

## Privity of Contract

<b>Principle of Privity of Contract</b>	Only those who are party to a contract are bound by it and can benefit from it. This is seen in <b><u>Dunlop Pneumatic Tyre Co. Ltd (1915)</u></b> where there was contract between Dunlop and Selfridge so Dunlop could not sue in the agreement made with Dew not to sell below a stated price.		
<b>The relationship between privity and consideration</b>	Based on the idea that consideration must move from the promisee as in <b><u>Tweedle v Atkinson (1861)</u></b> In some situations privity can be seen as causing injustice, the courts have tried to find ways of avoiding the rule as in <b><u>Jackson v Horizon Holidays Ltd (1975)</u></b>		Tweedle v Atkinson (1861) Jackson v Horizon Holidays Ltd (1975)
	General exceptions	Agency – where one person (the agent) is authorised to make the contract on behalf of another (the principal). In this situation the Principal will be bound by the terms of the contract even if they did not make it.	
		Collateral Contracts – this involves finding a second contract alongside the main agreement.	Shanklin Pier Ltd v Detel Products (1951)
<b>Contracts (Rights of Third Parties) Act 1999</b>	Under s.1 Contracts (Rights of Third Parties) Act 1999 states that someone who is not a party to a contract (a third party) may enforce the contract against either or both of the actual parties to the contract if:		
	The third party is expressly identified by name, or as a member of a class or as answering a particular description; and		This would have met that Mrs Beswick would have been able to rely on the contract in Beswick v Beswick (1967)
	The contract expressly provides that the third party may enforce the contract, or		
	The contract term is an attempt to confer the benefit of the term on the third party		
	However, under s.3 of the act the parties to the contract do have the right to exclude the rights of third parties. Most commercial contracts will not exclude this right.		

## Intention to Create Legal Relations

<b>General principle</b>	When the offer and acceptance have taken place in order for there to be a contract the law will recognise there needs to be the intention to create legal relations. Generally in business relations there is a presumption that there is an agreement to create legal relations. This can be rebutted based on evidence. In social relationships there is a presumption that is not an intention to create legal relations. However, based on evidence the courts can decide there is an intention to create legal relations.		Jones v Vernons Pools (1938)
<b>Types of agreements</b>	Business Arrangements	General presumption is that there is an intention to create legal relations. <b><u>Edwards v Lawson (2000)</u></b> said that each case will be decided on its facts.	Jones v Vernons Pools (1938) Edwards v Skyways Ltd (1969) Edwards v Lawson (2000) Esso Petroleum Co. Ltd v Commissioners of Custom and Excise (1976) McGowan v Radio Buxton (2001) Kleinwort Benson Ltd v Malaysian Mining Corporation (1989)
	Business or domestic arrangements	<b><u>Sadler v Reynolds</u></b> suggested that some situations will fall into a halfway house between business and domestic relationships.	Sadler v Reynolds (2005)
	Social and domestic arrangements	The general principle is that there is no intention to create legal relations. However, this presumption can be rebutted. The biggest distinction can be seen when comparing Balfour v Balfour (1919) with Merritt v Merritt (1970), the difference in these cases were the couple in Merritt were already separated when the agreement was made.	Balfour v Balfour (1919) Merritt v Merritt (1970) Jones v Padavatton (1969) Simpkins v Pays (1955) Wilson v Burnett (2007) Parker v Clarke (1960)