

The four elements of a valid contract assignment

Law



International Legal and Ethical Issues Lanettee Ludy BUS 310-1103A-05 Unit 3 IP August 4, 2011 Abstract This assignment will give a brief insight into the four elements of a valid contract as well as the objective theory of contracts. It will also explain how the objective theory of a contract applies to this case. I will try to explain why the court held that there was not a valid agreement between the company and the Seattle man. The four elements of a valid contract Contracts are used in today's world as a major part of interaction between individuals or companies and consumers.

Contracts are often used within our professional and personal lives; they allow business and individuals the ability to sell, purchase, or transfer services, property, and other rights (AIU Online, 2011). Such as the selling or purchasing of a vehicle or home, marriage or divorce, a conglomerate employs another firm or agency to perform a job for them like adverting for example. When determining the legitimacy of a contract, one should ask was an offer made, was the offer worth considering or considered, and was it accepted (Contract Law, n. .)? There are four elements to a valid contract, the first is called an agreement this is where an offer is made. An agreement is usually made between at least two parties. These parties can be a company and one person, two companies, or two people. The second is consideration this is where both parties consider to do or refrain from doing some form of lawful act. It is also the exchange of money between the two entities within the agreement for service or goods. As many know in the business world there are other methods of consideration.

The third is lawful object this means that the parties must be legally capable of entering into a contract. Meaning the parties must be of legal age, have
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an understanding of what the details outlines within the contract are. The fourth is contractual capacity. Contractual capacity is where the agreement or contract is formed for legal activities. A contract is not considered binding or legally valid if the propose of the activities violates any existing laws in any way or they propose illegal activities (Contract Law, n. d.).

The objective theory of contracts states that if an impartial or neutral third party such as a jury judges believes there was a plan to contract and not only the subjective intent of the concerned parties. Meaning that they believe a contract should be found. We as a society prefer to read between the lines of actions and words in such a way that a contract or agreement exists rather than to interpret those same actions or words to find that there is no contract. “ For example, no valid contract results from offers that are made in jest, anger, or undue excitement” (AIU Online, 2011).

This theory applies to case because the statement made lead one to believe that they could actual win a Harrier jet if they collected the seven million company points, in actuality it was never the company intent to give the Harrier jet away. This case can be seen two different ways. The first way is how the consumer saw it. The consumer believed that Harrier jet was intent as one of the prizes he could win once he met all of the obligations. The other is the way the company did. The company intended it as a humorous act and assumed that everyone would laugh and not take it seriously.

The court decided that there was not a valid agreement because one party (the company) made an agreement, but never signed a legally binding contract with the other party (the consumer). Due to the expensive nature of

the jet a simple thing like a commercial ad could not have actually offered the consumers the jet. Seeing how the article did not specify that there was a jury leaves one to believe that the judge holds the responsibility of the reasonable person. The judge reviewed the ad and agrees with the company.

The judge believes that there was no intent to mislead consumers. The judge used his common sense and considered that no company would really offer a \$700, 000 jet as a prize in a give away, and that no objective person could reasonable believe that they were offering the Harrier jet to consumers as a prize. In answer to the question “ are advertisements generally considered offers” (AIU Online, 2011)? Many advertisements are considered offers because if they advertise something and you have to pay for it that is money exchanged for a service or goods.

However, advertisements, catalogs, brochures, and announcements to the public linked to the sale of products or goods at a specified price are not usually considered offers to enter into a binding contract. They are looked at as invitations to make a deal (LaMance, K. , 1999-2011). This case differs, because the consumer believed that he had fulfilled his end of the requirements by coming up with the fifth teen points, a check, and an official order form require to win the jet along with his demand for the Harrier jet, but the consumer did not receive his prize from the company upon completion of the contest.

References AIU Online (2011). BUSN310: Unit 3 course material: Rights and obligations. Retrieved August 4, 2011 from <https://mycampus. aiu-online. com/pages/MainFrame. aspx? ContentFrame=/Default. aspx> (n. d.). Contract <https://assignbuster.com/the-four-elements-of-a-valid-contract-assignment/>

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