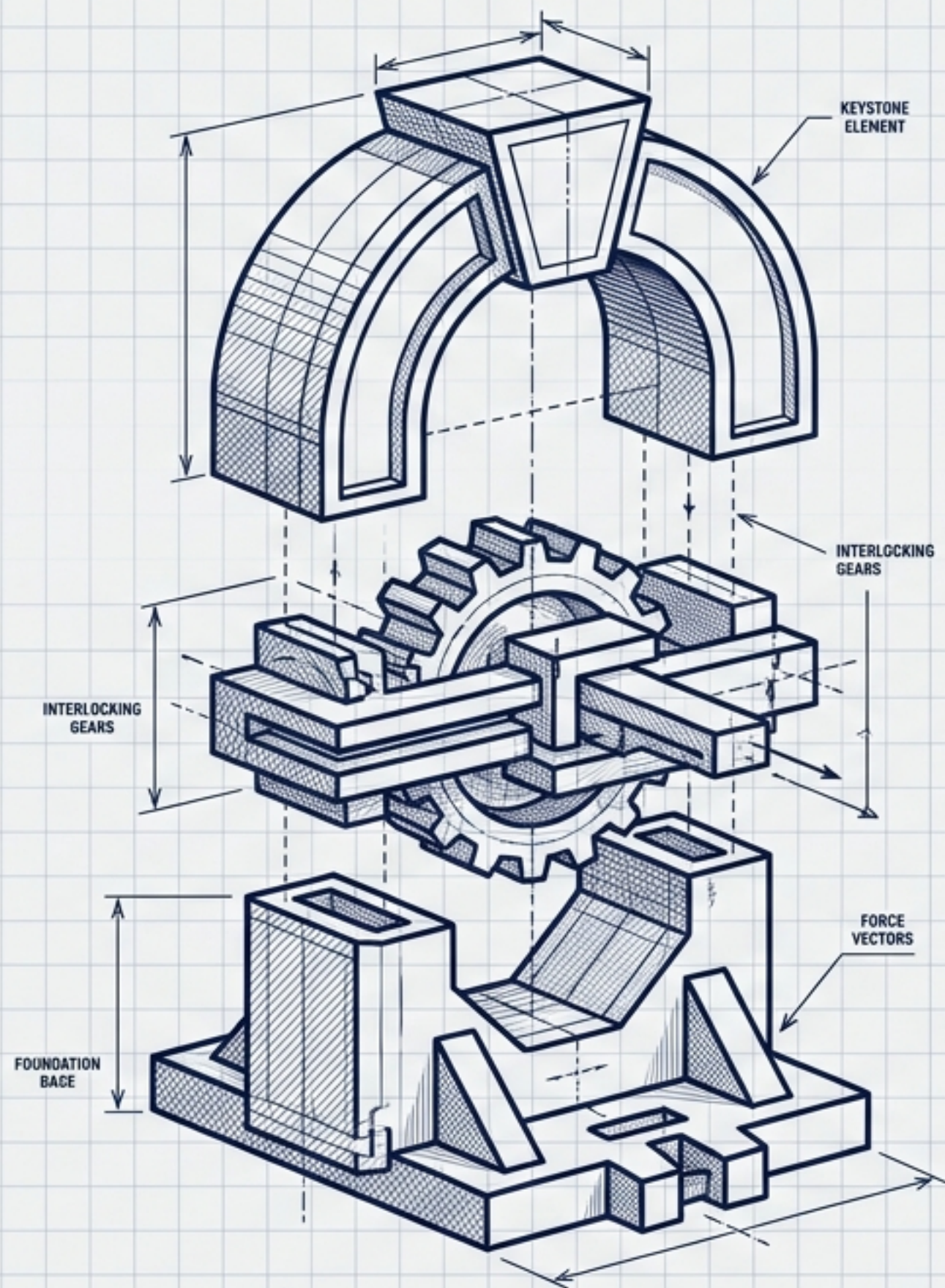


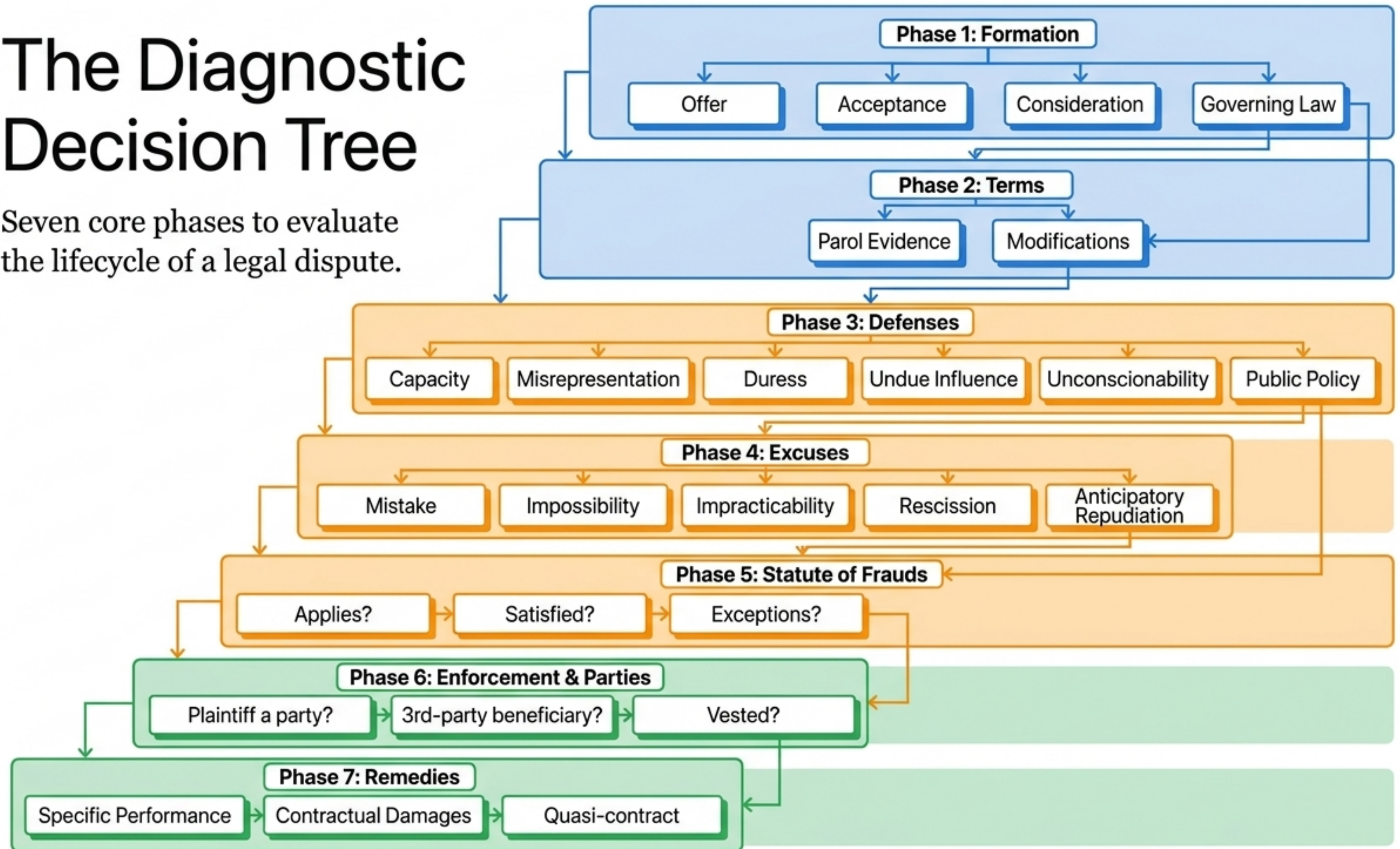


The Architecture of a Contract

A Diagnostic Approach to Contract Formation, Defenses, and Remedies

The Diagnostic Decision Tree

Seven core phases to evaluate the lifecycle of a legal dispute.

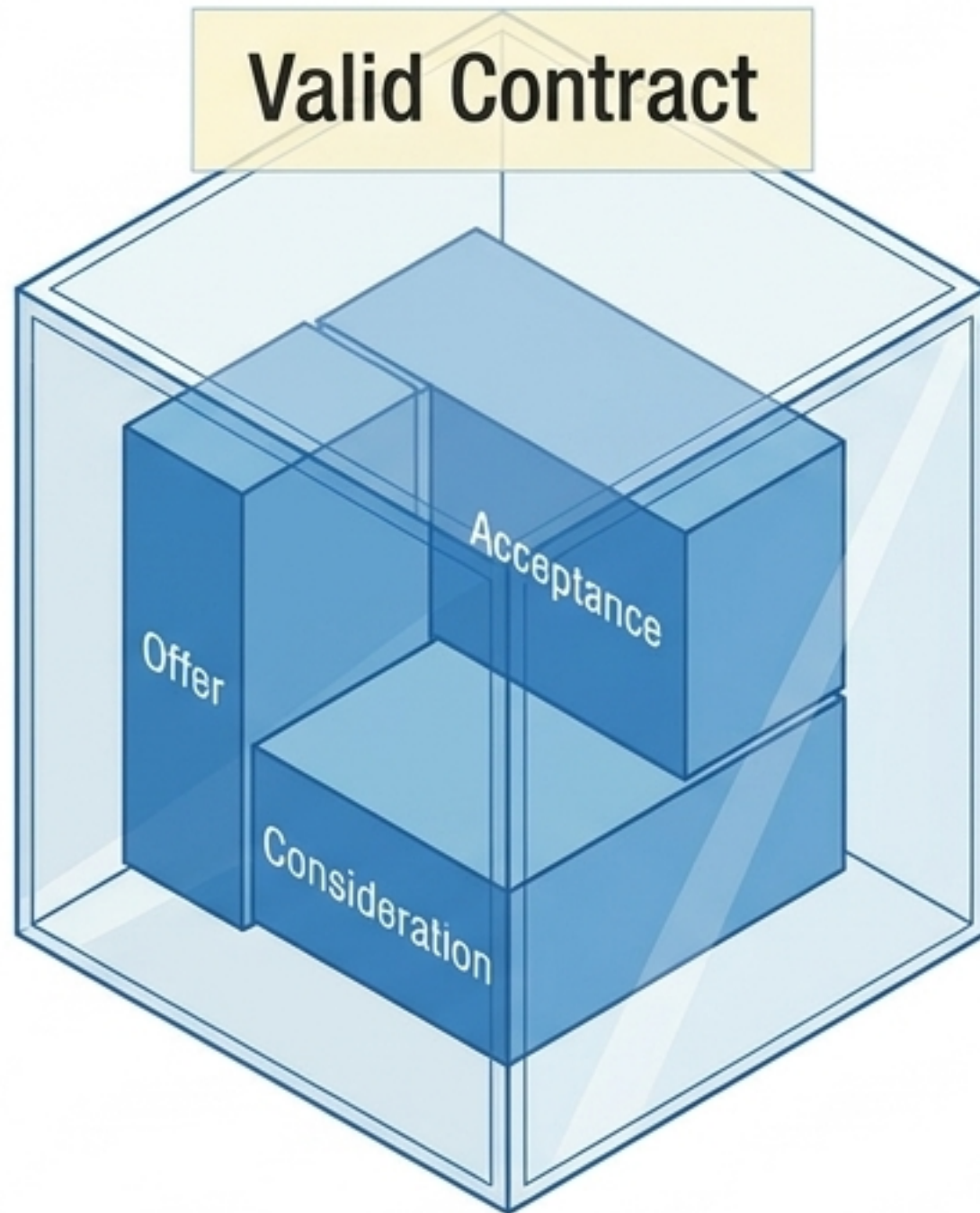
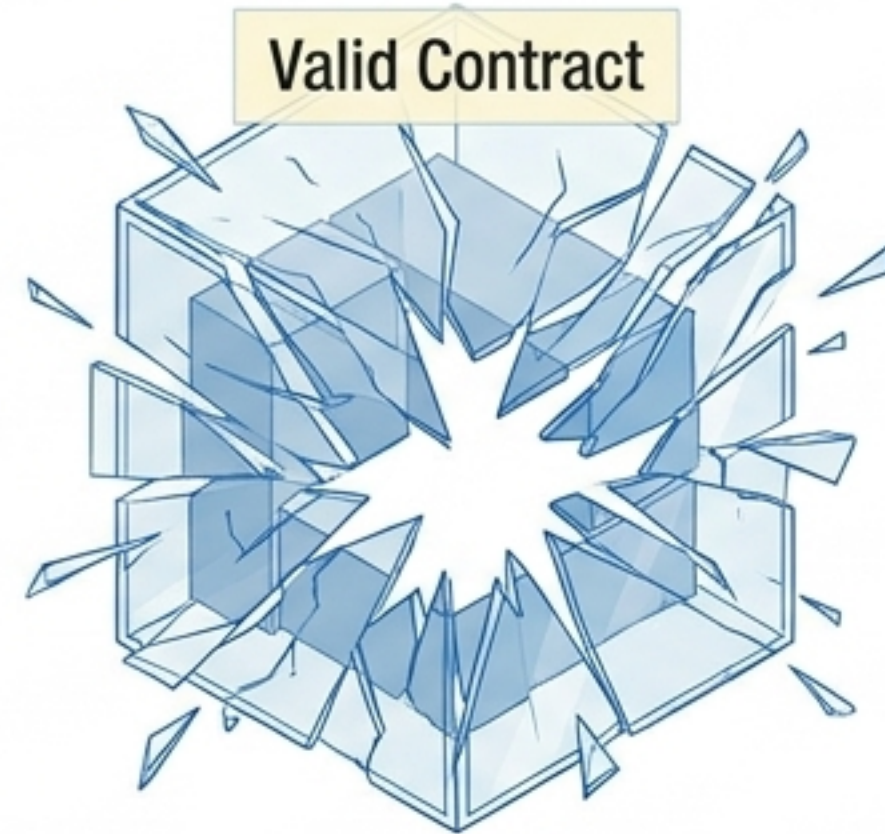




1. Formation



Phase 1: The Elements of Formation



**Void, Voidable,
or Unenforceable**

Contract Definition (Rest. 2d §1)

A promise or set of promises for the breach of which the law gives a remedy.

Contract Definition (UCC §1-201(b)(12))

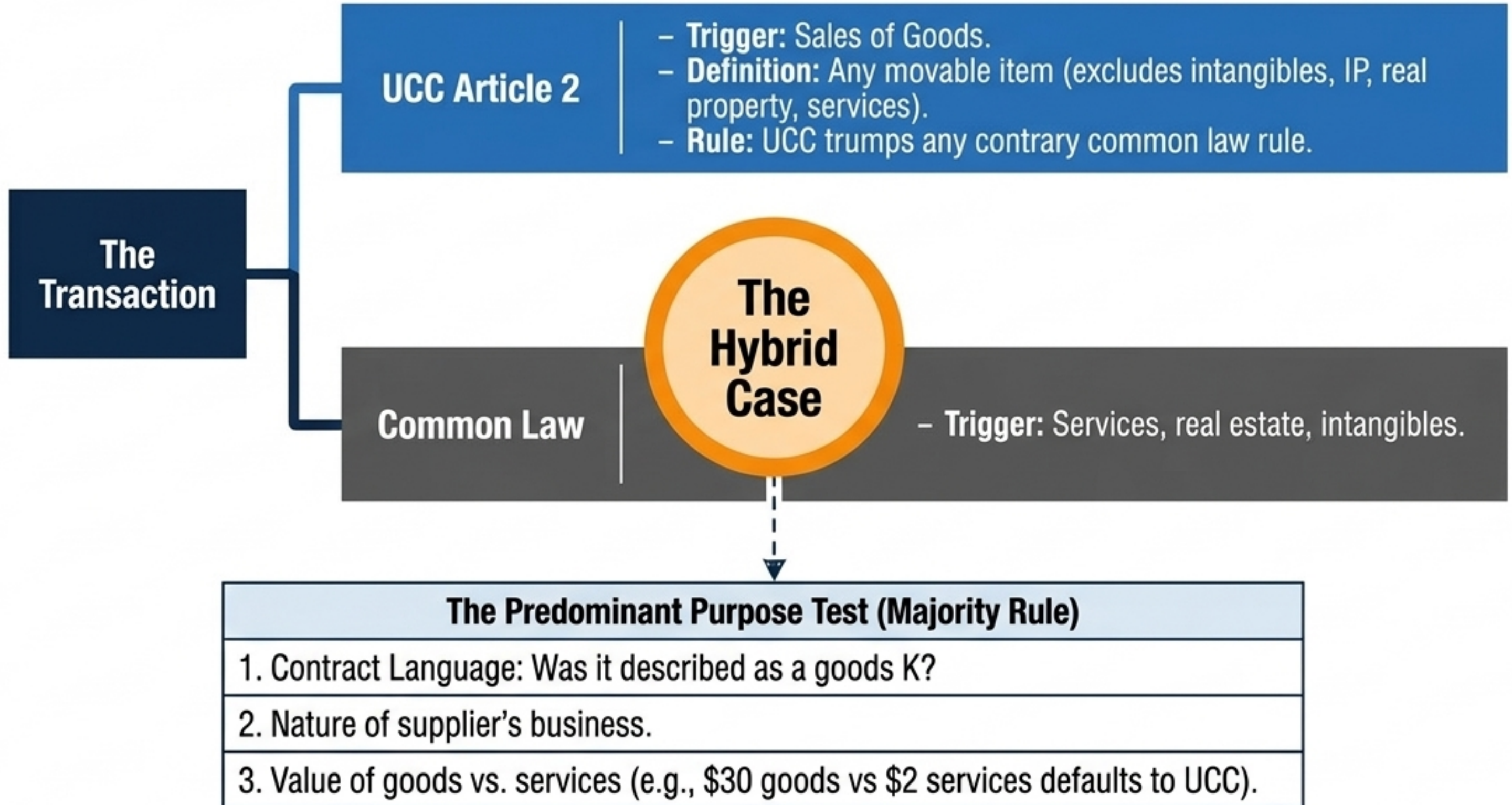
The total legal obligation that results from the parties' agreement.

- **Offer:** An outward manifestation signaling that acceptance will conclude the deal.
- **Acceptance:** Unequivocal assent.



1. Formation

Threshold Gate: Governing Law





1. Formation



Consideration & Mutual Assent



Courts evaluate the presence of consideration, not its subjective adequacy.

Core Definitions

- **Benefit / Detriment Rule:** A bargained-for exchange where the promisee incurs a legal detriment or the promisor receives a legal benefit.
- **Exceptions & Limits:** Gratuitous promises and past/moral consideration are generally unenforceable.

The Safety Net: Promissory Estoppel

When consideration is absent, a promisee who reasonably and foreseeably relies on a gratuitous promise to their detriment may enforce it to avoid injustice.

Phase 2: Terms, Assent & Modifications



Common Law



The Mirror Image Rule

Acceptance must exactly track the offer's terms.
Any variation is a counter-offer.

Modifying an existing contract requires new consideration (Pre-existing Duty Rule).

UCC 2-207



Battle of the Forms

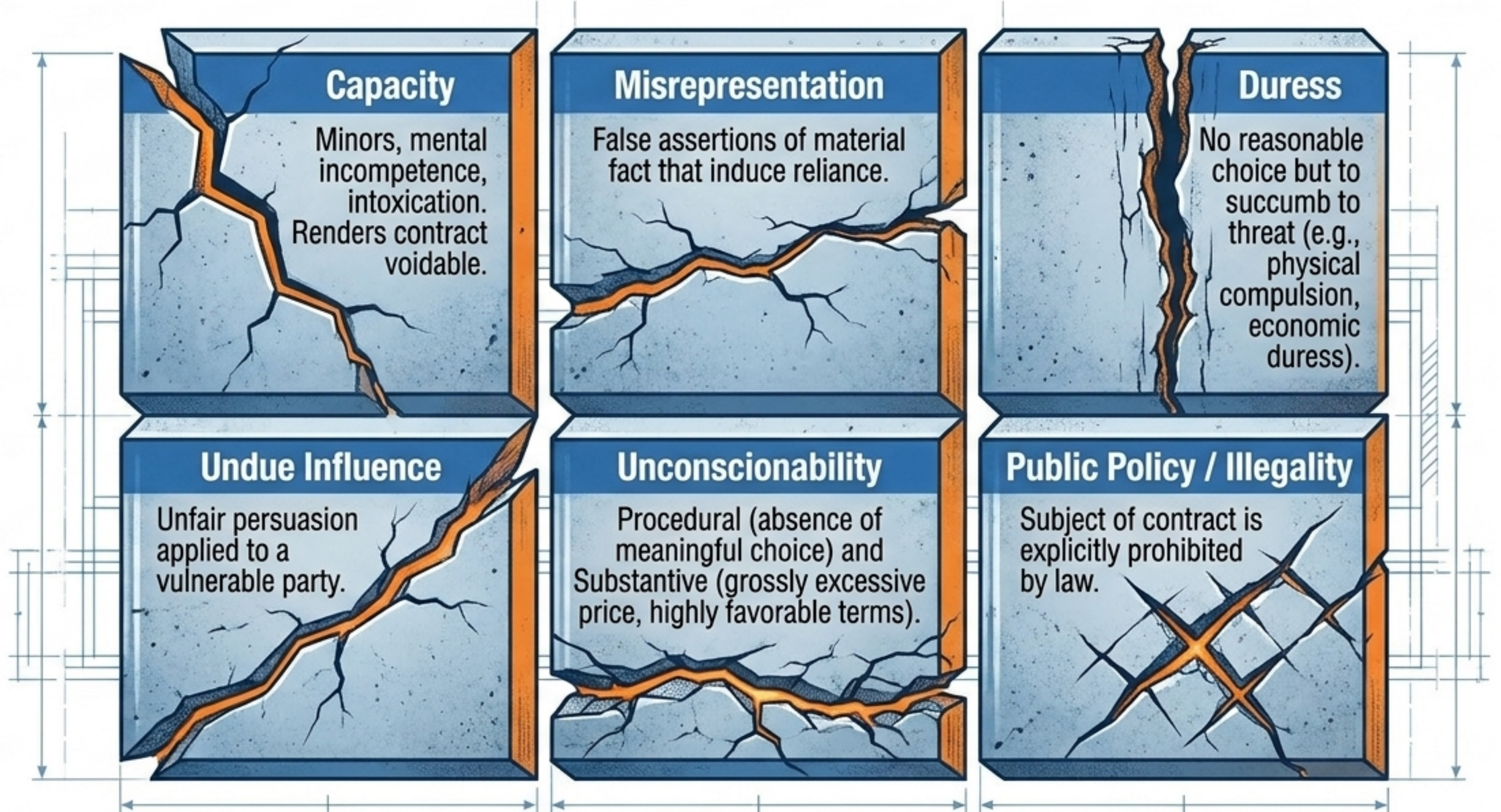
Acceptance with differing terms is still valid
(not a counter-offer).

Modifications need no consideration, only good faith.

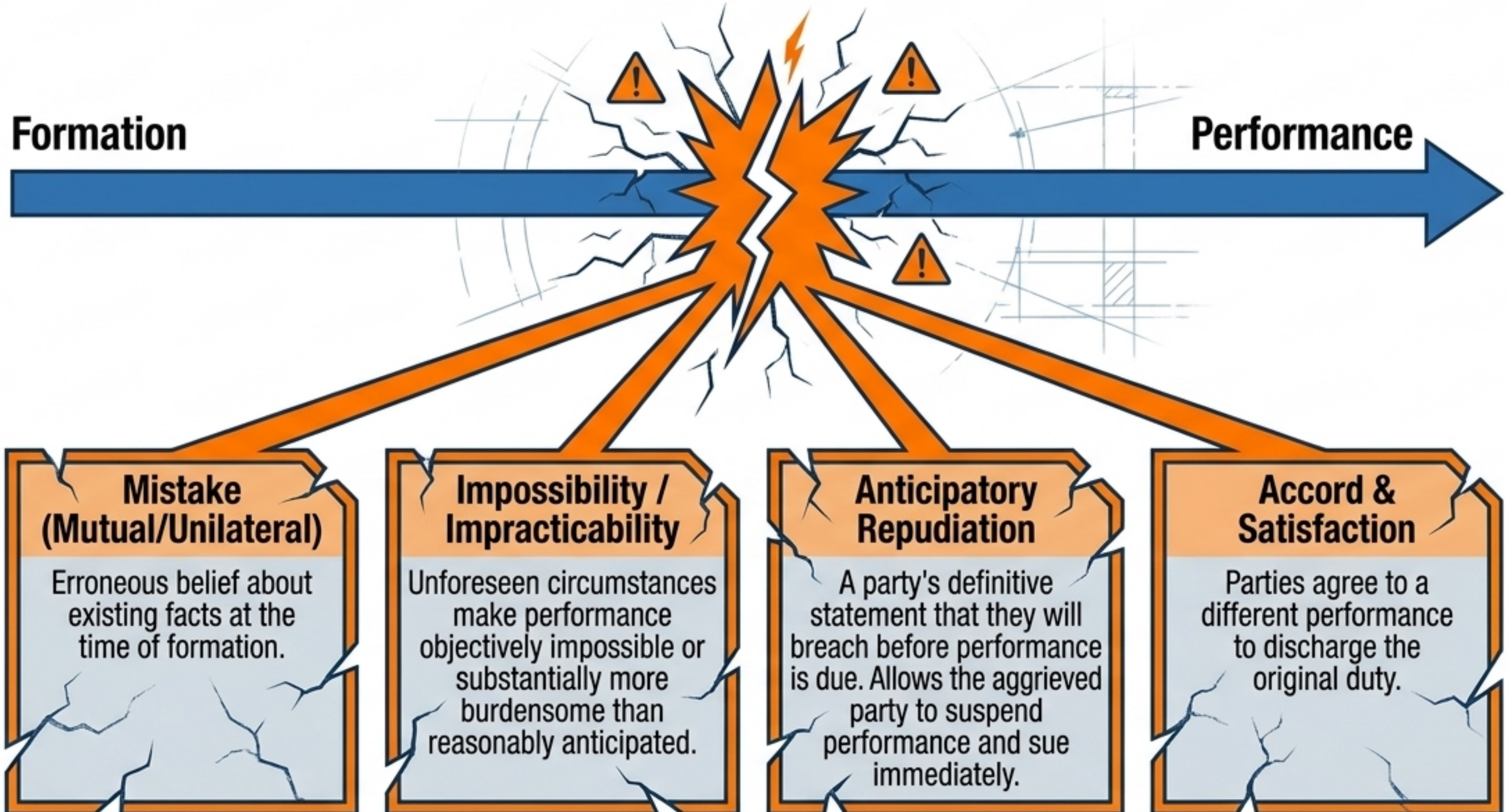
1. Formation

2. Terms

Phase 3: Defenses Against Formation



Phase 4: Excuses for Non-Performance



1. Formation

2. Terms

3. Defenses

4. Excuses

Phase 5: The Statute of Frauds (SOF)



Step 1: Does it apply? (The MYLEGS Checklist)

- ☐ Marriage
- ☐ Year (cannot be performed within 1 year)
- ☐ Land sales
- ☐ Executor guarantees
- ☐ Guarantor/Suretyship
- ☐ Sale of goods > \$500 (UCC)

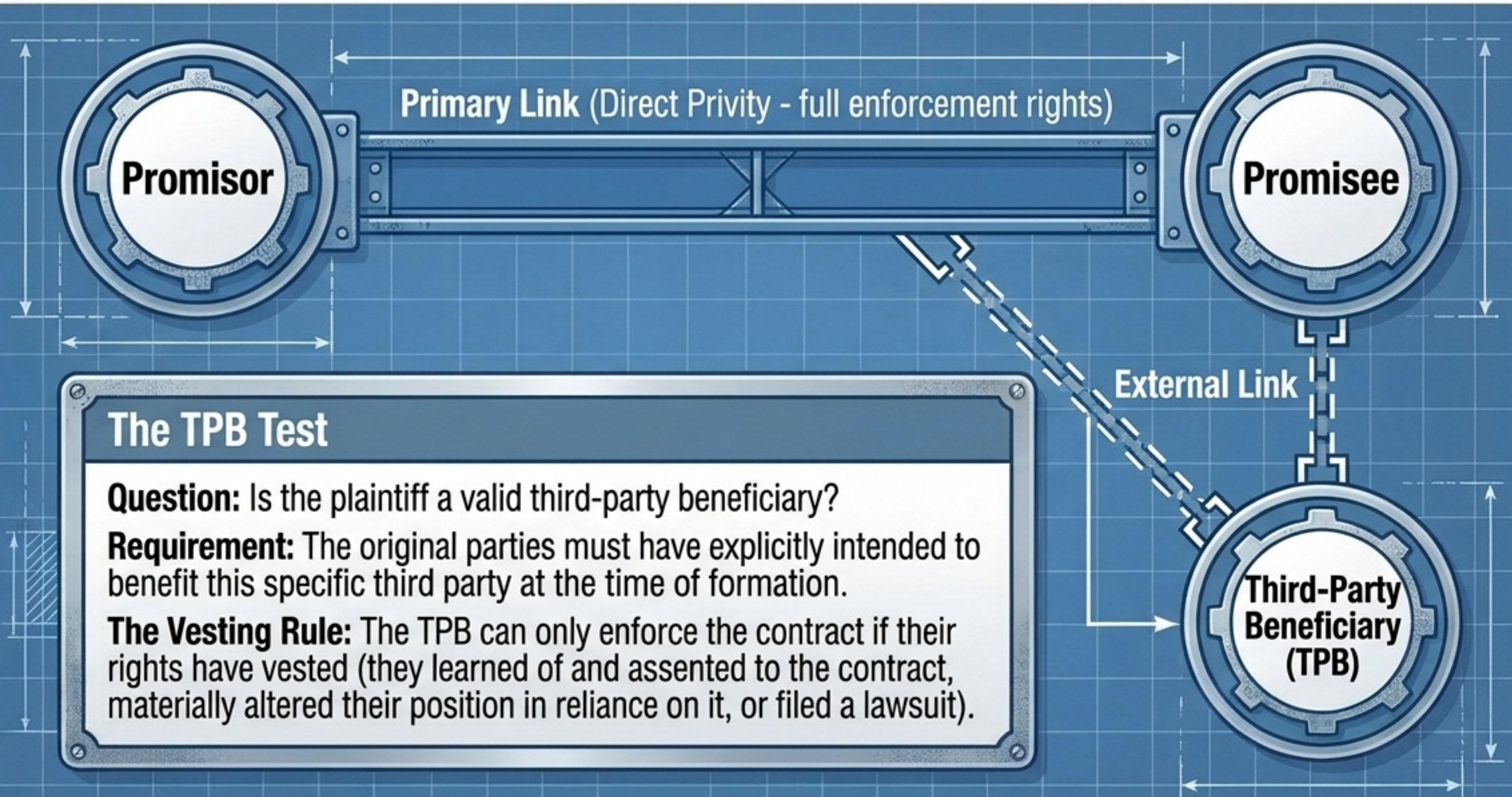
Step 2: Is it satisfied?

Requires a memo of agreement, identity of parties, essential terms, and a signature by the party against whom enforcement is sought.

Step 3: Work-around Exceptions

Partial performance (land sale: payment + possession + improvement), fully performed one-year contracts, or promissory estoppel.

Phase 6: Enforcement & Privity



1. Formation
2. Terms
3. Defenses
4. Excuses
5. SOF
6. Enforcement

Phase 7: Breach & Failure of Conditions



Common Law

Substantial Performance

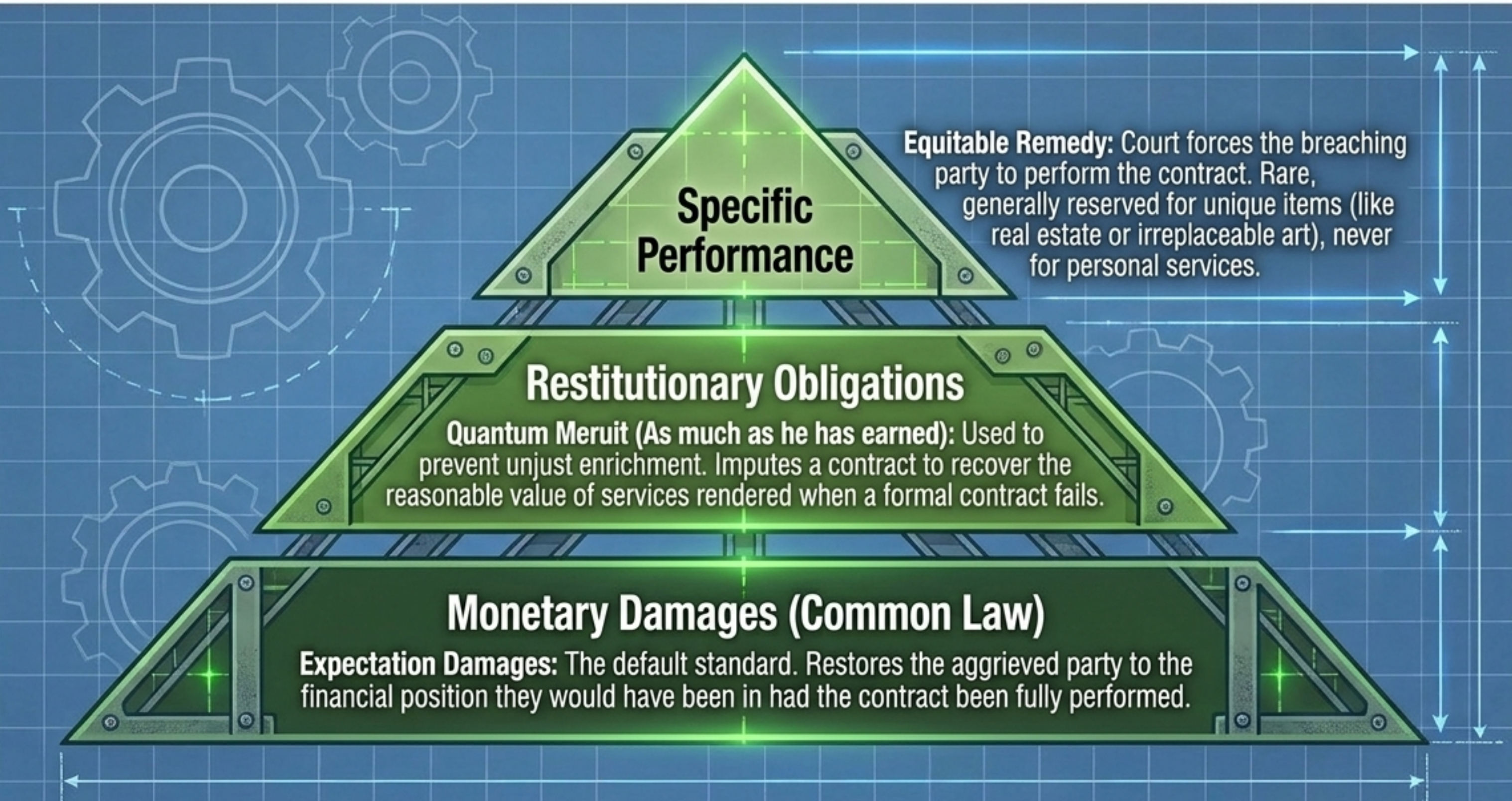
- **Standard:** If a breach is minor and the party rendered substantial performance (close enough), the condition is satisfied. The aggrieved party cannot discharge their own obligation, but can deduct damages.
- **Material Breach:** Only a severe, disproportionate failure discharges the innocent party's duty to perform.

UCC Article 2

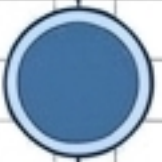
The Perfect Tender Rule

- **Standard:** Terms are enforced exactly as written. Any non-conformity allows the buyer to completely reject the goods.
- **Exception (Right to Cure):** If the deadline hasn't passed, the breaching seller can substitute conforming goods upon reasonable notice.

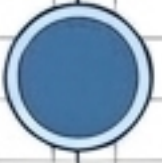
Phase 8: Remedies & Recovery



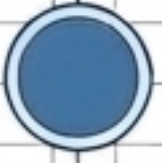
1. Formation



2. Terms



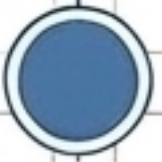
3. Defenses



4. Excuses



5. SOF



6. Enforcement

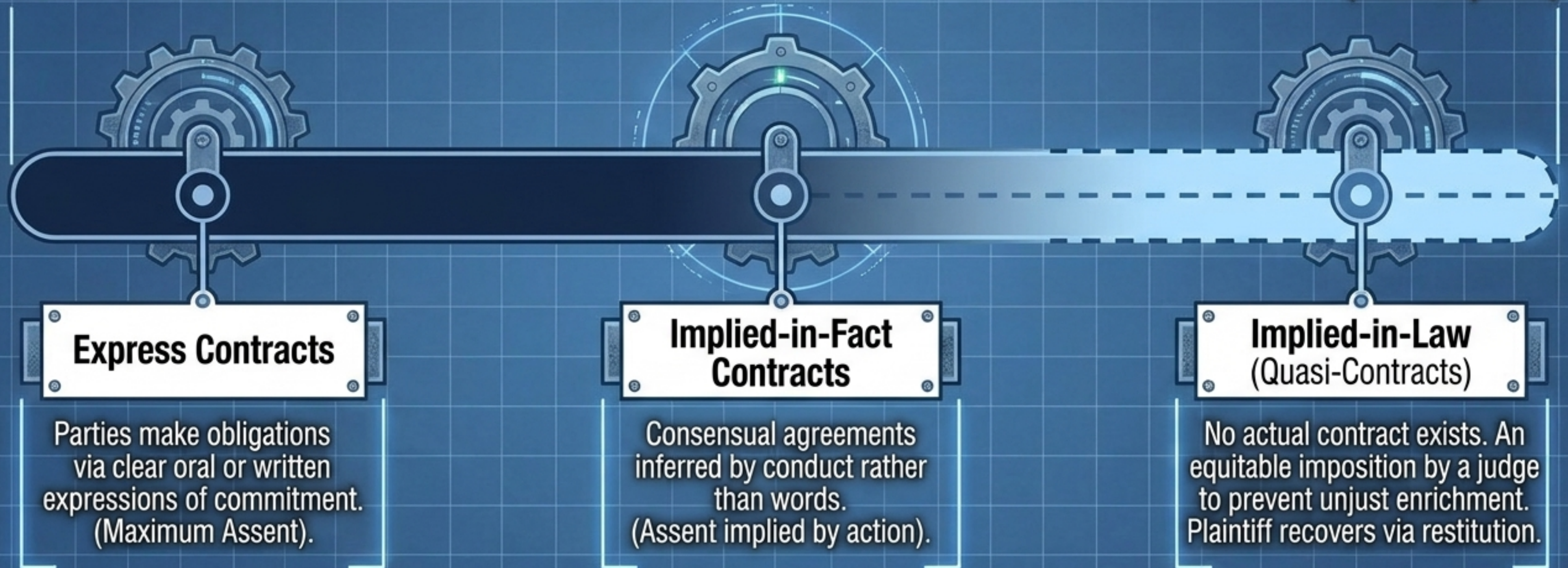


7. Remedies

The Spectrum of Contractual Obligations

High Mutual Assent

No Mutual Assent
(Court Imposed)



The Ultimate Framework: UCC vs. Common Law

Dimension	UCC Article 2	Common Law
Subject Matter	Sale of Goods	Services, Real Estate
Acceptance	Battle of the Forms (2-207) - Variation allowed	Mirror Image Rule - Exact match required
Modification	Good faith, no new consideration needed	Requires new consideration (Pre-existing duty)
Performance Standard	Perfect Tender Rule	Substantial Performance
Statute of Frauds	Goods over \$500	MYLEGS (Real estate, > 1 year)

The Diagnostic Issue Spotter

Apply the legal blueprint to any fact pattern.

- [] Is this a Goods (UCC) or Services (Common Law) issue?
- [] Was there a definitive Offer and an unequivocal Acceptance?
- [] Is there bargained-for Consideration (Benefit/Detriment)?
- [] Are there any Defenses (Duress, Fraud, Unconscionability)?
- [] Does the Statute of Frauds require a written signature?
- [] Has a condition failed, or is performance Excused?
- [] What is the optimal Remedy (Expectation Damages vs. Restitution)?

The outcome of a case is a function of the facts and the rules.
Methodical diagnosis isolates the breach.