

Unit-6 : Contingent and Quasi Contract

Contingent Contract [Sec 31]

- a contract
- to do
or
- not to do
- if some event
- collateral
- to such contract
- does or does not happen

Collateral Events

Neither performance
directly promised
as part of contract

Not the whole of the
consideration for a promise

Essentials of a Contingent Contract

- a) The performance of a contingent contract would depend upon the
- happening
 - or
 - non-happening
- } some event
or
condition
- precedent Subsequent

Date ___/___/___

Saathi

- b) Event referred must be collateral
 → Event must not be a part of contract
 → Event —→ neither performance
 → nor consideration
- c) Contingent event should not be a mere will of the promisor
 Will + Uncertain event = Contingent contract
- d) Event must be uncertain
 → When event is certain }
 or } not contingent
 → bound to happen

Rules Relating to enforcement

- a) Enforcement of contract contingent on an event happening [Sec 32]
- b) Enforcement of contract contingent on an event not happening [Sec 33]
- c) A contract would cease to be enforceable if it is contingent upon the conduct of a living person when that living person does something to make the 'event' or 'conduct' as impossible of happening [Sec 34].
- d) Contingent on happening of specified event within the fixed time [Sec 35]
- e) Contingent on specified event not happening within fixed time [Sec 36]

d) Contingent on an impossible event [Sec 36]

Basis	Contingent Contract	Wagering Contract
Meaning	A contingent contract is a contract to do or not to do something with reference to a collateral event happening or not happening	A wagering agreement is a promise to give money or money's worth with reference to an uncertain event happening or not happening
Reciprocal Promises	Contingent contract may not contain reciprocal promise	A wagering agreement consist of reciprocal promise
Uncertain Event	In a contingent contract the event is collateral	In a wagering contract, the uncertain event is the core factor
Nature of Contract	Contingent contract may not be wagering in nature	A wagering agreement is essentially contingent in nature
Effect of Contract	Contingent contract are valid.	Wagering agreement is void

Quasi Contracts

- Quasi Contract are based on principles of equity justice and good conscience
- Under certain special circumstances, obligation resembling those created by a contract are imposed by law, although the parties have never entered into a contract

Such obligation imposed by law are referred to as 'Quasi-Contract'

Salient features of quasi contract:

- a) In first place, such a right is always a right to money and generally, though not always, to a liquidated sum of money.
- b) Secondly, it does not arise from any agreement of the parties concerned, but is imposed by the law.
- c) Thirdly, it is a right available not against all the world but against a particular person or persons only so that in this respect, it resembles a contractual right

Cases Deemed as Quasi-Contract

- a) claim for necessaries supplied to persons incapable of contracting (Section 68):-
 - If necessaries are supplied to a person who is incapable to contracting, the supplier is entitled to claim their price from the property of such a person.
- b) Payment by an interested person (Section 69):-
 - A person who is interested in the payment of money which another is bound by law to pay
 - therefore pays it is entitled to be reimbursed by other.

c) obligation of person enjoying benefit of non gratuitous act

→ Plaintiff must prove

(i) that he had done act or
had delivered thing lawfully

AND

(ii) He did not do so gratuitously

AND

(iii) other person enjoyed the benefit

Case law :- Shyam Lal vs state of UP

d) Responsibility of finder of goods

→ If he takes it into his custody

→ he has some responsibility as bailee

* Responsibilities [case law :- Hollins vs Fowler]

i) To take proper care of property as man of ordinary prudence

ii) No right to appropriate the goods

iii) Restore goods if owner found.

e) Money paid by mistake or under coercion [sec 72]

→ A person to whom
money is paid

or

anything delivered

Date ___/___/___

- by mistake or coercion
 - must repay or return it
- [Sales Tax officer vs Kanhaiyalal]

Seth Khanje vs National Bank of India

Coercion → Interpreted to means and includes
(i) Oppression (ii) Extortion (iii) or such other means
money paid by coercion is also recoverable