

Contract

- A legally enforceable agreement between two or more parties

Six Elements of a valid enforceable contract

- Agreement
- Consideration
- Intention
- Consent
- Capacity
- Legality

Underlying basis of formation of contract

- Whether or not the parties came to an agreement to exchange promises which they would be legally bound by
- Regardless of the subjective intentions of the parties, the question of whether the parties had made contracts... was to be determined by taking an objective view of the agreements
- Objective view: would a reasonable person looking at what the parties said/did would determine if this was a legally binding contract

Agreement (Offer & Acceptance)

Offer:

- A clear proposal by one party to enter into legally binding terms with another party

What can an offer be?

- No formal language necessary
- Actions and/or words can constitute offer
- Understanding that terms will be binding upon acceptance
- Must contain the three P's: Product, Parties and Price.

Mere puff:

- Statement containing exaggerated claims and assertions about product/services that no reasonable person would take seriously

Invitation to treat:

- An indication that a person is prepared to negotiate for the exchange of goods/services; e.g. an advertisement of an item for sale

Mere inquiry:

- A specific question or response to a specific question that inquiries into a potential exchange of promises, but does not offer any promise