

Case Title: Smith v. Johnson (2022)

Court: Supreme Court of XYZ

Citation: 2022 XYZ 345

Facts of the Case:

John Smith, a software engineer, entered into a contract with Sarah Johnson, a business owner, for the development of a customized software application. The contract stipulated a total payment of \$50,000 in three installments, with a delivery deadline of six months. Smith completed 80% of the work within the stipulated time, but Johnson refused to pay the second installment, citing unsatisfactory progress. Smith sued for breach of contract, demanding full payment.

Issues Presented:

1. Whether Johnson breached the contract by refusing to pay the second installment.
2. Whether Smith was entitled to full payment despite the incomplete work.
3. Whether Johnson's dissatisfaction constituted a valid reason for non-payment.

Legal Arguments:

- Plaintiff (Smith): Argued that the contract did not specify subjective satisfaction as a condition for payment. Since 80% of the work was completed and functional, he was entitled to payment for work done.
- Defendant (Johnson): Argued that the software did not meet her expectations and was incomplete, thereby justifying non-payment.

Court's Decision:

The Supreme Court ruled in favor of Smith, holding that Johnson breached the contract by failing to

make the agreed payment. The court found that the contract was clear on payment schedules and did not allow for refusal based on subjective dissatisfaction. Smith was awarded \$40,000, the remaining balance, with an additional \$5,000 in damages.

Legal Precedents Cited:

- XYZ Software Development Case (2018)
- Contractual Obligation Principle (XYZ Civil Code, Section 45)

Conclusion:

The ruling reinforced the principle that contractual obligations must be honored unless a specific clause allows for subjective evaluation. Businesses must ensure that their contracts are clear on performance expectations to avoid similar disputes.