

Tech Level Unit 3 From 6 January 2020 - this qualification is no longer available to new learner registrations



Title:	LAW OF CONTRACT
Level:	Level 3
Credit Value:	10
Guided Learning Hours	60

Learning outcomes	Assessment criteria	Knowledge, understanding and skills
The learner will:	The learner can:	
1. Understand what is meant by a contract	1.1 Explain what is meant by a contract	An agreement giving rise to obligations which can be enforced or recognised by law.
	1.2 Define the essentials of a valid enforceable contract.	Offer, acceptance, consideration and intention to create legal relations.
	1.3 Explain what is meant by privity of contract	Common law definition of privity and the exceptions Under s1 Contracts (Rights of Third Parties) Act 1999.
2. Understand what an offer is, how it is made and how it may be terminated	2.1 Explain what is meant by an offer	Who an offer can be made to. Advertisements for unilateral contracts e.g Carlill v Carbolic Smoke Ball Co (1893). And reward posters.
	2.2 Explanation of an invitation to treat:	Display of goods and self-service/ticket machines e.g. Pharmaceutical Society of Great Britain v Boots Cash Chemists (Southern) Ltd (1953).

This specification is a draft for the 2018 CILEx Tech Level

	2.3 Explain how an offer is made	Offers may be verbal, written, or by conduct. The offer must be communicated/ received by the offeree: Taylor v Laird (1856).
	2.4 Explain how an offer may be terminated	Revocation Counter offer Lapse of time relevant case law for these e.g. Hyde v Wrench
3. Understand what constitutes valid acceptance of an offer and its effect	3.1 Explain the rules of acceptance of an offer and the exceptions to the rules	What constitutes valid acceptance e.g. the mirror image rule, communication Exceptions to the rule of communication Waivers.e.g. advertisements for unilateral offers Acceptance by post the postal rule: Adams v Lindsell (1818).
	3.2 Explain the effect of acceptance of an offer	Once an offer is accepted, an agreement is formed.
4. Understand the concepts of consideration and the intention to create legal relations	4.1 Define consideration	A benefit to one or a detriment to the other: Currie v Misa (1875) or the price for which the other party's promise is bought. Dunlop v Selfridge (1915).
	4.2 Explain the rules of consideration including insufficient consideration.	Past consideration e.g. Re McArdle (1951) Consideration must move from the promisee: e.g. Dunlop v Selfridge Consideration must be sufficient but need not be adequate e.g. Thomas v Thomas (1842) Examples of insufficient consideration Rules relating to performance of an existing duty <ul style="list-style-type: none"> • Public duties • Contractual duties <ul style="list-style-type: none"> ○ Contractual duty to supply goods and services: E.g. Williams v Roffey & Nicholls (Contractors) (1991)

		Exceptions: performance goes beyond existing duty E.g. Harris v Sheffield UFC Ltd (1988)
	4.3 Explain what is meant by intention to create legal relations	The presumptions within business settings and social and domestic setting. Explanation as to how the presumptions can be rebutted The relevant case law for business settings e.g. Edmonds v Lawson (2000) compared to Rose & Frank v J R Crompton (1925). Relevant case law for social and domestic settings e.g. Jones v Padavatton (1969).
5. Understand the classification of different terms of a contract and their effect	5.1 Explain a condition	Explanation of condition and the remedies available for its breach. E.g. Poussard v Spiers & Pond (1876).
	5.2 Explain a warranty	Explanation of a warranty and the remedies available for its breach. E.g. Bettini v Gye (1876).
	5.3 Explain an innominate (intermediate) term	Explanation of an innominate term and the remedies available for its breach. E.g. Hong Kong Fir Shipping v Kawasaki Kisen Kaisha (1962).
6 Understand the terms of a contract	6.1 Distinguish between express terms and implied terms	Terms are distinctly or overtly stated rather than implied. Terms that are agreed by the parties.
	6.2 Explain how terms may be implied into a contract	Implied by statute, Sale of Goods Act 1979 (ss13, 14, 15) implied by custom, <i>Hutton v Warren</i> [1836] Implied by the courts <ul style="list-style-type: none"> • to give the contract business efficacy e.g. 'officious bystander' test and 'business efficacy' test • by fact • by Law

	6.3 Explain how terms are incorporated into a contract	Signature: e.g. L'estrage v Graucob (1934) notice: e.g. Olley v Marlborough Court Hotel (1949) compared to Chapelton v Barry UDC (1940) course of dealings e.g. Hollier v Rambler Motors (1972); common understanding of the parties: e.g. British Crane Hire Corp Ltd v Ipswich Plant Hire (1975).
	6.4 Explain what is meant by an exclusion clause	An exclusion clause is a term that limits or excludes liability in the event of a breach of contract. An exclusion clause must be entered into before or at the time of contract to be valid. There are statutory controls on the types of exclusion clauses permitted. E.g. Unfair Contract Terms Act 1977 E.g. Consumer Rights Act 2015
7 Understand what is meant by misrepresentation	7.1 Explain what is meant by misrepresentation.	Definition of misrepresentation and the need for reliance on the statement.
	7.2 Identify and explain the types of misrepresentation:	Fraudulent Negligent Innocent Use relevant case law for each type. e.g. Derry v Peek (1889), Howard Marine & Dredging Co Ltd v Ogden & Sons Ltd (1978)
	7.3 Identification of the remedies for misrepresentation	Damages or rescission and bars to rescission. Misrepresentation Act (1967)
8. Understand how a contract may be discharged	8.1 Identify and explain ways in which a contract may be discharged and the effect.	Explanation of performance. Exceptions <ul style="list-style-type: none"> • partial performance • substantial performance • prevention of performance Case law e.g. Planché v Colburn (1831), Cutter v Powell (1795) performance is also in 4.2 above, should this list be in 4.2 Breach of a condition Agreement. Frustration

		e.g. Taylor v Caldwell (1863); Effect of frustration at common law Statutory intervention: s1(2) Law Reform (Frustrated Contracts) Act 1943.
9. Understand the remedies available for breach of contract	9.1 Explain the nature and purpose of remedies for breach of contract and give examples of situations where they could be awarded	Common law Damages Equitable remedies <ul style="list-style-type: none"> • injunction • specific performance.
	9.2 Explain what is meant by remoteness of damage	Explanation of remoteness and the rule in Hadley v Baxendale (1854), Victoria Laundry (Windsor) Ltd v Newman Industries Ltd (1949).
	9.3 Explain what is meant by mitigation of loss	The claimant is required to take all reasonable steps to mitigate the loss caused by the breach.
10. Understand how to apply Contract Law	10.1 Apply Contract Law to a given situation	Students are required to analyse the facts of the given scenario and relate the facts to the relevant laws stating the correct legal authority.

Additional information about the unit	
Unit aim(s)	The learner will understand key concepts, terms and processes in the Law of Contract
Name of the organisation submitting the unit	CILEx (The Chartered Institute of Legal Executives)
Availability for use	Only available to owning awarding body
Availability for delivery	1 September 2017

