

## Unit 6 - Contingent and Quasi Contracts

\* Contingent Contract [Sec. 31] ⇒ "A contract to do or not to do something, if some event, collateral to such contract, does or does not happen"

- Contract of Insurance
- Contract of Indemnity
- Guarantee

\* Essentials of a Contingent Contract :-

(i) Performance depend on  $\begin{cases} \rightarrow \text{happening} \\ \rightarrow \text{non happening} \end{cases}$  of some event / condition.

Condition may be  $\begin{cases} \rightarrow \text{Precedent} \\ \rightarrow \text{Subsequent} \end{cases}$

(ii) The event referred is a collateral event. Not a part of contract.

Event should not be  $\begin{cases} \rightarrow \text{performance promised} \\ \rightarrow \text{consideration for promise.} \end{cases}$

(iii) Contingent event should not be 'mere will' of promisor

Event should be  $\begin{cases} \rightarrow \text{Contingent} \\ \rightarrow \text{will of the promisor} \end{cases}$

(iv) The event must be uncertain.

## # Difference b/w Contingent & Wagering Contract

• Meaning  $\leftrightarrow$  Contingent contract  $\begin{cases} \rightarrow \text{do or not do something} \\ \rightarrow \text{reference to collateral event happening or not} \end{cases}$

Wagering is a promise to give money / money worth  $\rightarrow$  reference to uncertain event happening or not.

• Reciprocal promises - Contingent contract may not contain reciprocal promise.

Wagering agreement contains reciprocal promise.



- Uncertain Event - Contingent contract  $\Rightarrow$  collateral event  
Wagering  $\Rightarrow$  uncertain event is core factor
- Nature of contract - Contingent contract may not be Wagering.  
But Wagering contract is essentially contingent.
- Interest of contracting parties - Contingent contract  $\rightarrow$  parties have interest in subject matter, Wagering  $\rightarrow$  Parties do not have interest in subject matter
- Doctrine of mutuality of loss and gain  $\rightarrow$  Contingent contract is not based on doctrine of mutuality of loss and gain.  
A Wagering is a game, losing and gaining alone matters
- Effect of Contract -
  - Contingent contract  $\rightarrow$  Valid
  - Wagering  $\rightarrow$  Void

## \* Rules relating to enforcement of Contingent Contract

### (i) Enforcement of contracts contingent on an event happening [Sec. 32]

- Contract cannot be enforced until and unless the event 'happens'
- If happening of event becomes impossible  $\rightarrow$  Contingent contract is VOID

### (ii) Enforcement of contracts contingent on an event not happening [Sec. 33]

- It can be enforced only when it's happening becomes impossible

### (iii) Contract would cease to be enforceable if it is contingent upon the conduct of a living person [Sec. 34]

- When that living person does something to make the 'event' or 'conduct' as impossible of happening.



(iv) Contingent on happening of specified event within fixed time [Sec. 35]

- At expiration of date  $\rightarrow$  event not occur  $\Rightarrow$  VOID
- Before the time  $\rightarrow$  event becomes impossible  $\Rightarrow$  VOID
- Event occur before expiration of date/time  $\Rightarrow$  VALID

(v) Contingent on specified event not happening within specified time [Sec. 35]

- Event occurs after expiration of time  $\Rightarrow$  Valid
- Before expiration time  $\rightarrow$  event becomes impossible  $\Rightarrow$  Valid

(vi) Contingent on an impossible event [Sec. 36]

- Not enforceable
- VOID

## \* Quasi Contracts

\* Quasi Contracts  $\rightarrow$  They are based on principles of equity, justice and good conscience. A quasi or constructive contract vest upon the maxim "No man just grow rich out of another person's loss". These relations are called as Quasi-contractual obligations. In India, it is also called as 'certain relation resembling those created by contracts'.

### • Salient Features of Quasi Contracts :-

- (i) In first place  $\rightarrow$  such right is always right to money and generally, not always, to liquidated sum of money.
- (ii) Secondly, it does not arise from any agreement of parties concerned, but imposed by law.
- (iii) Thirdly, it is a right which is 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 Contracts :-

### (i) Claim for necessities Supplied to persons Incapable of contracting [Sec. 68]

- If a person, who is incapable of contracting → is supplied by another person → 'Necessaries' suited to his condition
- person who turned (made) such supplies is entitled to be → reimbursed from property of incapable person.
- To establish claim, Supplier must prove
  - Goods were supplied to incapable person
  - They were suitable to his actual requirements

### (ii) Payment by an interested person [Sec. 69]

- A person who is interested in payment of money which another person is bound by law to pay & who therefore pays it.
- Then he is entitled to be reimbursed by the other.

### (iii) Obligation of person enjoying benefits of non-gratuitous act [Sec. 70]

- When a person lawfully does anything for another person or delivers anything to him → not intending to do so gratuitously
- and other person enjoys the benefit, then the latter is bound to pay compensation to former in respect the thing done or delivered.
- In case of suit, plaintiff must prove
  - done the act or delivered lawfully
  - he did not do gratuitously
  - other person enjoyed the benefit

### (iv) Responsibility of finder of goods [Sec. 71]

- A person who finds good belonging to other person and takes it into his custody → He is subject to same responsibility as if he was a 'Bailee'.

### (v) Money paid by mistake or under coercion [Sec. 72]

- person who receives must repay or return it.