

Contract Law 101
**Lock It In – The Importance
of Contracts**

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Disclaimer

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What is a Contract?

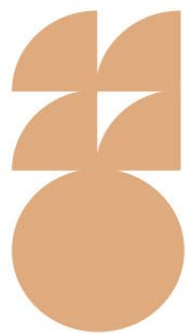
- A contract is an agreement
- But not all agreements are contracts
- A contract is a legally binding and enforceable agreement
- Can be in writing, oral or formed by conduct



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Examples of Agreements that are Not Contracts

- Deed
- Memorandum of understanding
- Supply agreement



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Essential Elements of a Contract

- Two or more parties
- Must have legal capacity
- Intention: legally binding and enforceable
- Offer and acceptance
- Consideration



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Specify Terms and Conditions

- Benefits of being in writing
- Parol evidence rule
- Importance of clarity in drafting
- Understand both meaning, and rights and obligations



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Legal Effect of Contract

- Creates binding and enforceable rights and obligations
- Specifies attribution of risk between parties
- Enables legal action to enforce compliance:
 - Specific performance
 - Damages for breach



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Case Study 1: Grower v Processor

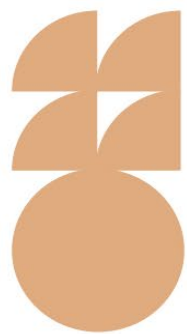
- Contract formed by exchange of emails modifying Processor's standard T&C in client handbook
- Agreed processing rate for minimum tonnes supplied
- Minimum supply amount exceeded in first year but dispute about discount - legal action by processor
- No fruit supplied in second year
- Dispute about terms and conditions of contract



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Case Study 2: Agent v Farmer

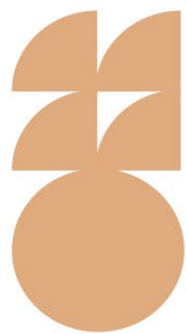
- Contract for future supply of flax to Agent by Farmer
- Agreement via phone then written agreement prepared by Agent, signed and sent as a photo by text message to Farmer with request to confirm
- Farmer responded with “thumbs up” emoji
- Farmer failed to supply, Agent sued for damages
- Farmer denied existence of contract
- Was there a contract?



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Case Study 3: Contract Harvesting

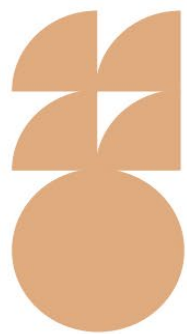
- Regional group of very small growers
- Harvesting service 'contracted' by phone
- Nothing written/email/SMS
- Harvester cancelled last-minute
- No contract = No harvest



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The Take-Out

- If you do business, you need a contract
- Ensure it's specific



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