
The contract law

A contract refers to a voluntary agreement between two or more parties that is lawfully enforceable as a legally binding agreement. There are various elements of a contract that must be met for any contract to be legally binding between the parties involved. These elements include; offer and acceptance, consideration, capacity and competency, mutual consent and writing requirement. The terms of a contract have specified meanings. Some contracts spell out the benefits that that are derived by third-party beneficiaries or instill requirements on third-party obligors.

Contract law also specifies the future performance obligation of a third party that must occur to satisfy the contract. The law also provides remedies and defenses for non-performance for the parties involved. In relation to the case study “Di Jim and Laura Buy a Car”, this paper will define the elements of a legal contract using examples from this scenario where applicable. In addition, this paper will also decide whether or not there was a contract for the purchase of the automobile and also identify the facts from this scenario which support the decision on whether or not a contract exists for the purchase of the automobile.

According to Smith and Atiyah, for any contract to be legally binding, it must have the four elements of a contract. The first element in a contract is offer and acceptance. An offer expresses the willingness of an offeror to contract on a particular set of terms with the intention that in case the offer is accepted, he or she will be legally bound by the contract. On the other hand, an acceptance expresses an absolute and unconditional agreement with every term outlined in an offer. In fact, an acceptance can be in writing or oral. As such, from the scenario provided, there was an offer and an acceptance from both parties since Jim and Laura agreed to pay \$100 to Stan in order to hold the car for a day.

Furthermore, another element of a contract that exists in this scenario is a consideration. A consideration refers to a promise of something that has a value that is provided by a promisor for the exchange of something of value provided by the promisee. Hence, in a legally binding contract, each party ought to receive something of value and the consideration given must also be sufficient (Beatty, Samuelson & Sanchez Abril, 2016). From the scenario, a consideration exists since there was an exchange of a car for \$100 deposit. Moreover, capacity and competency is another element of a contract. According to Kronman, for any contract to be enforceable at law, the parties involved must have the legal capacity to enter into any contract. As such, where the parties involved are natural persons, they must attain the majority age and must also be competent. Jim and Laura and Stan have the legal capacity and competency to enter into a contract. Besides, writing requirements and formalities is another important element

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of a contract. A written contract must be signed by all parties involved.

However, a contract may be oral. An oral contract can either be implied in facts or implied in law. In an implied in fact contract, the parties involved receive the benefit of the bargain. Since there were no documents signed by Jim and Laura and Stan, the contract was oral as well as implied in fact because there was a benefit of the bargain between them (Beatty, Samuelson & Sanchez Abril, 2016). In relation to the elements of a contract, it is evident that there was a contract for the purchase of the automobile between Jim, Laura, and Stan. Firstly, there is an element of capacity and competency in the contract for the purchase of the automobile. This is due to the fact that both parties are not minors and therefore have the legal capacity to enter into any contract (Kronman, 2010).

Furthermore, as natural persons with sound minds, Jim, Laura, and Stan are competent enough to enter into the contract for the purchase of the car. Thus, this element proves that there was a contract for the purchase of the car. Moreover, the element of consideration also exists between the parties in the contract for the purchase of the car. For one, each party in the contract received something for value. For instance, Stan received \$100 in exchange for Jim and Laura to hold the car for one day. This consideration was sufficient and also moved from the promisor to the promisee. Hence, with regards to consideration, then there was a contract for the purchase of the car between the two parties (Smith & Atiyah, 2008). In addition, there was a mutual consent between the parties that prove that a contract for the purchase of the automobile exists between Jim, Laura, and Stan since the buyers agreed to pay the down payment which was then accepted by the seller.

Additionally, the contract between the parties existed since there were an offer and an acceptance of something of value. This is proof because Stan offered the car to Jim and Laura who in turn, paid \$100 as a deposit to hold the car for one day. According to the law of contract, any agreement is legally binding and enforceable at law if there are an offer and an acceptance between the parties involved. Moreover, even though the contract for the purchase of the automobile was oral, it is still legally binding and enforceable at law since it was implied in fact (Smith & Atiyah, 2008).

In sum, the contract for the purchase of an automobile exists between Jim, Laura, and Stan since the elements of a contract were met in the arrangement. The existence of an offer and an acceptance and consideration binds the two parties to the contract for the purchase of the car. Also, the legal capacity, competency of the two parties and the existence of mutual consent between Jim, Laura and Stan proves that a contract for the purchase of the automobile exists between them as specified by law. Hence, Jim and Laura are legally bound by the contract for the purchase of the car they entered with Stan.

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