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# **Contract Law**

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## **INTRODUCTION**

The contract is characterised by the written agreement that is carried by the declaration that is provided by the different parties. The valid agreement mainly consists of different rights and duties of the parties that need to follow them to render proper services (Burnham, 2016). It is legally bound by the regulation as it consists of diverse legal aspects and essential elements. The present report focuses on examining the various aspect of contract law within the English common law jurisdiction in the United States. It will also gain knowledge regarding the history and development of modern contract law along with certain requirements for agreements that are to be legally enforceable. The course will also include revision related to how a contract has been formed that is through execution or resolution and remedy provided by the defendant. Apart from this, forms and themes to the valid contracts will also be taken into consideration. It mainly includes oral and written contracts, third-party receiver contracts as well as contracts that are administered by the Uniform Commercial Code (UCC) it mainly focuses on harmonising the law related with the sales and commercial transactions across the U.S. region.

## **MAIN BODY**

*Discuss the different aspects of the law covered in this course, and how it all comes together to impact the individuals and organizations (e.g. businesses and institutions) in society*

The valid contract is defined as an agreement between two or more parties that is enforceable by the legal rules and regulations. Law jurisdiction in the United States is often made at the Federal and State level that is adopted by the bodies known as Statutes. The U.S. also emphasis on the common law system as certain practices is outlawed by the constitution but they are allowed under the English common law system (Coffee Jr, Sale & Henderson, 2015). However, it has been assessed that civil law systems in the state depend less on the court standard and mainly focuses on the codes, which openly provide rules of the verdict in the dispute situation.

Through enabling the common law, U.S. courts inherited the principle of stare decisis in which the judges not only apply the law but they also engage in making the law so that their decisions in the cases would benefit them. For instance, through reviewing the case of *Erie Railroad Co. v. Tompkins* the Supreme Court of the United States has decided that Federal court do not possesses judicial powers or authority to formulate the federal common law while hearing the entitlements under the diversity jurisdiction.

With the help of reviewing the jurisdiction in the United States, it has been assessed that there are different levels of law within the region that mainly includes Federal Law, State Law and Local Law (Zelizer, 2017). The Federal law comes into existence with the constitution that gives authority to enact as statutes for the certain cases. Along with this, United States mainly focuses on the codification of the general and federal statutes that also support them in creating their own rules and regulations in the State. Thus, it benefits the residents, as well as businesses operating their services in the U.S. In the past federal law, focuses on granting power or authority to government so that they may take decision-related with military, improving foreign relations with modifying international treaties, intellectual property (patents and copyrights) etc. with the changing law system constitution has expanded the area of Federal Law as it would mark their decision into the aviation, telecommunication, pharmaceutical industry etc. therefore, the key purpose of federal law is to serve the society and residents of U.S. region (Elkouri, Elkouri & Ruben, 2016).

Along with this, constitution has continued the common law within U.S. region and has granted authority to federal courts to engage in legal precedent so that it may benefits parties those who have engaged in formulating the valid contract. Thus, U.S. constitution focuses on executing the common law system that is less prescriptive than the civil law system. Under the common law system, constitution may, therefore, demand to treasure the protections of its citizens through formulating specific legislation associated with planning the infrastructure program within the region (Tushnet, 2017). For example, common law system in the United States may also the emphasis on prohibiting the service provider from cutting off the supply of water or electricity supply if they are not licensed to provide the services to the resident. Therefore, law state that under the freedom of information act companies are requiring to put forward documents related with the transactions so that they may easily serve the residents and society. Apart from this, it may also be legal requirements to indicate into the contract through enabling equal bargaining provisions so that parties may easily negotiate regarding their services.

There are several features of a common law system that mainly includes it may not always be in the expressed or written in the constitution. Another feature of common law feature is that judicial decisions are obligatory and it is bided by all the parties. However, decisions of the highest court can commonly only reversed or upended by that similar court or through the

legislation framed by the federal courts (Neubauer & Meinhold, 2016). The entire body of law mainly divides into civil law and criminal law.

The law within the system includes the criminal law that mainly focuses on considering the criminal cases of the region. Under the criminal law, it focuses on imparting punishment to the parties or businesses in the case of performing negligence activities in the society. The punishment mainly includes imprisonment, fines as well as repayment for the victim. It has also been assessed that criminal actions mainly focuses on the arrest by filing the complaint by the victims in case of violation or aggressive behaviour. Basically, there are two forms in which the violation of the criminal law can be easily judged it mainly includes felonies and misdemeanours (Milgrim & Bensen, 2016). Felony in the United States is considered as the crime that has been well-defined by the jurisdiction as a serious crime. The minimum fine for the felony activities is more than one year of imprisonment. The key examples of felonies activities include murder, possession of large amounts of illegal narcotics. On the other hand, criminal activities also focus on the Misdemeanors which is also considered as the criminal activities within the law of United States.

The civil cases often arise among the parties as well as the institution when they determined that problem or issue cannot be solved without the intervention of courts. The civil cases mainly focus on different activities and then move towards the courts it mainly includes legal counsel of the parties, filing suits before the trials, the trial of cases, verdict provided by the jury or judge of the court (Bassiouni, 2014). If the party is not satisfied with the verdict provided by the jury or judge then in such situation defendant appeal to the Supreme Court that is to the higher court for solving the civil cases within the society.

Uniform Commercial Code is considered as one of the most elaborate uniforms acts in the United States Laws and American Law Institution (ALI) that supports the activities of the private organisation in the other areas. The key goal of UCC is related to harmonise the prevalence of the commercial transactions by the businesses and organisation beyond the other states. It allows the states to accomplish the flexibility in meeting the local circumstances through modifying UCC text in the different states. However, the code of practices also focuses on considering the transaction related to personal (movable) property, not real property (McKendrick, 2014). Along with this, it has also been stated that UCC also deals in the following areas that are covered under the different articles that are as follows-

- Article 1 mainly focuses on the general provisions that mainly consider the definitions as well as interpretation of the different terms related with the general provisions of UCC.
- Article 2 emphasis on sales activities that includes provisions related with the sales of goods among the individuals and organisation in the society.
- Article 2A of UCC focuses on provision related with the lease of goods and services so that they may easily support the individual to meet their requirement.

Therefore, it is stated that state statutes and common law that concern commercial contracts varies among the different states in the U.S.

Along with this, United States Contract Law mainly regulates their activities by forming an agreement (that may be implied or express) among the parties in the US law. The contract law in region varies from state to state therefore; there is no Federal contract law nationwide that oversees the transactions related with sales of goods and services (Zinn, 2016). It has been further assessed that there are different elements of a contract that need to be considered by the US law at the time of formulating the contract or agreement. The element mainly includes mutual assent, consideration, legally competent parties and legal purpose.

### ***Mutual assent***

The key essential element that is required to articulate the legal contract include valid offer by the party and valid acceptance of the offer that is provided by the other party under the legal course of actions. On the other hand, mutual assent also assure that parties agrees to the same thing and mutually benefits each other (Kötz, 2017). This element mainly applies in both the agreements that are written and oral as the one party is offeror and other accepts the offer that is provided by the offeror. This element can be reviewed by considering this case scenario, *Peevyhouse v. Garland Coal & Mining Co., 382 P.2d 109 (1962)*. This case states that Willie and Lucille Peevyhouse owned the farm house that mainly contains coal deposits. They have been entered into the agreement with the Garland Coal & Mining Co. for leasing the fsarm to strip mine the coal. In return to this company has made promise orally that land would be restored once the coal mining is been completed. The land was cheaper and effective that company would work digging the mining through underground shafts. After mining and digging the coal company restores the land that would cause around \$29,000. But with the recurrent flood it leads to damage farm land and Garland in this situation put the land back. For this Peevyhouses sued the company for compensation. Therefore, in this case party has breaches the mutual assent that has resulted in the injury and damage to the other party.

### ***Consideration***

Another aspect of contract law focuses on consideration element. Consideration is defined as the promise that is given by both the parties to the contract to provide something valuable to each other. However, it is stated that consideration is something of satisfactory, but it is not necessarily to be adequate or valued in money that is bartered among the parties. As long as the consideration has appropriate worth to the offeror then it is believed to be adequate consideration (Knapp, Crystal & Prince, 2016). It also focuses on Estoppel that may inhibit the party from passing a particular claim, principally if a promise made by the party is unverified by consideration that is being depend on the other party. Therefore, legal doctrine of Estoppel is grounded in both that is common law as well as equity. Through considering the case scenario of *Ligenfelder v. Wainwright Brewing Co., 15 S.W. 844 (1891)* it has been stated that promising not to litigate or sue the party did not regarded as the valid consideration.

### ***Legal competent parties***

In order to ensure formation of valid contract among the parties it is required that individual or parties those who are entering into the agreement must be competent enough to enter into the contract that is they must have attain the age of 18 years and must be of sound mind (Burnham, 2016). The significance of this element within the contract is that it excludes the incompetent and minor to engage in the formation of valid contract.

### ***Legal purpose***

Another essential element that needs to be met by the parties while entering into the contract include legal intention to create the relations. The contractual parties must have legal intention for accomplishing the promises in the legal manner. Under this element of the contract agreements under the social and domestic aspects are not intended to create valid contract. The importance of this element in formation of contract include it ensure overcoming the illegal intention of the parties within the contract (Salmon, 2016). This element within the contract can be referred through preceding the case scenario of *Jones v Padavatton [1969]* that clearly ensure agreement those are made for social and domestic purposes are excluded from the element.

Therefore, outcome of all the elements of U.S. contractual law is that it support and protect the rights of parties as well as businesses to perform their activities in the industry. It has been further assessed that contractual law in United States also focuses on considering different aspects related with the different forms of contract in which the businesses or individuals enters.

There are different forms of contracts that impact both the individuals and organisations in the society it mainly includes verbal form, written form as well as third party contract. The key form of contract is verbal contract in which the parties to the contract focuses on orally communicating the terms and condition to the other party regarding sales of the goods and services (Llewellyn, 2016). This form of contract negatively impacts the parties as there is no proof of entering into the valid contract. Apart from this, at the time dispute defendant is not in the situation to claim for the goods and services from the plaintiff as there is no written documentation of the terms and conditions on which the both parties has been approved. Therefore, this aspect of the law negatively impacts the individual and businesses to perform their activities in the society.

On the other hand, English common law jurisdiction also states that contract is valid among the businesses and individuals in the society if it is in the written format. The written contract positively impacts the individuals and businesses in the society as it act as the proof that parties have entered into the agreement and they are legally bound by the law as well as jurisdiction (Abbott, 2014). Under this form of contracts, parties mutually agrees to the terms and condition that is been documented within the agreement so that at the time of dispute parties can easily claim for their damages and injuries that attained by the provision of sales of goods. Along with this, third party beneficiary is also considered as an effective form of contract that is implemented within the U.S. under this form of contract individual is not the party but he has adequate right and authority to enforce the contract as it was made by third party.

In addition to this, there are various the terms that is implemented by the common law system within the contractual agreement. The key terms that are imposed within the contractual agreement are the expressed terms that are clearly declared within the contract. These terms mainly include condition, warranties, Innominate terms, Exclusion clause etc. the condition are defined as the primary terms on the ground of which contract has been formulated (MacCormick, Summers & Goodhart, 2016). The conditions are imposed by the parties, in the situation if the party breaches the condition in this the effect would in terms of terminating the whole contract. On the other hand, other terms include warranties these are the ancillary terms that is been used by the parties to support the key terms. On the situation when party breaches the warranties in such situation the effect would not be on the whole contract but it ensure paying compensation for breaching the warranties. Another term that is implemented within the contractual agreement



includes implied terms. These are those terms that are not clearly declared and expressed within the written agreement but these terms are stated by the court or law that are relevant in some of the situation. The effect of implied terms is that they need to be followed by the parties and businesses in order to succeed in the environment (Telles, 2014).

Therefore, it is stated that with the help of reviewing the English common law jurisdiction in the United States it has been assessed that covering all the aspects and essential of the law would positively benefit the individuals as well as organisation to succeed in the society. With the help of different aspects such as criminal law and civil law legal system would maintain transparency and confidentiality among the different parties so that they may not results in the situation of issues and conflict within the workplace (Zelizer, 2017). Along with this, it has been also reviewed through considering the above case scenario the legal system or common law within the United States would benefit the individual and organisation to perform proper activities so that in case of any negligence or tort activities it might results in imparting damages or compensation for their activities. In addition to this, it also clearly mentioned that with the help of the engaging in this course individual has gained proper knowledge regarding the federal and law system that is implemented within the United States.

## **CONCLUSION**

From the above report it has been concluded that there are different aspects of law and legal regulation within the U.S. region that is been considered to ensure that contract are legally enforceable by the law. Apart from this, it has also focused on reviewing the different forms and subjects of the contract that is verbal, written contract as well as third party beneficiary contract within the region. In addition to this, it has also been inferred that there are various the terms that is implemented by the common law system within the contractual agreement that is expressed terms and implied terms.

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