharmacist at the time of sale; Boots allowed customers to pick medicines from shelves and then bring them to the counter to pay; question arose of when the sale actually took place and this violated the 1933 Act; held that goods on display were merely invitations to treat; offer was made by buyer when presented product at the counter, and acceptance occurred when Boots accepted the money (upon supervision of pharmacist).	
<b>Ratio:</b> Goods on sale at a self-service/or on display in a shop will be invitations to treat, not offers.	

<b>Fisher v Bell</b>	<b>2</b>
<b>Relevance:</b> Invitation to treat – Goods on display	
<b>Relevant facts:</b> Defendant accused of offering for sale a knife contrary to Restriction of Offence Weapons Act; held that the display of knife in window did not amount to an offer of sale.	
<b>Ratio:</b> Goods on display will be an offer to treat.	

<b>Partridge v Crittenden</b>	<b>2</b>
<b>Relevance:</b> Invitation to treat - Advertisements	
<b>Relevant facts:</b> D accused of offering a live wild bird contrary to the Protection of Birds Act; held that advertisement in newspaper did not amount to an offer.	
<b>Ratio:</b> Advertisements will usually amount to invitations to treat.	

<b>Carill v Carbollic Smoke Ball</b>	<b>1</b>
<b>Relevance:</b> Exception to rule that advertisements are offers – Unilateral contracts and acceptance	
<b>Relevant facts:</b> Carbollic Smokeball offered £100 to anyone who contracted influenza despite using their smoke ball as indicated; Claimant contracted influenza and requested money; held that advertisement amounted to a unilateral contract and company bound by it (fact that money had been put aside in case confirmed its intentions to be bound).	
<b>Ratio:</b> When there is an advertisement of a reward, this will amount to a unilateral contract (and therefore the promisor is bound to perform once the person addressed accepts the offer). Where there is a unilateral contract, there is no need to communicate acceptance beyond taking the steps stipulated in the contract.	

<b>Williams v Carwardine</b>	<b>3</b>
<b>Relevance:</b> Exception to rule that advertisements are offers – Unilateral contracts and acceptance	
<b>Relevant facts:</b> Claimant had information about a murder for which there was a reward; she provided information although not because of the money; held she was still entitled to it as advertisement for information amounted to a unilateral contract.	
<b>Ratio:</b> When there is an advertisement of a reward, this will amount to a unilateral contract.	

<b>Barry v Davies</b>	<b>2</b>
<b>Relevance:</b> Auctions – Unilateral contracts	
<b>Relevant facts:</b> Auctioneer withdrew goods from auction despite a £200 bid having been made and the auction having no reserve price; held he was bound to sell to higher bidder (Claimant) where there is no reserve price and that withdrawal of the sale is a breach of contract.	
<b>Ratio:</b> If there is no reserve price, object must be sold to the highest bidder.	

<b>Spencer v Harding</b>	<b>1</b>
<b>Relevance:</b> Invitations to treat - Tenders	
<b>Relevant facts:</b> Defendants sent out a call to tender regarding the sell of some stock; call for tender did not promise to sell to higher bidder; Claimant's tender was the highest and Defendants refused to sell to them; held that the circular was not an offer but an invitation to treat, following which Defendants could submit an offer.	
<b>Ratio:</b> Tenders requests are invitations to treat and there is usually no obligation on the party requesting the tender.	

<b>Blackpool &amp; Fylde Aero Club v Blackpool Borough Council</b>	<b>2</b>
<b>Relevance:</b> Exception to tenders as invitations to treat – Damages for lost opportunity	
<b>Relevant facts:</b> Council invited a small number of parties connected to its airport to submit tenders; clear, orderly and familiar procedures had been laid down; it was reasonable for all tenderers to assume they would be considered; Club sent in a valid tender on time but postbox not cleared on time by Council staff; tender deemed to be late and not considered; club successfully claimed damages.	
<b>Ratio:</b> A request for tenders may amount to a unilateral contract where there has been a commitment to consider all validly received tenders; in these instances failure to consider a valid tender will amount to a breach.	