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BCOM

**CASE STUDY FOR BUSINESS LAW
SUBJECT**

2018-19

Subject: BUSINESS LAW

Date: 03/07/18

Activity: CASE STUDY

Case Study {1} Balfour v Balfour

Objectives:

Examination of validity of the contract

The requirement of intention of both the parties to bind each other legally.

Validity of contract if there is no intention for legal relationship.

Outcome: with the help of case study it's easy for students to relate with the topic and are able to understand the Indian Contract Act, 1872 in better way.

No of Students: SyBcom A 55

Facts of the Case

Mr. Balfour and Mrs. Balfour were husband and wife from Ceylon (Sri Lanka) and once they went for a vacation to England in the year 1915

But unfortunately during the course of vacation, Mrs. Balfour fell ill; she was in urgent need of medical attention.

Then they decided and made an agreement that Mr. Balfour would return to Ceylon and his wife, that is Mrs. Balfour shall stay back until she recovers from her illness.

They had also decided that during that period of time Mr. Balfour shall pay Mrs. Balfour 30 pounds as maintenance every month until everything falls into place, unless she recovers and returns back to Ceylon.

Now this understanding and interpretation was made when their relationship was fine and there was not any sort of sourness in between them.

But slowly and gradually their relationship deteriorated which resulted in non-payment of the amount of maintenance by Mr. Balfour to Mrs. Balfour

But Mrs. Balfour decided to seek to enforce the agreement and moved to the court.

Mr. Balfour wrote the letter to his wife suggesting to make their separation permanent.

And at later point of time they separated legally, that means they were divorced.

Mrs. Balfour had brought the action against Mr. Balfour for non-payment of the amount he was supposed to pay in court of law in the year 1918.

Issues Raised In the Case



Did Mr. Balfour ever intended to enter into any sort of agreement with his wife, Mrs. Balfour?

Is the agreement between Mr. And Mrs. Balfour valid in nature at all?

Does the contract between husband and wife enforceable in court of law?

Contention At The Part Of The Appellant (Mr. Balfour)

The Agreement made between Mr. Balfour and Mrs. Balfour was purely domestic in nature, it does not hold any legal enforcement. Moreover Mr. Balfour never had any sort of intention to form an agreement which is legal in nature.

Contention At The Part Of The Respondent (Mrs. Balfour)

The husband must be obliged to pay her the maintenance because, because the husband got into the domestic agreement by entering into the contract that he would pay her the amount of 30 pounds as support for which she had agreed to stay back in England.

What Was Held In Balfour Vs. Balfour (1919)

It was held that the characteristics of the agreement was purely and completely domestic in nature, Lord Justice Atkin held that when a husband and a wife enter into an agreement they never intend to create a legal relationship. Both the parties must have an intention to create a legal relationship while entering into an agreement, then only it becomes enforceable in court of law.

Moreover, a court will never take into account the domestic agreements between spouses made in daily course of life.

The agreement was outside the realm of contracts altogether.

Judgement

As mentioned above, the agreement was not legally binding, the agreements made in personal family relationships are not counted in law of contract the agreements made between spouses to provide capitals or monetary benefits does not hold any legally binding authority. Generally, spouses or parties to marriage do make arrangements for personal and household expenses, but there is never a legal instinct in those things.

The court of Appeal had unanimously ruled that there was no such enforceable agreement between Mr. Balfour and Mrs. Balfour. Subsequently, Mr Balfour was allowed. Basically, the law revolves around the concept that there must be an intention on the part of both the parties to create a legal relationship in order to validate a contract. This was the ratio decided in the case. Whether the parties intended to create a legal relationship or not is determined by examining the circumstances that existed, under which the execution of the contract was done.



Short Analysis Of The Case

Initially, at the first instance of the case, Justice Sargant had held that, the claims made by Mrs. Balfour are valid and Mr. Balfour should be entitled to pay her the maintenance which he promised to pay. Finally, Mr. Balfour appealed in the court of appeal. In the court of Appeal, it was held by the bench of judges, Warrington LJ, Duke LJ, Atkin LJ that the agreement is not enforceable in court of law. Atkin LJ observed it with regard to owing to its domestic nature. Whereas Warrington LJ and Duke LJ did so because they doubted that Mrs. Balfour gave consideration. The doctrine of intention to create a legal relation was invoked by Atkin LJ basically.

It was said that the doctrine was with regard to public policy and domestic agreement has got nothing to do with it. The court cannot indulge into such trifle issues relating to personal and family agreements.

Though there may be certain circumstances, where husband and wife may enter into an agreement which is legally binding in nature, but here in this case there was no such circumstance. The doctrine attracted attention and gained prominence. This intention is sometimes also referred as *animus contrahendi*.

In one of the latter case of *Jones vs. Padavatton*, Salmon LJ had said that this is factual in nature. It does not possess any legal presumption.

Intention to create a legal relationship is one of the essential elements required to enter into a contract.

Conclusion

By studying and going through the case of *Balfour vs. Balfour* (1919), we understand that a mere social agreement made within a family cannot be enforced in court of law, these agreements do not hold any legally binding authority. Second thing is there must be an intention to create a legal relation at the part of the parties. Owing to all this, Mr. Balfour could not be sued by Mrs. Balfour in court of law. This case has often been seen in conjunction with *Merritt vs. Merritt* 1970] 2 All ER 760; [1970] 1 WLR 121. In this case, though the couple was married but they already had an estranged relationship, when the agreement was made, so in this scenario, any sort of agreement between them was to be considered that of legal in nature.



Subject: BUSINESS LAW

Date: 04/07/2018

Activity: CASE STUDY

Case Study: {2} Lalman Shukla vs. Gauri Dutt

Objectives:

Examination of validity of the contract

The requirement of knowledge about the proposal in order to accept the offer.

Validity of contract if there exists no acceptance.

Outcome: with the help of case study it's easy for students to relate with the topic and are able to understand the Indian Contract Act, 1872 in better way.

No of Students: SyBcom A 49

Name of the case:

Lalman shukla verses Gauri Dutt case - Equivalent Citation-1913 40 ALJ 489

The case Lalman Shukla verses Gauri Dutt case is one of the popular landmark judgments which is based on validity of contract under ICA (Indian contract act). The case was filed in the Allahabad high court in 1913 the verdict was given by chief justice of Allahabad high court J.Banerjee.

This case of Lalman shukla verses Gauri Dutt case is one of the most famous landmark judgments under the Indian contract act and this case is about the validity of contract if there exists no acceptance. It explains us about the essentials or requisites of a valid contract and section 3 of the contract act, 1872 which is about communication of proposal.

This case was dealt in Allahabad high court and it was highlighted that knowledge and the acceptance for an offer are most essential requirements in order to turn a proposal to a contract. And secondly the parties accepting the offer must have the knowledge of the offer in order to perform the contract. There are various rules and case laws which are discussed in favor of the plaintiff and the defendant particularly in this case.

This is a much highlighted and most significant case of general proposal and has helped by laying down the important principles. The main objective of this case is the examination of validity of the contract and the requirement of knowledge about the proposal in order to accept the offer.



Facts of the case:

In this case the defendant Gauri Dutta's Nephew was absconded from his house. The trace of the boy was not found. After the incident Gauri Dutt the defendant send all his servants in search for his missing nephew and out of the servants was the plaintiff Lalman Shukla who had also gone to find the boy and bring him back.

After Lalman shukla had left the house and was sent to Haridwar from Kanpur. He was provided with money and other expenses for his railway fare. As soon as Lalman Shukla left the house Gauri Dutt made an announcement that any person who will trace and find his missing Nephew will be rewarded with money of Rs 501. Lalman Shukla had no idea and was not aware of the fact. He had no knowledge about it before he went to trace the missing boy.

Then Lalman shukla traced the boy and brought the boy back to Kanpur. After knowing about the reward Lalman Shukla claimed the money from his master Gauri Dutt. But Gauri Dutt denied paying the reward of Rs 501 to him. As a result the plaintiff Lalman Shukla filed a case against Gauri Dutt his master for not giving him the reward as he is not entitled to recover for the performance of his act.

Issues raised in this case:

The main issues which was raised in this case were as follows

Whether there exists a contract or whether the situation amounts to contract between the two

Whether Lalman Shukla was entitled to get the reward from Gauri Dutt for tracing the missing boy

Whether there was a valid acceptance of the offer made by the plaintiff

Arguments on behalf of the plaintiff (Lalman Shukla):

The plaintiff Lalman Shukla strongly affirmed on his point that his performance of finding the missing boy himself is sufficient for him to be entitled to get the reward. He says according to Gauri dutt's condition of whoever finds her nephew and bring him back he will get the reward and as per the condition the plaintiff had traced the boy and brought him back so he is entitled to the award declared. He stated that it is not important to have the prior knowledge under this circumstance about the reward which was associated with it.

He also put emphasis on the fact that section 8 of the Indian contract act, 1872 which states that the performance of the act or the acceptance of any consideration of a proposal is an acceptance of the proposal. And here in this present case the condition as stated by the defendant Gauri Dutt was that whoever will find the missing child will be rewarded Rs 501 and as per it the plaintiff had performed the act so he is claiming for his reward from the defendant Gauri Dutt. He stated it immaterial that it is not necessary that the person who has performed the act must have the knowledge of it. According to him he has found the missing boy so he has the right to get the reward



Arguments on behalf of the respondent:

The defendant (Gauri Dutt) asserted and strongly stated her point by saying that first and foremost the plaintiff Lalman Shukla was not aware of the offer. He had no knowledge about it. So an offer without the knowledge of the offeree or the promisee cannot be accepted and also there was no such possibility by the plaintiff to accept the offer without even knowing of the fact. Gauri Dutt stated according to section 2(a) of the Indian Contract Act 1872 when one person signifies to another person his desire or willingness to do or to not do something intending to obtain the assent of that person. To such act or abstinence he is said to make a proposal.

And also section 2(b) states the person to whom the offer is being made signifies his willingness then it is said that the proposal is accepted. Assent is very much essential to create a contract between both the parties which means before accepting the offer the offeree must have complete knowledge about the facts in order to give his assent or approval but here in this case the plaintiff was completely unaware of the reward which was associated with it.

At the time of searching the missing boy the plaintiff Lalman Shukla was merely doing his duty as a servant. He was working as a servant and it was his duty to trace and find the missing boy and for that purpose he was sent from Haridwar to Kanpur. As there was no acceptance there was no agreement which can be said as enforceable by law according to section 2(h). Without the knowledge of the offer before accepting a valid contract cannot be created between both the parties.

The plaintiff came to know about the reward after it was been declared by the respondent as a result the plaintiff had no possibility to accept the offer. So according to the defendant Gauri Dutt Lalman Shukla was not entitled to get the reward and hence he cannot claim it.

As the contract did not exist between the two. So the plaintiff Lalman Shukla cannot ask for the reward. The defendant argued by citing the case Fitch versus Snedaker in this case Fitch gave information about the murderer and then claim for the reward after knowing about it from Snedaker. Since Fitch was not aware of the fact of the reward before so he was not entitled to claim it.

Judgement of the case:

In the case of Lalman Shukla versus Gauri Dutt case the petitioners appeal against the respondent Gauri Dutt was dismissed by the court. After analyzing all the facts of the case it was held by the honorable court that for creating or entering into a valid contract there has to be knowledge and assent to the offer being made by the proposer. There has to be proper acceptance or the offeree must give his approval before accepting which was absent in the present case.

The plaintiff had no knowledge about the reward before performing his act. He came to know afterwards in which there is no possibility of accepting the offer. Hence there exist no contract as a result the court came to the decision that the appellant Lalman Shukla was not entitled to



the reward. Without having any prior knowledge and information about the facts which restricts him to claim the reward.

The judge said that Lalman Shukla was fulfilling his obligations as a servant of tracing the missing boy. It was a part of his duty which he was merely doing. So hence his suit against the defendant was completely dismissed by the court as there was no contract between both the parties.



Subject: BUSINESS LAW

Date: 06/07/2018

Activity: CASE STUDY

Case Study {3} Carlill v/s Carbolic Smoke Ball Company

Objectives:

Examination of validity of the contract

The requirement of knowledge about the consideration and stranger to consideration can sue the party in the contract.

Validity of contract if consideration has been paid in past and status of stranger to consideration.

Outcome: with the help of case study it's easy for students to relate with the topic and are able to understand the Indian Contract Act, 1872 in better way.

No of Students: SyBcom A 38

Brief Fact Summary. The Plaintiff, believing Defendant's advertisement that its product would prevent influenza, bought a Carbolic Smoke Ball and used it as directed from November 20, 1891 until January 17, 1892, when she caught the flu. Plaintiff brought suit to recover the 100£, which the Court found her entitled to recover. Defendant appealed.

Synopsis of Rule of Law. This case considers whether an advertising gimmick (i.e. the promise to pay 100£ to anyone contracting influenza while using the Carbolic Smoke Ball) can be considered an express contractual promise to pay.

Facts. The Defendant, the Carbolic Smoke Ball Company of London (Defendant), placed an advertisement in several newspapers on November 13, 1891, stating that its product, "The Carbolic Smoke Ball", when used three times daily, for two weeks, would prevent colds and influenza. The makers of the smoke ball additionally offered a 100£ reward to anyone who caught influenza using their product, guaranteeing this reward by stating in their advertisement that they had deposited 1000£ in the bank as a show of their sincerity. The Plaintiff, Lilli Carlill (Plaintiff), bought a smoke ball and used it as directed. Several weeks after she began using the smoke ball, Plaintiff caught the flu.

Issue. Lindley, L.J., on behalf of the Court of Appeals, notes that the main issue at hand is whether the language in Defendant's advertisement, regarding the 100£ reward was meant to be an express promise or, rather, a sales puff, which had no meaning whatsoever.



Held. Defendant's Appeal was dismissed, Plaintiff was entitled to recover 100£. The Court acknowledges that in the case of vague advertisements, language regarding payment of a reward is generally a puff, which carries no enforceability. In this case, however, Defendant noted the deposit of £1000 in their advertisement, as a show of their sincerity. Because Defendant did this, the Court found their offer to reward to be a promise, backed by their own sincerity.

Concurrence. In the concurrences of Bowen L.J. and A.L. Smith, L.J., the notion of contractual consideration also becomes an issue of relevance. Both of these Judges note that while the Defendant could argue lack of consideration, Plaintiff, in buying the Carbolic Smoke Ball and using it as directed, provided adequate consideration through the inconvenience she experienced by using the product.

Discussion. This case stands for the proposition that while sales puffery in advertisements is generally not intended to create a contract with potential product buyers, in this case it did because the Defendant elevated their language to the level of a promise, by relying on their own sincerity.



Subject: BUSINESS LAW

Date: 12/07/2028

Activity: CASE STUDY

Case Study {4} Mohori Bibee V/S Dharmodas Ghose

Objectives:

Examination of validity of the contract

The requirement of contractual capacity to give legality to the contract.

Validity of contract if a minor is enters in a contract.

Outcome: with the help of case study it's easy for students to relate with the topic and are able to understand the Indian Contract Act, 1872 in better way.

No of Students: SyBcom A 68

Mohori Bibee V/S Dharmodas Ghose - Ilr (1903) 30 Cal 539 (Pc) - Minor's Agreement
Landmark Case - Bench of Judges: Lord Mcnaughton, Lord Davey, Lord Lindley, Sir Ford North, Sir Andrew Scoble, Sir Andrew Wilson, JJ.

Introduction:-

Mohori Bibee V/S Dharmodas Ghose[1] is a case that covers the ambit of minors agreement. This case basically deals with a minor's contract or a contract with a minor. In India, an agreement or a contract with a minor (a person who is below the age of 18 yrs. or any person who has not completed 18 yrs. of age legally) is void ab-initio (void from very beginning) such rules and regulations are made because, according to law such people does not comes under the ambit of capacity of contract or agreement of doing so.

According to courts opinion, any person who is below 18 yrs of age or who has not completed the age of 18 yrs. of age i.e. a minor cannot intend to create contract or make major decisions. This case has basically provided us with the knowledge that, since minors are legally incompetent to give their assent so they need to deserve or be provide with the protection in their dealings with the other major persons. After this case, any sought of contact or agreement with the minor was void from beginning. Such contracts are "void ab-initio[2]".

In this case, the Privy Council declared the law that any contact by minor or any minor's agreement is "absolutely void" and it has also been strictly followed and is still growing also. Section 10[3] of Indian Contact Act, 1872 provides for what agreements are contracts? and Section 11[4] provides that a person who are competent to contract.



Facts:-

The facts of this case were as follows:-

v Dharmodas Ghose, was the respondent in this case. He was a minor (i.e. has not completed the 18 years of age) and he was the sole owner of his immovable property. The mother of Dharmodas Ghose was authorized as his legal custodian by Calcutta High Court.

v When he went for the mortgage of his own immovable property which was done in the favor of appellant i.e. Brahmo Dutta, he was a minor and he secured this mortgage deed for Rs. 20,000 at 12% interest rate per year.

v Brahmo Dutta who was a money lender at that time and he secured a loan or amount of Rs. 20,000, and the management of his business was in the control of Kedar Nath, and Kedar Nath acted as the attorney of Brahmo Dutta.

v Dharmodas Ghose's mother sent a notification to Brahmo Dutta informing him about the minority of Dharmodas Ghose on the date on which such mortgage deed was commenced.

v but the proportion or sum of loan that was actually provided was less than Rs. 20,000.

v The negotiator or representative of the defendant, who actually acted instead of on behalf of money lender has given money or sum to the plaintiff, who was a minor and he fully had knowledge about the incompetency of the plaintiff to perform or enter into contract and also that he was incompetent legally to mortgage his property which belonged to him.

v After that, on 10th Sept. 1895 Dharmodas Ghose along with his mother brought an legal suit or action against Brahmo Dutta by saying that the mortgage that was executed by Dharmodas was commenced when he was a minor or infant and so such mortgage was void and disproportionate or improper and as a result of which such contract should be revoked or rescinded.

v When this petition or claim was in process, Brahmo Dutta had died and then further the appeal or petition was litigated or indicted by his executor's.

v The plaintiff argued or confronted that in such case no relaxation or any sought of aid should be provided to them because according to him, defendant had deceitfully or dishonestly misinterpreted the fact about his age and because if mortgage is cancelled at the request by defendant i.e. Dharmodas Ghose.

Issues Raised:-

Issues Raised in this case were:-

Whether the deed was void under section 2, 10[5], 11[6], of Indian Contract Act, 1872 or not?

Whether the defendant was liable to return the amount of loan which he had received by him under such deed or mortgage or not?

Whether the mortgage commenced by the defendant was voidable or not?



Judgement:-

According to the verdict of Trial Court, such mortgage deed or contract that was commenced between the plaintiff and the defendant was void as it was accomplished by the person who was an infant at the time of execution of mortgage.

When Brahma Dutta was not satisfied with the verdict of Trial Court he filled an appeal in the Calcutta High Court.

According to the decision of Calcutta High Court, they agreed with the verdict that was given by Trial Court and it dismissed the appeal of Brahma Dutta.

Then he later went to Privy Council for the appeal and later the Privy Council also dismissed the appeal of Brahma Dutta and held that there cannot be any sought of contract between a minor and a major person.

The final decision that was passed by the Council were :-

1. Any sought of contract with a minor or infant is void/ void ab-initio (void from beginning).
2. Since minor was incompetent to make such mortgage hence the contract such made or commenced shall also be void and did not valid in the eyes of law.
3. The minor i.e. Dahrmodas Gosh cannot be forced to give back the amount of money that was advanced to him, because he was not bound by the promise that was executed in a contract.

Conclusion:-

In Mohori Bibee V/S Dharmodas Ghose, at the end it can be concluded that any agreement or deed in which minor is party to it or is included in such contract by any way, such deed or agreement shall be declared null and void because such agreement is no agreement in the eyes of law. Any agreement with an infant cannot be administered against them. In cases minors parents or custodians shall not be liable for the dealings done by the minor without their consent or knowledge, and hence they will not be liable to return the amount back taken by the minor out of the moral obligations. But parents and guardians will be liable to repay back the amount when minor or an infant acted with the consent of the his/her parents or his/ her custodians. If any minor has got any profit out of the void contact the he/she cannot be forced to reimburse it back or make compensation for it.



Subject: BUSINESS LAW

Date: 13/07/2018

Activity: CASE STUDY

Case Study {5} Chinnaya V. Rammaya (1882)

Objectives:

Examination of validity of the contract

The requirement of knowledge about the consideration and stranger to consideration can sue the party in the contract.

Validity of contract if consideration has been paid in past and status of stranger to consideration.

Outcome: with the help of case study it's easy for students to relate with the topic and are able to understand the Indian Contract Act, 1872 in better way.

No of Students: SyBcom A 68

Court: Madras High Court

Full Case Name: {4} Chinnaya V. Rammaya (1882)

Date Decided: 21st October 1987

Citations: ILR (1876-82) 4 Mad 137

Judges: Innes J, Kindersley J

Appellant: Venkata Chinnaya

Respondent: Venkata RamayyaGaru

Facts: A lady granted/ gifted a property consisting of some land to her daughter (defendant) by a gift deed. The deed was registered to the proper authorities. One of the terms of the deed was that the daughter had to pay a sum of Rs.653 annually. Later the old lady died, and the defendant refused to pay the money the sister whom she had promised to pay so. And hence the plaintiff sued the defendant for the recovery of the same.

Issue: Whether the plaintiff can bring an action against the defendant for the amount promised in a contract where the consideration for such promise has been furnished by the mother of the defendant (plaintiff's sister)?



Appellants argument: The consideration for getting the property was a promise to pay the amount annually to the plaintiff.

Respondents argument: The plaintiff was not a party to contract, hence was had no right to compel respondent for paying the promised amount.

Judgement: The Madras High Court held that in this agreement between the defendant and plaintiff the consideration has been furnished on behalf of the plaintiff (sister) by her own sister (respondents mother). Although the plaintiff was stranger to the consideration but since he was a party to the contract he could enforce the promise to the promisor, since under law, Consideration may be given by the promise or anyone on her behalf – vide section 2(D) of Indian Contract Act, 1872.

Thus, consideration furnished by the old lady constitutes sufficient consideration for the plaintiff to sue the defendant on her promise.

Held, the sister was entitled to a decree for payment of the annual sum of money.

Conclusion: In Indian Law, consideration may be given by the promise or any other person. In India, there is a possibility that consideration for the promise may move not from the promise but a third person, who is not a party to the contract, different from the English Law in which the consideration must move from only the promise.

Case: Chinnaya vs Ramaya

Brief: As per section 2(d) of the Indian Contract Act (1872), "When, at the desire of the promisor, the promisee or any other person has done or abstained from doing or does or abstains from doing, or promises to do or abstain from doing, something, such act or abstinence or promise is called a consideration for the promise. From this definition, it is clear that in a valid contract the consideration need not flow from the promisee only. It could flow from any other person who is not a party to such contract thus, the decision was in favour as this was a valid consideration.

Facts: A lady transferred her property to her daughter (defendant), by a deed of gift. Such deed was registered. One of the terms of the gift deed was that the daughter would pay a sum of Rs. 653/- every year to the lady's sister (plaintiff). The defendant executed an agreement in favour of the plaintiff promising to do the same. The defendant failed to pay the annual amount to the plaintiff. Hence, the plaintiff sued the defendant for the recovery of the same. **Issue:** Whether the plaintiff can bring an action against the defendant for the amount promised in a contract where the consideration for such promise has been furnished by the mother of the defendant (plaintiff's sister)?

Plaintiff's contention The consideration for the defendant's mother to gift the property to the



defendant was defendant's promise to pay an annuity to the plaintiff. Hence, the plaintiff is entitled to sue the defendant to recover the same.

Defendant's contention The plaintiff had not furnished any consideration under the contract. Hence, she is not entitled to sue the defendant for the recovery of the amount promised to her.

Held: As per section 2(d) of the Indian Contract Act (1872), "When, at the desire of the promisor, the promisee or any other person has done or abstained from doing or does or abstains from doing, or promises to do or abstain from doing, something, such act or abstinence or promise is called a consideration for the promise. From this definition, it is clear that in a valid contract the consideration need not flow from the promisee only. It could flow from any other person who is not a party to such contract thus, the decision was in favour as this was a valid consideration.



Subject: BUSINESS LAW

Date: 16/07/2018

Activity: CASE STUDY

Case Study {6} Krell v. Henry

Objectives:

Examination of modes of discharge of the contract

The requirement of knowledge about the frustration of contract

Validity of contract if state of things are not happening as decided between the parties.

Outcome: with the help of case study it's easy for students to relate with the topic and are able to understand the Indian Contract Act, 1872 in better way.

No of Students: SYBcom A 54

Brief Fact Summary. Paul Krell (Plaintiff) sued C.S. Henry (Defendant) for 50 pounds the remaining of the balance of 75 pounds for which Defendant rented a flat to watch the coronation of the King. The lower court found for the Defendant and Plaintiff appealed.

Synopsis of Rule of Law. A party's duties are discharged where a party's purpose is frustrated without fault by the occurrence of an event, which the nonoccurrence of which was a basic assumption on which the contract was made.

Facts. Plaintiff and Defendant entered into a contract for the Defendant to rent a flat to watch the coronation of the King. Defendant was induced to contract by an announcement in the window of Plaintiff's flat renting windows to view the coronation. The contract, however, did not have any express reference to the coronation. The coronation never took place since the King became ill, therefore, Defendant refused payment. Plaintiff sued for the remaining money due under the contract. Defendant denied liability and counterclaimed for the 25 pounds previously paid on the theory that the coronation did not take place, and, thus there was a total failure of consideration for the contract entered into. The lower court found that there was an implied condition in the contract that the coronation should take place and found for the Defendant on liability and the counterclaim. Plaintiff appealed.

Issue. When the subject of the contract is frustrated is nonperformance of one of the parties excused?

Held. Yes. Judgment affirmed.

Defendant is excused from performance because his purpose for entering into the contract was frustrated. Defendant's purpose of entering into the contract was to view the coronation of the



King. This purpose was understood by both of the parties and regarded as the foundation of the contract. Further, the rooms were taken by their reason to suitability for viewing the coronation processions and thus the purpose of the contract.

Performance of the contract was not rendered impossible, since Defendant could remain in the flat even though the coronation procession did not take place. However, Defendant would not receive any benefit from staying in the flat, therefore he must be excused from performing. Parol evidence is admissible to show that the subject of the contract, which was flats to view the coronation and was known by both of the parties, in order to determine whether the object of the contract was frustrated by the non-occurrence of the coronation. Therefore, the court held that Defendant was excused from performing under the contract and Plaintiff's claim is dismissed.

Discussion. The doctrine of frustration of purpose originated in cases called coronation cases, such as this case. The doctrine of frustration of purpose states when a party's purpose is frustrated by intervening events the duties of the parties will be discharged. A party's purpose is frustrated when events occur which destroy this purpose, even though performance of the contract is not impossible.



(2)

Date	02/07/18	03/7/18	04/7/18	05/7/18	6/7/18	12/7/18	13/7/18	16/7/18
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88	A	A	Pravina	Pravina	A	A	Pravina	A
89	P. Thakur	A	A	A	A	A	A	A
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✓ 91	Bashant	Bashant	A	A	Bashant	Bashant	Bashant	Bashant
92	Bittu	Bittu	Bittu	A	A	A	Bittu	Bittu
94	Ankita	Ankita	Ankita	Ankita	A	Ankita	Ankita	Ankita
95	A	A	A	A	A	A	A	A
97	Kavya	Kavya	Kavya	A	A	Kavya	A	A
98	A	A	A	A	A	A	A	A
99	A	A	A	A	A	A	A	A
100	A	A	A	A	A	A	A	A
102	A	A	A	A	A	A	A	A
104	A	A	A	A	A	A	A	A
217	Sonagade	Sonagade	Sonagade	A	Sonagade	A	Sonagade	A
255	Siddhi	Siddhi	Siddhi	Siddhi	A	Siddhi	Siddhi	Siddhi
304	Sonagade	Sonagade	Sonagade	A	A	Sonagade	A	A
Present	64	64	64	A	A	64	64	A
CF7013 Absent	A	A	A	A	A	A	A	A
		10	10		3	11	10	64

Subject: BUSINESS LAW

Date: 02/07/2018

Activity: CASE STUDY

Case Study {1} Balfour v Balfour

Objectives:

Examination of validity of the contract

The requirement of intention of both the parties to bind each other legally.

Validity of contract if there is no intention for legal relationship.

Outcome: with the help of case study it's easy for students to relate with the topic and are able to understand the Indian Contract Act, 1872 in better way.

No of Students: Sy B Com B - 55

Facts of the Case

Mr. Balfour and Mrs. Balfour were husband and wife from Ceylon (Sri Lanka) and once they went for a vacation to England in the year 1915

But unfortunately during the course of vacation, Mrs. Balfour fell ill; she was in urgent need of medical attention.

Then they decided and made an agreement that Mr. Balfour would return to Ceylon and his wife, that is Mrs. Balfour shall stay back until she recovers from her illness.

They had also decided that during that period of time Mr. Balfour shall pay Mrs. Balfour 30 pounds as maintenance every month until everything falls into place, unless she recovers and returns back to Ceylon.

Now this understanding and interpretation was made when their relationship was fine and there was not any sort of sourness in between them.

But slowly and gradually their relationship deteriorated which resulted in non- payment of the amount of maintenance by Mr. Balfour to Mrs. Balfour

But Mrs. Balfour decided to seek to enforce the agreement and moved to the court.

Mr. Balfour wrote the letter to his wife suggesting to make their separation permanent.

And at later point of time they separated legally, that means they were divorced.

Mrs. Balfour had brought the action against Mr. Balfour for non-payment of the amount he was supposed to pay in court of law in the year 1918.

Issues Raised In the Case



Did Mr. Balfour ever intended to enter into any sort of agreement with his wife, Mrs. Balfour?

Is the agreement between Mr. And Mrs. Balfour valid in nature at all?

Does the contract between husband and wife enforceable in court of law?

Contention At The Part Of The Appellant (Mr. Balfour)

The Agreement made between Mr. Balfour and Mrs. Balfour was purely domestic in nature, it does not hold any legal enforcement. Moreover Mr. Balfour never had any sort of intention to form an agreement which is legal in nature.

Contention At The Part Of The Respondent (Mrs. Balfour)

The husband must be obliged to pay her the maintenance because, because the husband got into the domestic agreement by entering into the contract that he would pay her the amount of 30 pounds as support for which she had agreed to stay back in England.

What Was Held In Balfour Vs. Balfour (1919)

It was held that the characteristics of the agreement was purely and completely domestic in nature, Lord Justice Atkin held that when a husband and a wife enter into an agreement they never intend to create a legal relationship. Both the parties must have an intention to create a legal relationship while entering into an agreement, then only it becomes enforceable in court of law.

Moreover, a court will never take into account the domestic agreements between spouses made in daily course of life.

The agreement was outside the realm of contracts altogether.

Judgement

As mentioned above, the agreement was not legally binding, the agreements made in personal family relationships are not counted in law of contract the agreements made between spouses to provide capitals or monetary benefits does not hold any legally binding authority. Generally, spouses or parties to marriage do make arrangements for personal and household expenses, but there is never a legal instinct in those things.

The court of Appeal had unanimously ruled that there was no such enforceable agreement between Mr. Balfour and Mrs. Balfour. Subsequently, Mr Balfour was allowed. Basically, the law revolves around the concept that there must be an intention on the part of both the parties to create a legal relationship in order to validate a contract. This was the ratio decided in the case. Whether the parties intended to create a legal relationship or not is determined by examining the circumstances that existed, under which the execution of the contract was done.



Short Analysis Of The Case

Initially, at the first instance of the case, Justice Sargant had held that, the claims made by Mrs. Balfour are valid and Mr. Balfour should be entitled to pay her the maintenance which he promised to pay. Finally, Mr. Balfour appealed in the court of appeal. In the court of Appeal, it was held by the bench of judges, Warrington LJ, Duke LJ, Atkin LJ that the agreement is not enforceable in court of law. Atkin LJ observed it with regard to owing to its domestic nature. Whereas Warrington LJ and Duke LJ did so because they doubted that Mrs. Balfour gave consideration. The doctrine of intention to create a legal relation was invoked by Atkin LJ basically.

It was said that the doctrine was with regard to public policy and domestic agreement has got nothing to do with it. The court cannot indulge into such trifle issues relating to personal and family agreements.

Though there may be certain circumstances, where husband and wife may enter into an agreement which is legally binding in nature, but here in this case there was no such circumstance. The doctrine attracted attention and gained prominence. This intention is sometimes also referred as *animus contrahendi*.

In one of the latter case of Jones vs. Padavatton, Salmon LJ had said that this is factual in nature. It does not possess any legal presumption.

Intention to create a legal relationship is one of the essential elements required to enter into a contract.

Conclusion

By studying and going through the case of Balfour vs. Balfour (1919), we understand that a mere social agreement made within a family cannot be enforced in court of law, these agreements do not hold any legally binding authority. Second thing is there must be an intention to create a legal relation at the part of the parties. Owing to all this, Mr. Balfour could not be sued by Mrs. Balfour in court of law. This case has often been seen in conjunction with Merritt vs. Merritt 1970] 2 All ER 760; [1970] 1 WLR 121. In this case, though the couple was married but they already had an estranged relationship, when the agreement was made, so in this scenario, any sort of agreement between them was to be considered that of legal in nature.



Subject: BUSINESS LAW

Date: 4/07/2018

Activity: CASE STUDY

Case Study: {2} Lalman Shukla vs. Gauri Dutt

Objectives:

Examination of validity of the contract

The requirement of knowledge about the proposal in order to accept the offer.

Validity of contract if there exists no acceptance.

Outcome: with the help of case study it's easy for students to relate with the topic and are able to understand the Indian Contract Act, 1872 in better way.

No of Students: SyBCOM B 63

Name of the case:

Lalman shukla verses Gauri Dutt case - Equivalent Citation-1913 40 ALJ 489

The case Lalman Shukla verses Gauri Dutt case is one of the popular landmark judgments which is based on validity of contract under ICA (Indian contract act). The case was filed in the Allahabad high court in 1913 the verdict was given by chief justice of Allahabad high court J.Banerjee.

This case of Lalman shukla verses Gauri Dutt case is one of the most famous landmark judgments under the Indian contract act and this case is about the validity of contract if there exists no acceptance. It explains us about the essentials or requisites of a valid contract and section 3 of the contract act, 1872 which is about communication of proposal.

This case was dealt in Allahabad high court and it was highlighted that knowledge and the acceptance for an offer are most essential requirements in order to turn a proposal to a contract. And secondly the parties accepting the offer must have the knowledge of the offer in order to perform the contract. There are various rules and case laws which are discussed in favor of the plaintiff and the defendant particularly in this case.

This is a much highlighted and most significant case of general proposal and has helped by laying down the important principles. The main objective of this case is the examination of validity of the contract and the requirement of knowledge about the proposal in order to accept the offer.



Facts of the case:

In this case the defendant Gauri Dutta's Nephew was absconded from his house. The trace of the boy was not found. After the incident Gauri Dutt the defendant send all his servants in search for his missing nephew and out of the servants was the plaintiff Lalman Shukla who had also gone to find the boy and bring him back.

After Lalman shukla had left the house and was sent to Haridwar from Kanpur. He was provided with money and other expenses for his railway fare. As soon as Lalman Shukla left the house Gauri Dutt made an announcement that any person who will trace and find his missing Nephew will be rewarded with money of Rs 501. Lalman Shukla had no idea and was not aware of the fact. He had no knowledge about it before he went to trace the missing boy.

Then Lalman shukla traced the boy and brought the boy back to Kanpur. After knowing about the reward Lalman Shukla claimed the money from his master Gauri Dutt. But Gauri Dutt denied paying the reward of Rs 501 to him. As a result the plaintiff Lalman Shukla filed a case against Gauri Dutt his master for not giving him the reward as he is not entitled to recover for the performance of his act.

Issues raised in this case:

The main issues which was raised in this case were as follows

Whether there exists a contract or whether the situation amounts to contract between the two

Whether Lalman Shukla was entitled to get the reward from Gauri Dutt for tracing the missing boy

Whether there was a valid acceptance of the offer made by the plaintiff

Arguments on behalf of the plaintiff (Lalman Shukla):

The plaintiff Lalman Shukla strongly affirmed on his point that his performance of finding the missing boy himself is sufficient for him to be entitled to get the reward. He says according to Gauri dutt's condition of whoever finds her nephew and bring him back he will get the reward and as per the condition the plaintiff had traced the boy and brought him back so he is entitled to the award declared. He stated that it is not important to have the prior knowledge under this circumstance about the reward which was associated with it.

He also put emphasis on the fact that section 8 of the Indian contract act, 1872 which states that the performance of the act or the acceptance of any consideration of a proposal is an acceptance of the proposal. And here in this present case the condition as stated by the defendant Gauri Dutt was that whoever will find the missing child will be rewarded Rs 501 and as per it the plaintiff had performed the act so he is claiming for his reward from the defendant Gauri Dutt. He stated it immaterial that it is not necessary that the person who has performed the act must have the knowledge of it. According to him he has found the missing boy so he has the right to get the reward



Arguments on behalf of the respondent:

The defendant (Gauri Dutt) asserted and strongly stated her point by saying that first and foremost the plaintiff Lalman Shukla was not aware of the offer. He had no knowledge about it. So an offer without the knowledge of the offeree or the promisee cannot be accepted and also there was no such possibility by the plaintiff to accept the offer without even knowing of the fact. Gauri Dutt stated according to section 2(a) of the Indian Contract Act 1872 when one person signifies to another person his desire or willingness to do or to not do something intending to obtain the assent of that person. To such act or abstinence he is said to make a proposal.

And also section 2(b) states the person to whom the offer is being made signifies his willingness then it is said that the proposal is accepted. Assent is very much essential to create a contract between both the parties which means before accepting the offer the offeree must have complete knowledge about the facts in order to give his assent or approval but here in this case the plaintiff was completely unaware of the reward which was associated with it.

At the time of searching the missing boy the plaintiff Lalman Shukla was merely doing his duty as a servant. He was working as a servant and it was his duty to trace and find the missing boy and for that purpose he was sent from Haridwar to Kanpur. As there was no acceptance there was no agreement which can be said as enforceable by law according to section 2(h). Without the knowledge of the offer before accepting a valid contract cannot be created between both the parties.

The plaintiff came to know about the reward after it was been declared by the respondent as a result the plaintiff had no possibility to accept the offer. So according to the defendant Gauri Dutt Lalman shukla was not entitled to get the reward and hence he cannot claim it.

As the contract did not exist between the two. So the plaintiff Lalman shukla cannot ask for the reward. The defendant argued by citing the case Fitch verses Snedaker in this case fitch gave information about the murderer and then claim for the reward after knowing about it from Snedaker. Since Fitch was not aware of the fact of the reward before so he was not entitled to claim it.

Judgement of the case:

In the case of Lalman Shukla verses Gauri Dutt case the petitioners appeal against the respondent Gauri Dutt was dismissed by the court. After analyzing all the facts of the case It was held by the honorable court that for creating or entering into a valid contract there has to be knowledge and assent to the offer being made by the proposer. There has to be proper acceptance or the offeree must give his approval before accepting which was absent in the present case.

The plaintiff had no knowledge about the reward before performing his act. He came to know afterwards in which there is no possibility of accepting the offer. Hence there exist no contract so as a result the court came to the decision that the appellent Lalman Shukla was not entitled to get



the reward. Without having any prior knowledge and information about the facts which restricts him to claim the reward.

The judge said that Lalman Shukla was fulfilling his obligations as a servant of tracing the missing boy. It was a part of his duty which he was merely doing. So hence his suit against the defendant was completely dismissed by the court as there was no contract between both the parties.



Subject: BUSINESS LAW

Date: 05/07/18

Activity: CASE STUDY

Case Study {3} Carlill v/s Carbolic Smoke Ball Company

Objectives:

Examination of validity of the contract

The requirement of knowledge about the consideration and stranger to consideration can sue the party in the contract.

Validity of contract if consideration has been paid in past and status of stranger to consideration.

Outcome: with the help of case study it's easy for students to relate with the topic and are able to understand the Indian Contract Act, 1872 in better way.

No of Students: Sy Blom B 47

Brief Fact Summary. The Plaintiff, believing Defendant's advertisement that its product would prevent influenza, bought a Carbolic Smoke Ball and used it as directed from November 20, 1891 until January 17, 1892, when she caught the flu. Plaintiff brought suit to recover the 100£, which the Court found her entitled to recover. Defendant appealed.

Synopsis of Rule of Law. This case considers whether an advertising gimmick (i.e. the promise to pay 100£ to anyone contracting influenza while using the Carbolic Smoke Ball) can be considered an express contractual promise to pay.

Facts. The Defendant, the Carbolic Smoke Ball Company of London (Defendant), placed an advertisement in several newspapers on November 13, 1891, stating that its product, "The Carbolic Smoke Ball", when used three times daily, for two weeks, would prevent colds and influenza. The makers of the smoke ball additionally offered a 100£ reward to anyone who caught influenza using their product, guaranteeing this reward by stating in their advertisement that they had deposited 1000£ in the bank as a show of their sincerity. The Plaintiff, Lilli Carlill (Plaintiff), bought a smoke ball and used it as directed. Several weeks after she began using the smoke ball, Plaintiff caught the flu.

Issue. Lindley, L.J., on behalf of the Court of Appeals, notes that the main issue at hand is whether the language in Defendant's advertisement, regarding the 100£ reward was meant to be an express promise or, rather, a sales puff, which had no meaning whatsoever.



Held. Defendant's Appeal was dismissed, Plaintiff was entitled to recover 100£. The Court acknowledges that in the case of vague advertisements, language regarding payment of a reward is generally a puff, which carries no enforceability. In this case, however, Defendant noted the deposit of £1000 in their advertisement, as a show of their sincerity. Because Defendant did this, the Court found their offer to reward to be a promise, backed by their own sincerity.

Concurrence. In the concurrences of Bowen L.J. and A.L. Smith, L.J., the notion of contractual consideration also becomes an issue of relevance. Both of these Judges note that while the Defendant could argue lack of consideration, Plaintiff, in buying the Carboloc Smoke Ball and using it as directed, provided adequate consideration through the inconvenience she experienced by using the product.

Discussion. This case stands for the proposition that while sales puffery in advertisements is generally not intended to create a contract with potential product buyers, in this case it did because the Defendant elevated their language to the level of a promise, by relying on their own sincerity.



Subject: BUSINESS LAW

Date: 07/07/18

Activity: CASE STUDY

Case Study {4} Mohori Bibee V/S Dharmodas Ghose

Objectives:

Examination of validity of the contract

The requirement of contractual capacity to give legality to the contract.

Validity of contract if a minor is enters in a contract.

Outcome: with the help of case study it's easy for students to relate with the topic and are able to understand the Indian Contract Act, 1872 in better way.

No of Students: Sy Bcom B 48

Mohori Bibee V/S Dharmodas Ghose - Ilr (1903) 30 Cal 539 (Pc) - Minor's Agreement
Landmark Case - Bench of Judges: Lord Mcnaughton, Lord Davey, Lord Lindley, Sir Ford North, Sir Andrew Scoble, Sir Andrew Wilson, JJ.

Introduction:-

Mohori Bibee V/S Dharmodas Ghose[1] is a case that covers the ambit of minors agreement. This case basically deals with a minor's contract or a contract with a minor. In India, an agreement or a contract with a minor (a person who is below the age of 18 yrs. or any person who has not completed 18 yrs. of age legally) is void ab-initio (void from very beginning) such rules and regulations are made because, according to law such people does not comes under the ambit of capacity of contract or agreement of doing so.

According to courts opinion, any person who is below 18 yrs of age or who has not completed the age of 18 yrs. of age i.e. a minor cannot intend to create contract or make major decisions. This case has basically provided us with the knowledge that, since minors are legally incompetent to give their assent so they need to deserve or be provide with the protection in their dealings with the other major persons. After this case, any sought of contact or agreement with the minor was void from beginning. Such contracts are "void ab-initio[2]".

In this case, the Privy Council declared the law that any contact by minor or any minor's agreement is "absolutely void" and it has also been strictly followed and is still growing also. Section 10[3] of Indian Contact Act, 1872 provides for what agreements are contracts? and Section 11[4] provides that a person who are competent to contract.



Facts:-

The facts of this case were as follows:-

v Dharmodas Ghose, was the respondent in this case. He was a minor (i.e. has not completed the 18 years of age) and he was the sole owner of his immovable property. The mother of Dharmodas Ghose was authorized as his legal custodian by Calcutta High Court.

v When he went for the mortgage of his own immovable property which was done in the favor of appellant i.e. Brahmo Dutta, he was a minor and he secured this mortgage deed for Rs. 20,000 at 12% interest rate per year.

v Brahmo Dutta who was a money lender at that time and he secured a loan or amount of Rs. 20,000, and the management of his business was in the control of Kedar Nath, and Kedar Nath acted as the attorney of Brahmo Dutta.

v Dharmodas Ghose's mother sent a notification to Brahmo Dutta informing him about the minority of Dharmodas Ghose on the date on which such mortgage deed was commenced.

v but the proportion or sum of loan that was actually provided was less than Rs. 20,000.

v The negotiator or representative of the defendant, who actually acted instead of on behalf of money lender has given money or sum to the plaintiff, who was a minor and he fully had knowledge about the incompetency of the plaintiff to perform or enter into contract and also that he was incompetent legally to mortgage his property which belonged to him.

v After that, on 10th Sept. 1895 Dharmodas Ghose along with his mother brought an legal suit or action against Brahmo Dutta by saying that the mortgage that was executed by Dharmodas was commenced when he was a minor or infant and so such mortgage was void and disproportionate or improper and as a result of which such contract should be revoked or rescinded.

v When this petition or claim was in process, Brahmo Dutta had died and then further the appeal or petition was litigated or indicted by his executor's.

v The plaintiff argued or confronted that in such case no relaxation or any sought of aid should be provided to them because according to him, defendant had deceitfully or dishonestly misinterpreted the fact about his age and because if mortgage is cancelled at the request by defendant i.e. Dharmodas Ghose.

Issues Raised:-

Issues Raised in this case were:-

Whether the deed was void under section 2, 10[5], 11[6], of Indian Contract Act, 1872 or not?

Whether the defendant was liable to return the amount of loan which he had received by him under such deed or mortgage or not?

Whether the mortgage commenced by the defendant was voidable or not?



Judgement:-

According to the verdict of Trial Court, such mortgage deed or contract that was commenced between the plaintiff and the defendant was void as it was accomplished by the person who was an infant at the time of execution of mortgage.

When Brahma Dutta was not satisfied with the verdict of Trial Court he filled an appeal in the Calcutta High Court.

According to the decision of Calcutta High Court, they agreed with the verdict that was given by Trial Court and it dismissed the appeal of Brahma Dutta.

Then he later went to Privy Council for the appeal and later the Privy Council also dismissed the appeal of Brahma Dutta and held that there cannot be any sought of contract between a minor and a major person.

The final decision that was passed by the Council were :-

1. Any sought of contract with a minor or infant is void/ void ab-initio (void from beginning).
2. Since minor was incompetent to make such mortgage hence the contact such made or commenced shall also be void and did not valid in the eyes of law.
3. The minor i.e. Dahrmodas Gosh cannot be forced to give back the amount of money that was advanced to him, because he was not bound by the promise that was executed in a contract.

Conclusion:-

In Mohori Bibee V/S Dharmodas Ghose, at the end it can be concluded that any agreement or deed in which minor is party to it or is included in such contact by any way, such deed or agreement shall be declared null and void because such agreement is no agreement in the eyes of law. Any agreement with an infant cannot be administered against them. In cases minors parents or custodians shall not be liable for the dealings done by the minor without their consent or knowledge, and hence they will not be liable to return the amount back taken by the minor out of the moral obligations. But parents and guardians will be liable to repay back the amount when minor or an infant acted with the consent of the his/her parents or his/ her custodians. If any minor has got any profit out of the void contact the he/she cannot be forced to reimburse it back or make compensation for it.



Subject: BUSINESS LAW

Date: 11/7/18

Activity: CASE STUDY

Case Study {5} Chinnaya V. Rammaya (1882)

Objectives:

Examination of validity of the contract

The requirement of knowledge about the consideration and stranger to consideration can sue the party in the contract.

Validity of contract if consideration has been paid in past and status of stranger to consideration.

Outcome: with the help of case study it's easy for students to relate with the topic and are able to understand the Indian Contract Act, 1872 in better way.

No of Students: Syblom B 53

Court: Madras High Court

Full Case Name: {4} Chinnaya V. Rammaya (1882)

Date Decided: 21st October 1987

Citations: ILR (1876-82) 4 Mad 137

Judges: Innes J, Kindersley J

Appellant: Venkata Chinnaya

Respondent: Venkata RamayyaGaru

Facts: A lady granted/ gifted a property consisting of some land to her daughter (defendant) by a gift deed. The deed was registered to the proper authorities. One of the terms of the deed was that the daughter had to pay a sum of Rs.653 annually. Later the old lady died, and the defendant refused to pay the money the sister whom she had promised to pay so. And hence the plaintiff sued the defendant for the recovery of the same.

Issue: Whether the plaintiff can bring an action against the defendant for the amount promised in a contract where the consideration for such promise has been furnished by the mother of the defendant (plaintiff's sister)?



Appellants argument: The consideration for getting the property was a promise to pay the amount annually to the plaintiff.

Respondents argument: The plaintiff was not a party to contract, hence was had no right to compel respondent for paying the promised amount.

Judgement: The Madras High Court held that in this agreement between the defendant and plaintiff the consideration has been furnished on behalf of the plaintiff (sister) by her own sister (respondents mother). Although the plaintiff was stranger to the consideration but since he was a party to the contract he could enforce the promise to the promisor, since under law, Consideration may be given by the promise or anyone on her behalf – vide section 2(D) of Indian Contract Act, 1872.

Thus, consideration furnished by the old lady constitutes sufficient consideration for the plaintiff to sue the defendant on her promise.

Held, the sister was entitled to a decree for payment of the annual sum of money.

Conclusion: In Indian Law, consideration may be given by the promise or any other person. In India, there is a possibility that consideration for the promise may move not from the promise but a third person, who is not a party to the contract, different from the English Law in which the consideration must move from only the promise.

Case: Chinnaya vs Ramaya

Brief: As per section 2(d) of the Indian Contract Act (1872), “When, at the desire of the promisor, the promisee or any other person has done or abstained from doing or does or abstains from doing, or promises to do or abstain from doing, something, such act or abstinence or promise is called a consideration for the promise. From this definition, it is clear that in a valid contract the consideration need not flow from the promisee only. It could flow from any other person who is not a party to such contract thus, the decision was in favour as this was a valid consideration.

Facts: A lady transferred her property to her daughter (defendant), by a deed of gift. Such deed was registered. One of the terms of the gift deed was that the daughter would pay a sum of Rs. 653/- every year to the lady’s sister (plaintiff). The defendant executed an agreement in favour of the plaintiff promising to do the same. The defendant failed to pay the annual amount to the plaintiff. Hence, the plaintiff sued the defendant for the recovery of the same. **Issue:** Whether the plaintiff can bring an action against the defendant for the amount promised in a contract where the consideration for such promise has been furnished by the mother of the defendant (plaintiff’s sister)?

Plaintiff’s contention The consideration for the defendant’s mother to gift the property to the



defendant was defendant's promise to pay an annuity to the plaintiff. Hence, the plaintiff is entitled to sue the defendant to recover the same.

Defendant's contention The plaintiff had not furnished any consideration under the contract. Hence, she is not entitled to sue the defendant for the recovery of the amount promised to her.

Held: As per section 2(d) of the Indian Contract Act (1872), "When, at the desire of the promisor, the promisee or any other person has done or abstained from doing or does or abstains from doing, or promises to do or abstain from doing, something, such act or abstinence or promise is called a consideration for the promise. From this definition, it is clear that in a valid contract the consideration need not flow from the promisee only. It could flow from any other person who is not a party to such contract thus, the decision was in favour as this was a valid consideration.



Subject: BUSINESS LAW

Date: 13/7/2018

Activity: CASE STUDY

Case Study {6} Krell v. Henry

Objectives:

Examination of modes of discharge of the contract

The requirement of knowledge about the frustration of contract

Validity of contract if state of things are not happening as decided between the parties.

Outcome: with the help of case study it's easy for students to relate with the topic and are able to understand the Indian Contract Act, 1872 in better way.

No of Students: Sy Bcom B 59

Brief Fact Summary. Paul Krell (Plaintiff) sued C.S. Henry (Defendant) for 50 pounds the remaining of the balance of 75 pounds for which Defendant rented a flat to watch the coronation of the King. The lower court found for the Defendant and Plaintiff appealed.

Synopsis of Rule of Law. A party's duties are discharged where a party's purpose is frustrated without fault by the occurrence of an event, which the nonoccurrence of which was a basic assumption on which the contract was made.

Facts. Plaintiff and Defendant entered into a contract for the Defendant to rent a flat to watch the coronation of the King. Defendant was induced to contract by an announcement in the window of Plaintiff's flat renting windows to view the coronation. The contract, however, did not have any express reference to the coronation. The coronation never took place since the King became ill, therefore, Defendant refused payment. Plaintiff sued for the remaining money due under the contract. Defendant denied liability and counterclaimed for the 25 pounds previously paid on the theory that the coronation did not take place, and, thus there was a total failure of consideration for the contract entered into. The lower court found that there was an implied condition in the contract that the coronation should take place and found for the Defendant on liability and the counterclaim. Plaintiff appealed.

Issue. When the subject of the contract is frustrated is nonperformance of one of the parties excused?

Held. Yes. Judgment affirmed.

Defendant is excused from performance because his purpose for entering into the contract was frustrated. Defendant's purpose of entering into the contract was to view the coronation of the



King. This purpose was understood by both of the parties and regarded as the foundation of the contract. Further, the rooms were taken by their reason to suitability for viewing the coronation processions and thus the purpose of the contract.

Performance of the contract was not rendered impossible, since Defendant could remain in the flat even though the coronation procession did not take place. However, Defendant would not receive any benefit from staying in the flat, therefore he must be excused from performing.

Parol evidence is admissible to show that the subject of the contract, which was flats to view the coronation and was known by both of the parties, in order to determine whether the object of the contract was frustrated by the non-occurrence of the coronation. Therefore, the court held that Defendant was excused from performing under the contract and Plaintiff's claim is dismissed.

Discussion. The doctrine of frustration of purpose originated in cases called coronation cases, such as this case. The doctrine of frustration of purpose states when a party's purpose is frustrated by intervening events the duties of the parties will be discharged. A party's purpose is frustrated when events occur which destroy this purpose, even though performance of the contract is not impossible.



B.L III

Month	<u>July</u>			Class	<u>Sy Bcom B</u>				
	Case I	Case II	Case III	Case IV	Case V	Case VI	Case VII	Case VIII	
Date	2/7/18	3/7/18	4/7/18	5/7/18	7/7/18	11/7/18	12/7/18	13/7/18	
Time	9:20-10:10	11:00-11:50	9:20-10:10	10:10-11:00	9:20-10:10	9:20-10:10	9:20-10:10	10:10-11:00	
Subject	B.L	B.L							
Signature	<u>Sonuk</u>	<u>Sonuk</u>	<u>Sonuk</u>	<u>Sonuk</u>	<u>Sonuk</u>	<u>Sonuk</u>	<u>Sonuk</u>	<u>Sonuk</u>	

Roll No.								
CFIT 201	<u>Pooja</u>	<u>Pooja</u>	<u>Pooja</u>	<u>Pooja</u>	Ab	<u>Pooja</u>	<u>Pooja</u>	<u>Pooja</u>
204	Ab	Ab	Ab	Ab	Ab	Ab	Pratuse	Ab
205	Ab	Ab	Ab	Ab	Ab	Ab	Petey	Ab
206	Prakash	Ab	Prakash	Prakash	Prakash	Prakash	Ab	Prakash
207	Ab	Ab	Ab	Ab	Ab	Ab	Ab	Ab
208	Ab	Ab	Ab	Chintan	Ab	Ab	Chintan	Ab
209	<u>Chaubey</u>	<u>Chaubey</u>	Ab	Ab	<u>Chaubey</u>	Ab	<u>Chaubey</u>	<u>Chaubey</u>
210	<u>Suyeta</u>	Ab	Ab	Ab	Ab	<u>Suyeta</u>	<u>Suyeta</u>	Ab
212	Ab	Ab	Ab	Ab	Ab	Ab	<u>Donali</u>	Ab
214	Ab	Ab	Ab	Ab	Ab	<u>Pril</u>	<u>Pril</u>	<u>Pril</u>
215	Ab	Ab	<u>Donali</u>	Ab	Ab	Ab	<u>Samt</u>	<u>Donali</u>
216	<u>Mayur</u>	<u>Mayur</u>	<u>Mayur</u>	<u>Mayur</u>	<u>Mayur</u>	<u>Mayur</u>	<u>Mayur</u>	<u>Mayur</u>
217	Ab	Ab	Ab	Ab	Ab	Ab	Ab	Ab
218	Ab	Ab	Ab	Ab	Ab	Ab	<u>Pril</u>	Ab
219	Ab	Ab	Ab	Ab	Ab	Ab	Ab	<u>Pril</u>
220	Ab	Ab	Ab	Ab	<u>Pril</u>	<u>Pril</u>	Ab	Ab
221	Ab	Ab	Ab	Ab	Ab	Roshani	Roshani	Roshani
224	<u>Esakki</u>	Ab	Ab	<u>Esakki</u>	Ab	Ab	Ab	<u>Esakki</u>
225	Ab	Ab	<u>Ruchi</u>	<u>Ruchi</u>	Ab	<u>Ruchi</u>	<u>Ruchi</u>	Ab
226	Ab	Ab	<u>Pradyan</u>	Ab	Ab	Ab	Ab	Ab
Present	06	05	06	06		8		
Absent	14	17	14	14		12		

Month July

Class Sy 'B'

Date	2/7/18	3/7/18	4/7/18	5/7/18	7/7/18	11/7/18	12/7/18	13/7/18
Time		11.00-11.50						
Subject	BL	B.L	BL					
Signature	<u>Sonali</u>	<u>Sonali</u>	<u>Sonali</u>	<u>Sonali</u>	<u>Sonali</u>			

Roll No.								
227	<u>Sonali</u>	<u>Sonali</u>	<u>Sonali</u>	<u>Sonali</u>	<u>Sonali</u>	<u>Sonali</u>	<u>Sonali</u>	<u>Sonali</u>
228	Ab	Ab	<u>Rishwantra</u>	Ab	<u>Rishwantra</u>	<u>Rishwantra</u>	<u>Rishwantra</u>	Ab
229	Ab	Ab	<u>Saksham</u>	Ab	Ab	<u>Saksham</u>	<u>Saksham</u>	Ab
230	Ab	Ab	Ab	Ab	<u>Utpal</u>	<u>Utpal</u>	<u>Utpal</u>	Ab
231	Ab	<u>Jyoti</u>	<u>Jyoti</u>	<u>Jyoti</u>	<u>Jyoti</u>	P.	Ab	<u>Jyoti</u>
232	<u>Karishma</u>	<u>Karishma</u>	<u>Karishma</u>	<u>Karishma</u>	Ab	<u>Karishma</u>	<u>Karishma</u>	<u>Karishma</u>
233	<u>Mamta</u>	<u>Mamta</u>	<u>Mamta</u>	<u>Mamta</u>	<u>Mamta</u>	<u>Mamta</u>	<u>Mamta</u>	<u>Mamta</u>
234	<u>Pratik</u>	Ab	<u>Pratik</u>	Ab	<u>Pratik</u>	Ab	<u>Pratik</u>	<u>Pratik</u>
235	<u>Pooja</u>	<u>Pooja</u>	<u>Pooja</u>	<u>Pooja</u>	<u>Pooja</u>	P.	<u>Pooja</u>	<u>Pooja</u> ^{N.S.S}
237	Ab	<u>Pooja</u>	Ab	Ab	Ab	Ab	Ab	Ab
238	<u>Rishi</u>	<u>Rishi</u>	<u>Rishi</u>	Ab	<u>Rishi</u>	<u>Rishi</u>	<u>Rishi</u>	<u>Rishi</u>
240	Ab	Ab	Ab	Ab	<u>Rishi</u>	Ab	<u>Rishi</u>	<u>Rishi</u>
241	Ab	Ab	<u>Rishi</u>	Ab	Ab	<u>Rishi</u>	<u>Rishi</u>	Ab
243	<u>P.kachale</u>	Ab	Ab	<u>P.kachale</u>	<u>P.kachale</u>	Ab	Ab	<u>P.kachale</u>
245	<u>Sukadani</u>	<u>Sukadani</u>	<u>Sukadani</u>	<u>Sukadani</u>	<u>Sukadani</u>	<u>Sukadani</u>	<u>Sukadani</u>	Ab
246	Ab	<u>Samam</u>	<u>Samam</u>	Ab	Ab	<u>Samam</u>	<u>Samam</u>	Ab
247	<u>Samam</u>	<u>Samam</u>	<u>Samam</u>	Ab	Ab	Ab	<u>Samam</u>	<u>Samam</u>
249	Ab	Ab	Ab	Ab	Ab	Ab	Ab	Ab
250	<u>Ab</u>	Ab	<u>Ab</u>	Ab	<u>Ab</u>	<u>Ab</u>	<u>Ab</u>	<u>Ab</u>
252	Ab	Ab	Ab	<u>Ab</u>	Ab	<u>Ab</u>	<u>Ab</u>	Ab
Present						14		
Absent						6		

Month July

Class Sy 'B'

Date	2/7/18	3/7/18	4/7/18	5/7/18	7/7/18	11/7/18	12/7/18	13/7/18
Time		11:00-11:50						
Subject	BL	B.L						
Signature	<i>[Signature]</i>	<i>[Signature]</i>	<i>[Signature]</i>	<i>[Signature]</i>	<i>[Signature]</i>			

Roll No.								
255	Ab	Ab	Ab	Ab	Ab	Ab	Ab	Ab
257	Ab	Ab	Ankita	Ankita	Ankita	Ab	Ab	Ankita
258	Ab ^P ABS	Ab	Ab	Ab	Ab	NSS Ab	Rosika	NSS.P
259	Pranav	Ab	Pranav	Pranav	Pranav	Pranav	Pranav	Ab
261	Abali	Ab	Abali	Abali	Ab	Abali	Abali	Abali
263	Pati	Pati	Pati	Pati	Ab	P	Pati	Pati
265	Chaitanya	Chaitanya	Chaitanya	Chaitanya	Chaitanya	Ab	Chaitanya	Chaitanya
267	Mantar R.	Mantar R.	Ab	Mantar R.	Ab	Ab	Mantar R.	Ab
270	Ab	Ab	Ab	Ab	Ab	Abhishek	Abhishek	Abhishek
273	Ab	Ab	Ab	Ab	Ab	Ab	Ab	Ab
277	Ab	Ab	Ab	Ab	Ab	Ab	Ab	Ab
278	PASHAB	PASHAB	PASHAB	AB	PASHAB	Ab	PASHAB	Ab
279	Sanjaya	Sanjaya	Sanjaya	Ab	Sanjaya	Ab	Sanjaya	Sanjaya
281	Ab	Ab	Bhinde	Bhinde	Ab	Ab	Bhinde	Ab
282	Ab	Ab	Ab	Ab	Ab	Ab	Ab	Ab
284	Ab	Ab	Ab	Ab	Ab	Abhishek	Ab	Ab
285	Ab	Ab	Ab	Ab	Ab	Ab	Ab	Abhishek
286	Sneha	Sneha	Sneha	Sneha	Sneha	P.N.S.S.	Sneha	N.S.S.P
287	Abhishek	Abhishek	Abhishek	Abhishek	Abhishek	Abhishek	Abhishek	Abhishek
288	Kuldeep	Ab	AB	Ab	Kuldeep	Kuldeep	Kuldeep	Kuldeep
Present						9		
Absent						11		

Month July

Class Sy 'B'

Date	2/7/18	3/07/18	4/7/18	5/7/18	7/7/18	11/7/18	12/7/18	13/7/18
Time		11:00-11:50						
Subject	B.L	B.L						
Signature	<u>Somuti</u>	<u>Somuti</u>	<u>Somuti</u>	<u>Somuti</u>	<u>Somuti</u>			

Roll No.								
289	<u>Ab</u>	Ab	<u>Ab</u>	<u>Ab</u>	<u>Ab</u>	Ab	Ab	Ab
290	Ab	Ab	Ab	Ab	<u>Ab</u>	<u>Ab</u>	Ab	Ab
291	<u>P. ABS</u>	Ab	Ab	<u>Ab</u>	Ab	<u>P</u>	Ab	Ab
292	<u>Ab</u>	<u>Ab</u>	<u>Ab</u>	<u>Sanjana</u>	<u>Ab</u>	<u>Ab</u>	<u>Sanjana</u>	<u>Ab</u>
294	Ab	<u>Ab</u>	Ab	Ab	<u>Ab</u>	Ab	<u>Dnyansh</u>	Ab
297	<u>Ab</u>	Ab	Ab	Ab	Ab	Ab	Ab	<u>Ab</u>
300	<u>Pooja</u>	Ab	<u>Pooja</u>	<u>Pooja</u>	<u>Pooja</u>	<u>Ab</u>	<u>Pooja</u>	<u>Pooja</u>
301	<u>Ab</u>	<u>Ranul</u>	<u>Ranul</u>	<u>Ab</u>	<u>Ab</u>	<u>Ab</u>	<u>Ranul</u>	<u>Ranul</u>
302	<u>Ab</u>	<u>Ab</u>	<u>Ab</u>	<u>Ab</u>	<u>Ab</u>	<u>Ab</u>	<u>Ab</u>	<u>Ab</u>
303	Ab	<u>Ab</u>	Ab	Ab	<u>Ab</u>	<u>Ab</u>	Ab	<u>Ab</u>
304	<u>Ab</u>	<u>Ab</u>	<u>Ab</u>	<u>Ab</u>	<u>Ab</u>	<u>Ab</u>	<u>Ab</u>	<u>Ab</u>
305	<u>Khushboo</u>	<u>Ab</u>	<u>Khushboo</u>	<u>Ab</u>	<u>Khushboo</u>	<u>Khushboo</u>	<u>Khushboo</u>	<u>Ab</u>
306	<u>Ab</u>	<u>Ab</u>	<u>Ab</u>	<u>Ab</u>	<u>Ab</u>	<u>Ab</u>	<u>Ab</u>	<u>Ab</u>
307	<u>Shivam</u>	<u>Shivam</u>	<u>Shivam</u>	<u>Shivam</u>	<u>Shivam</u>	<u>Shivam</u>	<u>Shivam</u>	<u>Shivam</u>
CF17 402	Ab	<u>Ab</u>	Ab	Ab	Ab	<u>Ab</u>	Ab	<u>Ab</u>
404	<u>Ab</u>	<u>Ab</u>	<u>Ab</u>	<u>Ab</u>	<u>Ab</u>	<u>Ab</u>	<u>Ab</u>	<u>Ab</u>
412	Ab	<u>Ab</u>	Ab	Ab	Ab	Ab	Ab	<u>Ab</u>
416	Ab	Ab	Ab	Ab	Ab	<u>Ab</u>	Ab	Ab
417	<u>Amey</u>	<u>Ab</u>	<u>Amey</u>	<u>Ab</u>	<u>Amey</u>	<u>Ab</u>	<u>Amey</u>	<u>Ab</u>
420	<u>Sakshi</u>	<u>Ab</u>	<u>Sakshi</u>	<u>Ab</u>	<u>Sakshi</u>	<u>Ab</u>	<u>Sakshi</u>	<u>Ab</u>
Present						7		
Absent						12		

Month July

Class Sy 'B'

Date	2/7/18	3/07/18	4/7/18	5/7/18	7/7/18	11/7/18	12/7/18	13/7/18
Time		11:00-11:50						
Subject	BL	13.L						
Signature	<u>Smit</u>	<u>Smit</u>	<u>Smit</u>	<u>Smit</u>	<u>Smit</u>			

Roll No.								
423	Ab	Ab	Agar	Ab	Ab	Ab	Ab	Ab
424	Ab	Ab	Ab	Ab	Ab	Ab	Ab	Ab
425	Ab	Ab	Ab	Ab	Ab	Amay Ab	Ab	Ab
427	Kamisha	Kamisha	Kamisha	Kamisha	Kamisha	Kamisha	Ab	Kamisha
428	Sangeeta	Sangeeta	Sangeeta	Ab	Sangeeta	Sangeeta	Sangeeta	Sangeeta
429	Ab	Ab	Raniga	Ab	Ab	Ab	Raniga	Raniga
431	Sonica	Sonica	Sonica	Ab	Sonica	Sonica	Ab	Sonica
432	Ab	Ab	Ab	Ab	Ab	Urat	Jirat	Jirat
434	Abhis	Abhis	Abhis	Abhis	Abhis	Abhis	Abhis	Abhis
435	Ab	Ab	Ab	Ab	Ab	Ab	Ab	Ab
439	Nimisha	Nimisha	Nimisha	Nimisha	Nimisha	Ab	Nimisha	Nimisha
443	Ab	Ab	Ab	Ab	Ab	Ab	Ab	Ab
444	Ab	Ab	Pooja	Pooja	Pooja	P	Pooja	Ab SSP
445	Pooja	Pooja	Pooja	Pooja	Pooja	Pooja	Pooja	Pooja
458	Ab	Ab	Ab	Ab	Ab	Ab	Tradhya	Ab
460	Ab	Ab	Ab	Ab	Ab	Ab	Ab	Ab
461	Dhruv	Dhruv	Dhruv	Dhruv	Dhruv	Dhruv	Dhruv	Dhruv
470	Neelam	Neelam	Neelam	Ab	Neelam	Neelam	Neelam	Neelam
473	Ab	Ab	Ab	Ab	Ab	Ab	Ab	Ab
479	Ab	Ab	Ab	Deepak	Ab	Deepak	Deepak	Deepak
Present						12		
Absent						1 9		

Month July

Class Sy 'B'

Date	2/7/18	8/07/18	4/7/18	5/7/18	7/7/18	11/7/18	12/7/18	13/7/18
Time		11:00-11:50						
Subject	BL	B.L						
Signature	<u>Sonika</u>	<u>Sonika</u>	<u>Sonika</u>	<u>Sonika</u>	<u>Sonika</u>			

Roll No.								
483	<u>See</u>	Ab	<u>See</u>	<u>See</u>	<u>See</u>	<u>See</u>	<u>See</u>	<u>See</u>
484	Ab	<u>Abhinay</u>	<u>Abhinay</u>	Ab	<u>Abhinay</u>	<u>Abhinay</u>	<u>Abhinay</u>	<u>Abhinay</u>
488	<u>Ab</u>	<u>Abhinay</u>	<u>Abhinay</u>	<u>Abhinay</u>	<u>Abhinay</u>	Ab	<u>Abhinay</u>	Ab
495	Ab	Ab	Ab	Ab	Ab	Ab	Ab	Ab
502	<u>Khushbu</u>	<u>Khushbu</u>	<u>Khushbu</u>	Ab	<u>Khushbu</u>	<u>Khushbu</u>	<u>Khushbu</u>	<u>Khushbu</u>
505	<u>Rupesh</u>	Ab	<u>Rupesh</u>	<u>Rupesh</u>	Ab	<u>Rupesh</u>	<u>Rupesh</u>	<u>Rupesh</u>
CF17009	<u>Jinal</u>	<u>Jinal</u>	<u>Jinal</u>	<u>Jinal</u>	Ab	Ab	Ab	Ab
CF17090	Pooja	Pooja	Pooja	Ab	Pooja	Ab	Ab	Pooja
CF17241	Ab	Ab	<u>Abhinay</u>	Ab	Ab	Ab	Ab	Ab
CF17233	Abhinay	Abhinay	Abhinay	Ab	Ab	Ab	Ab	Ab
CF17100	AB	AB	AB	<u>Abhinay</u>	Ab	<u>Abhinay</u>	<u>Abhinay</u>	Ab
CF17465	Ab	AB	AB	Ab	Ab	Ab	Ab	Ab
CF1								
Present	06	04	08	05		05		
Absent	05	07	05	06		06		



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The S.I.A. College of Higher Education
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BCOM

**CASE STUDY FOR BUSINESS LAW
SUBJECT**

2019-20

Subject: BUSINESS LAW

Date: 12/6/19

Activity: CASE STUDY

Case Study {1} Balfour v Balfour

Objectives:

Examination of validity of the contract

The requirement of intention of both the parties to bind each other legally.

Validity of contract if there is no intention for legal relationship.

Outcome: with the help of case study it's easy for students to relate with the topic and are able to understand the Indian Contract Act, 1872 in better way.

No of Students:

36

Facts of the Case Sy Bcom A

Mr. Balfour and Mrs. Balfour were husband and wife from Ceylon (Sri Lanka) and once they went for a vacation to England in the year 1915

But unfortunately during the course of vacation, Mrs. Balfour fell ill; she was in urgent need of medical attention.

Then they decided and made an agreement that Mr. Balfour would return to Ceylon and his wife that is Mrs. Balfour shall stay back until she recovers from her illness.

They had also decided that during that period of time Mr. Balfour shall pay Mrs. Balfour 30 pounds as maintenance every month until everything falls into place, unless she recovers and returns back to Ceylon.

Now this understanding and interpretation was made when their relationship was fine and there was not any sort of sourness in between them.

But slowly and gradually their relationship deteriorated which resulted in non-payment of the amount of maintenance by Mr. Balfour to Mrs. Balfour

But Mrs. Balfour decided to seek to enforce the agreement and moved to the court.

Mr. Balfour wrote the letter to his wife suggesting to make their separation permanent.

And at later point of time they separated legally, that means they were divorced.

Mrs. Balfour had brought the action against Mr. Balfour for non-payment of the amount he was supposed to pay in court of law in the year 1918.

Issues Raised In the Case



Did Mr. Balfour ever intended to enter into any sort of agreement with his wife, Mrs. Balfour?

Is the agreement between Mr. And Mrs. Balfour valid in nature at all?

Does the contract between husband and wife enforceable in court of law?

Contention At The Part Of The Appellant (Mr. Balfour)

The Agreement made between Mr. Balfour and Mrs. Balfour was purely domestic in nature, it does not hold any legal enforcement. Moreover Mr. Balfour never had any sort of intention to form an agreement which is legal in nature.

Contention At The Part Of The Respondent (Mrs. Balfour)

The husband must be obliged to pay her the maintenance because, because the husband got into the domestic agreement by entering into the contract that he would pay her the amount of 30 pounds as support for which she had agreed to stay back in England.

What Was Held In Balfour Vs. Balfour (1919)

It was held that the characteristics of the agreement was purely and completely domestic in nature, Lord Justice Atkin held that when a husband and a wife enter into an agreement they never intend to create a legal relationship. Both the parties must have an intention to create a legal relationship while entering into an agreement, then only it becomes enforceable in court of law.

Moreover, a court will never take into account the domestic agreements between spouses made in daily course of life.

The agreement was outside the realm of contracts altogether.

Judgement

As mentioned above, the agreement was not legally binding, the agreements made in personal family relationships are not counted in law of contract the agreements made between spouses to provide capitals or monetary benefits does not hold any legally binding authority. Generally, spouses or parties to marriage do make arrangements for personal and household expenses, but there is never a legal instinct in those things.

The court of Appeal had unanimously ruled that there was no such enforceable agreement between Mr. Balfour and Mrs. Balfour. Subsequently, Mr Balfour was allowed. Basically, the law revolves around the concept that there must be an intention on the part of both the parties to create a legal relationship in order to validate a contract. This was the ratio decided in the case. Whether the parties intended to create a legal relationship or not is determined by examining the circumstances that existed, under which the execution of the contract was done.



Short Analysis Of The Case

Initially, at the first instance of the case, Justice Sargant had held that, the claims made by Mrs. Balfour are valid and Mr. Balfour should be entitled to pay her the maintenance which he promised to pay. Finally, Mr. Balfour appealed in the court of appeal. In the court of Appeal, it was held by the bench of judges, Warrington LJ, Duke LJ, Atkin LJ that the agreement is not enforceable in court of law. Atkin LJ observed it with regard to owing to its domestic nature. Whereas Warrington LJ and Duke LJ did so because they doubted that Mrs. Balfour gave consideration. The doctrine of intention to create a legal relation was invoked by Atkin LJ basically.

It was said that the doctrine was with regard to public policy and domestic agreement has got nothing to do with it. The court cannot indulge into such trifle issues relating to personal and family agreements.

Though there may be certain circumstances, where husband and wife may enter into an agreement which is legally binding in nature, but here in this case there was no such circumstance. The doctrine attracted attention and gained prominence. This intention is sometimes also referred as *animus contrahendi*.

In one of the latter case of Jones vs. Padavatton, Salmon LJ had said that this is factual in nature. It does not possess any legal presumption.

Intention to create a legal relationship is one of the essential elements required to enter into a contract.

Conclusion

By studying and going through the case of Balfour vs. Balfour (1919), we understand that a mere social agreement made within a family cannot be enforced in court of law, these agreements do not hold any legally binding authority. Second thing is there must be an intention to create a legal relation at the part of the parties. Owing to all this, Mr. Balfour could not be sued by Mrs. Balfour in court of law. This case has often been seen in conjunction with Merritt vs. Merritt 1970] 2 All ER 760; [1970] 1 WLR 121. In this case, though the couple was married but they already had an estranged relationship, when the agreement was made, so in this scenario, any sort of agreement between them was to be considered that of legal in nature.



Subject: BUSINESS LAW

Date: 13/6/19

Activity: CASE STUDY

Case Study: {2} Lalman Shukla vs. Gauri Dutt

Objectives:

Examination of validity of the contract

The requirement of knowledge about the proposal in order to accept the offer.

Validity of contract if there exists no acceptance.

Outcome: with the help of case study it's easy for students to relate with the topic and are able to understand the Indian Contract Act, 1872 in better way.

No of Students: SyBcom A 42

Name of the case:

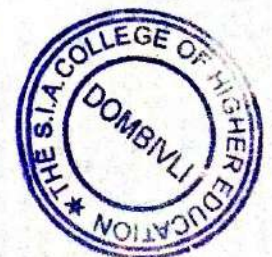
Lalman shukla verses Gauri Dutt case - Equivalent Citation-1913 40 ALJ 489

The case Lalman Shukla verses Gauri Dutt case is one of the popular landmark judgments which is based on validity of contract under ICA (Indian contract act). The case was filed in the Allahabad high court in 1913 the verdict was given by chief justice of Allahabad high court J.Banerjee.

This case of Lalman shukla verses Gauri Dutt case is one of the most famous landmark judgments under the Indian contract act and this case is about the validity of contract if there exists no acceptance. It explains us about the essentials or requisites of a valid contract and section 3 of the contract act, 1872 which is about communication of proposal.

This case was dealt in Allahabad high court and it was highlighted that knowledge and the acceptance for an offer are most essential requirements in order to turn a proposal to a contract. And secondly the parties accepting the offer must have the knowledge of the offer in order to perform the contract. There are various rules and case laws which are discussed in favor of the plaintiff and the defendant particularly in this case.

This is a much highlighted and most significant case of general proposal and has helped by laying down the important principles. The main objective of this case is the examination of validity of the contract and the requirement of knowledge about the proposal in order to accept the offer.



Facts of the case:

In this case the defendant Gauri Dutta's Nephew was absconded from his house. The trace of the boy was not found. After the incident Gauri Dutt the defendant send all his servants in search for his missing nephew and out of the servants was the plaintiff Lalman Shukla who had also gone to find the boy and bring him back.

After Lalman shukla had left the house and was sent to Haridwar from Kanpur. He was provided with money and other expenses for his railway fare. As soon as Lalman Shukla left the house Gauri Dutt made an announcement that any person who will trace and find his missing Nephew will be rewarded with money of Rs 501. Lalman Shukla had no idea and was not aware of the fact. He had no knowledge about it before he went to trace the missing boy.

Then Lalman shukla traced the boy and brought the boy back to Kanpur. After knowing about the reward Lalman Shukla claimed the money from his master Gauri Dutt. But Gauri Dutt denied paying the reward of Rs 501 to him. As a result the plaintiff Lalman Shukla filed a case against Gauri Dutt his master for not giving him the reward as he is not entitled to recover for the performance of his act.

Issues raised in this case:

The main issues which was raised in this case were as follows

Whether there exists a contract or whether the situation amounts to contract between the two

Whether Lalman Shukla was entitled to get the reward from Gauri Dutt for tracing the missing boy

Whether there was a valid acceptance of the offer made by the plaintiff

Arguments on behalf of the plaintiff (Lalman Shukla):

The plaintiff Lalman Shukla strongly affirmed on his point that his performance of finding the missing boy himself is sufficient for him to be entitled to get the reward. He says according to Gauri dutt's condition of whoever finds her nephew and bring him back he will get the reward and as per the condition the plaintiff had traced the boy and brought him back so he is entitled to the award declared. He stated that it is not important to have the prior knowledge under this circumstance about the reward which was associated with it.

He also put emphasis on the fact that section 8 of the Indian contract act, 1872 which states that the performance of the act or the acceptance of any consideration of a proposal is an acceptance of the proposal. And here in this present case the condition as stated by the defendant Gauri Dutt was that whoever will find the missing child will be rewarded Rs 501 and as per it the plaintiff had performed the act so he is claiming for his reward from the defendant Gauri Dutt. He stated it immaterial that it is not necessary that the person who has performed the act must have the knowledge of it. According to him he has found the missing boy so he has the right to get the reward



Arguments on behalf of the respondent:

The defendant (Gauri Dutt) asserted and strongly stated her point by saying that first and foremost the plaintiff Lalman Shukla was not aware of the offer. He had no knowledge about it. So an offer without the knowledge of the offeree or the promisee cannot be accepted and also there was no such possibility by the plaintiff to accept the offer without even knowing of the fact. Gauri Dutt stated according to section 2(a) of the Indian Contract Act 1872 when one person signifies to another person his desire or willingness to do or to not do something intending to obtain the assent of that person. To such act or abstinence he is said to make a proposal.

And also section 2(b) states the person to whom the offer is being made signifies his willingness then it is said that the proposal is accepted. Assent is very much essential to create a contract between both the parties which means before accepting the offer the offeree must have complete knowledge about the facts in order to give his assent or approval but here in this case the plaintiff was completely unaware of the reward which was associated with it.

At the time of searching the missing boy the plaintiff Lalman Shukla was merely doing his duty as a servant. He was working as a servant and it was his duty to trace and find the missing boy and for that purpose he was sent from Haridwar to Kanpur. As there was no acceptance there was no agreement which can be said as enforceable by law according to section 2(h). Without the knowledge of the offer before accepting a valid contract cannot be created between both the parties.

The plaintiff came to know about the reward after it was been declared by the respondent as a result the plaintiff had no possibility to accept the offer. So according to the defendant Gauri Dutt Lalman shukla was not entitled to get the reward and hence he cannot claim it.

As the contract did not exist between the two. So the plaintiff Lalman shukla cannot ask for the reward. The defendant argued by citing the case Fitch verses Snedaker in this case fitch gave information about the murderer and then claim for the reward after knowing about it from Snedaker. Since Fitch was not aware of the fact of the reward before so he was not entitled to claim it.

Judgement of the case:

In the case of Lalman Shukla verses Gauri Dutt case the petitioners appeal against the respondent Gauri Dutt was dismissed by the court. After analyzing all the facts of the case It was held by the honorable court that for creating or entering into a valid contract there has to be knowledge and assent to the offer being made by the proposer. There has to be proper acceptance or the offeree must give his approval before accepting which was absent in the present case.

The plaintiff had no knowledge about the reward before performing his act. He came to know afterwards in which there is no possibility of accepting the offer. Hence there exist no contract so as a result the court came to the decision that the appellent Lalman Shukla was not entitled to get



the reward. Without having any prior knowledge and information about the facts which restricts him to claim the reward.

The judge said that Lalman Shukla was fulfilling his obligations as a servant of tracing the missing boy. It was a part of his duty which he was merely doing. So hence his suit against the defendant was completely dismissed by the court as there was no contract between both the parties.



Subject: BUSINESS LAW

Date: 17/6/19

Activity: CASE STUDY

Case Study {3} Carlill v/s Carbolic Smoke Ball Company

Objectives:

Examination of validity of the contract

The requirement of knowledge about the consideration and stranger to consideration can sue the party in the contract.

Validity of contract if consideration has been paid in past and status of stranger to consideration.

Outcome: with the help of case study it's easy for students to relate with the topic and are able to understand the Indian Contract Act, 1872 in better way.

No of Students: SyBlom A 41

Brief Fact Summary. The Plaintiff, believing Defendant's advertisement that its product would prevent influenza, bought a Carbolic Smoke Ball and used it as directed from November 20, 1891 until January 17, 1892, when she caught the flu. Plaintiff brought suit to recover the 100£, which the Court found her entitled to recover. Defendant appealed.

Synopsis of Rule of Law. This case considers whether an advertising gimmick (i.e. the promise to pay 100£ to anyone contracting influenza while using the Carbolic Smoke Ball) can be considered an express contractual promise to pay.

Facts. The Defendant, the Carbolic Smoke Ball Company of London (Defendant), placed an advertisement in several newspapers on November 13, 1891, stating that its product, "The Carbolic Smoke Ball", when used three times daily, for two weeks, would prevent colds and influenza. The makers of the smoke ball additionally offered a 100£ reward to anyone who caught influenza using their product, guaranteeing this reward by stating in their advertisement that they had deposited 1000£ in the bank as a show of their sincerity. The Plaintiff, Lilli Carlill (Plaintiff), bought a smoke ball and used it as directed. Several weeks after she began using the smoke ball, Plaintiff caught the flu.

Issue. Lindley, L.J., on behalf of the Court of Appeals, notes that the main issue at hand is whether the language in Defendant's advertisement, regarding the 100£ reward was meant to be an express promise or, rather, a sales puff, which had no meaning whatsoever.



Held. Defendant's Appeal was dismissed, Plaintiff was entitled to recover 100£. The Court acknowledges that in the case of vague advertisements, language regarding payment of a reward is generally a puff, which carries no enforceability. In this case, however, Defendant noted the deposit of £1000 in their advertisement, as a show of their sincerity. Because Defendant did this, the Court found their offer to reward to be a promise, backed by their own sincerity.

Concurrence. In the concurrences of Bowen L.J. and A.L. Smith, L.J., the notion of contractual consideration also becomes an issue of relevance. Both of these Judges note that while the Defendant could argue lack of consideration, Plaintiff, in buying the Carboloc Smoke Ball and using it as directed, provided adequate consideration through the inconvenience she experienced by using the product.

Discussion. This case stands for the proposition that while sales puffery in advertisements is generally not intended to create a contract with potential product buyers, in this case it did because the Defendant elevated their language to the level of a promise, by relying on their own sincerity.



Subject: BUSINESS LAW

Date: 19/06/2019

Activity: CASE STUDY

Case Study {4} Mohori Bibee V/S Dharmodas Ghose

Objectives:

Examination of validity of the contract

The requirement of contractual capacity to give legality to the contract.

Validity of contract if a minor is enters in a contract.

Outcome: with the help of case study it's easy for students to relate with the topic and are able to understand the Indian Contract Act, 1872 in better way.

No of Students: SYBCom A 52

Mohori Bibee V/S Dharmodas Ghose - Iir (1903) 30 Cal 539 (Pc) - Minor's Agreement
Landmark Case - Bench of Judges: Lord Mcnaughton, Lord Davey, Lord Lindley, Sir Ford North, Sir Andrew Scoble, Sir Andrew Wilson, JJ.

Introduction:-

Mohori Bibee V/S Dharmodas Ghose[1] is a case that covers the ambit of minors agreement. This case basically deals with a minor's contract or a contract with a minor. In India, an agreement or a contract with a minor (a person who is below the age of 18 yrs. or any person who has not completed 18 yrs. of age legally) is void ab-initio (void from very beginning) such rules and regulations are made because, according to law such people does not comes under the ambit of capacity of contract or agreement of doing so.

According to courts opinion, any person who is below 18 yrs of age or who has not completed the age of 18 yrs. of age i.e. a minor cannot intend to create contract or make major decisions. This case has basically provided us with the knowledge that, since minors are legally incompetent to give their assent so they need to deserve or be provide with the protection in their dealings with the other major persons. After this case, any sought of contact or agreement with the minor was void from beginning. Such contracts are "void ab-initio[2]".

In this case, the Privy Council declared the law that any contact by minor or any minor's agreement is "absolutely void" and it has also been strictly followed and is still growing also. Section 10[3] of Indian Contact Act, 1872 provides for what agreements are contracts? and Section 11[4] provides that a person who are competent to contract.



Facts:-

The facts of this case were as follows:-

v Dharmodas Ghose, was the respondent in this case. He was a minor (i.e. has not completed the 18 years of age) and he was the sole owner of his immovable property. The mother of Dharmodas Ghose was authorized as his legal custodian by Calcutta High Court.

v When he went for the mortgage of his own immovable property which was done in the favor of appellant i.e. Brahmo Dutta, he was a minor and he secured this mortgage deed for Rs. 20,000 at 12% interest rate per year.

v Bhramo Dutta who was a money lender at that time and he secured a loan or amount of Rs. 20,000, and the management of his business was in the control of Kedar Nath, and Kedar Nath acted as the attorney of Brahmo Dutta.

v Dharmodas Ghose's mother sent a notification to Brahmo Dutta informing him about the minority of Dharmodas Ghose on the date on which such mortgage deed was commenced.

v but the proportion or sum of loan that was actually provided was less than Rs. 20,000.

v The negotiator or representative of the defendant, who actually acted instead of on behalf of money lender has given money or sum to the plaintiff, who was a minor and he fully had knowledge about the incompetency of the plaintiff to perform or enter into contract and also that he was incompetent legally to mortgage his property which belonged to him.

v After that, on 10th Sept. 1895 Dharmodas Ghose along with his mother brought an legal suit or action against Brahmo Dutta by saying that the mortgage that was executed by Dharmodas was commenced when he was a minor or infant and so such mortgage was void and disproportionate or improper and as a result of which such contract should be revoked or rescinded.

v When this petition or claim was in process, Brahmo Dutta had died and then further the appeal or petition was litigated or indicted by his executor's.

v The plaintiff argued or confronted that in such case no relaxation or any sought of aid should be provided to them because according to him, defendant had deceitfully or dishonestly misinterpreted the fact about his age and because if mortgage is cancelled at the request by defendant i.e. Dharmodas Ghose.

Issues Raised:-

Issues Raised in this case were:-

Whether the deed was void under section 2, 10[5], 11[6], of Indian Contract Act, 1872 or not?

Whether the defendant was liable to return the amount of loan which he had received by him under such deed or mortgage or not?

Whether the mortgage commenced by the defendant was voidable or not?



Judgement:-

According to the verdict of Trial Court, such mortgage deed or contract that was commenced between the plaintiff and the defendant was void as it was accomplished by the person who was an infant at the time of execution of mortgage.

When Brahma Dutta was not satisfied with the verdict of Trial Court he filled an appeal in the Calcutta High Court.

According to the decision of Calcutta High Court, they agreed with the verdict that was given by Trial Court and it dismissed the appeal of Brahma Dutta.

Then he later went to Privy Council for the appeal and later the Privy Council also dismissed the appeal of Brahma Dutta and held that there cannot be any sought of contract between a minor and a major person.

The final decision that was passed by the Council were :-

1. Any sought of contract with a minor or infant is void/ void ab-initio (void from beginning).
2. Since minor was incompetent to make such mortgage hence the contact such made or commenced shall also be void and did not valid in the eyes of law.
3. The minor i.e. Dahrmodas Gosh cannot be forced to give back the amount of money that was advanced to him, because he was not bound by the promise that was executed in a contract.

Conclusion:-

In Mohori Bibee V/S Dharmodas Ghose, at the end it can be concluded that any agreement or deed in which minor is party to it or is included in such contact by any way, such deed or agreement shall be declared null and void because such agreement is no agreement in the eyes of law. Any agreement with an infant cannot be administered against them. In cases minors parents or custodians shall not be liable for the dealings done by the minor without their consent or knowledge, and hence they will not be liable to return the amount back taken by the minor out of the moral obligations. But parents and guardians will be liable to repay back the amount when minor or an infant acted with the consent of the his/her parents or his/ her custodians. If any minor has got any profit out of the void contact the he/she cannot be forced to reimburse it back or make compensation for it.



Subject: BUSINESS LAW

Date: 20/06/2019

Activity: CASE STUDY

Case Study {5} Chinnaya V. Rammaya (1882)

Objectives:

Examination of validity of the contract

The requirement of knowledge about the consideration and stranger to consideration can sue the party in the contract.

Validity of contract if consideration has been paid in past and status of stranger to consideration.

Outcome: with the help of case study it's easy for students to relate with the topic and are able to understand the Indian Contract Act, 1872 in better way.

No of Students: SYBLom A 43

Court: Madras High Court

Full Case Name: {4} Chinnaya V. Rammaya (1882)

Date Decided: 21st October 1987

Citations: ILR (1876-82) 4 Mad 137

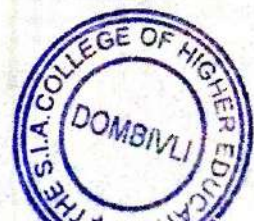
Judges: Innes J, Kindersley J

Appellant: Venkata Chinnaya

Respondent: Venkata RamayyaGaru

Facts: A lady granted/ gifted a property consisting of some land to her daughter (defendant) by a gift deed. The deed was registered to the proper authorities. One of the terms of the deed was that the daughter had to pay a sum of Rs.653 annually. Later the old lady died, and the defendant refused to pay the money the sister whom she had promised to pay so. And hence the plaintiff sued the defendant for the recovery of the same.

Issue: Whether the plaintiff can bring an action against the defendant for the amount promised in a contract where the consideration for such promise has been furnished by the mother of the defendant (plaintiff's sister)?



Appellants argument: The consideration for getting the property was a promise to pay the amount annually to the plaintiff.

Respondents argument: The plaintiff was not a party to contract, hence was had no right to compel respondent for paying the promised amount.

Judgement: The Madras High Court held that in this agreement between the defendant and plaintiff the consideration has been furnished on behalf of the plaintiff (sister) by her own sister (respondents mother). Although the plaintiff was stranger to the consideration but since he was a party to the contract he could enforce the promise to the promisor, since under law, Consideration may be given by the promise or anyone on her behalf – vide section 2(D) of Indian Contract Act, 1872.

Thus, consideration furnished by the old lady constitutes sufficient consideration for the plaintiff to sue the defendant on her promise.

Held, the sister was entitled to a decree for payment of the annual sum of money.

Conclusion: In Indian Law, consideration may be given by the promise or any other person. In India, there is a possibility that consideration for the promise may move not from the promise but a third person, who is not a party to the contract, different from the English Law in which the consideration must move from only the promise.

Case: Chinnaya vs Ramaya

Brief: As per section 2(d) of the Indian Contract Act (1872), "When, at the desire of the promisor, the promisee or any other person has done or abstained from doing or does or abstains from doing, or promises to do or abstain from doing, something, such act or abstinence or promise is called a consideration for the promise. From this definition, it is clear that in a valid contract the consideration need not flow from the promisee only. It could flow from any other person who is not a party to such contract thus, the decision was in favour as this was a valid consideration.

Facts: A lady transferred her property to her daughter (defendant), by a deed of gift. Such deed was registered. One of the terms of the gift deed was that the daughter would pay a sum of Rs. 653/- every year to the lady's sister (plaintiff). The defendant executed an agreement in favour of the plaintiff promising to do the same. The defendant failed to pay the annual amount to the plaintiff. Hence, the plaintiff sued the defendant for the recovery of the same. **Issue:** Whether the plaintiff can bring an action against the defendant for the amount promised in a contract where the consideration for such promise has been furnished by the mother of the defendant (plaintiff's sister)?

Plaintiff's contention The consideration for the defendant's mother to gift the property to the



defendant was defendant's promise to pay an annuity to the plaintiff. Hence, the plaintiff is entitled to sue the defendant to recover the same.

Defendant's contention The plaintiff had not furnished any consideration under the contract. Hence, she is not entitled to sue the defendant for the recovery of the amount promised to her.

Held: As per section 2(d) of the Indian Contract Act (1872), "When, at the desire of the promisor, the promisee or any other person has done or abstained from doing, or does or abstains from doing, or promises to do or abstain from doing, something, such act or abstinence or promise is called a consideration for the promise. From this definition, it is clear that in a valid contract the consideration need not flow from the promisee only. It could flow from any other person who is not a party to such contract thus, the decision was in favour as this was a valid consideration.



Subject: BUSINESS LAW

Date: 22/06/2019

Activity: CASE STUDY

Case Study {6} Krell v. Henry

Objectives:

Examination of modes of discharge of the contract

The requirement of knowledge about the frustration of contract

Validity of contract if state of things are not happening as decided between the parties.

Outcome: with the help of case study it's easy for students to relate with the topic and are able to understand the Indian Contract Act, 1872 in better way.

No of Students: SyBcom A 44

Brief Fact Summary. Paul Krell (Plaintiff) sued C.S. Henry (Defendant) for 50 pounds the remaining of the balance of 75 pounds for which Defendant rented a flat to watch the coronation of the King. The lower court found for the Defendant and Plaintiff appealed.

Synopsis of Rule of Law. A party's duties are discharged where a party's purpose is frustrated without fault by the occurrence of an event, which the nonoccurrence of which was a basic assumption on which the contract was made.

Facts. Plaintiff and Defendant entered into a contract for the Defendant to rent a flat to watch the coronation of the King. Defendant was induced to contract by an announcement in the window of Plaintiff's flat renting windows to view the coronation. The contract, however, did not have any express reference to the coronation. The coronation never took place since the King became ill, therefore, Defendant refused payment. Plaintiff sued for the remaining money due under the contract. Defendant denied liability and counterclaimed for the 25 pounds previously paid on the theory that the coronation did not take place, and, thus there was a total failure of consideration for the contract entered into. The lower court found that there was an implied condition in the contract that the coronation should take place and found for the Defendant on liability and the counterclaim. Plaintiff appealed.

Issue. When the subject of the contract is frustrated is nonperformance of one of the parties excused?

Held. Yes. Judgment affirmed.

Defendant is excused from performance because his purpose for entering into the contract was frustrated. Defendant's purpose of entering into the contract was to view the coronation of the



King. This purpose was understood by both of the parties and regarded as the foundation of the contract. Further, the rooms were taken by their reason to suitability for viewing the coronation processions and thus the purpose of the contract.

Performance of the contract was not rendered impossible, since Defendant could remain in the flat even though the coronation procession did not take place. However, Defendant would not receive any benefit from staying in the flat, therefore he must be excused from performing. Parol evidence is admissible to show that the subject of the contract, which was flats to view the coronation and was known by both of the parties, in order to determine whether the object of the contract was frustrated by the non-occurrence of the coronation. Therefore, the court held that Defendant was excused from performing under the contract and Plaintiff's claim is dismissed.

Discussion. The doctrine of frustration of purpose originated in cases called coronation cases, such as this case. The doctrine of frustration of purpose states when a party's purpose is frustrated by intervening events the duties of the parties will be discharged. A party's purpose is frustrated when events occur which destroy this purpose, even though performance of the contract is not impossible.



Month _____

Class _____

Case I

Case II

Case III

Case IV

Case V

Case VI

Date	11/6/19	12/6/19	13/6/19	17/6/19	18/6/19	19/6/19	20/6/19	22/6/19
Time	9:20 to 11:00	7:20 to 9:00	7:20 to 9:00	9:20 to 10:10	9:20 to 10:10	9:20 to 10:10	9:20 to 10:10	7:20 to 8:10
Subject	Business Law I							
Signature	SS	SS	SS	SS	SS	SS	SS	SS

Roll No.								
CF18001	A	A	A	A	A	A	A	A
CF18002	P	P	P	A	P	P	P	P
CF18003	A	P	A	A	P	P	P	A
CF18004	A	A	P	P	P	P	P	A
CF18005	A	A	A	A	A	A	A	A
CF18006	A	A	A	A	A	P	P	P
CF18007	A	A	A	A	A	A	A	A
CF18008	P	A	A	A	A	P	A	A
CF18009	A	P	P	P	A	P	P	A
CF18010	P	A	A	A	A	A	P	A
CF18011	A	P	P	P	A	A	P	P
CF18012	A	A	A	P	A	A	A	P
CF18013	P	P	P	P	P	P	P	P
CF18014	P	P	P	A	P	A	A	P
CF18015	A	P	P	P	P	P	P	P
CF18016	A	A	A	A	A	A	A	A
CF18017	A	A	A	A	P	P	A	A
CF18018	A	A	P	A	A	A	A	A
CF18019	P	P	P	P	P	P	P	P
CF18020	A	A	P	A	A	A	A	A
Present								
Absent		8	9	7		10	10	8

Month _____

Class _____

Date	11/6/19	12/6/19	13/6/19	12/6/19	18/6/19	19/6/19	20/6/19	22/6/19
Time	9:20 to 11:00	7:20 to 9:00	7:20 to 9:00	9:20 to 10:10	9:20 to 10:10	9:20 to 10:10	9:20 to 10:10	7:20 to 8:10
Subject	Business			Law	- I			
Signature	SS	SS	SS	SS	SS	SS	SS	SS

Roll No.								
CF18041	P	P	A	P	P	P	A	P
CF18042	P	P	P	P	P	P	P	P
CF18043	A	A	P	P	P	A	P	P
CF18044	P	P	P	P	P	P	P	P
CF18045	A	P	P	P	P	P	P	A
CF18046	A	P	P	P	P	P	P	A
CF18047	P	P	A	A	A	P	P	P
CF18048	A	A	A	P	P	P	P	P
CF18049	A	A	A	P	A	A	A	A
CF18050	P	P	P	P	A	P	P	A
CF18051	P	A	A	A	A	P	P	P
CF18052	P	P	P	P	P	P	P	P
CF18053	A	A	A	A	A	A	A	A
CF18054	A	A	A	A	A	A	A	A
CF18055	A	A	A	A	A	A	A	A
CF18056	P	P	P	P	P	P	A	P
CF18057	A	A	A	A	A	P	A	A
CF18058	A	A	A	A	P	A	P	A
CF18059	P	P	P	P	P	P	P	P
CF18060	P	A	A	P	P	A	P	P
Present		10	9	13	11	12	13	10
Absent								

Shamanya

Month _____

Class _____

Date	11/6/19	12/6/19	13/6/19	14/6/19	18/6/19	19/6/19	20/6/19	22/6/19
Time	9:20 to 11:00	9:20 to 9:00	7:20 to 9:00	9:20 to 10:10	9:20 to 10:10	9:20 to 10:10	9:20 to 10:10	7:20 to 8:10
Subject	Business Law				- I			
Signature	SS	SS	SS	SS	SS	SS	SS	SS

Roll No.								
CF18061	P	P	P	P	P	P	P	P
CF18062	P	P	P	P	P	A	P	A
CF18063	P	P	P	P	P	P	P	P
CF18064	P	A	A	P	P	P	P	P
CF18065	P	P	P	P				
CF18066	A	A	A	A	A	A	A	A
CF18067	A	A	P	A	P	P	P	A
CF18068	A	P	P	A	A	A	A	A
CF18069	A	A	A	A	A	A	A	A
CF18070	A	A	A	A	A	P	A	P
CF18071	A	A	A	A	A	A	P	A
CF18072	P	A	A	P	P	A	A	P
CF18073	P	A	P	P	P	A	A	P
CF18074	A	A	P	A	A	P	A	A
CF18075	A	A	A	P	A	A	P	P
CF18076	P	A	P	A	P	P	P	P
CF18077	A	P	P	P	P	P	A	P
CF18078	P	P	P	P	P	P	A	P
CF18079	A	A	A	A	A	A	A	A
CF18080	A	A	P	A	P	P	A	P
Present	9	7	11	9	12	11	9	12
Absent								

Subject: BUSINESS LAW

Date: 12/07/2019

Activity: CASE STUDY

Case Study {1} Balfour v Balfour

Objectives:

Examination of validity of the contract

The requirement of intention of both the parties to bind each other legally.

Validity of contract if there is no intention for legal relationship.

Outcome: with the help of case study it's easy for students to relate with the topic and are able to understand the Indian Contract Act, 1872 in better way.

No of Students: Sy Bcom B 56

Facts of the Case

Mr. Balfour and Mrs. Balfour were husband and wife from Ceylon (Sri Lanka) and once they went for a vacation to England in the year 1915

But unfortunately during the course of vacation, Mrs. Balfour fell ill; she was in urgent need of medical attention.

Then they decided and made an agreement that Mr. Balfour would return to Ceylon and his wife, that is Mrs. Balfour shall stay back until she recovers from her illness.

They had also decided that during that period of time Mr. Balfour shall pay Mrs. Balfour 30 pounds as maintenance every month until everything falls into place, unless she recovers and returns back to Ceylon.

Now this understanding and interpretation was made when their relationship was fine and there was not any sort of sourness in between them.

But slowly and gradually their relationship deteriorated which resulted in non- payment of the amount of maintenance by Mr. Balfour to Mrs. Balfour

But Mrs. Balfour decided to seek to enforce the agreement and moved to the court.

Mr. Balfour wrote the letter to his wife suggesting to make their separation permanent.

And at later point of time they separated legally, that means they were divorced.

Mrs. Balfour had brought the action against Mr. Balfour for non-payment of the amount he was supposed to pay in court of law in the year 1918.

Issues Raised In the Case



Did Mr. Balfour ever intended to enter into any sort of agreement with his wife, Mrs. Balfour?

Is the agreement between Mr. And Mrs. Balfour valid in nature at all?

Does the contract between husband and wife enforceable in court of law?

Contention At The Part Of The Appellant (Mr. Balfour)

The Agreement made between Mr. Balfour and Mrs. Balfour was purely domestic in nature, it does not hold any legal enforcement. Moreover Mr. Balfour never had any sort of intention to to form an agreement which is legal in nature.

Contention At The Part Of The Respondent (Mrs. Balfour)

The husband must be obliged to pay her the maintenance because, because the husband got into the domestic agreement by entering into the contract that he would pay her the amount of 30 pounds as support for which she had agreed to stay back in England.

What Was Held In Balfour Vs. Balfour (1919)

It was held that the characteristics of the agreement was purely and completely domestic in nature, Lord Justice Atkin held that when a husband and a wife enter into an agreement they never intend to create a legal relationship. Both the parties must have an intention to create a legal relationship while entering into an agreement, then only it becomes enforceable in court of law.

Moreover, a court will never take into account the domestic agreements between spouses made in daily course of life.

The agreement was outside the realm of contracts altogether.

Judgement

As mentioned above, the agreement was not legally binding, the agreements made in personal family relationships are not counted in law of contract the agreements made between spouses to provide capitals or monetary benefits does not hold any legally binding authority. Generally, spouses or parties to marriage do make arrangements for personal and household expenses, but there is never a legal instinct in those things.

The court of Appeal had unanimously ruled that there was no such enforceable agreement between Mr. Balfour and Mrs. Balfour. Subsequently, Mr Balfour was allowed. Basically, the law revolves around the concept that there must be an intention on the part of both the parties to create a legal relationship in order to validate a contract. This was the ratio decided in the case. Whether the parties intended to create a legal relationship or not is determined by examining the circumstances that existed, under which the execution of the contract was done.



Short Analysis Of The Case

Initially, at the first instance of the case, Justice Sargant had held that, the claims made by Mrs. Balfour are valid and Mr. Balfour should be entitled to pay her the maintenance which he promised to pay. Finally, Mr. Balfour appealed in the court of appeal. In the court of Appeal, it was held by the bench of judges, Warrington LJ, Duke LJ, Atkin LJ that the agreement is not enforceable in court of law. Atkin LJ observed it with regard to owing to its domestic nature. Whereas Warrington LJ and Duke LJ did so because they doubted that Mrs. Balfour gave consideration. The doctrine of intention to create a legal relation was invoked by Atkin LJ basically.

It was said that the doctrine was with regard to public policy and domestic agreement has got nothing to do with it. The court cannot indulge into such trifle issues relating to personal and family agreements.

Though there may be certain circumstances, where husband and wife may enter into an agreement which is legally binding in nature, but here in this case there was no such circumstance. The doctrine attracted attention and gained prominence. This intention is sometimes also referred as *animus contrahendi*.

In one of the latter case of Jones vs. Padavatton, Salmon LJ had said that this is factual in nature. It does not possess any legal presumption. Intention to create a legal relationship is one of the essential elements required to enter into a contract.

Conclusion

By studying and going through the case of Balfour vs. Balfour (1919), we understand that a mere social agreement made within a family cannot be enforced in court of law, these agreements do not hold any legally binding authority. Second thing is there must be an intention to create a legal relation at the part of the parties. Owing to all this, Mr. Balfour could not be sued by Mrs. Balfour in court of law. This case has often been seen in conjunction with Merritt vs. Merritt 1970] 2 All ER 760; [1970] 1 WLR 121. In this case, though the couple was married but they already had an estranged relationship, when the agreement was made, so in this scenario, any sort of agreement between them was to be considered that of legal in nature.



Subject: BUSINESS LAW

Date: 13/07/2019

Activity: CASE STUDY

Case Study: {2} Lalman Shukla vs. Gauri Dutt

Objectives:

Examination of validity of the contract

The requirement of knowledge about the proposal in order to accept the offer.

Validity of contract if there exists no acceptance.

Outcome: with the help of case study it's easy for students to relate with the topic and are able to understand the Indian Contract Act, 1872 in better way.

No of Students: SYBCOM B 47

Name of the case:

Lalman shukla verses Gauri Dutt case - Equivalent Citation-1913 40 ALJ 489

The case Lalman Shukla verses Gauri Dutt case is one of the popular landmark judgments which is based on validity of contract under ICA (Indian contract act). The case was filed in the Allahabad high court in 1913 the verdict was given by chief justice of Allahabad high court J.Banerjee.

This case of Lalman shukla verses Gauri Dutt case is one of the most famous landmark judgments under the Indian contract act and this case is about the validity of contract if there exists no acceptance. It explains us about the essentials or requisites of a valid contract and section 3 of the contract act, 1872 which is about communication of proposal.

This case was dealt in Allahabad high court and it was highlighted that knowledge and the acceptance for an offer are most essential requirements in order to turn a proposal to a contract. And secondly the parties accepting the offer must have the knowledge of the offer in order to perform the contract. There are various rules and case laws which are discussed in favor of the plaintiff and the defendant particularly in this case.

This is a much highlighted and most significant case of general proposal and has helped by laying down the important principles. The main objective of this case is the examination of validity of the contract and the requirement of knowledge about the proposal in order to accept the offer.



Facts of the case:

In this case the defendant Gauri Dutta's Nephew was absconded from his house. The trace of the boy was not found. After the incident Gauri Dutt the defendant send all his servants in search for his missing nephew and out of the servants was the plaintiff Lalman Shukla who had also gone to find the boy and bring him back.

After Lalman shukla had left the house and was sent to Haridwar from Kanpur. He was provided with money and other expenses for his railway fare. As soon as Lalman Shukla left the house Gauri Dutt made an announcement that any person who will trace and find his missing Nephew will be rewarded with money of Rs 501. Lalman Shukla had no idea and was not aware of the fact. He had no knowledge about it before he went to trace the missing boy.

Then Lalman shukla traced the boy and brought the boy back to Kanpur. After knowing about the reward Lalman Shukla claimed the money from his master Gauri Dutt. But Gauri Dutt denied paying the reward of Rs 501 to him. As a result the plaintiff Lalman Shukla filed a case against Gauri Dutt his master for not giving him the reward as he is not entitled to recover for the performance of his act.

Issues raised in this case:

The main issues which was raised in this case were as follows

Whether there exists a contract or whether the situation amounts to contract between the two

Whether Lalman Shukla was entitled to get the reward from Gauri Dutt for tracing the missing boy

Whether there was a valid acceptance of the offer made by the plaintiff

Arguments on behalf of the plaintiff (Lalman Shukla):

The plaintiff Lalman Shukla strongly affirmed on his point that his performance of finding the missing boy himself is sufficient for him to be entitled to get the reward. He says according to Gauri dutt's condition of whoever finds her nephew and bring him back he will get the reward and as per the condition the plaintiff had traced the boy and brought him back so he is entitled to the award declared. He stated that it is not important to have the prior knowledge under this circumstance about the reward which was associated with it.

He also put emphasis on the fact that section 8 of the Indian contract act, 1872 which states that the performance of the act or the acceptance of any consideration of a proposal is an acceptance of the proposal. And here in this present case the condition as stated by the defendant Gauri Dutt was that whoever will find the missing child will be rewarded Rs 501 and as per it the plaintiff had performed the act so he is claiming for his reward from the defendant Gauri Dutt. He stated it immaterial that it is not necessary that the person who has performed the act must have the knowledge of it. According to him he has found the missing boy so he has the right to get the reward



Arguments on behalf of the respondent:

The defendant (Gauri Dutt) asserted and strongly stated her point by saying that first and foremost the plaintiff Lalman Shukla was not aware of the offer. He had no knowledge about it. So an offer without the knowledge of the offeree or the promisee cannot be accepted and also there was no such possibility by the plaintiff to accept the offer without even knowing of the fact. Gauri Dutt stated according to section 2(a) of the Indian Contract Act 1872 when one person signifies to another person his desire or willingness to do or to not do something intending to obtain the assent of that person. To such act or abstinence he is said to make a proposal.

And also section 2(b) states the person to whom the offer is being made signifies his willingness then it is said that the proposal is accepted. Assent is very much essential to create a contract between both the parties which means before accepting the offer the offeree must have complete knowledge about the facts in order to give his assent or approval but here in this case the plaintiff was completely unaware of the reward which was associated with it.

At the time of searching the missing boy the plaintiff Lalman Shukla was merely doing his duty as a servant. He was working as a servant and it was his duty to trace and find the missing boy and for that purpose he was sent from Haridwar to Kanpur. As there was no acceptance there was no agreement which can be said as enforceable by law according to section 2(h). Without the knowledge of the offer before accepting a valid contract cannot be created between both the parties.

The plaintiff came to know about the reward after it was been declared by the respondent as a result the plaintiff had no possibility to accept the offer. So according to the defendant Gauri Dutt Lalman shukla was not entitled to get the reward and hence he cannot claim it.

As the contract did not exist between the two. So the plaintiff Lalman shukla cannot ask for the reward. The defendant argued by citing the case Fitch verses Snedaker in this case fitch gave information about the murderer and then claim for the reward after knowing about it from Snedaker. Since Fitch was not aware of the fact of the reward before so he was not entitled to claim it.

Judgement of the case:

In the case of Lalman Shukla verses Gauri Dutt case the petitioners appeal against the respondent Gauri Dutt was dismissed by the court. After analyzing all the facts of the case It was held by the honorable court that for creating or entering into a valid contract there has to be knowledge and assent to the offer being made by the proposer. There has to be proper acceptance or the offeree must give his approval before accepting which was absent in the present case.

The plaintiff had no knowledge about the reward before performing his act. He came to know afterwards in which there is no possibility of accepting the offer. Hence there exist no contract so as a result the court came to the decision that the appellant Lalman Shukla was not entitled to get



the reward. Without having any prior knowledge and information about the facts which restricts him to claim the reward.

The judge said that Lalman Shukla was fulfilling his obligations as a servant of tracing the missing boy. It was a part of his duty which he was merely doing. So hence his suit against the defendant was completely dismissed by the court as there was no contract between both the parties.



Subject: BUSINESS LAW

Date: 15/07/2019

Activity: CASE STUDY

Case Study {3} Carlill v/s Carbolic Smoke Ball Company

Objectives:

Examination of validity of the contract

The requirement of knowledge about the consideration and stranger to consideration can sue the party in the contract.

Validity of contract if consideration has been paid in past and status of stranger to consideration.

Outcome: with the help of case study it's easy for students to relate with the topic and are able to understand the Indian Contract Act, 1872 in better way.

No of Students: SYBLom B 67

Brief Fact Summary. The Plaintiff, believing Defendant's advertisement that its product would prevent influenza, bought a Carbolic Smoke Ball and used it as directed from November 20, 1891 until January 17, 1892, when she caught the flu. Plaintiff brought suit to recover the 100£, which the Court found her entitled to recover. Defendant appealed.

Synopsis of Rule of Law. This case considers whether an advertising gimmick (i.e. the promise to pay 100£ to anyone contracting influenza while using the Carbolic Smoke Ball) can be considered an express contractual promise to pay.

Facts. The Defendant, the Carbolic Smoke Ball Company of London (Defendant), placed an advertisement in several newspapers on November 13, 1891, stating that its product, "The Carbolic Smoke Ball", when used three times daily, for two weeks, would prevent colds and influenza. The makers of the smoke ball additionally offered a 100£ reward to anyone who caught influenza using their product, guaranteeing this reward by stating in their advertisement that they had deposited 1000£ in the bank as a show of their sincerity. The Plaintiff, Lilli Carlill (Plaintiff), bought a smoke ball and used it as directed. Several weeks after she began using the smoke ball, Plaintiff caught the flu.

Issue. Lindley, L.J., on behalf of the Court of Appeals, notes that the main issue at hand is whether the language in Defendant's advertisement, regarding the 100£ reward was meant to be an express promise or, rather, a sales puff, which had no meaning whatsoever.



Held. Defendant's Appeal was dismissed, Plaintiff was entitled to recover 100£. The Court acknowledges that in the case of vague advertisements, language regarding payment of a reward is generally a puff, which carries no enforceability. In this case, however, Defendant noted the deposit of £1000 in their advertisement, as a show of their sincerity. Because Defendant did this, the Court found their offer to reward to be a promise, backed by their own sincerity.

Concurrence. In the concurrences of Bowen L.J. and A.L. Smith, L.J., the notion of contractual consideration also becomes an issue of relevance. Both of these Judges note that while the Defendant could argue lack of consideration, Plaintiff, in buying the Carbolic Smoke Ball and using it as directed, provided adequate consideration through the inconvenience she experienced by using the product.

Discussion. This case stands for the proposition that while sales puffery in advertisements is generally not intended to create a contract with potential product buyers, in this case it did because the Defendant elevated their language to the level of a promise, by relying on their own sincerity.



Subject: BUSINESS LAW

Date: 17/07/2019

Activity: CASE STUDY

Case Study {4} Mohori Bibee V/S Dharmodas Ghose

Objectives:

Examination of validity of the contract

The requirement of contractual capacity to give legality to the contract.

Validity of contract if a minor is enters in a contract.

Outcome: with the help of case study it's easy for students to relate with the topic and are able to understand the Indian Contract Act, 1872 in better way.

No of Students: SYBLom B 74

Mohori Bibee V/S Dharmodas Ghose - Ilr (1903) 30 Cal 539 (Pc) - Minor's Agreement
Landmark Case - Bench of Judges: Lord Mcnaughton, Lord Davey, Lord Lindley, Sir Ford
North, Sir Andrew Scoble, Sir Andrew Wilson, JJ.

Introduction:-

Mohori Bibee V/S Dharmodas Ghose[1] is a case that covers the ambit of minors agreement. This case basically deals with a minor's contract or a contract with a minor. In India, an agreement or a contract with a minor (a person who is below the age of 18 yrs. or any person who has not completed 18 yrs. of age legally) is void ab-initio (void from very beginning) such rules and regulations are made because, according to law such people does not comes under the ambit of capacity of contract or agreement of doing so.

According to courts opinion, any person who is below 18 yrs of age or who has not completed the age of 18 yrs. of age i.e. a minor cannot intend to create contract or make major decisions. This case has basically provided us with the knowledge that, since minors are legally incompetent to give their assent so they need to deserve or be provide with the protection in their dealings with the other major persons. After this case, any sought of contact or agreement with the minor was void from beginning. Such contracts are "void ab-initio[2]".

In this case, the Privy Council declared the law that any contact by minor or any minor's agreement is "absolutely void" and it has also been strictly followed and is still growing also. Section 10[3] of Indian Contact Act, 1872 provides for what agreements are contracts? and Section 11[4] provides that a person who are competent to contract.



Facts:-

The facts of this case were as follows:-

v Dharmodas Ghose, was the respondent in this case. He was a minor (i.e. has not completed the 18 years of age) and he was the sole owner of his immovable property. The mother of Dharmodas Ghose was authorized as his legal custodian by Calcutta High Court.

v When he went for the mortgage of his own immovable property which was done in the favor of appellant i.e. Brahmo Dutta, he was a minor and he secured this mortgage deed for Rs. 20,000 at 12% interest rate per year.

v Bhramo Dutta who was a money lender at that time and he secured a loan or amount of Rs. 20,000, and the management of his business was in the control of Kedar Nath, and Kedar Nath acted as the attorney of Brahmo Dutta.

v Dharmodas Ghose's mother sent a notification to Brahmo Dutta informing him about the minority of Dharmodas Ghose on the date on which such mortgage deed was commenced.

v but the proportion or sum of loan that was actually provided was less than Rs. 20,000.

v The negotiator or representative of the defendant, who actually acted instead of on behalf of money lender has given money or sum to the plaintiff, who was a minor and he fully had knowledge about the incompetency of the plaintiff to perform or enter into contract and also that he was incompetent legally to mortgage his property which belonged to him.

v After that, on 10th Sept. 1895 Dharmodas Ghose along with his mother brought an legal suit or action against Brahmo Dutta by saying that the mortgage that was executed by Dharmodas was commenced when he was a minor or infant and so such mortgage was void and disproportionate or improper and as a result of which such contract should be revoked or rescinded.

v When this petition or claim was in process, Brahmo Dutta had died and then further the appeal or petition was litigated or indicted by his executor's.

v The plaintiff argued or confronted that in such case no relaxation or any sought of aid should be provided to them because according to him, defendant had deceitfully or dishonestly misinterpreted the fact about his age and because if mortgage is cancelled at the request by defendant i.e. Dharmodas Ghose.

Issues Raised:-

Issues Raised in this case were:-

Whether the deed was void under section 2, 10[5], 11[6], of Indian Contract Act, 1872 or not?

Whether the defendant was liable to return the amount of loan which he had received by him under such deed or mortgage or not?

Whether the mortgage commenced by the defendant was voidable or not?



Judgement:-

According to the verdict of Trial Court, such mortgage deed or contract that was commenced between the plaintiff and the defendant was void as it was accomplished by the person who was an infant at the time of execution of mortgage.

When Brahma Dutta was not satisfied with the verdict of Trial Court he filled an appeal in the Calcutta High Court.

According to the decision of Calcutta High Court, they agreed with the verdict that was given by Trial Court and it dismissed the appeal of Brahma Dutta.

Then he later went to Privy Council for the appeal and later the Privy Council also dismissed the appeal of Brahma Dutta and held that there cannot be any sought of contract between a minor and a major person.

The final decision that was passed by the Council were :-

1. Any sought of contract with a minor or infant is void/ void ab-initio (void from beginning).
2. Since minor was incompetent to make such mortgage hence the contact such made or commenced shall also be void and did not valid in the eyes of law.
3. The minor i.e. Dahrmodas Gosh cannot be forced to give back the amount of money that was advanced to him, because he was not bound by the promise that was executed in a contract.

Conclusion:-

In Mohori Bibee V/S Dharmodas Ghose, at the end it can be concluded that any agreement or deed in which minor is party to it or is included in such contact by any way, such deed or agreement shall be declared null and void because such agreement is no agreement in the eyes of law. Any agreement with an infant cannot be administered against them. In cases minors parents or custodians shall not be liable for the dealings done by the minor without their consent or knowledge, and hence they will not be liable to return the amount back taken by the minor out of the moral obligations. But parents and guardians will be liable to repay back the amount when minor or an infant acted with the consent of the his/her parents or his/ her custodians. If any minor has got any profit out of the void contact the he/she cannot be forced to reimburse it back or make compensation for it.



Subject: BUSINESS LAW

Date: 22/07/2019

Activity: CASE STUDY

Case Study {5} Chinnaya V. Rammaya (1882)

Objectives:

Examination of validity of the contract

The requirement of knowledge about the consideration and stranger to consideration can sue the party in the contract.

Validity of contract if consideration has been paid in past and status of stranger to consideration.

Outcome: with the help of case study it's easy for students to relate with the topic and are able to understand the Indian Contract Act, 1872 in better way.

No of Students: SY B Com B 60

Court: Madras High Court

Full Case Name: {4} Chinnaya V. Rammaya (1882)

Date Decided: 21st October 1987

Citations: ILR (1876-82) 4 Mad 137

Judges: Innes J, Kindersley J

Appellant: Venkata Chinnaya

Respondent: Venkata RamayyaGaru

Facts: A lady granted/ gifted a property consisting of some land to her daughter (defendant) by a gift deed. The deed was registered to the proper authorities. One of the terms of the deed was that the daughter had to pay a sum of Rs.653 annually. Later the old lady died, and the defendant refused to pay the money the sister whom she had promised to pay so. And hence the plaintiff sued the defendant for the recovery of the same.

Issue: Whether the plaintiff can bring an action against the defendant for the amount promised in a contract where the consideration for such promise has been furnished by the mother of the defendant (plaintiff's sister)?



Appellants argument: The consideration for getting the property was a promise to pay the amount annually to the plaintiff.

Respondents argument: The plaintiff was not a party to contract, hence was had no right to compel respondent for paying the promised amount.

Judgement: The Madras High Court held that in this agreement between the defendant and plaintiff the consideration has been furnished on behalf of the plaintiff (sister) by her own sister (respondents mother). Although the plaintiff was stranger to the consideration but since he was a party to the contract he could enforce the promise to the promisor, since under law, Consideration may be given by the promise or anyone on her behalf – vide section 2(D) of Indian Contract Act, 1872.

Thus, consideration furnished by the old lady constitutes sufficient consideration for the plaintiff to sue the defendant on her promise.

Held, the sister was entitled to a decree for payment of the annual sum of money.

Conclusion: In Indian Law, consideration may be given by the promise or any other person. In India, there is a possibility that consideration for the promise may move not from the promisee but a third person, who is not a party to the contract, different from the English Law in which the consideration must move from only the promisee.

Case: Chinnaya vs Ramaya

Brief: As per section 2(d) of the Indian Contract Act (1872), "When, at the desire of the promisor, the promisee or any other person has done or abstained from doing or does or abstains from doing, or promises to do or abstain from doing, something, such act or abstinence or promise is called a consideration for the promise. From this definition, it is clear that in a valid contract the consideration need not flow from the promisee only. It could flow from any other person who is not a party to such contract thus, the decision was in favour as this was a valid consideration.

Facts: A lady transferred her property to her daughter (defendant), by a deed of gift. Such deed was registered. One of the terms of the gift deed was that the daughter would pay a sum of Rs. 653/- every year to the lady's sister (plaintiff). The defendant executed an agreement in favour of the plaintiff promising to do the same. The defendant failed to pay the annual amount to the plaintiff. Hence, the plaintiff sued the defendant for the recovery of the same. Issue: Whether the plaintiff can bring an action against the defendant for the amount promised in a contract where the consideration for such promise has been furnished by the mother of the defendant (plaintiff's sister)?

Plaintiff's contention The consideration for the defendant's mother to gift the property to the



defendant was defendant's promise to pay an annuity to the plaintiff. Hence, the plaintiff is entitled to sue the defendant to recover the same.

Defendant's contention The plaintiff had not furnished any consideration under the contract. Hence, she is not entitled to sue the defendant for the recovery of the amount promised to her.

Held: As per section 2(d) of the Indian Contract Act (1872), "When, at the desire of the promisor, the promisee or any other person has done or abstained from doing or does or abstains from doing, or promises to do or abstain from doing, something, such act or abstinence or promise is called a consideration for the promise. From this definition, it is clear that in a valid contract the consideration need not flow from the promisee only. It could flow from any other person who is not a party to such contract thus, the decision was in favour as this was a valid consideration.



Subject: BUSINESS LAW

Date: 24/07/2019

Activity: CASE STUDY

Case Study {6} Krell v. Henry

Objectives:

Examination of modes of discharge of the contract

The requirement of knowledge about the frustration of contract

Validity of contract if state of things are not happening as decided between the parties.

Outcome: with the help of case study it's easy for students to relate with the topic and are able to understand the Indian Contract Act, 1872 in better way.

No of Students: Sy Blom B. 51

Brief Fact Summary. Paul Krell (Plaintiff) sued C.S. Henry (Defendant) for 50 pounds the remaining of the balance of 75 pounds for which Defendant rented a flat to watch the coronation of the King. The lower court found for the Defendant and Plaintiff appealed.

Synopsis of Rule of Law. A party's duties are discharged where a party's purpose is frustrated without fault by the occurrence of an event, which the nonoccurrence of which was a basic assumption on which the contract was made.

Facts. Plaintiff and Defendant entered into a contract for the Defendant to rent a flat to watch the coronation of the King. Defendant was induced to contract by an announcement in the window of Plaintiff's flat renting windows to view the coronation. The contract, however, did not have any express reference to the coronation. The coronation never took place since the King became ill, therefore, Defendant refused payment. Plaintiff sued for the remaining money due under the contract. Defendant denied liability and counterclaimed for the 25 pounds previously paid on the theory that the coronation did not take place, and, thus there was a total failure of consideration for the contract entered into. The lower court found that there was an implied condition in the contract that the coronation should take place and found for the Defendant on liability and the counterclaim. Plaintiff appealed.

Issue. When the subject of the contract is frustrated is nonperformance of one of the parties excused?

Held. Yes. Judgment affirmed.

Defendant is excused from performance because his purpose for entering into the contract was frustrated. Defendant's purpose of entering into the contract was to view the coronation of the



King. This purpose was understood by both of the parties and regarded as the foundation of the contract. Further, the rooms were taken by their reason to suitability for viewing the coronation processions and thus the purpose of the contract.

Performance of the contract was not rendered impossible, since Defendant could remain in the flat even though the coronation procession did not take place. However, Defendant would not receive any benefit from staying in the flat, therefore he must be excused from performing. Parol evidence is admissible to show that the subject of the contract, which was flats to view the coronation and was known by both of the parties, in order to determine whether the object of the contract was frustrated by the non-occurrence of the coronation. Therefore, the court held that Defendant was excused from performing under the contract and Plaintiff's claim is dismissed.

Discussion. The doctrine of frustration of purpose originated in cases called coronation cases, such as this case. The doctrine of frustration of purpose states when a party's purpose is frustrated by intervening events the duties of the parties will be discharged. A party's purpose is frustrated when events occur which destroy this purpose, even though performance of the contract is not impossible.



Month _____

Class _____

Date	12-07-19	13-07-19	15-07-19	17/7/19	20-7-19	22/7/19	23-7-19
Time	9:20 to 10:10	9:20 to 10:10	9:20 to 10:10	9:20 to 10:10	9:20 to 10:10	9:20 to 10:10	10:10 to 11
Subject	BL	BL	BL	BL	BL	BL	BL
Signature	<i>[Signature]</i>	<i>[Signature]</i>	<i>[Signature]</i>	<i>[Signature]</i>	<i>[Signature]</i>	<i>[Signature]</i>	<i>[Signature]</i>

Roll No.							
CF182 33	Yanaj	Yanaj	Yanaj	Yanaj	Yanaj	P	Yanaj
CF182 34	Rasor	Rasor	Ab	Rasor	Rasor	P	Ab
CF182 36	Ab	Ab	Ab	Ab	Ab	Ab	Ab
CF182 37	Ab	Ab	Ab	Swraj	Swraj	P	Ab
CF182 39	Ab	Vajal	Ab	Ab	Ab	Ab	Vajal
CF182 40	Subhita	Subhita	Subhita	Subhita	Subhita	P	Subhita
CF182 41	Ab	Ab	Smone	Smone	Smone	P	Ab
CF182 42	Ab	Ab	Kela	Kela	Kela	P	Kela
CF182 44	Ab	Aishwarya	Aishwarya	Aishwarya	Ab	P	Ab
CF182 45	m.munde	m.munde	m.munde	m.munde	m.munde	P	Ab
CF182 46	Ab	Ab	Musankant	Musankant	Musankant	P	m.munde
CF182 47	Neelam	Neelam	Neelam	Neelam	Neelam	Ab	Ab
CF182 49	Ridali	Ab	Ridali	Neelam	Neelam	P	Neelam
CF182 50	Shweta	Shweta	Shweta	Ab	Ridali	Ab	Ridali
CF182 51	Ab	Ab	Spondee	Spondee	Spondee	P	Ab
CF182 52	Ab	Ab	Soma	Soma	Soma	P	Spondee
CF182 53	Ab	Ab	Ab	Soma	Soma	P	Ab
CF182 54	Prachi	Prachi	Prachi	Prachi	Prachi	P	Prachi
CF182 55	Ab	Ab	Ab	Prachi	Prachi	P	Ab
CF182 56	P.Pawar	P.Pawar	P.Pawar	Ab	Ab	Ab	Ab
Present	9	10	15	17	17	15	13
Absent							

Month _____

Date	12-7-19	13-07-19	15-07-19	17/7/19	20-7-19	22/7/19	23-7-19	24-7-19
Time	9:20 to 10:10	9:20 to 10:10	9:20 to 10:10	9:20 to 10:10	9:20 to 10:10	9:20 to 10:10	10:10 to 11:00	9:20 to 10:10
Subject	BL	BL	BL	BL	BL	BL	BL	BL
Signature	SS	SS	SS	SS	SS	SS	SS	SS

Roll No.								
CF182 58	Aswar	Aswar	Aswar	Ab	Aswar	P	Ab	Aswar
CF182 59	Ab	Ab	Ab	R	R	R	R	R
CF182 60	Rednelea	Rednelea	Rednelea	Rednelea	Rednelea	P	Rednelea	Rednelea
CF182 61	Ab	Ab	Ab	Sagar	Sagar	P	Ab	Ab
CF182 62	Mish	Ab	Mish	Mish	Ab	Ab	Mish	Ab
CF182 66	Ab	Ab	Ab	Mish	Ab	P	P (N.S.S)	Ab
CF182 67	Aswar	Aswar	Aswar	Aswar	Aswar	P	Aswar	Ab
CF182 68	Aswar	Ab	Ab	Aswar	Aswar	Ab	P (N.S.S)	Aswar
CF182 70	Aswar	Aswar	Aswar	Aswar	Aswar	P	Ab (N.S.S)	Aswar
CF182 71	Ab	savlekar	Ab	savlekar	Ab	P	Ab	Ab
CF182 72	Ab	Ab	savlekar	Ab	Ab	P	Ab	savlekar
CF182 73	Ab	Ab	Ab	Ab	Ab	Ab	Ab	Ab
CF182 74	Ab	Ab	Ab	Ab	Ab	Ab	Ab	Ab
CF182 75	S.S. Shelam	Ab	Ab	Ab	Ab	Ab	Ab	Ab
CF182 76	Ab	Ab	Ab	Ab	Ab	Ab	Ab	Ab
CF182 79	Aswar	Ab	Aswar	Aswar	Aswar	Ab	Ab	Ab
CF182 81	Ab	Ab	Ab	Aswar	Aswar	P	P (N.S.S)	Aswar
CF182 82	Ab	Ab	Ab	Ab	Aswar	Ab	Ab	Ab
CF182 83	Aswar	Ab	Aswar	Aswar	Aswar	Ab	Ab	Ab
CF182 85	Poyanka	Poyanka	Poyanka	Poyanka	Poyanka	P	P (N.S.S)	Poyanka
Present	10	6	9	12	Ab	P	Poyanka	Ab
Absent						12		8

Date	12-7-19	13-07-19	15-07-19	17/7/19	20-7-19	22/7/19	23-7-19	24-7-19
Time	9:20 to 10:10	9:20 to 10:10	9:20 to 10:10	9:20 to 10:10	9:20 to 10:10	9:20 to 10:10	10:10 to 11	9:20 to 10:10
Subject	BL	BL	BL	BL	BL	BL	BL	BL
Signature	SS	SS	SS	SS	SS	SS	SS	SS

Roll No.								
CF18286	AB	AB	AB	AB	AB	P	AB	AB
CF18404	AB	AB	AB	Anshika	Anshika	AB	AB	AB
CF18407	AB	AB	AB	AB	Sahana	AB	AB	AB
CF18416	AB	AB	AB	AB	AB	AB	AB	AB
CF18417	AB	Adhane	Adhane	Adhane	Adhane	AB	Adhane	Adhane
CF18421	Adhane	Adhane	Adhane	Adhane	Adhane	P	Adhane	Adhane
CF18422	Sujata	AB	Sujata	Sujata	Sujata	P	AB	Sujata
CF18425	AB	AB	Khushboo	Khushboo	AB	AB	Khushboo	AB
CF18431	AB	AB	AB	AB	AB	AB	AB	AB
CF18435	AB	AB	Tushar.V.K	Tushar.V.K	Tushar.V.K	AB	AB	AB
CF18438	Rohab	AB	Rohab	Rohab	Rohab	AB	AB	AB
CF18441	Manisha	Manisha	Manisha	Manisha	Manisha	AB	AB	AB
CF18442	Pratix	Pratix	AB	AB	AB	AB	AB	AB
CF18456	AB	AB	Pratix	Pratix	Pratix	P	Pratix	AB
CF18457	AB	AB	Pratix	Pratix	Pratix	P	AB	AB
CF18459	Manisha	AB	Manisha	Manisha	AB	P	Manisha	AB
CF18460	Pratima	Pratima	Pratima	Pratima	Pratima	P	Pratima	Pratima
CF18461	Nandini	Nandini	Nandini	Nandini	Nandini	P	Nandini	Nandini
CF18462	Sandhya	Sandhya	Sandhya	Sandhya	Sandhya	P	AB	AB
CF18463	Rohini	Rohini	Rohini	Rohini	Rohini	AB	Rohini	Rohini
Present	12	11	15	16	10	10	10	10
Absent	11	9	15	16	10	10	10	10

