



ASSIGNMENT – I QUESTIONS



QUESTION / ANSWER

- Q. 1. Explain along with definition and appropriate examples - coercion, undue influence, fraud, misrepresentation and mistake.
- **Q.2 . Explain the following statements**
 1. All agreements are not contracts.
 2. Agreement must be specific and clear.
 3. There is no difference between acceptance and counter proposal
 4. Proposal comes to an end, in case of death or insanity of proposer prior to acceptance of proposal.
 5. A minor on attaining majority cannot ratify an agreement entered into while he was minor.
- Q.3. Give classifications of Contract and explain them.
- Q.4. What is a Quasi Contract?

FILL IN THE BLANK

- The Indian Contract Act came into force from _____ year.
- An agreement which gives rise to _____ obligation becomes a contract.
- All contracts are _____
- A contract in which Parties have performed their obligations are called _____ contract.
- All void contracts are not _____
- Intention of offer is to obtain _____
- Auction is not _____
- A price tag on shoes in a shop is _____
- An agreement to take money (Dowry) at the time of marriage is _____
- An agreement to do a voluntary act is considered valid even without _____

FILL IN THE BLANK

- Price mentioned in the book is _____
- An agreement to sell government job is _____
- Contract with minor is _____
- Foreign Ambassadors is _____ party to contract
- Contract made by prisoner who is realised on parole is _____
- Contract to do impossible act is _____

GIVE LEGAL ADVICE WITH REASON

- “A” promises to “B” to accompany him to visit “ Ambaji” by walking. But thereafter he does not go to Ambaji but goes with “C” to “Mahudi”. In this circumstances, can “B” fill a suit against “A” for not fulfilling the obligation. Why?
- A invites B to have dinner at his house on Sunday. B hires a taxi and reaches A’s house. But A fails to keep his promise and provide dinner. Can B demand any compensation from A? Why ?
- A proposes to sell his motor car to B at Rs 1 lakh and states that if A does not receive reply within 7 days, A would believe that the proposal is accepted . B does not give reply. Whether a contract will come into force between A and B? Why ?
- A’s godown caught fire. B without anyone’s Request, extinguish the fire and he sustains injury due to this. A promises B to pay all the amount as compensation. Can B get this contract enforced by A? Can he recover the amount of compensation?

GIVE LEGAL ADVICE WITH REASON

- A is a mad man. B provides wheat and rice to the wife and children of A. A has a property worth Rs. 1 Lakh. The price is not paid for supplying wheat and rice. Can B sue to recover money from A?
- A sold certain articles to a minor on loan. B is a minor. A was not knowing that B is a minor. Time to pay was over. B became major. A filed suit to recover amount from B. Whether A will succeed?
- A knows that a horse is not in a good condition. At the time of sale B tells A that it A does not say anything, he would believe that the horse is in a good condition. A does not say anything. What effect is created by the silence of A?
- Alia joins service. There is a condition in service that Alia will be terminated if she marries. Can she be terminated?
- An artist promised to draw a painting as consideration for a certain amount. But the artist met with an accident and lost his eyesight before making the painting. Can A be discharged from the contract? Give Reason.

ONLINE CONTRACT QUESTIONS

- Explain what is online contract ?
- What are essentials of online contract ?
- Explain the sections of IT Act, 2000 giving the validity to online contracts?

INTELLECTUAL PROPERTY

- What is intellectual property? Which are the factors responsible for growing importance of intellectual property in 21st century?
- Name the Indian Acts enacted for protection of various IPs and their basic objectives.
- Discuss the different type of creations which can be copyrighted.

IP MANAGEMENT



- Which are the various drivers of IP management?
- Explain “IP Value Chain” and its utility in managing Intellectual Property.

INSTRUCTIONS

- Students will have to submit the assignment latest by 31st Aug, 2016 (last day to submit)
- Use a Note book for the assignment – no file or papers please.
- Appreciate if u can cover your note book and label it with your name, division and roll no.
- All the Best

ANSWERS

- The Indian Contract Act came into force from 1872 year.
- An agreement which gives rise to legal obligation becomes a contract.
- All contracts are agreement
- A contract in which Parties have performed their obligations are called executed contract.
- All void contracts are not illegal.
- Intention of offer is to obtain consent.
- Auction is not offer.
- A price tag on shoes in a shop is invitation to offer.
- An agreement to take money (Dowry) at the time of marriage is against public policy/void agreement
- An agreement to do a voluntary act is considered valid even without consideration.

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- Price mentioned in the book is an **invitation to offer**.
 - An agreement to sell government job is **void**.
 - Contract with minor is **void**.
 - Foreign Ambassadors is **incompetent** party to contract.
 - Contract made by prisoner who is realised on parole is **valid**.
 - Contract to do impossible act is **void**.

ANSWERS

■ Q.2 . Explain the following statements

I. All agreements are not contracts.

As per the opinion of Sir Fredrick Pollock, all agreements and promises which can be made enforceable by Law became a valid contract but some agreements and promises create social relationship which are not binding to the parties and which can not be made enforceable by Law.

According to Sec 2H of Indian Contract Act, an agreement enforceable by Law is a contract.

The meaning of agreement is said to have been made when a proposal by one party to do or to abstain from doing something is accepted by another party.

Sec 2-E defines agreement as every promise and every set of promises forming the consideration for each other.

For e.g. Alia invites his friend Siddharth for dinner. Siddharth accepts the invitation but fails to go for dinner. In this case Alia can not file a suit against Siddharth for loss of his dinner because it was merely a social agreement and parties had no intention of creating legal relationship between them.

proposal + acceptance = agreement

Agreement + Legal enforcement = contract

Thus all agreements are not contracts but all contracts must be an agreement.

2. Agreement must be specific and clear.

An agreement between the parties to a contract must be specific and clear. It means any uncertain, unclear and ambiguous agreements cannot be made enforceable by law.

For e.g. – An agreement made by a person to sell his house, where he has more than one house in the same area. Here, it is not clear as to which house to be sold as per the agreement.

‘A’ informed ‘B’ that he want to sell his ‘Moti’ for Rs. 10,000/-. ‘B’ accepted it, gave Rs. 10,000/- and asked for the ‘Moti’. ‘A’ gave his dog, named Moti. ‘B’ did not accept it and demanded ‘Moti’. I.e. a pearl. Here, agreement between both the parties is ambiguous and therefor void.


The agreement must not be loose, vague or ambiguous. For e.g. ‘A’ says to ‘B’, ‘If you help me in my business, I will give you share in profit.’ The quantum of share is not specified. The agreement is not legal. Such an agreement can not be enforced. Thus the agreement must be specific and clear.

3. There is no difference between acceptance and counter proposal

According to Sec 2(b) of the Indian Contract Act 'The Proposal is said to be accepted when the person to whom proposal is made signifies his assent there to. A proposal when accepted becomes a promise.'

Counter offer – at times, the person to whom the proposal is made indicates his willingness to buy at a lesser price than what he is offered. Thus, 'A' makes an offer to 'B' to sell his pen for Rs. 100/- but 'B' says that he is willing to buy it at Rs. 90/-. 'A' however insists on Rs. 100/- for the pen. When 'B' offered to pay Rs. 90/-, he was actually rejecting 'A's' offer of Rs. 100/- and he made a counter offer of Rs. 90/- which 'A' rejected. Later, when 'B' came back to 'A', and purported to accept 'A's' earlier offer of Rs. 100/- he could not do so, as there was no offer from 'A' at that point of time. It was 'B' who made a fresh offer of Rs. 100/- which 'A' was justified in not accepting. Thus, a refused proposal has to be renewed.

In this, acceptance and counter proposal defer from each other.



4. Proposal comes to an end, in case of death or insanity of proposer prior to acceptance of proposal.

A proposal lapses in the circumstances provided under Sec 6 of the Indian Contract Act

- By Notice
- By Lapse of time
- By failure to fulfil a condition precedent
- By death or insanity
- By counter offer
- By rejection

Thus proposal comes to an end in case of death or insanity of proposer prior to acceptance of proposal. The death or insanity of the proposer puts an end to the offer provided the offeror comes to know of it before acceptance. In the same way if the proposer dies before acceptance the offer ceases to be operative.



5. A minor on attaining majority cannot ratify an agreement entered into while he was minor.

Minor's agreement is void ab initio. It can not be validated by any subsequent action. There can be no question of ratifying it and hence a promise by a person on attaining majority to repay money lent and advanced to him during minority can not be enforced as the consideration given during minority is no consideration at all.

However, a minor on becoming a major received fresh consideration and makes a promise in respect also of a debt contracted during minority. It has been held that promise could be enforced to the extent to which it is supported by consideration given subsequent to his becoming major. Court has given this judgement in case of Mohinder Vs. Kailash.

GIVE LEGAL ADVICE WITH REASON



1. A promises to B to accompany him to visit “Ambaji” by walking. But thereafter he does not go to Ambaji but goes with “C” to “Mahudi”. In this circumstances, can “B” fill a suit against “A” for not fulfilling the obligation. Why?

‘B’ can not file a suit against ‘A’. The agreement made between ‘A’ and ‘B’ is based on social relation. And agreement in order to give rise to a contract, must be intended to create and ‘B’ capable of creating legal relations. Mere social or moral relations will not give rise to legal obligations. Here also there was no intention to bring legal consequences and thus it can not be made enforceable under the Law. Thus it is necessary that to amount to a contract, there must be a promise to do or abstain from doing something as a legal duty.

2. A invites B to have dinner at his house on Sunday. B hires a taxi and reaches A’s house. But A fails to keep his promise and provide dinner. Can B demand any compensation from A? Why ?

‘B’ can not get any compensation from ‘A’ because there was no legal agreement about the invitation for dinner between ‘A’ and ‘B’ which can create legal obligations.

The agreement which creates a legal duty can become a legal contract. In this case, ‘A’s proposal does not bring legal duty so ‘B’ can no demand taxi fare or any other compensation. ‘A’ has no legal binding.

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3. A proposes to sell his motor car to B at Rs 1 lakh and states that if A does not receive reply within 7 days, A would believe that the proposal is accepted. B does not give reply. Whether a contract will come into force between A and B? Why?

No, the contract will not come into force between A and B. **Offeror can not impose burden of refusal.** A person making an offer can not impose on the other party, the burden of expressly refusing the offer by saying that he will assume acceptance if he receives no answer within a stated time.

The proposer has the right to prescribe the manner in which the proposal may be accepted, but not the manner in which it may be refused. No duty is cast by the Law upon a person to whom an offer is made to reply to that offer. For e.g. in the above case, a person can not say that if within 7 days acceptance is not communicated, the offer would be considered as accepted.

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4. A's godown caught fire. B without anyone's Request, extinguish the fire and he sustains injury due to this. A promises B to pay all the amount as compensation. Can B get this contract enforced by A? Can he recover the amount of compensation?

B can get this contract enforced by A. As B has willingly extinguished the fire in the godown of A and A has promised to pay all the expenses to B, B can recover the complete amount.

Sec 25 stipulates exceptions to the rule 'Contracts without consideration are void.' Contracts without consideration are unlawful except in some special circumstances. Sec 25(2) of the Indian Contract Act gives the provision regarding service rendered voluntarily. As per this section, if any person has done voluntarily without any consideration, any activity which can be made enforceable by the promiser, the promiser can be compelled to pay complete or part consideration.

Any act done by one person voluntarily without any request and unknown to the promiser and if promiser has requested to pay consideration for it, this contract can be enforced.

- A is a mad man. B provides wheat and rice to the wife and children of A. A has a property worth Rs. 1 Lakh. The price is not paid for supplying wheat and rice. Can B sue to recover money from A?
- B can sue to recover money from A. In terms of Sec 68 – when essential articles are provided to maintain the persons incompetent for contract, such amount can be appropriated from his property. A cannot be personally held liable for this.
- If a person, incapable of entering into a contract, or any one whom he is legally bound to support, is supplied by another person with necessaries suited to his condition in life, the person who has furnish such supplies is entitled to be reimbursed from the property of such incapable person.
- A sold certain articles to a minor on loan. B is a minor. A was not knowing that B is a minor. Time to pay was over. B became major. A filed suit to recover amount from B. Whether A will succeed?
- As per Indian Contract Act, a contract with minor is void ab initio, it follows that there can be no question of ratifying it. So minor person on attaining majority cannot ratify the agreements made in his minority.

- A knows that a horse is not in a good condition .At the time of sale B tells A that it A does not say anything, he would believe that the horse is in a good condition.A does not say anything.What effect is created by the silence of A?
- The silence of A is fraudulent.The contract is voidable at the option of B. Mere silence without any duty to speak, does not, by itself, amount to fraud. Where there is no duty to speak, there is no liability to speak. But when there is a duty to speak, keeping silence amounts that “horse is healthy”. Such silence is fraudulent.Therefore, the contract is voidable.
- Alia joins service.There is a condition in service that Alia will be terminated if she marries. Can she be terminated?
- A contingent contract is a contract to do or not to do something, if some event, collateral to such contract, does or does not happen.The service of Alia can be terminated if she marries.The purpose of such a contract depends upon the happening or non happening of a certain event in future.The condition relates to some uncertain events which may or may not happen.The event must be incidental to the contract.
- A an artist promised to draw a painting as consideration for a certain amount. But the artist met with an accident and lost his eyesight before making the painting. Can A be discharged from the contract? Give Reason.
- A can be discharged from contract.As per Sec – 59 of the Indian Contract Act, law does not compel performance of impossible act.A contract becomes void if contract gets frustrated due to this. Moreover, the promise of making a painting is based on personal skill and efficiency. Therefore, the legal representatives of A cannot b compelled to perform the contract.

DIFFERENCE BETWEEN VOID AND VOIDABLE CONTRACT

Void Contract

1. A contract which is not enforceable by law is a void contract.
2. Void agreement cannot be enforced at all
3. Void agreements do not create any rights and liabilities between the parties.
4. In a void contract, the defects are incurable.
5. It has no legally binding effect.

Voidable Contract

1. A contract which can be avoided at the option of one or more parties is called a voidable contract.
2. A voidable contract can be enforced if the option is so exercised
3. In voidable contract, there exist legal obligations, rights and liabilities between parties till it gets void at the option of one of the parties
4. In a voidable contract, the defect is curable and may be condoned.
5. It continues to be legal unless avoided by the party or parties entitled to do so.

DIFFERENCE BETWEEN ILLEGAL CONTRACT AND VOID CONTRACT

Illegal Contract

1. An illegal contract is one which is against a law in force in India.
2. All collateral contracts to illegal contracts are also illegal and therefore void.
3. There is no clarity in law as to which agreements are illegal
4. All illegal contracts are void
5. Court will of its own motion, in case of an illegal contract refuse to enforce it, even though the illegality has not been pleaded
6. Any immoral act; any agreement which is in contravention to any law in India in force; any agreement which is against public policy

Void Contract

1. A contract which is not enforceable by law is a void contract.
2. All collateral contracts to void contracts are not void
3. There are clear provisions relating to void agreements in law.
4. All void contracts are not necessarily illegal
5. Ground for voidness has to be proved.
6. Agreement in restraint of trade; agreement in restraint of marriage; agreement in restraint of legal proceeding.