

Privity

- If you are not a party to a contract then the law will not allow you to seek any rights under that contract, or anyone else to impose obligations on you
- If not part of contract then you cannot sue for breach of contract and get remedies
- Definition
 - Any obligations under the contract can only be dealt with or enforced by people who are parties to that contract
 - Does not prevent a contract from conferring a benefit or imposing a burden on a third party – Prevents the legal enforcement of such benefit/burden
 - E.g. life insurance – pay a sum and person who dies money goes to the beneficiary

Contracts Conferring benefit on third party

- You wash my car and I will pay whoever you nominate the sum of money e.g. sibling
- Can get around it by saying this is where the courts should use equitable jurisdiction – so specific performance should be awarded – performed under contract as promised
 - Tweddle v Atkinson and Dunlop Pneumatic v Selfridge
- Coulls v Bagot's Executor
 - Mr Coulls sole owner of valuable land, granted O'Neill right to quarry and remove stones from property and in return he was given certain percent in royalties, written contract said that I Mr Coulls authorise O'Neill to pay all royalties to my wife and myself jointly, divided equally
 - Contract between C and Construction Company, Mrs Coulls was not party to it. He got the contract signed by senior representative of company and wife.
 - He then died so money was paid to the estate, Executor brought action, were they required half of it to her or does it all go to the estate.
 - HC divided, majority of 3 said no she is not entitled because she was not a party to the contract, she had not given consideration, he had and payment should only go to estate – said authorisation clause was revokable and was revoked when he died
 - Minority said no the contract was between all three and she did not need to provide consideration as long as it came from one party e.g. her husband
- Wilson v Darling Island
 - Useful: when you enter into contract for work and payment then clause to say if doing that work things are delayed then you agree you will not seek compensation (exemption, exclusion clause)