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LEGAL APTITUDE

TOPICS

- Law of Contracts
- Practice Questions
- Important for CLAT, AILET, MHCET, and other Law entrance examinations.

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LEGAL AWARENESS - LAW of CONTRACTS

1. **Legal Principle:** An Agreement made with the intention of entering into legal relationship give rise to a contract.

Factual Situation: Mr. Mukesh invites Mr Vijay to a dinner at a hotel. Mr. Vijay accepts the invitation. It is purely a social agreement. Mr Vijay fails to arrive at the dinner and finds out that Mr Mukesh has to go out and is not available at his place at the dinner time due to some important work.

Issue: is Mr Vijay liable for the non-performance of contract with Mr Mukesh

- (a) Mr Vijay is liable because he has not performed the content.
- (b) Mr Vijay is not liable because there was no contract; it was just a social agreement.
- (c) it will be the discretion of the court.
- (d) None of these.

2. **Legal Principle:** An Agreement made with the intention of entering into legal relationship give rise to a contract.

Factual Situation: Mr Balfour was employed in Ceylon. Mrs Balfour owing to ill health had to stay in England and could not accompany him to Ceylon. Mr Balfour promised to send her £30 per month while he was abroad. But Mr Balfour failed to pay that amount. So Mr Balfour filed a suit against her husband for recovering the said amount.

Issue: Is Balfour liable for breach of contract?

- (a) Mr Balfour is not liable because the intention not to create a legal obligation is clear from the conduct of the parties.
- (b) Mr Barfour is liable for breach for contract.
- (c) No conclusion decision can be drawn as it is a private affair iof husband and wife.
- (d) None of these .

3. **Legal Principle:** An Agreement made with the intention of entering into legal relationship give rise to a contract.

Factual Situation: two firms entered into a written contract for the sale and purchases of tissue paper. The agreement contained a clause to the effect that this agreement is not entered into' nor is this memorandum written, as a formal or a legal document, and shall not be subject to legal jurisdiction in the law courts; since the goods were not delivered,the buyers brought an action for non-delivery.

Issue: Are the sellers liable?

- (a) The Sellers are liable as they had entered into a written agreement.
- (b) the sellers are not liable as there was no contract as the parties never intended to create relationship because they had clearly mentioned that their agreement is not a legal document nor a memorandum nor subject to the jurisdiction of law courts.
- (c) The Firms may make mutual adjudication
- (d) None of these .

4. "Legal Principle: An Agreement made with the intention of entering into legal relationship give rise to a contract.

Factual Situation: A who owns two cars, one Maruti and other Santro, offers to sell B one car. A intends to sell the Maruti car B accepts the offer thinking that it is the santro.

Issue: is A liable?

- (a) A is not liable because there is no consensus and hence no contract
- (b) A is liable because once he had offered the contract is complete.
- (c) It is upto the court to decide the liability.
- (d) None of these .

5. "Legal Principle: 1. The act of using influence on another and taking under advantage of that person is called undue influence.

2. In order to prove under-influence, there has to be a pre-existing relationship between the parties to a contract. The relationship has to be of such a nature that is one in position to influence the other. If it is proven that there has been undue influence, the party who has so influenced need not enforce the contract or perform his obligations under the contract.

Factual Situation: A ,person of weak intelligence made a gift of his entire property made a gift to his entire property to B, who was in position to dominate him. The gift having been obtained by undue influence is voidable at the option of A.

Issue: Is this contract valid?

- (a) The contract is valid as A voluntarily makes gift.
- (b) The contract is not valid because A made a gift under undue influence so it is voidable at the option of A.
- (c) It is void initio.
- (d) None of these .

6. "Legal Principle: A contract obtained by misrepresentation is voidable at the option of the buyer.

Factual Situation: S, intending to deceive Y, falsely represents that 500 maunds of indigo are made annually at X's factory and thereby induces Y to buy the factory.

Issue: Is it valid contract?

- (a) It is a valid contract.
- (b) It is a contract voidable at the option of Y because he has been falsely misrepresented.
- (c) It is void ab initio.
- (d) None of these .

7."Legal Principle: A right of action cannot arise out of an illegal activity.

Factual Situation: X borrows 50,000 from Y for the purpose of smuggling goods. Y knows of the purpose of the loan.

Issue: Is this agreement valid?

- (a) The agreement is valid.
- (b) The agreement between X and Y is collateral to the main agreement which is illegal so the agreement is also illegal because anything done which is unlawful, immoral against public policy can never result into a valid agreement. (c)
- Nothing conclusive can be said.
- (d) None of these .

8."Legal Principle: '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 to abstain from doing, something such act or abstinence or promises is called a consideration for the promise.'

Factual Situation: The Carbolic Smoke Ball Co. offered by advertisement a reward of £100 to any person who should contract influenza after having used the smoke ball three times daily for two weeks according to the printed directions. It also added that £ 100 deposited in the bank showing its sincerity in the promise. The plaintiff Mrs Carlil used the smoke ball according to the directions to the company but contracted influenza.

Issue: Is the company liable to give the reward and is Mrs Carlill entitled to an award as prayed for?

- (a) Yes, company is liable, Mrs Carlill is entitled to an award because the performance of the conditions is a sufficient acceptance without notification. (b)
- Company is not liable
- (c) Mrs Carlill is not entitled because there is no valid contract.
- (d) None of these .

9."Legal Principle: An agreement, the meaning of which is not certain, or capable of being made certain, is void.

Factual Situation: A agreed to take B's house on rent for three years at the rate of 85 per annum provided the house was put to thorough repair and the drawing rooms were decorated "according to present style"

Issue: Is there a valid contract between A and B?

- (a) There is no valid contract because it is a vague term because the term 'present style' may mean one thing to A and another to B. hence the agreement was void on the ground that the terms of offer were vague and uncertain.
- (b) there is a valid contract because there is an offer from the side of A and acceptance from the side of B.
- (c) It is voidable contract at the option of A.
- (d) None of these .

10. "Legal Principle: An agreement, the meaning of which is not certain, or capable of being made certain, is void.

Factual Situation: A purchased a horse from B and promised that if the horse that if the horse was lucky to him, he would give Rs50 more or he would purchase another horse.

Issue: Is there a valid contract between A and B?

- (a) Yes, there is a valid contract and B will be liable if the horse didn't prove lucky
- (b) There is not valid contract as the terms of contracts are so vague and loose.
- (c) it is voidable contract at the options of A.
- (d) None of these .

Answers with explanations are given towards the end of this document.

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Answers & Explanation

LEGAL AWARENESS - LAW of CONTRACTS

1. Answer: b

Every valid contract needs consideration and so these social settings are not a contract in any form.

2. Answer: a

The facts state that the promise made was out of love, and is in nature of family arrangement. No valid contract was there.

3. Answer: b

SELF EXPLANATORY

4. Answer: a

The subject of the contract must be clear for both the parties, here the subject matter is vague.

5. Answer: b

The consent always must be free of any undue influence, if that is not the case, the party who has been subjected to such undue influence has the option to rescind the contract. Such contract is voidable.

6. Answer: b

The parties must enter into a contract with no misrepresentation made from any side, and the deceived party has the option to not perform the contract if such misrepresentation happens.

7. Answer: b

Any contract to do something unlawful is no a valid contract.

8. Answer: a

Mr Carlill acted on the representation made by the company, the company can't back out on its promise. It was not just an advertisement agenda but a calculated and sincere promise by the company, as is clear from the facts also.

9. Answer: a

The certainty of a contract is very important concept and element of a valid contract. All the terms of contract must be very specific and certain. As the principle reads, it must be either certain or capable of being made certain, that is not the case in the facts of the pertinent question. According to present style is not something that anyone can be sure of.

10. Answer: b

Again to base an agreement on the condition of a horse being lucky is vague, there is no certainty about that.

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