Chapter 9: Introduction to Contracts

DEVELOPMENT OF THE LAW OF CONTRACTS
Definition of Contract a binding agreement that the courts will enforce
Common Law most contracts are primarily governed by state common law, including contracts involving employment, services, insurance, real property (land and anything attached to it), patents, and copyrights
The Uniform Commercial Code Article 2 of the UCC governs the sales of goods
• **Sale** the transfer of title from seller to buyer
• **Goods** tangible personal property (personal property is all property other than an interest in land)

REQUIREMENTS OF A CONTRACT
Mutual Assent the parties to a contract must manifest by words or conduct that they have agreed to enter into a contract
Consideration each party to a contract must intentionally exchange a legal benefit or incur a legal detriment as an inducement to the other party to make a return exchange
Legality of Object the purpose of a contract must not be criminal, tortious, or otherwise against public policy
Capacity the parties to a contract must have contractual capacity

CLASSIFICATION OF CONTRACTS
Express and Implied Contracts
• **Implied in Fact Contract** contract where the agreement of the parties is inferred from their conduct
• **Express Contract** an agreement that is stated in words either orally or in writing
Bilateral and Unilateral Contracts
• **Bilateral Contract** contract in which both parties exchange promises
• **Unilateral Contract** contract in which only one party makes a promise
Valid, Void, Voidable, and Unenforceable Contracts
• **Valid Contract** one that meets all of the requirements of a binding contract
• **Void Contract** no contract at all; without legal effect
• **Voidable Contract** contract capable of being made void
• **Unenforceable Contract** contract for the breach of which the law provides no remedy
Executed and Executory Contracts
• **Executed Contract** contract that has been fully performed by all of the parties
• **Executory Contract** contract that has yet to be fully performed

PROMISSORY ESTOPPEL
Definition a doctrine enforcing some noncontractual promises
Requirements a promise made under circumstances that should lead the promisor reasonably to expect that the promise would induce the promisee to take definite and substantial action, and the promisee does take such action
Remedy a court will enforce the promise to the extent necessary to avoid injustice

QUASI CONTRACT
Definition an obligation not based upon contract that is imposed by law to avoid injustice; also called an implied in law contract
Requirements a court will impose a quasi contract when (1) the plaintiff confers a benefit upon the defendant, (2) the defendant knows or appreciates the benefit, and (3) the defendant’s retention of the benefit is inequitable
Remedy the plaintiff recovers the reasonable value of the benefit she conferred upon the defendant