

Business Law

Author

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**Contractual Liability**

Contractual obligations can only be enforced given a valid legal agreement between parties. A contract specifies the terms and conditions that regulate the obligations of each party making it easy to enforce agreements. The law requires that contracts have an offer, consideration, and acceptance by all the parties who have interest in the contract. However, an agreement may exist in different forms and arise out of different circumstances making it legally binding. Most of the contracts result in contractual liability where certain assume liabilities based on contractual agreements made between different parties.

**Suit for Reasonable Value of Improvements**

In making the improvements to Dozier's house, Paschal enters into a legally binding agreement between Dozier's daughter and grandson. Dozier does not authorize the improvements to the house, which means that he is not under any contractual obligation. However, he is well aware of the improvements being made to his house, and he does not attempt to object. Therefore, though he does not directly consent to the improvements, his failure to object implies that he agrees to the enhancements (Twomey, Jennings, Greene, Anderson, 2017). Thus, there lies a contractual liability, which makes Dozier legally bound to the contractual obligations.

All the prerequisites to a valid contract are present in this case scenario. Though Paschal agrees with Dozier's daughter and grandson, there is an implied offer between Dozier and Paschal (Twomey, Jennings, Greene, Anderson, 2017). This offer arises from the fact that Dozier neither authorizes nor objects to the improvements being made to his house. To any reasonable man, seeing that Dozier does not object, there is an implied offer where Dozier makes the offer by

allowing that changes are made to his own house, and Paschal accepts it by beginning and finishing the improvements. Besides, the parties to the contract accept the terms of the offer by their conduct. In essence, Dozier accepts the offer when he fails to revoke it by objecting to the changes while Paschal accepts when he intentionally delivers services to Dozier and his family. Lastly, Paschal makes the improvements in consideration of the promise to receive payment for his services. Therefore Dozier is obligated to pay for the improvements made to his house. There is evidence of the intention to be bound by the agreement made between Paschal and Dozier's daughter and grandson.

### **Availability of a Quasi-Contractual Liability**

There is no contractual obligation between Landry, who paints the wrong house by mistake, and Harriet, the owner of the house which is painted. Primarily, Harriet does not receive or accept any offer from Landry since she is unaware of and has not consented to her house being painted. Also, there is no implied or express intention between Harriet and Landry to have Harriet's house painted. This implies that there is no legally binding agreement between the parties (Twomey, Jennings, Greene, Anderson, 2017). Therefore, though Landry has incurred a cost and a loss by painting the wrong house, he has no way to recover this loss since he has no legally recognized agreement. Harriet had no intention to have her house painted and forced her to would be unfair to her. However, she does derive benefit from the loss and cost incurred by Landry.

Without the existence of a contract to legally bind Harriet to fulfill her obligation by paying Landry, she unjustly benefits from Landry's mistake, unintended costs, and loss. A quasi-contractual agreement arises to avert such undue enrichment of parties from a payment dispute. There is an implied-in-law contract between Landry and Harriet (Twomey, Jennings, Greene,

Anderson, 2017). Though Harriet did not intend to create a contract with Landry, the circumstances warrant that a contract is created to exercise justice and achieve fairness. The quasi-contractual agreement does not imply consent between the parties. Therefore, Harriet can only pay for the labor and material costs incurred by Landry and not the profits.

### **Counter-Offers**

Acceptance of an offer is one of the requirements of a legally binding contract. Acceptance denotes the final and express consent to the terms and conditions of an offer made between two parties. To make a contract enforceable, it is imperative that an offer is accepted in accord its precise terms and be communicated to the part offering. In communicating the acceptance, the offered, must not contrast the terms of the offer, as this amounts to rejecting it (Twomey, Jennings, Greene, Anderson, 2017). Varying the terms of an offer presented by another party denotes a counter-offer, which is, in essence, a new offer being presented to the initiator of the offer and they have a right to accept or reject the counter-offer.

Essentially, there is no breach of contract between Baker and Nelson since no contract exists. Nelson amends the written offer sent to him by Baker, which expressly shows that he rejects the original offer presented by Baker. Thus, he amended offer is a counter-offer, which, when presented to Baker, he has a right under the law to reject or accept (Twomey, Jennings, Greene, Anderson, 2017). Ethically, Nelson should have communicated the counter-offer to Baker before making the changes or even signing the contract. Baker exercises his legal right by rejecting the counter offer and dropping out of the transaction and he communicates the revocation to Nelson.

### **Conclusion**

A contract can only be legally binding and result in contractual obligations if all the requirements for forming a contract are met. The terms of a contract, which denote an offer, must be accepted as they are for it to be legally enforceable. However, the law provides for certain special circumstances where it is not necessary for all the requirements to be met or rather where the contract must not be in existence. Thus, a legal agreement between two parties can be implied by fact, business efficacy, law, and the statute or by custom and usage.

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Reference

Twomey, D. P., Jennings, M. M., Greene, S. M., & Anderson, R. A. (2017). *Anderson's Business Law and the Legal Environment*.

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