

QUASI

CONTRACTS

Quasi-Contract

- A quasi-contract is **“a legal substitute for a contract”**.
- A quasi-contract is used when a court wishes to create an obligation upon a non-contracting party to avoid injustice.
- Quasi-contracts are → **“the lawful and purely voluntary acts of a man, from which there results any obligation whatever to a third person, and sometime a reciprocal obligation between the parties”**.
- In contracts consent of the contracting parties produces obligations. In quasi-contracts → no consent is required → the obligation arises from the law or natural equity
- They are called quasi-contracts, because they bind the parties without being contracts.

- **An example →→ a plumber accidentally installs a sprinkler system in the lawn of the wrong house.**
- **Will the man be held liable for payment?**
 - **Yes, if it could be proven that the man knew that the sprinklers were being installed mistakenly → the court would make him pay because of a quasi-contract.**
 - **No, he would not be liable if that knowledge could not be proven.**

QUASI-CONTRACTS

- Even though a contract is the result of an agreement enforceable by law, but under certain special circumstances, obligations resembling those created by a contract are imposed by law although the parties have never entered into a contract.
- Such obligations imposed by law are referred to as 'Quasi-Contracts' or 'Constructive Contracts' under the English law, and 'certain relations resembling those created by contracts' under the Indian law.
- The term 'quasi-contract' has been used because such a contract resembles a contract so far as result or effect is concerned but it has little or no affinity with a contract in respect of its mode of creation.
- Quasi-contract rests upon the equitable 'doctrine of unjust enrichment' which declares that a person shall not be allowed to enrich himself unjustly at the expense of another.
- It may be noted that a suit for damages for the breach of the contract can be filed in the case of a quasi-contract in the same way as in the case of a completed contract (Sec. 73).

TYPES OF QUASI **CONTRACTS**

- Supply of necessaries (Sec 68)
- Payment by a interested person (Sec 69)
- Obligation to pay for non-gratuitous(obtained without charge or payment) acts (Sec 70)
- Responsibility of finder of goods (Sec 71)
- Mistake or Coercion (Sec 72)

TYPES OF QUASI CONTRACT

- 1. Claim for necessities supplied (Sec 68)

Claim for necessities supplied to a person incapable of contracting or on his account (Sec. 68). 'If a person, incapable of entering into a contract, or any one whom he is legally bound to support, is supplied by another person with necessities suited to his condition in life, the person who has furnished such supplies is entitled to be reimbursed from the property of such incapable person.'

- 2. Reimbursement of person paying money due by another, in payment of which he is interested (Sec. 69).

'A person who is interested in the payment of money which another is bound by law to pay, and who therefore pays it, is entitled to be reimbursed by the other.'

- 3. Obligation of person enjoying benefit of non-gratuitous act (Sec.70).

'Where a person lawfully does anything for another person, or delivers anything to him, not intending to do so gratuitously, and such other person enjoys the benefit thereof, the latter is bound to make compensation to the former in respect of, or to restore, the thing so done or delivered.'

- **4. Responsibility of finder of goods (Sec. 71).**

‘A person who finds goods belonging to another and takes them into his custody, is subject to the same responsibility as a bailee.’ Thus an agreement is also implied by law between the owner and finder of the goods and the latter is deemed to be a bailee.

- **Duties of finder of goods.**

He must try to find out the real owner of the goods and must not appropriate the property to his own use. If the real owner is traced, he must restore the goods to him on demand. Further, till the goods are in possession of the finder, he must take as much care of the goods as a man of ordinary prudence would, under similar circumstances, take of his own goods of the same bulk, quality and value (Sec. 151).

- **Rights of finder of goods.**

- Till the true owner is found out, he can retain possession of the goods against everybody in the world. He is entitled to receive from the true owner, all expenses incurred by him for preserving the goods or finding the true owner.
- The finder of goods is entitled to sell the goods if the owner cannot be found out or if he refuses to pay the lawful charges of the finder, in the following two situations only:
- (a) When the thing is in danger of perishing or of losing the greater part of its value, or
- (b) When the lawful charges to the finder amount to at least two-thirds of the value of goods found.

- **5. Liability of person to whom money is paid, or thing delivered by mistake or under coercion (Sec. 72).**

‘A person to whom money has been paid, or anything delivered, by mistake or under coercion, must repay or return it.’ Accordingly, if one party under a mistake pays to another party money which is not due by contract or otherwise, that money must be repaid.

SUPPLY OF **NECESSARIES**

According to sec 68 a minor is liable to pay out of his property for 'necessaries' supplied to him or to anyone whom he is legally bound to support. The significance of this is that it does not arise out of a contract as much so as it arises out of a contract. the minor is not personally liable and 'necessaries' include food, clothing as well as education, They also include watch bicycle etc.

OBLIGATION TO PAY FOR NON GRATUITOUS ACTS

According to Sec 70 when a person lawfully does or delivers anything for the other ,not intending to do so gratuitously,and the person derives any benefit from it,he is liable to compensate,or restore the thing so done or delivered.

Here three conditions must satisfy

- [1] The thing must have been done lawfully
- [2] The person intending to do it must not have done it gratuitously
- [3] The person must have derived benefit from the act

PAYMENT BY A INTERESTED PERSON

According to Sec 69 a person who is interested in the payment of money which another is bound by law to pay, and who therefore pays it, is entitled to be reimbursed by the other.

The essential elements center around

- [1] The payment made should be bona fide of ones interest
- [2] The payment should not be a voluntary one
- [3] The payment must be such that the other is bound by law to pay

RESPONSIBILITY OF THE FINDER OF GOODS

According to Sec 71 a person who finds goods belonging to another and takes them into his custody is subject to the same responsibility as the bailee is bound to take as much care of the goods as a man of ordinary prudence would, In addition to that he must make efforts to trace the owner. If he does not, he will be guilty of wrong conversation, and till the owner is found out the property will vest with the finder, he can sell in case of

- [1] goods are of perishable nature**
- [2] owner cannot be found out**
- [3] when owner refuses to pay for the lawful charges**
- [4] when the lawful charges amount to two thirds of thing**