
70211 Contract Notes

Table of Contents

0	<u>Contents</u>	<u>1</u>
<i>Part 1: Formation</i>		
1	<u>Intro</u>	<u>9</u>
1.1	Contract Definition	9
1.1.1	Key elements of a contract	9
1.1.2	Formation Requirements	9
1.1.3	Key definitions	9
1.1.4	Relevance of equity	10
1.1.5	Statutory obligations and regulation	10
2	<u>Agreement</u>	<u>10</u>
2.1	Objective test of agreement	10
3	<u>Offer Definition</u>	<u>11</u>
3.1	Offer Rules: Summary	11
3.1.1	Rule 1: Must be definite	11
3.1.1.1	Rule 1 a): Inviting of acceptance	11
3.1.1.2	Rule 1 b): Definite proposal certain in its terms	11
3.1.1.3	Rule 1 c): Voluntary assumption of legal intention	11
3.1.2	Rule 2: Made to a single person or a class of persons	11
3.1.3	Rule 3: Offers must be communicated	12
3.1.4	Rule 4: All terms must be brought to the notice of the offeree	12
3.1.5	Rule 5: May be revoked any time prior to acceptance	12
3.1.5.1	Rule 5 a): Revocation can be express or implied.	12
3.1.5.2	Rule 5 b): Revocation must be communicated	12
3.1.5.3	Rule 5 c): Offeree can be informed of withdrawal from reliable source.	12
3.1.5.4	Rule 5 d): Offers terminate upon rejection and cannot be accepted.	12
3.1.5.5	Rule 5 e) A counter offer is a rejection of the offer to which it relates	12
3.1.6	Rule 6: May have conditions of acceptance	12
3.1.7	Rule 7: May lapse through non-acceptance	13
3.1.8	Rule 8: Invitation to Treat v Offer	13
3.1.8.1	Advertisements – generally offers to treat but depends on language	13
3.1.8.2	Brochure distribution	13
3.1.8.3	Shop displays	13
3.1.8.4	Auctions	13
3.1.8.5	Tenders	13
3.2	Mere Puff v Offer	13
3.3	Mere supply of information v Offer	14
3.4	Options	14
3.5	Tickets	14
3.6	Unilateral contracts	14
4	<u>Acceptance</u>	<u>15</u>
4.1	Acceptance Rules Summary	15
4.1.1	Rule 1: Must be in response to an offer → consciousness of offer	15
4.1.2	Rule 2: Must correspond with the offer	15
4.1.3	Rule 3: Must generally be communicated – express or implied	15
4.1.3.1	Rule 3a): Generally must be accepted in manner specified	16

4.1.3.2	Rule 3 b): Acceptance inferred by conduct	16
4.1.3.3	Rule 3c): Communication Exception → Postal Rule	16
4.1.4	Rule 4: Can only be accepted by those person to whom offered	17
4.2	Conditional Acceptance	17
4.3	Key Cases	17
4.3.1	Carlill v Carbolic Smoke Ball Company (1893)	17
4.3.2	Australian Woollen Mills Pty Ltd v Commonwealth	18
4.4	Auctions and E Bay	19
4.4.1	E mail and Postal Acceptance Rule	19
5	Consideration - Definition	20
5.1	Consideration Rules Summary	20
5.1.1	Rule 1: Bargain Requirement	20
5.1.1.1	Rule a): Must have legal value	20
5.1.1.2	Rule b): An Act in Return for a promise is good consideration but not an act in reliance of a promise	21
5.1.2	Rule 2: Simple contracts without consideration are unenforceable	21
5.1.3	Rule 3: Not required for formal contracts sealed by deed	21
5.1.4	Rule 4: Must flow from promisee but Need not flow to the promisor	21
5.1.5	Rule 5: Must be sufficient but need not be adequate	21
5.1.6	Rule 6: Must be Lawful	21
5.1.7	Rule 7: Cannot be discretionary/illusory: Discretion as to performance	22
5.1.8	Rule 8: Must be definite	22
5.1.9	Rule 9: May be executed, executory but cannot be past consideration	22
5.1.10	Rule 10: Part payment is not good consideration: Rule in Pinnel's case	23
5.1.11	Rule 11: Existing obligations are not good consideration	23
5.1.11.1	Rule 11a): Acts done before at promisor's request can be consideration	24
5.1.11.2	Rule 11b): Termination of existing agreement may allow past consideration	24
5.1.11.3	Rule 11c): Taking on greater burden/risk even if technically existing burden	24
5.1.11.4	Rule 11d): Bona-fide compromise may allow existing obligations	24
5.1.11.5	Rule 11e): Practical benefits bestowed on other party if existing obligations met	25
5.1.11.6	Rule 11f): Use of existing obligations as a promise to a third party	25
5.2	Key Cases	26
5.2.1	Australian Woollen Mills Pty Ltd v Commonwealth (1954)	26
5.2.2	Ballantyne v Phillott (1961)	26
5.2.3	Beaton v McDivitt	27
5.2.4	Atco Controls Pty Ltd (in liq) v Newtronics Pty Ltd (in liq) [2009]Facts:	27
5.2.5	Shadwell v Shadwell (1860)	27
6	Intention to Create Legal Relations	28
6.1	Objective Approach	28
6.2	Surrounding Circumstances	28
6.3	Consideration as a test of Intention	28
6.4	Implied Intention	28
6.5	Express Intention	28
6.6	Commercial contracts	29
6.7	Domestic and family Arrangements	29
6.8	Government Arrangements	29
6.9	Voluntary organisations	29
6.10	Factors Suggesting of intention	29
6.11	Key cases	30
6.11.1	Ermogenous Greek Orthodox Community of SA Inc (2002)	30
6.11.2	Cameron v Hogan (1934)	30
6.11.3	Banque Brussels Lambert SA v Australian National Industries Ltd (1989)	30
6.11.4	Esso Petroleum v Commissioners of Customs and Excise (1967)	31
6.11.5	Wakeling v Ripley (1951)	31
6.11.6	Todd v Nicol [1957]	32

6.11.7	Jones v Padavatton (1969)	32
6.11.8	Coogee Esplanade Surf Motel Pty Ltd v Commonwealth (1976)	32
6.11.9	Baldwin v Everingham (1991)	33
6.11.10	RICHES V HOGDEN [1986] 1 QD R 315	33
6.11.11	Roufos v Brewster (1971)	33
7	Promissory Estoppel	34
7.1	Estoppels v misrepresentation/ misleading/ deceptive conduct	34
7.2	Limitations	34
7.3	Relief	34
7.4	Summary Rules Estoppel	35
7.5	Key Cases	36
7.5.1	Walton Stores (Interstate) Ltd v Maher (1988)	36
7.5.2	Legione v Hateley (1983) – HC	36
7.5.3	Central London Property Trust Ltd v High Trees House Ltd (1947)	37
7.5.4	Commonwealth v Verwayen (1990) HCA	37
7.5.5	Guimelli v Guimelli (1999) HCA	37
7.5.6	Sidhu v Van Dyke () HCA	38
7.5.7	W v G (1996)	38
8	Privity	39
8.1	Remedy for Third Parties where Privity applies	39
8.2	Justification for Privity & Consideration	39
8.3	Rules Privity Summary	39
8.3.1	Rule 2: Agency exception – Common Law	40
8.3.1.1	Insurance Policies	40
8.3.1.2	Exclusion Clauses and contracts of Carriage	40
8.3.2	Rule 3: Equitable doctrine of trust	41
8.4	Key Cases	41
8.4.1	Trident General Insurance Co Ltd v McNiece Bros Pty Ltd (1988)	41
8.4.2	Coull's v Bagot's Executor and Trustee Co Ltd (1967) HCA	42
8.4.3	Dunlop Pneumatic Tyre Company Ltd v Selfridge & Company Ltd [1915]	42
8.4.4	INSURANCE CONTRACTS ACT 1984 - SECT 48	42
9	Capacity	43
9.1	Minors	43
9.1.1	Presumptively binding categories	43
9.1.2	Meaning of "Benefit"	44
9.1.3	Other Important Statutory Sections	44
9.1.4	Minors and the Common Law	44
9.1.5	Application to Problem Questions	44
9.2	Mental Incapacity	45
9.2.1	Other Party knew of Incapacity	45
9.2.1.1	Leading High Court case Gibbons v Wright	45
9.2.2	Intoxicated Persons	45
10	Certainty / Completeness	46
10.1	Incompleteness	46
10.1.1	Agreements to Agree / Negotiate	47
10.2	Subject to formal contract	47
10.3	Illusory consideration/promise (see also consideration section)	47
10.4	Machinery and Formula Clauses	47
10.5	Conditional Contracts or those where a term has more than one meaning are not automatically void for uncertainty	47
10.6	Results of Uncertainty	48
10.7	Key Cases	48
10.7.1	WHITLOCK V BREW (1968) HCA	48

10.7.2	Masters v Cameron (1954)	48
11	Terms	49
11.1	Resolving Disputes about Contract Terms: Overview	49
11.2	Express Terms	49
11.2.1	Objective Approach to Intention	49
11.2.2	Signed documents/contracts are presumptively Binding	49
11.2.2.1	Exceptions: When can the effect of signature be avoided?	50
11.2.3	Incorporation of Terms by notice	50
11.2.3.1	What amounts to reasonable notice?	50
11.2.3.2	Extra effort is expected for unusual terms	50
11.2.4	Identifying terms in electronic contracts	51
11.2.5	Incorporation of terms by a course of dealings	51
11.2.6	The Parol Evidence Rule	51
11.2.6.1	Evidence Excluded	52
11.2.6.2	Circumstances where the parol evidence rule has no application	52
11.2.6.3	The parol evidence rule and electronic contracts	53
11.2.7	When is a statement a term of the contract?	54
11.2.7.1	Standards contracts qualified by later statements	54
11.3	Construing the Terms	55
11.3.1	A reasonable commercial construction	56
11.3.1.1	Different approach where clear words of contract would = 'absurd' as opposed to merely 'unreasonable' or 'uncommercial' results	56
11.3.2	Construing exclusion clauses	57
11.3.2.1	Contra preferentem	57
11.3.2.2	Four corners rule	57
11.3.2.3	Negligence	57
11.3.2.4	Deliberate Breach	57
11.4	Key Cases	58
11.4.1	Toll (FGCT) Pty Ltd v Alphapharm Pty Ltd (2004) HCA	58
11.4.2	Fitzgerald v Masters (1956) HCA	58
11.4.3	Codelfa Constructions Pty Ltd v State Rail Authority (1982)	59
11.4.4	Life Insurance Co of Australia Ltd v Phillips (1925) HCA	59
11.4.5	Brambles Holdings Ltd v Bathurst City Council (2001) NSWCA	59
11.4.6	L'Estrange v Graucob [1934] KB	60
11.4.7	Curtis v Chemical Cleaning and Dyeing Co [1951] KB	60
11.4.8	Oceanic Sun Line Special Shipping Co Inc v Fay (1988) HCA	60
11.4.9	Baltic Shipping Co v Dillon (The Mikhail Lermontov) (1991) NSW CA	60
11.4.10	Causer v Brown [1952] SCVic	61
11.4.11	Interfoto Picture Library Ltd v Stiletto Visual Programs Ltd [1989] QB	61
11.4.12	Balmain New Ferry Co Ltd v Robertson (1906)	61
11.4.13	Equus Corp Pty Ltd v Glengallan Investments Pty Ltd [2004]	61
11.4.14	DJ Hill and Co Pty Ltd v Walter H Wright Pty Ltd [1971]	62
11.4.15	State Rail Authority of New South Wales v Heath Outdoor Pty Ltd (1986)	62
11.4.16	Crown Melbourne Limited v Cosmopolitan Hotel (Vic) Pty Ltd [2016] HCA 26	62
11.4.17	Van den Esschert v Chappell [1960]	63
11.4.18	JJ Savage & Sons Pty Ltd v Blakney (1970)	63
11.4.19	Oscar Chess Ltd v Williams [1957]	63
11.4.20	Symthe v Thomas [2007]	63
11.4.21	Hoyt's Pty Ltd v Spencer (1919)	63
11.4.22	Appleby v Pursell [1973]	64
11.4.23	Royal Botanic Gardens and Domain Trust v South Sydney City Council [2002]	64
11.4.24	Masterton Homes Pty Ltd v Palm Assets Pty Ltd [2009] NSWCA 234	64
11.4.25	Darlington Futures Ltd v Delco Aust Pty Ltd (1986)	65
11.4.26	Quirke v FCL Interstate Transport Services Pty Ltd [2005]	66

Part 2: Enforceability

12	Formal Contracts: Deeds	67
12.1	Simple Contracts Required to be In Writing : Focus Land Contracts	67
12.1.2	Consequences for Failure to Comply with Statute – Land Contracts = Unenforceable but not void	70
12.1.2.1	Variation must be Written But Termination can be Oral	70
12.2	Creation of Rights to Land Despite Non-Conformance – Doctrine of Part Performance (Equity)	70
12.2.1	Summary Elements of Part Performance	71
12.2.1.1	Element 1: Acts must be referable to the alleged contract	71
12.2.1.2	Element 2: Must be the acts of the party seeking enforcement of the contract	73
12.2.1.3	Element 3: Unconscionability	73
12.2.1.4	Element 4: Adequate Oral Evidence of Contract	73
13	Illegality	74

Part 3 Proper Consent

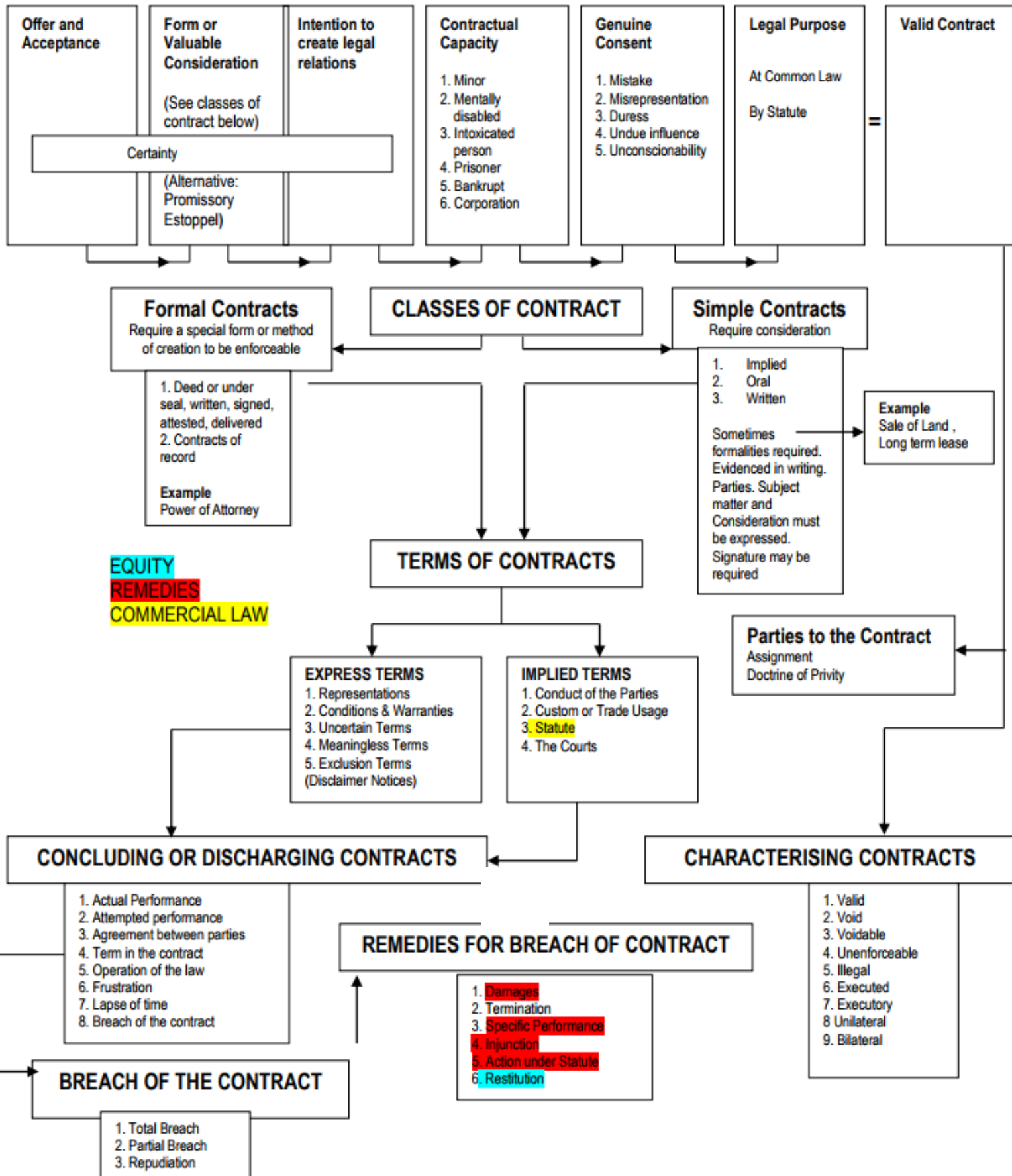
14	Vitiating Factors Summary	75
14.1	Recession → remedy for vitiating factor	75
14.1.1	Termination versus Recession	76
14.1.2	Process/Requirements to Rescind	76
14.1.3	Bars and Restrictions to Rescission	77
14.1.4	Partial Rescission	77
14.1.5	Key Cases	77
14.1.5.1	Alati v Kruger (1955) HCA	77
15	Misrepresentation	78
15.1	Summary Elements of Misrepresentation	78
15.2	Steps	78
15.2.1	Element 1: Precontractual statements by representor to representee	78
15.2.2	Element 2: Statement of Fact --> past or present not intent/prediction	79
15.2.2.1	Silence → generally not enough as generally need a positive act	80
15.2.3	Element 3 False Statement	81
15.2.4	Element 4 : Intended to induce	81
15.2.5	Element 5 Did Induce Representee into contract - was acted upon - reliance	81
15.2.6	Element 6: Fraudulent --> representor had no honest belief	82
15.3	No Obligation on Representee to Verify	83
15.4	Remedy	83
15.5	Key Cases	83
15.5.1	Derry v Peek (1889)	83
16	Duress	84
16.1	Steps	84
16.2	Duress Summary Elements	84
16.2.1	Element 1: Illegitimate Pressure	84
16.2.2	Element 2: Impaired Consent of innocent → Causal in them Accenting	85
16.3	Remedies	85
16.4	Duress of Person	86
16.5	Economic Duress	86
16.6	Duress to Goods	87
16.7	Key Cases	87
16.7.1	The Universe Sentinel [1983] UK	87
16.7.2	ANZ Banking Group v Karam [2005]	87
16.7.3	Skeat v Beale (1841)	88
16.7.4	Crescendo Management Pty Ltd v Westpac Bank (1988)	88
16.7.5	Barton v Armstrong [1976]	88
16.7.6	Equiticorp Finance Ltd v Bank of New Zealand (1993)	88
16.7.7	Hawker Pacific v Helicopter Charter (1991)	89
16.7.8	North Ocean Shipping v Hyundai Construction (1979)	89
16.7.9	News Ltd v Australian Rugby League (1996)	89

17	Undue Influence	90
17.1	Undue Influence v Duress	90
17.2	Actual v Presumed Undue Influence	90
17.3	Actual Undue Influence	90
17.3.1	Elements of Actual Undue Influence Summary	91
17.3.1.1	Element 1: Capacity to Influence	91
17.3.1.2	Element 2: Influence in Fact Exercised	91
17.3.1.3	Element 3: Influence must be 'undue'	92
17.3.1.4	Element 4 Exercised Undue Influence Caused Entry into Contract	92
17.3.1.5	Element 5: Acted promptly to undue	92
17.3.2	Rebuttal of Actual Undue Influence	92
17.4	Presumed Undue Influence	93
17.4.1	Presumption in Law / Fiduciary Relationships	93
17.4.2	Unusual Gift	93
17.4.3	Disadvantage required?	94
17.4.4	Rebutting Presumed undue Influence	94
17.5	Key Cases	95
17.5.1	<i>Allcard v Skinner</i> (1887) 36 Ch D 145	95
17.5.2	<i>Farmers' Co-operative Executors & Trustees Ltd v Perks</i> (1989)	95
17.5.3	<i>Khan v Khan</i> [2004]	95
17.5.4	<i>Barton v Armstrong</i> (1973) – threatened to have P murdered	95
17.6	Undue Influence v Unconscionable Conduct	96
18	Unconscionable Conduct	96
18.1	Summary Elements of Unconscionable Conduct	96
18.1.1	Element 1: Special Disadvantage → Essential	97
18.1.1.1	Inequality of Bargaining power → not in itself enough	97
18.1.1.2	Drunkenness	97
18.1.1.3	Gambling and other Ongoing Disadvantages	98
18.1.1.4	Mental Disability	98
18.1.1.5	Emotional Dependence	98
18.1.2	Element 2: Inability/Diminished capacity to look after own interest → Essential (really part of element 1)	99
18.1.3	Element 3: Knowledge of Special Disadvantage	99
18.1.4	Element 4: Exploitation to Obtain a benefit	100
18.2	Rebutting the Presumption	101
18.3	Key Cases	101
18.3.1	1.1.1 <i>Da Yun Xu v Fang Lin</i> [2005]	101
18.3.2	<i>COMMERCIAL BANK OF AUSTRALIA V AMADIO</i> (1983)	102
18.3.3	<i>BLOMLEY V RYAN</i> (1956)	103
18.3.4	<i>Bridgewater v Leahy</i> (1998) HCA:	103
18.3.5	<i>LOUTH V DIPROSE</i> (1992)	104
18.3.6	<i>Kakavas v Crown Melbourne</i> [2013] HCA	104
18.3.7	<i>ACCC v CG Berbatis</i> (2003)	105
18.3.8	<i>Aboody V Ryan</i> [2012]	105
19	Third Party Impropriety	106
19.1	Special Wives Equity	106
19.1.1	Application to other relationships	107
19.1.2	<i>Yerky v Jones</i> distinguished from <i>Garcia</i> based on outcome	107
19.2	Key Cases	108
19.2.1	<i>Yerkey v Jones</i> (1940) 63 CLR 649.	108
19.2.2	<i>Garcia v National Australia Bank Ltd</i> HCA (1998)	108
20	Non Est Factum "not my deed!" unilateral mistake	109
20.1	Remedies	109
20.2	Key Cases	110
20.2.1	<i>SAUNDERS V ANGLIA BUILDING SOCIETY (GALLIE V LEE)</i> [1971] AC 1004	110
20.2.2	<i>PETELIN V CULLEN</i> (1975) 132 CLR 355	110

21	Termination / Discharge	111
21.1	Termination v Recession	111
21.2	Classification of Obligations	112
21.3	Termination by Performance	112
21.3.1	Entire Contracts	112
21.3.2	Divisible Contracts	112
21.3.3	Exact performance	112
21.3.3.1	Exceptions to Exact Performance	113
21.3.4	Quantum meruit – Claims for Partial Performance Post Termination	114
21.3.5	Effect of Performance - Summary	115
21.4	Termination by Agreement	115
21.4.1	Express Term Termination	115
21.4.1.1	Must terminate by Correct Procedure	116
21.4.2	Termination by Subsequent Agreement	116
21.4.3	Termination by Implied Power	117
21.4.4	Deposits	117
21.5	Termination for Breach	117
21.5.1	Express Right to Terminate for Breach	118
21.5.2	Implied Right to Terminate under Common Law	118
21.5.3	Types of Breach	118
21.5.3.1	Actual Breach at Common Law	118
21.5.3.1.1	Time – Condition or Warranty?	119
21.5.3.2	One type of Repudiation → Anticipatory Breach	119
21.5.4	Response to Breach → Elect to terminate or affirm	121
21.6	Frustration → not easily proven	122
21.6.1	Summary Elements of Frustration	122
21.6.1.1	Element 1: Supervening Event caused radical change	122
21.6.1.1.1	More Onerous or More expensive Not enough	124
21.6.1.2	Element 2: Not self-induced	124
21.6.1.3	Element 3: Not contemplated	125
21.6.2	Effect of Frustration → Common Law	125
21.6.3	Effect of Frustration → Statute	125
21.7	Key Cases	126
21.7.1	Foran v Wight (1989) 168 CLR 385	126
21.7.2	Sargent v ASL Developments Ltd (1974)	126
21.7.3	DTR Nominees Pty Ltd v Mona Homes Pty Ltd (1978)	127

A CONTRACT IS AN AGREEMENT BETWEEN TWO OR MORE PARTIES IN WHICH LEGAL OBLIGATIONS ARE CREATED WHICH ARE ENFORCEABLE BY LAW

Traditional approach: There are many different theories: See Lecture 1



1 Intro

1.1 Contract Definition

1. Is a legal expression of agreement between parties
2. The parties make the rules
3. Enforceable at law
4. A mechanism to define, arrange and regulate a transaction

1.1.1 Key elements of a contract

1. Promise
2. Capable persons - age, mental state
3. Obligation
4. Enforcement - key boundaries of the law

1.1.2 Formation Requirements

1. **Agreement** – offer and acceptance
 2. **Consideration** – exchange of promises
 3. **Intention** to be legally bound
 4. Legal **capacity** to enter
 5. Genuine **consent**
 6. **Legality**
- 
7. **Certainty**

1.1.3 Key definitions

- Validity/enforceability
 - ⇒ **Valid**: the essential elements present
 - ⇒ **Void**: no legal validity → one of the elements does not exist
 - ⇒ **Voidable**: validly formed but inherent defect through undue influence etc
 - It is only voidable on the behalf of the offeree
 - i.e. right to void a contract
 - ⇒ **Unenforceable**: validly formed à but with a technical defect
 - E.g. failure to pay stamp duty
 - ⇒ **Illegal**: “the court will not lend its aid to a man who founds his cause of action in an immoral or illegal act”
 - e.g. a contract to sell heroin
- Performance
 - ⇒ **Executed**: where one party has performed their promise
 - ⇒ **Executory**: where all the parties have done is exchange promises
 - Neither party has performed anything
- Content
 - ⇒ **Express**: by written or spoken word
 - ⇒ **Implied**: by conduct
- **Formal**: some must be in writing
- **Simple**: six essential elements (can be both written or oral or both)
- Unilateral/bilateral
 - ⇒ **Unilateral**: the offeree does not undertake to *perform* anything → but accepts the offer by performing their side of the bargain
 - E.g. Carlill (1983): the plaintiff accepted the offer by using the smoke ball
 - In a reward cases, the finder accepts the offer by returning the dog
 - In a unilateral contract à the obligation of the offeree is executed
 - ⇒ **Bilateral**: where at the formation there is an *exchange of promises and* the obligations of both parties remain to be performed
 - Executory

1.1.4 Relevance of equity

1. Used Where inadequate consideration → promissory estoppel
2. Some remedies such as equitable stop are so closely connected they are regarded as part of contract law
3. Remedies supplement common law damages → eg specific performance and injunction
4. A contract will be set aside or rescinded in equity where there has been unconscionable conduct
5. Equity will rectify where document mistakes have been made

1.1.5 Statutory obligations and regulation

- Key Legislation → Australian Consumer law (ACL → Competition and Consumer act 2010 (Cth) (CCA) schedule 2
- Financial services however → Australian Securities and Investments Commission act (2001) (Cth) (ASIC Act)
 1. Misleading or deceptive conduct
 2. Unconscionable conduct
 3. Unfair contract terms
 4. Consumer guarantees

2 Agreement	
2.1 Objective test of agreement ❖ Court will assess what has gone on between the parties objectively - Need an outward manifestation of intention to be bound ❖ All the circumstances will be assessed - traditional offer and acceptance is not always required. - In this case Brambles conduct showed it had accepted the council terms – even though it sent a letter back saying it didn't accept ❖ <i>"sometimes... having discussed the commercial essentials and having put in place necessary structural matters, the parties go about their commercial business on the clear basis of some manifested mutual assent, without ensuring the exhaustive completeness of documentations"</i> ⇒ essential question is whether the parties' conduct (including what was said and not said) reveals an understanding or agreement (mutual assent) which bespeaks an intention to be legally bound to the essential elements of a contract ❖ Need a meeting of the minds – consensus ad idem - Buyer thought he was getting old oats not new ❖ <i>"It is not the subjective beliefs or understandings of the parties about their rights and liabilities that govern their contractual relations What matters is what each party by words and conduct would have led a reasonable person in the position of the other party to believe"</i> ❖ <i>'The meaning of the terms of a contractual document is to be determined by what a reasonable person would have understood them to mean. That, normally, requires consideration not only of the text, but also of the surrounding circumstances known to the parties, and the purpose and object of the transaction.'</i> However, the courts have tended towards objective standards because it is very difficult to investigate or rely upon private intentions: ❖ Chong signed an application to join a gym on a 12-month contract without reading she was liable to pay a \$200 free if she cancelled within the first two months ⇒ Held: A valid contract does not require the parties to have consensus ad idem in that each full know and understand the terms of their agreement ⇒ By signing the form, Chong had manifested her assent to the printed terms. It was irrelevant that there was no true consensus ad idem between the parties she accepted through her conduct without a meeting of the mind à not necessary	<i>Taylor v Johnson (1983) HCA</i> <i>Brambles v Bathurst City Council (2001) NSWCA</i> <i>Branir Pty Ltd v Owston Nominees (No 2) Pty Ltd (2001)</i> <i>Smith v Hughes (1871)</i> <i>Toll (FGCT) Pty Ltd v Alphapharm Pty Ltd (2004) HCA</i> <-- move this to terms <i>Fitness first v Chong (2008)</i>