

# Business law assignment

[Business](#), [Management](#)



Will the court enforce Mouse or Fad's contract based on their different interpretations? Rule 1: The agent must have acted on behalf of an identified principal who subsequently ratifies the action. Application 1: Here, Farad, who is a sales representative for Mouse's cleaning company, acted on her behalf when making the contract with Fade. Mouse had given Farad authority to solicit offers from customers, and also to offer up to 5% discounts. Therefore, this would act as a sign of ratification from Mouse whenever Farad engages in contracts with customers.

Rule 2: The principal must know all of the material facts involved in the transaction. If a principal ratifies a contract without knowing all of the facts, the principal can rescind (cancel) the contract. Application 2: Mouse did not know all of the material facts; since, she did not know that Farad gave Fade a 10% discount when she was only allowed up to 5%. Moreover, Mouse did not know that Farad had allowed Fade to pay in three installments, when Mouse expected payment to be made 30 days of delivery. Therefore, Mouse would be considered as principal who did not know all of the material facts in the contract.

Rule 3: The principal must affirm the agent's act in its entirety. Application 3: In this case, Mouse, the principal, is considered to have ratified her agent's act since she has given authority to her to make contracts. Moreover, Fad's call to Mouse might have been an act of ratification when she assured him that Farad was indeed given authority to make contracts and offer discounts, even though the amount of discount was not disclosed. Rule 4: The principal must have the legal capacity to authorize the transaction at the time the agent engages in the act and at the time the principal ratifies.

The third party must also have the legal capacity to engage in the transaction. Application 4: Mouse, acting as the principal, does have the legal capacity to authorize transactions when her agent Farad engages in making contracts. Moreover, Fade as a customer does have the legal capacity to engage in contracts. Rule 5: The principals affirmation (ratification) must occur before the third party withdraws from the transaction. Application 5: Here, Mouse's act of giving Farad authority to make contracts and offer discounts is a sign of ratification to the transactions with customers.

Therefore, the ratification occurred before Fad's refusal to pay for the transaction. Conclusion: Since Mouse gave Farad authority to make contracts and offer discounts; However, since Mouse did not know that Farad had offered a 10% discount when she was only allowed 5%, and that Farad had offered the payment to be paid in three installments allows Mouse to rescind the contract. Therefore, the court would likely enforce Mouse's interpretation of the contract and the contract may be rescinded.