Business Law

The principle outlined in the business law provides that ‘for a contract to be valid there has to exist an intention of both parties to be legally bound. For a contract to be accepted three elements must be observed, which include intention to be bound by the law, consideration and agreement. In the case of Josh and Matt there existed an intention to create a contract for Josh to sale his car to Matt. This is because Josh had told Matt he would sale him his BMW so that he can buy another one and Matt promised to give him an answer the following day if he had agreed to it.

In the consideration rules, ‘one party must benefit while the other has to incur a detrimental loss. The legal rules states that consideration must be made from the seller as he wishes, any side can make a price consideration, money may not be adequate and the price stated must be real. In our case when Josh made the offer of selling Matt the BMW at $5000 the price consideration was fair considering that he had used the car for 15 years and since they are cousins the price can be lower. The amount is not real in the actual market price and therefore, by Josh refusing to sale his car at that amount is also practical since he does not want to incur a great loss. In our case if they agree upon to execute the contract, Josh will incur the loss alone instead of being shared between the two of them. By Matt agreeing to be sold the car at the stated price of $5000 and yet he knew that the actual price was $20000, he was not being considerate enough to Josh’s state. ‘Consideration has to be accepted and must be performed under current obligations from the promisor/seller and not an already established. Therefore, Matt cannot claim to the earlier consideration as Josh has made a new one making the earlier consideration obsolete. Under the law, ‘a promise to execute an existing contract to the promisor cannot be regarded as a valid consideration.

An agreement means ‘an act of accepting an offer and it involves two or more parties having consent upon the same thing in a similar manner. In our case, there is no binding agreement which can be executable in reference to the law. This is evidenced by Josh suggesting to Matt that he will sell to him a car, but after further research on the internet he found out that the price was too low to be realistic. Matt had not yet agreed by the time Josh was calling him to execute the deal. However, by Josh calling Matt and informing him that he would not sale the car at the pre-suggested price he terminated their agreement. The law states that ‘an agreement can be terminated before being implemented.

In conclusion, the agreement between Josh and Matt is not enforceable by law in relation to the time it was being made. Matt did not agree at that time to buy the car since it was a mere mention from both parties. The change of price from the pre-stated resulted to termination of an immature contract between the two, which Matt cannot be able to lay a claim.

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