

Business law 4



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BUSINESS LAW 4 [School] Number] November 24, Case Study The assigned contract of Parks to XYZ Corporation, as the new owner of the San Diego Slick is valid. According to Emanuel (2010), “ All contract rights are assignable, unless they fall within the three exceptions provided by the Second Restatement [Section 317 (2)] and also Uniform Commercial Code (UCC) Section 2-210(2), containing similar language” (p. 373). While in the case of Overseas Development Disc Corporation Vs. Sangamo Construction Company (686 F 2d 498, 504 [1982]) the Supreme Court ruled that: “ A contractual right can be assigned unless: (a) The substitution of a right of the assignee for the right of the assignor would materially change the duty of the obligor, or materially increase the burden or risk imposed on him by his contract, or materially impair his chance of obtaining return performance, or materially reduce its value to him; (b) The assignment is forbidden by statute or is otherwise inoperative on grounds of public policy; or (c) The assignment is validly precluded by contract”. Hence, in the case of Parks, his compensation and responsibilities remained the same despite the assignment of contract by ABC Corporation to XYZ Corporation, the team’s new owner. In fact, there were no changes in the composition of the team, except the hiring of a new coach. Therefore, in view of the foregoing circumstances, the assignment of contract by ABC Corporation to XYZ Corporation is allowed under the express provisions of the law. There was no material change in the duty of Parks based in his existing contract because the same terms and conditions apply to him. He was not in any way caused any prejudice by the assignment of rights nor was there additional burden or risk imposed on him under such contract making the assignment valid in all intents and purposes of the law. Case Study 2 Andy is no longer liable to Carl

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because of the payment he made to Bill, who is the original creditor, has already extinguished his obligation. In the case of *Mulkerrins Vs. Pricewaterhouse Coopers*, [2003] UKHL 41, “ The Supreme Court held that: “ The general rule is that the benefit of a contract may be assigned to a third party without the consent of the other contracting party. If this is not desired, it is open to the parties to agree that the benefit of the contract shall not be assignable by one or either of them, either at all or without the consent of the other party”. In the same vein, the case of *Linden Gardens Trust Ltd v Lenesta Sludge Disposals Ltd* [1994] 1 AC 85, 105, per L. Browne-Wilkinson, “ A debt is freely assignable both at law and in equity without the debtor's consent. Section 136 of the Law of Property Act 1925 requires notice of the assignment to be given to the debtor if it is to be effective at law; it does not require his consent, unless he takes the precaution of including a prohibition of assignment in the contract. Otherwise, he has no right to object to it”. However, in the case at bar, Carl did not give a notice of assignment to Andy. Thus, Andy is not at fault when he made the payment to Bill because he had no knowledge that assignment has been made by Bill to Carl. The Law of Property Act of 1925, Sec. 136 requires that an express notice in writing must be provided to the debtor, from whom the assignor would have been entitled to claim such debt, or thing in action, in order to make the assignment effectual under the law as to have validly transferred from the date of such notice. Therefore, although the assignment is permissible under the law, the failure to comply with the written notice requirement to Andy did not operate as a valid assignment. Therefore, Carl does not have the right to demand payment from Andy. His only recourse is to demand payment from Bill. References Emanuel, S. (2010). Emanuel Law <https://assignbuster.com/business-law-4/>

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Gardens Trust Ltd v Lenesta Sludge Disposals Ltd [1994] 1 AC 85, 105
Mulkerrins Vs. Pricewaterhouse Coopers, [2003] UKHL 41 Overseas
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