

Difference between the bilateral and unilateral contract

Law



Question Which type of contract, bilateral or unilateral is more common in business? A contract is a set of promise between parties whose breach has a remedy in law provision in regards to in its performance of which the law in some way recognizes a duty. Thus, this is an agreement enforceable by law. A bilateral contract is one that involve both parties in making a promise while an unilateral contract one a promise is made in exchange for an act. A bilateral contract is relatively common in business since both parties make a promise.

Question # 2: Why is the above contract considered more common?

A bilateral contract necessitates a promise from both parties. Nearly all businesses are profit oriented. Businesses either being sole proprietorship or partnership require binding deals between two partners since equal contribution between each other is expected for the business growth. Input must be equal depending on what each is bringing to the business, and a unilateral contract becomes acceptable when the other party completely performs the action (Cheeseman, 2009).

Question # 3: Under what circumstances would one prefer one or the other?

A unilateral contract would be considered in a scenario in which one expects some service done to them and in return, of remuneration for the service rendered thus, a promise is made for payment or honor of service rendered upon completion. For instance, an individual in an educational situation would consider a unilateral contract. Quintessentially, a private tuition where payment is done upon completion of the desired session or as agreed. Production companies often sought unilateral agreements where they are paid upon completion of a task (Cheeseman, 2009).

A bilateral contract would be considered between two individuals with the desire to start a partnership business while each makes contributions for security and more so if the two parties do not have a close, personal relationship. Large groups can also settle for a bilateral contract in case they plan to work together thus, a percentage of contribution is expected from each party and since law binds the contract, it helps to prevent breach of the contract by either party.

Question # 4: What are the advantages of each type for the:

a) Offeree?

A unilateral contract can be changed by one party as it only stands when the other party performs the given task. The offeree only gets to be bound once he decides to commit to the contract. A bilateral contract is beneficial to the offeree since both parties make a law binding promise.

b) Offerer?

A unilateral contract for the offerer can be beneficial once achieved as they bargain for completed performance rather than a promise to perform. An example being the case of an insurance company, which expects the insurer to make a promise for future performances. A bilateral contract for the offerer is beneficial since he is offering to pay the other party's promise to perform the act (Cheeseman, 2009).

Reference

Cheeseman, H. R. (2009). *Business Law: Legal Environment, Online Commerce, Business Ethics, and International Issues*. New Jersey: Pearson Prentice Hall.