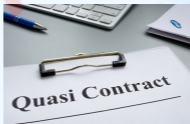


Unit 6 -

**CONTINGENT
CONTRACT**



Summary notes

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CONTINGENT CONTRACTS

CONTINGENT CONTRACT

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Definition of Contingent Contract :-

A contract to do or not to do something, if some event, collateral to such contract does or does not happen.

ESSENTIALS OF A CONTINGENT CONTRACT

- a) The performance of a contingent contract would depend upon the happening or non-happening of some event or condition.
- b) The event referred to as collateral to the contract.
- c) The contingent event should not be a mere 'will' of the promisor. The event should be contingent in addition to being the will of the promisor.
- d) The event must be uncertain. Where the event is certain or bound to happen, the contract is due to be performed, then it is a not contingent contract.

RULES RELATING TO ENFORCEMENT

Rules regarding Enforcement of Contingent Contracts

Parties may demand performance from one another

When can a party to contingent contracts may file a suit against the other party to make the other party liable to perform the promise made

A) Time is mentioned

1) Happening

2) Non-Happening

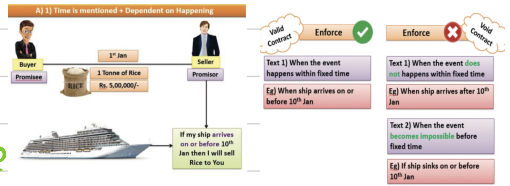
B) Time is not mentioned

1) Happening

2) Non-Happening

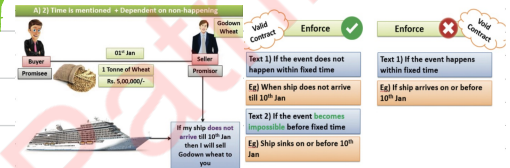
A1] Contingent on happening of specified event within the fixed time:-

If a contingent contract is dependent upon the happening of future event within a fixed time will become void if such event does not happen within the fixed time or the event becomes impossible



A2] Contingent on specified event not happening within fixed time.

Such contract can be enforced if the event does not happen within a fixed time.



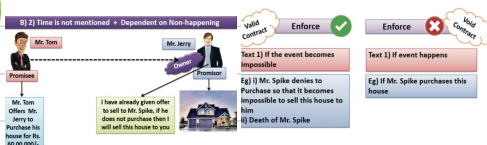
B1] Enforcement of contracts contingent on an event happening 1-

Such contracts can be enforced only when the events happen if the event becomes impossible then the contingent contract is void.



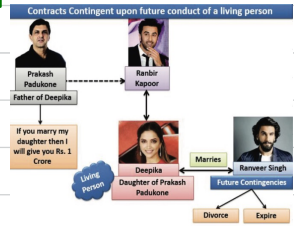
B2] Enforcement of contingent contract on an event non-happening:-

Such contracts can be enforced only when the happening becomes impossible.



C] A Contract would ceased to be enforced

If it is contingent upon the conduct of a living person and the living person does something to make the event impossible of happening.



D] Contingent on an impossible event:-

Contingent agreements to do or not to do something if an impossible event happens are void.

Basis of difference	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 promises.	A wagering agreement consists of reciprocal promises.
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.
Interest of contracting parties	Contracting parties have interest in the subject matter in contingent contract.	The contracting parties have no interest in the subject matter.
Doctrine of mutuality of loss and gain	Contingent contract is not based on doctrine of mutuality of loss and gain.	A wagering contract is a game, losing and gaining alone matters.
Effect of contract	Contingent contract is valid.	A wagering agreement is void.

QUASI CONTRACTS:-

- Even in the absence of a contract, certain social relationships give rise to certain specific obligations to be performed, by certain persons. These are known as quasi contracts as they create same obligations as in the case of regular contracts
- Quasi contracts are based on principles of equity, justice and good conscience

"No man must grow rich out of another person's loss."

Salient features of Quasi contracts:

a) In the 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; and

c) Thirdly, it is a right which is available not against all the world, but against a particular person or persons only, so that in the respect it resembles a contractual right

Cases Deemed as Quasi - Contracts

Claims for necessities supplied
[Section 68]

Payment by an interested person
[Section 69]

Obligation of a person enjoying benefit of non gratuitous act
[Section 70]

Responsibility of finder of goods
[Section 71]

Money paid by mistake or under coercion
[Section 72]

A) Claim for necessities supplied to persons incapable of contracting

If a person, incapable of entering into a contract, or anyone whom he is legally bound to support is supplied by another person with necessities suited to his condition in life, the person who has furnished such supplies is entitled to be reimbursed from the property of such incapable person.

B) Payment by an interested person:-

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

C) Obligation of person enjoying benefits of non-gratuitous act

Where a person lawfully does anything for another person, or delivers anything to him not intending to do so gratuitously and such other person enjoys the benefit thereof, the latter is bound to pay compensation to the former in respect of, or to restore the thing so done or delivered.

D) Responsibility of finder of goods:-

A person who finds goods belonging to another and takes them into his custody is subject to same responsibility as if he were a bailee

Thus, a finder of lost goods has:

- i) To take proper care of the property as man of ordinary prudence would take
- ii) no right to appropriate the goods and
- iii) To restore the goods if the owner is found

Case law :- Hollins vs. Howler L.R. & H.L.

- In **Hollins vs. Howler L. R. & H. L** 'H' picked up a diamond on the floor of 'F's shop and handed over the same to 'F' to keep till the owner was found. In spite of the best efforts, the true owner could not be traced. After the lapse of some weeks, 'H' tendered to 'F' the lawful expenses incurred by him and requested to return the diamond to him. 'F' refused to do so. Held, 'F' must return the diamond to 'H' as he was entitled to retain the goods found against everybody except the true owner.

E] Money paid by mistake or under coercion :-

- A person to whom money has been paid or anything delivered by mistake or under coercion, must repay or return it
- Every kind of payment of money or delivery of goods for every type of 'mistake' is recoverable

DIFFERENCE BETWEEN QUASI CONTRACTS AND CONTRACTS

Basis of distinction	Quasi- Contract	Contract
Essential for the valid contract	The essentials for the formation of a valid contract are absent	The essentials for the formation of a valid contract are present
Obligation	Imposed by law	Created by the consent of the parties

CA Ankita Patni