

THE INDIAN CONTRACT ACT, 1872 (CASE LAWS)

✂ CARLILL VS. CARBOLIC SMOKE BALL CO.

➤ FACT OF THE CASE:

In this famous case, Carbolic smoke Ball Co. advertised in several newspapers that a reward of £100 would be given to any person who contracted influenza after using the smoke balls produced by the Carbolic Smoke Ball Company according to printed directions. One lady, Mrs. Carlill, used the smoke balls as per the directions of the company and even then suffered from influenza.

➤ DECISION:

Held, she could recover the amount as by using the smoke balls she had accepted the offer. In terms of Section 8 of the Indian Contract Act, anyone performing the conditions of the offer can be considered to have accepted the offer. Until the general offer is retracted or withdrawn, it can be accepted by anyone at any time as it is a continuing offer.

✂ LALMAN SHUKLA VS. GAURI DUTT

➤ FACT OF THE CASE:

Gauri Dutt sent his servant Lalman to trace his missing nephew. He then announced that anybody who traced his nephew would be entitled to a certain reward. Lalman traced the boy in ignorance of this announcement. Subsequently, when he came to know of the reward, he claimed it.

➤ DECISION:

Held, he has not entitled to the reward, as he did not know the offer. Section 4 of the Indian Contract Act states that the communication of a proposal is complete when it comes to the knowledge of the person to whom it is made. In Lalman case, the defendant's nephew absconded from home. The plaintiff who was defendant's servant was sent to search for the missing boy. After the plaintiff had left in search of the boy, the defendant announced a reward of ₹501 to anyone who might find out the boy. The plaintiff who was unaware of this reward was successful in searching the boy. When he came to know of the reward, which had been announced in his absence, he brought an action against the defendant to claim this reward. It was held that since the plaintiff was ignorant of the offer of reward, his act of bringing the lost boy did not amount to the acceptance of the offer and therefore he was not entitled to claim the reward.

✂ BOULTON VS. JONES

➤ FACT OF THE CASE:

Boulton had taken over the business of one Brocklehurst, with whom Jones had previous dealings. Jones sent an order for goods to Brocklehurst, which Boulton supplied without informing Jones that the business had changed hands. When Jones found out that the goods had not come from Brocklehurst, he refused to pay for them and was sued by Boulton for the price.

➤ DECISION:

Jones is not liable to pay for the goods. It is a rule of law that an offer made to a specific/as certain person can be accepted only by that specified person.

✂ HARVEY VS. FACEY

➤ FACT OF THE CASE:

In this case, Privy Council briefly explained the distinction between an offer and an invitation to offer. In the given case, the plaintiff through a telegram asked the defendant two questions namely:

- (i) Will you sell us Bumper Hall Pen?
- (ii) Telegraph lowest cash price.

The defendants replied through a telegram that the "lowest price for Bumper Hall Pen is £900". The plaintiffs sent another telegram stating "we agree to buy Bumper Hall Pen at £900". However, the defendants contending that they had made an offer to sell the property at £900 and therefore they are bound by the offer.

➤ **DECISION:**

Held that the mere statement of the lowest price at which the vendor would sell contained no implied contract to sell to the person who had inquired about the price.

✍ **MACPHERSON VS. APPANNA**

➤ **FACT OF THE CASE:**

The owner of the property had said that he would not accept less than ₹6000 for it.

➤ **DECISION:**

It was held that this statement did not indicate any offer but indicated only an invitation to offer.

✍ **PHARMACEUTICAL SOCIETY OF GREAT BRITAIN VS. BOOTS CASH CHEMISTS LTD.**

➤ **FACT OF THE CASE:**

The goods were displayed in the shop for sale with price tags attached on each article and self-service system was there. One customer selected the goods but the owner refused to sell.

➤ **DECISION:**

In this case, it was held that the display of goods along with price tags merely amounts to an invitation to treat and therefore if an intending buyer is willing to purchase the goods at a price mentioned on the tag, he makes an offer to buy the goods. Thus, the shopkeeper has the right to accept or reject the same. The contract would arise only when the offer is accepted. Hence there was no contract and the customer had no rights to sue the owner.

✍ **FELTHOUSE VS. BINDLEY**

➤ **FACT OF THE CASE:**

F offered by letter to buy a nephew's horse, saying; "if I hear no more about it, I shall consider the horse mine." The nephew did not reply but he told an auctioneer not to sell that particular horse as he had sold it to his uncle. By mistake, the auctioneer sold the horse. F sued for conversion against his nephew.

➤ **DECISION:**

Held, F could not succeed as his nephew had not communicated acceptance and there was no contract.

✍ **NEALE VS. MERRETT**

➤ **FACT OF THE CASE:**

M offered to sell his land to N for £280. N replied purporting to accept the offer but enclosed a cheque for £80 only. He promised to pay the balance of £200 by monthly installments of £50 each.

➤ **DECISION:**

It was held that N could not enforce his acceptance because it was not an unqualified one.

✍ **BROGDEN VS. METROPOLITAN RAILWAY CO.**

➤ **FACT OF THE CASE:**

Brogden, a supplier, sent a draft agreement relating to the supply of coal to the manager of railway co. viz, metropolitan railway for his acceptance. The manager wrote the word "Approved" on the same and put the draft agreement in the drawer of the table intending to send it to the company's solicitors for a formal contract to be drawn up. By an oversight the draft agreement remained in the drawer.

➤ **DECISION:**

Held, that there was no contract as the manager had not communicated his acceptance to the supplier, Brogden.

✍ **LILLYWHITE VS. MANNUSWAMY**

➤ **FACT OF THE CASE:**

Plaintiff delivered some clothes to dry cleaner for which she received a laundry receipt containing a condition that in case of loss, the customer would be entitled to claim 15% of the market price of value of the article, Plaintiff lost her new saree.

➤ **DECISION:**

Held, the terms were unreasonable and plaintiff was entitled to recover full value of the saree from the dry cleaner. The receipt carries special conditions and are to be treated as having been duly communicated to the customer and therein a tacit acceptance of these conditions is implied by the customer's acceptance of the receipt.

✍ **CHINNAYYA VS. RAMAYYA**

➤ **FACT OF THE CASE:**

An old lady made a gift of her property to her daughter with a direction to pay a certain sum of money to the maternal uncle by way of annuity. On the same day, the daughter executed a writing in favor of the maternal uncle and agreeing to pay him annuity. The daughter did not, however, pay the annuity and the uncle sued to recover it.

➤ **DECISION:**

It was held that there was sufficient consideration for the uncle to recover the money from the daughter.

✍ **DURGAPRASED VS. BALDEO**

➤ **FACT OF THE CASE:**

D (defendant) promised to pay to P (plaintiff) a certain commission on articles which would be sold through their agency in a market. The market was constructed by P at the desire of the C (collector), and not at the desire of the D (promisor).

➤ **DECISION:**

D was not bound to pay commission as it was without consideration and hence void.

✍ **MOHORI BIBEE VS. DHARMODAS GHOSE**

➤ **FACT OF THE CASE:**

A, a minor borrowed ₹20,000 from B, and as security for the same, executed a mortgage in his favour. He became a major a few months later and filed a suit for the declaration that the mortgage executed by him during his minority was void and should be cancelled.

➤ **DECISION:**

It was held that a mortgage by a minor was void, and B was not entitled to repayment of money.

✍ **SAIN DAS VS. RAM CHAND**

➤ **FACT OF THE CASE:**

Where there was a joint purchase by two purchasers, one of them was minor.

➤ **DECISION:**

It was held that the vendor could enforce the contract against the major purchaser and not the minor.