
ASSIGNMENT:

Q1) Define the essential elements of a Valid Contract?

Seven essential elements must be present before a contract is binding: the offer, acceptance, mutual assent (also known as “meeting of the minds”), consideration, capacity, and legal formalities. Contracts are typically in writing and signed to prove all of those elements are present.

Offer:

Offer and acceptance analysis form the basis of contract law and the formation of a valid contract. Developed in the 19th century, the offer and acceptance formula identifies the point of formation, where the parties are of 'one mind'.

Acceptance:

Acceptance is an agreement to the specific terms of an offer. Offers do not have to be accepted through words; they can be accepted through conduct. If someone purports to accept an offer but accepts on different terms than that of the original offer, that will constitute a counter-offer rather than an acceptance.

Mutual assent:

For a contract to be binding, both parties must first be aware that they are entering into an agreement. Often called “a meeting of the minds,” both parties to a contract must be active participants. They must recognize the contract exists and are freely agreeing to be bound by that document’s obligations.

Consideration:

Ultimately the purpose of the contract relates to what it provides: the consideration. For contractual purposes, consideration includes the value that has been agreed upon, whether that be an action or an item. Property, services, even protection from harm, are all examples of contractual consideration.

Capacity:

In simplest terms, an individual cannot sign away their rights. Of course, the reality is a bit more complicated, which is why contract law requires that all signatories demonstrate that they clearly understand the obligations, terms, and consequences of the contract before they sign.

Legal formalities:

Legal formalities if any required for particular agreement such as registration, writing, they must be followed. Writing is essential in order to effect a sale, lease, mortgage, gift of immovable property etc. Registration is required in such cases and legal formalities in the relevant legislation should be strictly followed.

***Q2) Consent is said to be caused when it would not have been given but for the existence of such coercion, undue influence, fraud, misrepresentation or mistake
Please define with the help of examples any three factors.***

Consent:

Two or more persons are said to consent when they agree upon the same thing in the same sense

Coercion:

Coercion" is the committing, or threatening to commit, any act forbidden by the Penal Code or the unlawful detaining or threatening to detain, any property, to the prejudice of any person whatever, with the intention of causing any person to enter into an agreement.

Undue influence:

A contract is said to be induced by "undue influence" where the relations subsisting between the parties are such that one of the parties is in a position to dominate the will of the other and uses that position to obtain an unfair advantage over the other.

Illustrations:

A, being in debt to B, the money-lender of his village, contracts a fresh loan on terms which appear to be unconscionable. It lies on B to prove that the contract was not induced by undue influence.

Fraud:

"Fraud" means and includes any of the following acts committed by a party to a contract, or

with his connivance, or by his agent, with intent to deceive another party thereto or his agent, or to induce him to enter into the contract

Illustrations:

A and B, being traders, enter upon a contract. A has private information of a change in prices which would affect B's willingness to proceed with the contract. A is not bound to inform B.

Misrepresentation:

A misrepresentation is an untrue statement of a material fact made by one party which affects the other party's decision in corresponding to a contract.

Illustrations:

A while selling his mare to B, tells him that the mare is thoroughly sound. A genuinely believes the mare to be sound although he has no sufficient ground to believe. Later on B finds the mare to be unsound. The representation made by A is a misrepresentation.

Q3) Differentiate amongst Void, Voidable and Valid Contracts and support them with two examples each

There are several kinds of contracts. Some bind parties wholly, while others do not. The terms of the contract determine whether a contract can be fully executed.

Valid:

A valid contract is a written or expressed agreement between two parties to provide a product or service. A Valid contract is a contract that is legally good (legally binding)

Example:

1. A says to B that he will sell his cycle for 2,000. This is an offer. If B accept this offer, there is an acceptance.
2. K.D.A makes offer to join their company to salman . Salman accept offer. Contract is Valid.

Void:

A void contract is missing an element a contract lacks one or more of the elements of a contract has no legal effect .Contract that involves something illegal

Example:

1. Jame enters into an agreement with a music label to split royalties from his new album 50/50. However, at the time of this agreement, Jame been drinking at the bar for several hours and is heavily inebriated. Due to the fact that Jame was incompetent at the time the contract

was agreed to, it is a void contract.

2. A agree to sell his house to B after two days. His house is burnt next day. The contract become void.

Voidable:

Either party can cancel the contract for a legal reason. A contract between two minors is a voidable contract because minors have the right to get out of contracts. (Reason why most companies require someone over 18 to sign a contract).

Exampel:

1. A offers B to sell a land. All documents related to the land was taken fraudulently by A. If later on B realised that A was not the true owner as C claim that C is the real owner, B can terminate the contract or seek damages

2. A promises to sell his car to B for Rs 2000. His consent is obtained by use of force. The contract is voidable at the option of A .

He may avoid the contract or elect to be bound by it.

Q4) Please write summary of maximum 300 words of 2021 PLD 28 Karachi (Case in PDF is attached herewith)

P L D 2021 Sindh 28

Before Arshad Hussain Khan, J

MAHMOODA TAPAL and another---Plaintiffs

Versus

STANDARD CHARTERED BANK (PAKISTAN) LIMITED and 5 others---

Defendants Suit No. 1492 of 2011,

decided on 6th March, 2019

What happens in this case(basic infromation about this case):

The plaintiffs established in Pak Rupee and US Dollar personal accounts, and obtained safe deposit locker bearing No. 427 at the defendant-bank, Hill Park Branch, Karachi and have continued to manage such accounts and safe deposit locker with the defendants' bank for more than one decade. Further averred that on 15.8.2011 the plaintiffs visited the branch to operate their accounts as well as locker bearing No.427[subject locker], where the plaintiffs noted that the officer dealing with the branch vault had been replaced and a new officer was on duty and before entering into the vault the plaintiffs were asked to hurriedly sign a form which they did so without reading to the contents of the same on the assurance that it is merely a procedural form to improve customer service. However, later on, it came to the plaintiffs' notice that the

document, which was made to sign on 15.8.2011, was a form for limitation of liability. It is also averred that when the plaintiffs opened the safe deposit box out of the locker and opened it they were shocked to see that it was empty of all contents. All the plaintiffs' valuable jewellery and cash were missing and they were left holding an empty locker box

Court action on this case:

It urged that the contents of a locker are confidential/ secret to the locker holder only and no other person and as such the defendants are not liable to compensate the plaintiffs alleged loss of missing contents of the locker. It is also urged that the plaintiffs have also failed to establish through evidence with regard to their claim for damages or loss in the sum of Rs.150 million as set out in the plaint and such the plaintiffs are not entitled to any relief on this account as well. It is also urged that based on the investigation carried out by Mr. Abdur Rehman Chaudhary as a Fraud Investigation Officer at defendant No.1, the claim of other locker holders was examined on merits and the description of jewellery given by them to the said Officer was compared with the items of jewellery/valuables recovered from the accused Kashif and on the basis of this matching identification whatever jewellery was recovered from the accused Kashif and from a jewellery shop in Karachi was handed over to the respective locker holders and the matter was amicably settled.

Q5) Fill in the blanks

- A) Revoked(decision or promise)
- B) Sound mind
- C) Fraud.
- D) Coercion,fraud or misrepresentation
- E) Void
- F) Respective promises

Q6) Record the Correct answers in your answer sheets:

- A) One
- B) Cannot say
- C) All of them

- D) True**
- E) Voidable**
- F) Contingent**
- G) Promisee**
- H) False**
- I) Promisor**
- J) None of them**