

L1b - contract law



156022 (b) Over dinner at Peter's house, John admires a pair of candlesticks. Peter, in conversation, says that they have been in the family for a hundred years and that they are Georgian. A few days later, John offers to buy the candlesticks for 7, 000 and Peter accepts. Six months later, John discovers that they are Victorian and worth only 1, 000. Advise John of any remedies against Peter.

This is a matter of misrepresentation. False statement by the seller of goods allows for a remedy of rescission and sometimes even damages depending on the extent of distress or loss the misrepresentation that was caused to the buyer and here it was a unilateral mistake of John for having believed Peter's words that the candle sticks were indeed Georgian, even though they were only Victorian and Peter lied when he said that the candlesticks were Georgian. Georgian era ended in 1830 and this means Peter meant that candlesticks came to the family during Victorian era and perhaps John should have found out details about their previous owner. Still there is no doubt that he was totally misled as he trusted Peter.

This contract could be set aside because it is a misrepresentation¹ from one side and a mistake on the other. Misrepresentation was done in clear words, with a special knowledge², over dinner at Peter's residence by Peter, upon which the entire Contract stood. John has to prove that it was not a matter of opinion regarding the nature and originality of the candlesticks, but was an intentionally made statement, because if it was a matter of opinion, misrepresentation does not come into picture³. John can prove it easily because Peter did not refuse the 7000, which is exorbitant for a piece as recent as Victorian. Peter also has a possibility of showing that he genuinely believed that the piece was Georgian; but such possibility is remote.

John's mistake could be argued as 'being led to it' and not an incorrect understanding and this can be a ground to invalidate the agreement. Here the non-mistaken party was aware of the mistake, having led John into it and took advantage of his not making enquiries about candlestick⁴ and it is not a mutual mistake or a common mistake. It is not under duress and John has his part in it and perhaps might not be liable for damages. It is only the false statement of fact.

" A misrepresentation is a false statement of fact made by one party to another, which, whilst not being a term of the contract, induces the other party to enter the contract. The effect of an actionable misrepresentation is to make the contract voidable, giving the innocent party the right to rescind the contract and/or claim damages" <http://www.lawteacher.net/Contract/Vitiating%20Factors/Misrepresentation%20Lecture.htm>

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John will be entitled for rescission and legally this means bringing the parties to the pre-contract position. John will get his money back and Peter will get his candlesticks when they reach the Status Quo Ante. Rescission is a discretionary equitable remedy and in this case it could be granted due to blatant misrepresentation by Peter, and confirming it by entering into contract with John and selling the candlestick. Hence, John could proceed and move the Court for a termination of contract and return of money from Peter in lieu of returning the candlesticks.

ONLINE SOURCES:

1. <http://www.lawteacher.net/Contract/Vitiating%20Factors/Misrepresentation%20Lecture.htm>

<http://www.lawteacher.net/Contract/Vitiating%20Factors/Misrepresentation%20Lecture.htm>

2.

<https://assignbuster.com/llb-contract-law/>