8-29-2026 | Lecture 1- Foundations of Contract Formation, Consideration, and Enforcement

Why is a voidable promise (such as a contract signed by a minor) NOT considered an illusory promise?	Because a legal obligation exists unless and until the incapacitated party affirmatively exercises their legal option to avoid it.
What defines an 'implied-in-fact' contract obligation?	A consensual agreement derived from conduct or circumstances that fails to express the full agreement in explicit terms.
According to Restatement (Second) of Contracts § 1, what is the standard legal definition of a contract?	A promise or a set of promises for the breach of which the law gives a remedy, or the performance of which the law in some way recognizes as a duty.

What is the purpose of 'Restitution Damages' as a remedy for breach?	To restore to the non-breaching party any benefit conferred upon the breaching party (reimbursement to prevent unjust enrichment).
What is the general definition of a 'promise' in contract law?	A declaration that one will do or not do a specified something.
What is the goal of 'Reliance Damages' in contract claims?	To compensate a party for detrimental expenditures or position changes made in reliance on the contract.
What is the legal remedy of 'Rescission'?	The cancellation of a contract whereby both parties are excused from future performance and advanced monies are returned.

What does the legal maxim 'the Offeror is the master of the offer' mean?	The offeror has total control over prescribing the terms, mode, and manner of acceptance required to bind the contract.
If an offer explicitly seeks performance, does a 'promise to perform' constitute valid acceptance?	No, a promise to perform does not constitute acceptance when an offer demands performance itself.
Under Promissory Estoppel (Restatement 2d § 90), when can a gratuitous promise be enforced without consideration?	When a party substantially changes position in reasonable, foreseeable reliance on the promise, and injustice can only be avoided by enforcement.
List four equitable remedies available for breach of contract.	1) Specific Performance; 2) Injunction; 3) Rescission; 4) Restitution.

What defines an 'implied-in-law' contract (quasi-contract) obligation?	An equitable imposition of a would-be contract by a court to prevent unjust enrichment, independent of party consent.
How is 'consideration' broadly defined in contract law?	Something of legal value given in a bargained-for exchange to induce a promise.
What does the Coase Theorem assert regarding property rights and bargaining in contract economics?	Where property rights are well-defined and bargaining is costless, parties will negotiate to the most efficient outcome regardless of initial rights assignment.
When does a contractual breach occur?	When a contracting party fails to uphold due performance obligations under the contract and another party seeks legal remedy.

What is 'Specific Performance'?	An equitable court order compelling a breaching party to render exact performance as specified in the contract.
What is the goal of 'Expectation Damages' in contract claims?	To place the non-breaching party in the position they would have occupied had the contract been fully performed (benefit of the bargain).
What is the core rule of the Bargain Theory of consideration?	Consideration exists if the parties subjectively view the contract as the product of a bargained-for exchange.
What is an 'executory contract'?	A contract in which contractual performance remains to be completed by one or both parties.

In a unilateral contract, can an offeree be legally forced or sued to complete performance?	No, because the offeree has made no return promise to the offeror.
Under Restatement (Second) of Contracts § 71, when is a promise or performance considered 'bargained-for'?	When it is sought by the promisor in exchange for his promise and given by the promisee in exchange for that promise.
What is the legal remedy of 'Reformation'?	An equitable remedy where a court re-writes or alters written contractual terms to reflect the true actual intent of the parties.
What is the key difference between tort obligations and contractual obligations regarding how they are imposed?	Tort obligations are primarily imposed by law and owed to a wider class of persons, whereas contractual obligations are voluntarily undertaken and owed to specific persons.

Under what conduct standard might punitive damages be awarded in connection with a contractual dispute?	When the violating party's conduct is egregious and intentional, giving rise to an independent tort action.
What defines a 'bilateral contract'?	A contract formed by an exchange of mutual promises where each promise serves as consideration for the other.
What is 'Disgorgement' in damage measures?	A remedy requiring a breaching party to surrender profits gained through breach so they do not benefit from wrongdoing.
What standard is used to determine whether a statement is a binding promise or merely a prediction or opinion?	The objective 'reasonable person' standard.

How does Gilbert's Law Dictionary define an 'agreement'?	A meeting of the minds; a consensus between two or more parties which affects their legal rights and duties.
Why has the Bargain Theory largely replaced the Benefit-Detriment Theory in modern contract law?	Because the Benefit-Detriment theory created circular reasoning and conflicted with the rule that courts do not evaluate adequacy of consideration.
What defines an 'express' contractual obligation?	An obligation created by explicit oral or written statements of commitment by the parties.
What are the four core elements required to form a contract at Common Law?	Offer, Acceptance, Intention (to create legal obligations), and Consideration.

In contract consideration, what does 'forbearance' mean?	Refraining from exercising or enforcing a legal right, obligation, or debt that is due.
What is the general judicial rule regarding the 'adequacy' of consideration?	Courts will generally not inquire into or evaluate the adequacy or economic fairness of consideration.
Why will courts generally refuse to enforce personal/private two-way promises (e.g., promising a significant other payment to attend lunch)?	Public policy dictates that purely private domestic/personal exchanges are too remote from commercial exchanges for court involvement.
What is an 'illusory promise'?	An apparent commitment that lacks real substance and leaves the promisor a completely free way out of performance.

Name three specific categories of moral obligations that become binding promises in the absence of fresh consideration.	1) Promise to pay a debt discharged by bankruptcy; 2) Promise to perform a conditional responsibility despite non-occurrence of the condition; 3) Promise to perform on a voidable contract.
What four elements make a contract 'valid'?	1) Agreement (Offer & Acceptance); 2) Consideration; 3) Legal Capacity; 4) Legal Purpose.
What distinguishes an 'enforceable' contract from merely a 'valid' contract?	An enforceable contract is a valid contract against which there are no legal defenses.
In economic contract theory, what is a 'Pareto Efficient Breach'?	A breach where the breaching promisor gains enough to fully compensate the promisee, leaving the promisee no worse off and the promisor better off.

Why does a statement such as "I plan to meet with you after class" fail to form a legally binding promise?	It is a statement of present intention that conveys a belief regarding future action without making a commitment.
What historical action originally developed from cases where a promisee sought damages for misfeasance under a consensual undertaking?	Assumpsit
What obligation does the implied covenant of good faith and fair dealing impose on contracting parties?	It requires parties to deal with each other honestly, fairly, and in good faith so as not to destroy the right of the other party to receive contractual benefits.
Under what condition is a promise to perform a moral obligation legally enforceable without consideration?	If the promisee was harmed in conferring a benefit on the promisor and the promised compensation is not disproportionate to that benefit.

What is the 'Mirror Image Rule' in common law contract formation?	The rule that acceptance must be unqualified and must not vary any of the terms of the offer.
List four legal (monetary) remedies available in contract disputes.	1) Compensatory damages; 2) Consequential damages; 3) Incidental damages; 4) Liquidated damages.
What is the general legal rule regarding Punitive Damages in breach of contract cases?	Punitive damages generally cannot be collected in breach of contract actions.
What test must a Liquidated Damages clause meet to be enforceable in court?	The specified damages amount must be a reasonable forecast of harm rather than an unenforceable penalty.

Why does refraining from committing illegal acts fail to constitute legal consideration?	One cannot incur a legal detriment by relinquishing a right that one never legally possessed.
Under Uniform Commercial Code (UCC) Revised § 1-201(b)(12), how is a contract defined in distinction from an agreement?	The total legal obligation that results from the parties' agreement as determined by the UCC as supplemented by any other applicable laws.
Under modern contract rules (UCC Article 2 & Restatement 2d), how can offers generally be accepted unless indicated otherwise?	By promising to perform or by beginning performance.
What defines a 'unilateral contract'?	A contract in which only one party makes an express promise, exchanging that promise for an act or performance.

What are the four basic sets of issues addressed by Common Law contract law?	1) Contract formation; 2) Excusing/escaping obligations; 3) Meaning and effect of terms; 4) Remedies for breach.
What are two major exceptions where an offer CANNOT be accepted merely by beginning performance?	1) Where the offeror explicitly requires completion of performance as the sole manner of acceptance; 2) Reward offers to the public.
Do modifications to existing leases or sales contracts require new consideration under modern contract principles?	No, modifications to existing sales contracts (UCC § 2-209) and certain lease modifications do not require consideration.
In traditional English common law, what was the legal basis for enforcing an action of 'Debt'?	The promisor's obligation rested upon the receipt of a benefit from the promisee, such as repaid loans or delivered goods.

What three elements must a plaintiff establish to recover under unjust enrichment?	1) Lack of an adequate remedy at law; 2) Benefit conferred on defendant with defendant's appreciation; 3) Retention of benefit under inequitable circumstances without paying.
Which modern contractual doctrine evolved directly out of the historical writ of assumpsit?	The doctrine of consideration.
What is the legal definition of a 'void' contract?	An agreement where no contract exists, or a contract that creates no legal obligation.
What is a 'peppercorn' in contract consideration doctrine?	A token payment or nominal sum used to create a pretense of consideration, which courts will reject if not truly bargained-for.

Under Restatement (Second) § 90(2), how are charitable subscriptions treated regarding consideration?	Charitable subscriptions are legally binding without proof of consideration or reliance.
What is the legal definition of an 'unenforceable' contract?	A contract that exists legally but cannot be enforced due to a valid legal defense.
When an offeree accepts an offer by beginning performance, what notice is required to make acceptance effective?	The offeree must give the offeror notice of beginning performance within a reasonable time.
What is the legal effect when an illusory promise is exchanged for a real promise?	Neither party is legally bound because mutuality of obligation is lacking.

What standard determines whether Consequential Damages are recoverable for a breach of contract?	The damages must have been reasonably foreseeable by both parties at the time the contract was formed.
What is the core rule of the traditional Benefit-Detriment Theory of consideration?	A contract must result in either a benefit to the promisor or a legal detriment to the promisee.
How does a bargained-for exchange differ legally from a restricted gift (e.g. loaning a car on condition that it be returned)?	A restricted gift merely places a limitation on generosity without bargaining for a return performance, whereas a bargained-for exchange seeks a return benefit.
What reciprocal inducement is required for consideration under the Bargain Theory?	The consideration must induce the making of the promise by the offeror, and the promise must induce the furnishing of consideration by the offeree.

Under traditional English common law, how was a promise under seal (covenant) enforced?	It was enforceable on its own upon application of wax and impression, even if it was a gratuitous gift promise.
How do tort liability and contractual liability differ regarding the nature of the breach or harm?	Tort liability is generally for actions that make things worse, while contractual liability is for failing to make things better by not rendering expected performance.
What is the legal status of the seal in modern American contract jurisdictions?	The seal has been abolished.
When are Attorney Fees and Costs recoverable in breach of contract claims?	Only if expressly provided for by contract terms or specific statutory authorization.

What is a 'conditional promise'?	A promise that obligates performance only if a specified future condition occurs.
What is the legal definition of a 'voidable' contract?	A contract where one or more parties have the option of avoiding or enforcing the contractual obligation.
What is the primary function of Compensatory Damages in contract litigation?	Direct monetary reimbursement to cover financial losses caused directly by the breach.
What are the two general categories of relief available for a breach of contract?	1) Monetary Damages; 2) Specific Performance (or required performance).

What does the term of art 'quantum meruit' measure in contract remedies?	The actual value of services rendered (literally 'as much as he has earned') in an implied-in-fact contract.
What is an 'alternative promise' under Restatement (Second) §§ 76-77?	A promise where the promisor has the option to discharge their contractual duty by choosing between two or more alternative performances.
Under Restatement (Second) § 74, when can surrendering an invalid legal claim serve as valid consideration?	When the claim is doubtful due to uncertainty of facts/law, OR the surrendering party honestly believes the claim may be valid.
In contract formation, what does the term 'sine qua non' refer to?	An essential condition or prerequisite without which a contract cannot form.