

Business law assignment

Business, Management



Richard entered only into a donation agreement in terms of which he will provide a free daily lunch to members of the political party, after frightened by Jonathans threat. Therefore this contract is not with Richards consent. According to the case of situation, there was Coercion and Undue Influence by the political party and Jonathan. “ 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.

The Privy Council in *Kananga Ala v National Bank of India, Ltd* explained that the definition of “ Coercion” in Section 15 above is limited to an unlawful act done With the intention of causing the person to enter into an agreement’. This means that the definition of Coercion under section 15 applies solely to the consideration whether there has been free consent to an agreement so as to render it a contract under section 10 of the Contracts Act 1950.

Similar to this, in *Ackerman solo Letterman Dads v Valhalla Chattier* it was held that a ranges executed under the orders of the Sultan, issued in the ominous presence of two Japanese Officers during Japanese Occupation of Malay, was invalid. The court held that consent was not freely given and the agreement was avoidable of the will or option of the party whose consent was so caused. In Richards case, the same consequences has taken place, where by a prominent member of the political party (Nathan) threatened to persuade all Richards existing customers to award function tenders to Jonathans brother.

This was a business threat to Richard, and due to fear of losing his business and model, Richard could have entered the agreement but not with his consent. Besides that, this case is also said to be induced by 'undue influence' (according to section 16 (1), 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.

Section 16 states 16. (2) In particular and without prejudice to the generality of the foregoing principle, a person is deemed to be in a position to dominate the will of another- (a) Where he holds a real or apparent authority over the other, or where he stands in a fiduciary relation to the other; or (b) Where he makes a contract with a person whose mental capacity is temporarily or permanently affected by reason of age, illness, or mental or bodily distress. 3) (a) where a person who is in a position to dominate the will of another, enters into a contract with him, and the transaction appears, on the face of it or on the evidence adduced, to be unconscionable, the burden of proving that the contract was not induced by undue influence shall lie upon the person in a position to dominate the will of the other. Hereby, the political party which is in a position to dominate the will of other (Richard) and uses that position to obtain an unfair advantage over the other (Richard).

Richard penthouse has obtained the required business licenses from the Jejuna Town Council, was told to provide members of the political party with free business law By Kamala According to section 19(1) when consent to an agreement is caused by coercion, fraud, or misrepresentation, the

agreement is a contract avoidable at the option of the party whose consent was so caused. According to section (20), when consent to an agreement is caused by undue influence, the agreement is a contract avoidable at the option of the party whose consent was so cause.

Any such consent may be set aside either absolutely or, if the party who was entitled to avoid it was received any benefit thereunto, upon such terms and conditions as to the court may seem Just. Therefore, the contract is avoidable under section 19 & 20, because of the coercion and undue influence. Richard have the rights to cancel the contract according to section 19 & 20. According to Section 2(g) of the Contracts Act 1950, a void contract is an agreement not enforceable by law. Section 24 of the said Act provides that the considerations or object of an agreement is unlawful if it falls within any of the subsections of the section.

The said section reads: 24. The consideration or object of an agreement is lawful, unless- (a) it is forbidden by a law; (b) it is such a nature that, if permitted, it would defeat any law; (c) it is fraudulent; (d) it involves or implies injury to the person or property of another; or (e) the court regards it as immoral, or opposed to public policy The consideration in this contract is such that if Richard provide members of the lattice party with free lunch in exchange for ‘ business protection’ and the right to operate in the area.

Richard has already obtained the required business licenses from the Jejuna Town Council, hence he does not need any protection as his business is legally registered. The protection offered by Jonathan and the political party is not a lawful consideration, therefore the contract is void accordingly to

Section 25; Section 25, if any part of a single consideration for one or more objects, or any one of several considerations for a single object, is unlawful, the agreement is void.