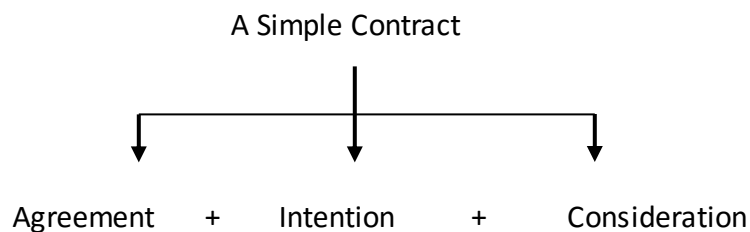


TABL1710 Notes

Contract Law:

- Contracts form the basis of commercial law and dealings
- Contract law comes from
 - o Judge-made law
 - Decisions from cases
 - o Legislation
 - Supplement the case law
- A contract is an agreement containing promises made between two or more parties with the intention of creating certain legal rights and obligations enforceable in a court of law.
- A contract contains a promise between two or more parties which is enforceable by law.
- An agreement is not necessarily a contract nor legally binding, it becomes a contract when it becomes legally enforceable.
- Elements of a contract



- The essential elements in a contract are intention, agreement and consideration.
- Elements that must be satisfied for a contract to be valid:
 - o Legal capacity
 - Lack of capacity will invalidate the contract. Those subject to incapacity include minors, mentally ill, intoxicated and corporations/companies. a contract with a minor is valid if it is for necessities, or beneficial contracts of service. A company has a separate legal existence from its members and has the capacity and power of an individual. Mentally ill and intoxicated persons have valid contracts if for necessities.
 - o Genuine consent
 - There must be genuine agreement between the parties to a contract as to its nature and scope
 - o Legality of purpose
 - o Any formal/procedural requirements must be satisfied
 - A lack of compliance with the required formalities may make the contract void or unenforceable.
- Rules in relations to offers:
 1. Intention or willingness to be bound

Clarke v Earl of Dunraven - Both parties entered a yacht race and sent a letter to the club agreeing to be bound by the club's rules,