



Business Laws

CASE LAWS

Chapter-1

The Indian Contract Act, 1872

S. No.	CASE LAW	PARTICULARS
1.	State of Gujarat vs. Ramanlal S & Co.	When on dissolution of a partnership, the assets of the firm were divided among the partners, the sales tax officer wanted to tax this transaction. It was held that it was not a sale. The partners being joint owner of those assets cannot be both buyer and seller.
2.	Balfour v. Balfour	A husband agreed to pay to his wife certain amount as maintenance every month while he was abroad. Husband failed to pay the promised amount. Wife sued him for the recovery of the amount. Here in this case wife could not recover as it was a social agreement and the parties did not intend to create any legal relations.
3.	Carlill Vs. Carbolic Smoke Ball Co. (1893)	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 Company according to printed directions. One lady, Mrs. Carlill, used the smoke balls as per the directions of company and even then suffered from influenza. Held, she could recover the amount as by using the smoke balls she had accepted the offer.
4.	Lalman Shukla v. Gauri Dutt	G (Gauridutt) sent his servant L (Lalman) to trace his missing nephew. He then announced that anybody who traced his nephew would be entitled to a certain reward. L, traced the boy in ignorance of this announcement. Subsequently when he came to know of the reward, he claimed it. Held, he was not entitled to the reward, as he did not know the offer.
5.	Boulton v. Jones	Boulton bought a business from Brocklehurst. Jones, who was Brocklehurst's creditor, placed an order with Brocklehurst for the supply of certain goods. Boulton supplied the goods even though the order was not in his name. Jones refused to pay Boulton for the goods because by entering into the contract with Brocklehurst, he intended to set off his debt against Brocklehurst. Held, as the offer was not made to Boulton, therefore, there was no contract between Boulton and Jones.
6.	Harvey vs. Face [1893] AC 552	In this case, Privy Council succinctly explained the distinction between an offer and an invitation to offer. In the given case, the plaintiffs through a telegram asked the defendants two questions namely, (i) Will you sell us Bumper Hall Pen? and (ii) Telegraph lowest cash price. The defendants replied through 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 refused to sell the property at the price. The plaintiffs sued the defendants contending that they had made an offer to sell the property at £ 900 and therefore they are bound by the offer. However the Privy Council did not agree with the plaintiffs on the ground that while plaintiffs had asked two questions, the defendant replied only to the second question by quoting the price but did not answer the first question but reserved their answer with regard to their willingness to sell. Thus they made no offer at all. Their Lordships 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 enquired about the price.



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7.	Mac Pherson vs Appanna [1951] A.S.C. 184	Where the owner of the property had said that he would not accept less than £ 6000/- for it. This statement did not indicate any offer but indicated only an invitation to offer. Where the owner of the property had said that he would not accept less than £ 6000/- for it. This statement did not indicate any offer but indicated only an invitation to offer.
8.	Harris vs. Nickerson (1873).	The auctioneer does not contract with any one who attends the sale. The auction is only an advertisement to sell but the items are not put for sale though persons who have come to the auction may have the intention to purchase. Similar decision was given in the case of Harris vs. Nickerson (1873).
9.	Brogden vs. Metropolitan Railway Co. (1877)	B 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 over sight the draft agreement remained in drawer. Held, that there was no contract as the manager had not communicated his acceptance to the supplier, B.
10.	Neale vs. Merret [1930] W. N. 189	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. It was held that N could not enforce his acceptance because it was not an unqualified one.
11.	Union of India v. Bahulal AIR 1968 Bombay 294	A offers to sell his house to B for ₹ 1,00,000/-. B replied that, “I can pay ₹80,000 for it. The offer of ‘A’ is rejected by ‘B’ as the acceptance is not unqualified. B however changes his mind and is prepared to pay ₹ 1,00,000/-. This is also treated as counter offer and it is upto A whether to accept it or not.
12.	Bhagwandas v. Girdharilal	Where an offer made by the intended offeree without the knowledge that an offer has been made to him cannot be deemed as an acceptance thereto.
13.	Heyworth vs. Knight [1864] 144 ER 120	A mere variation in the language not involving any difference in substance would not make the acceptance ineffective.
14.	Felthouse vs Bindley (1862)	F (Uncle) offered to buy his nephew’s horse for £30 saying “If I hear no more about it I shall consider the horse mine at £30.” The nephew did not reply to F at all. He told his auctioneer, B to keep the particular horse out of sale of his farm stock as he intended to reserve it for his uncle. By mistake the auctioneer sold the horse. F sued him for conversion of his property. Held, F could not succeed as his nephew had not communicated the acceptance to him.
15.	[Central Bank YeotmalvsVyank atesh (1949) A. Nag. 286	Where a resolution passed by a bank to sell land to ‘A’ remained uncommunicated to ‘A’, it was held that there was no communication and hence no contract.
16.	Entores Ltd. v. Miles Far East Corporation	When an offer is made of instantaneous communication like telex, telephone, fax or through e-mail, the contract is only complete when the acceptance is received by the offeree, and the contract is made at the place where the acceptance is received. However, in case of a call drops and disturbances in the line, there may not be a valid contract.

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17.	Mukul Datta vs. Indian Airlines [1962] AIR cal. 314	When someone travels from one place to another by air, it could be seen that special conditions are printed at the back of the air ticket in small letters [in a non computerized train ticket even these are not printed] Sometimes these conditions are found to have been displayed at the notice board of the Air lines office, which passengers may not have cared to read. The question here is whether these conditions can be considered to have been communicated to the passengers of the Airlines and can the passengers be treated as having accepted the conditions. The answer to the question is in the affirmative and was so held in Mukul Datta vs. Indian Airlines [1962] AIR cal. 314 where the plaintiff had travelled from Delhi to Kolkata by air and the ticket bore conditions in fine print.
18.	Lilly White vs. Mannuswamy (1970)	Delivered some clothes to drycleaner for which she received a laundry receipt containing a condition that in case of loss, customer would be entitled to claim 15% of the market price of value of the article, P lost her new saree. Held, the terms were unreasonable and P was entitled to recover full value of the saree from the drycleaner.
19.	Raipur transport Co. vs. Ghanshyam [1956] A. Nag.145	A transport carrier accepted the goods for transport without any conditions. Subsequently, he issued a circular to the owners of goods limiting his liability for the goods. In such a case, since the special conditions were not communicated prior to the date of contract for transport, these were not binding on the owners of goods
20.	Ramsgate Victoria Hotel Co. Vs Montefiore (1866 L.R.Z. Ex 109)	A person who applied for shares in June was not bound by an allotment made in November.
21.	Misa v. Currie	A valuable consideration in the sense of law may consist either in some right, interest, profit or benefit accruing to one party (i.e. promisor) or forbearance, detriment, loss or responsibility given, suffered or undertaken by the other (i.e., the promisee)."
22.	Durga Prasad v. Baldeo	D (defendant) promised to pay to P (plaintiff) a certain commission on articles which would be sold through their agency in a market. Market was constructed by P at the desire of the C (Collector), and not at the desire of the D. D was not bound to pay as it was without consideration and hence void.
23.	Chinnayya vs. Ramayya (1882)	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 favour of the brother agreeing to pay annuity. The daughter did not, however, pay the annuity and the uncle sued to recover it. It was held that there was sufficient consideration for the uncle to recover the money from the daughter.
24.	Kadarnath v. Gorie Mohammad	If a promisee undertakes the liability on the promise of the person to contribute to charity, there the contract shall be valid.
25.	Mohori Bibi vs. Dharmo Das Ghose (1903)	A, a minor borrowed ₹ 20,000 from B and as a 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. It was held that a mortgage by a minor was void and B was not entitled to repayment of money.

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26.	Kirpa Ram vs. Sami-Ud-din	A youth of 18 years of age, spend thrift and a drunkard, borrowed ₹ 90,000 on a bond bearing compound interest at 2% per mensem (p.m.). It was held by the court that the transaction is unconscionable, the rate of interest charged being so exorbitant
27.	Word vs. Hobbs. (1878)	H sold to W some pigs which were to his knowledge suffering from fever. The pigs were sold 'with all faults' and H did not disclose the fact of fever to W. Held there was no fraud.
28.	Regier V. Campbell Staurt	A broker was asked to buy shares for client. He sold his own shares without disclosing this fact. The client was entitled to avoid the contract or affirm it with a right to claim secret profit made by broker on the transaction since the relationship between the broker and the client was relationship of utmost good faith.
29.	Hazi Ahmed v. Abdul Gassi	Every material fact must be disclosed by the parties to a contract of marriage
30.	State of Bombay vs. R.M.D. Chamarbangw ala AIR (1957)	A crossword puzzle was given in magazine. Abovementioned clause was stated in the magazine. A solved his crossword puzzle and his solution corresponded with previously prepared solution kept with the editor. Held, this was a game of chance and therefore a lottery (wagering transaction).
31.	HADLEY vs. BAXENDALE	The crankshaft of P's flour mill had broken. He gives it to D, a common carrier who promised to deliver it to the foundry in 2 days where the new shaft was to be made. The mill stopped working, D delayed the delivery of the crankshaft so the mill remained idle for another 5 days. P received the repaired crankshaft 7 days later than he would have otherwise received. Consequently, P sued D for damages not only for the delay in the delivering the broken part but also for loss of profits suffered by the mill for not having been worked. The count held that P was entitled only to ordinary damages and D was not liable for the loss of profits because the only information given by P to D was that the article to be carried was the broken shaft of a mill and it was not made known to them that the delay would result in loss of profits.
32.	Gibbons v West Minister Bank	A business man whose credit has suffered will get exemplary damages even if he has sustained no pecuniary loss. But a non-trader cannot get heavy damages in the like circumstances, unless the damages are alleged and proved as special damages.
33.	ShyamLal vs. State of U.P. A.I.R (1968) 130	Where 'K' a government servant was compulsorily retired by the government. He filed a writ petition and obtained an injunction against the order. He was reinstated and was paid salary but was given no work and in the mean time government went on appeal. The appeal was decided in favour of the government and 'K' was directed to return the salary paid to him during the period of reinstatement.
34.	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.



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35.	Shivprasadvs Sirish Chandra A.I.R. 1949 P.C. 297	Every kind of payment of money or delivery of goods for every type of ‘mistake’ is recoverable.
36.	Sales tax officer vs. Kanhaiyalal A. I. R. 1959 S. C. 835	A payment of municipal tax made under mistaken belief or because of mis-understanding of the terms of lease can be recovered from municipal authorities.
37.	Seth Khanjelekvvs National Bank of India	Similarly, any money paid by coercion is also recoverable. The word coercion is not necessarily governed by section 15 of the Act. The word is interpreted to mean and include oppression, extortion, or such other means
38.	Trikamdas vs. Bombay Municipal Corporation A. I. R.1954	‘T’ was traveling without ticket in a tram car and on checking he was asked to pay ₹5/as penalty to compound transaction. T filed a suit against the corporation for recovery on the ground that it was extorted from him. The suit was decreed in his favour.