

Material facts of the case research paper

[Law](#), [Criminal Justice](#)



HTA Architects Ltd & Anor v Countryside Properties Plc & Ors [2002] EWHC 482 (TCC) (26 March 2002)

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Background to parties

The case involves two broad parties; the claimant and the respondents. The claimants in the case are Hunt Thompson Associates (“HTA”) and HTA Architects Ltd. The defendants, were Countryside Properties Plc (“Countryside”), Taywood Homes Ltd. (“Taywood”), and Taylor Woodrow Plc (“TW”). The case arises on the domain of contract law. In the 1990’s in the City of London, the Greenwich Peninsula was set for redevelopment. In that strain, it was agreed that the Millennium Dome be constructed and in specifics to this case, it was agreed that a housing project, the Greenwich Millennium Village, be designed and developed in actualization of the project in its entirety.

Upon the announcement of competition for designs and development, HTA needed to enter into the competition. As they were limited to designs only, HTA had to seek joint entry through a team with engineers and house builders as well. It was on this premise that they engaged the indulgence of Berkeley Homes Ltd., Moat Housing Group, and Copthorn Homes Ltd. The last one was a subsidiary of Countryside. However, Berkeley was lost interest and in September 1997, their departure became inevitable and was replaced by Taywood Homes Ltd. Taywood which was a subsidiary of Taywood Woodrow Plc. The two, the parent and the subsidiary are the second and third defendant.

A quick review of the parties, therefore, reveals their initial corporation based on the need for design and development to be effected by a team of architects, engineers and home builders. The trio indeed together satisfied this technicality. They successfully presented their team's proposal and won the first phase of the tender.

The central issue as pointed out by the learned judge was whether or not a contract was in fact made as asserted by the claimants. The material facts of the case are as follows. On the 9th of October, Taywood, acting on its own brief and on behalf of Countryside and Moat, retained the services of Messrs. Trench Farrow & Partners (TFP) which was charged with the singular responsibility of negotiating and agreeing in principle the heads of terms for the three contracting parties to the initial party. It was the position that the TFP was not charged with entering into binding contracts on behalf of its principals.

However, the contention of the claimants was that TFP had in essence full and executive authority to enter into contracts binding to its principals; the three parties. However, as the court saw it, TFP was general and in fact narrowed down into that of production of a competition entry on behalf of the parties that reflected the participation of the architects, engineers and house builders, hence, meeting the all-inclusive threshold required.

The nature of the competition gave a tripartite approach based step by step phases. Phase one entailed elimination in which the number of entrants was substantially reduced through technicalities. In phase 2, the decision as to which team would win the tender was made. Lastly, phase three saw the implementation of the development by the successful candidate identified in

phase two.

Indeed, the team called GMT then was successful in both the first two phases. In fact, the team presented a submission for phase one and in phase two presented both a submission and an oral presentation. The success the on second phase was communicated on 11th February 1998. However, in June 1999, relations between HTA and the other group, basically the defendants were severed. The claimants contended that the severance was the occasion consequent of the breach of contract between the claimants and the defendants. The defendants deny the formation of the contract and raise legal grounds as to why they did not recognise the purported contract. The claimants laid the fact that it was important for the contract having to be made, for purposes of inter alia, establish an agreement that would govern the terms of the design team, secure the appointment of second claimants, and govern the terms of the contract.

However, the defendants contend that no contract was signed or entered in the manner claimed by the claimants. The defendants observed that Mr Springway who purportedly entered the contract had no authority. He indeed had no authority to sign documents of which he was the author. Rather, his authority was limited to negotiations and agreeing non-binding heads of agreements. As per the facts laid out, the contention was basically whether the contract so made was indeed in the eyes of the law binding to the parties or not. The matter brought to be decided upon by the court, therefore, can be reduced to whether the contract was valid and legally enforceable. The contention pits the claimants and the defendants on the extreme sides with the former insisting that the contract was valid and its violation consequent

of a breach of contract and consequential severance of their relationship. On the other hand, the latter insist that the contract was not valid, and not been entered by competent and authorised persons on behalf of any of the defendants and therefore unenforceable.

Explanation of the legal areas outlined

Counsel for either parties were in concurrence as to the principles that should have been applied in determining the question as to whether the contract contended by the claimant was indeed concluded and, therefore, enforceable and justifying the severance or voiding the same. However, the counsels vigorously differed on the result that would be occasioned by the application of the principles in the context of the case. It remains essential for the consideration of the wider spectrum of the law of contract in regard to the principles necessary for the conclusion of a contract. The judge rightly observed that for the concept of contract to gain traction, there has to be an agreement. A legally binding agreement must have fulfilled conditions operative of a valid contract. These conditions include consideration, intention to enter into legal relations, contractual capacity, and offer, among others. Indeed, in the absence of an agreement, no contract can be claimed to have been concluded. That was the main contention in the case; the concept of agreement in this case was not a straight forward. It was supposed, therefore, to be implied through other mechanisms. The judge observed the question as to agreement had to be examined through an analysis of the situation and that one ought to be careful and know the guiding parameters. In fact the test for agreement had to be objective and the learned judge relied on the dicta in *G. Perxy Trentham Ltd. v. Archital*

Luxfer Ltd. [1993]. The court went as far as to consider the performance by the parties in accessing acceptance. The court considered whether the action of the parties involved amounted to performance. In the objective analysis of the case as to the question of acceptance, the court enunciated six essential principles which shall be discussed briefly.

That in determining whether there had been a concluded contract in the course of correspondence, one ought to initially look at the correspondence as a whole. Secondly, contract conclusion could be pended through the insertion of a subject clause that provides conditions to be fulfilled before completion of the contract. On the alternative, parties could provide that the contract may not be binding until other terms are agreed upon. Or, the parties may intend to be bound by the contract even without agreement on other terms of the contract. It is the position of the law that the failure of the parties to agree on further terms does not void the contract unless failure to agree on the terms makes the contract unworkable. Finally, that parties must agree on the essential terms and only matters as to detail can be left for future consideration and agreement.

The last principle is in line with the objective behind contracting. The law of contract defines the relationship between parties that agree. Agreement denotes the meeting of the minds. The parties must be at consensus ad idem. It is the last principle that informed the ruling by the judge. The learned judge observed that clearly the parties had not agreed to contract. In the opinion of the court, the parties were not at consensus ad idem. The judge illustrates this fact by bringing forth the fact that the claimants relied on the contents of the last correspondence to support their claim of a

concluded contract. He observed that the defendants had no intention to contract with the claimant and that they consequently could not be in agreement if the intention in the first place was absent. The judge, therefore, ruled that a contract did not subsist and the claimants claim was defeated on that ground.

Analysis of Decisions

One may want to analyse the judge's decision basing on his own biases. However, the law requires an objective approach to the solution of cases. Indeed, an objective consideration of the facts and an applying the law to the facts would arrive at the same conclusion made by the judge. Contract law falls under facilitative law. To this extent, it is upon parties to set their own rules of engagement. The courts only play an oversight role and would be at the favour of the aggrieved party. It is imperative to note that the law only enforces what is legal. Indeed, contract law though facilitative gives a broad approach that has principles that need to be applied.

In that strain, it is essential to observe the overriding principle that parties to a contract must come to an agreement. The agreement, often called the meeting of the minds, informs the whole logic of contracting. In this case, it is clear from the onset that the parties did not come to an agreement. The defendants had no intention to contract and it would defeat the spirit of the law to tie them to a contract they did not intend to enter. In addition, the fact that the correspondence reveals good faith on the part of the defendants absolves them from any blame. That the claimant flippantly and mistakenly relied on the correspondence and interpreted the same as agreement to

contract, does not justify the maintenance of such belief. The holding is in line with the overriding principles in the law of contract.

References

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