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7 Landmark Cases in Contract Law for CLAT PG 2025

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Introduction

With less than 10 days remaining for CLAT 2025, revising landmark cases in Contract Law is important as they can help you improve your score!

In this article, we have covered the top 7 landmark cases in contract law that deal with the fundamental principles of contracts.

Raffles v. Wichelhaus

Raffles and Wichelhaus entered into a contract for the sale of cotton to be shipped from Bombay to Liverpool aboard a ship named “Peerless.” However, there were two ships named Peerless, each departing at different times. The buyer intended the shipment on the earlier Peerless, while the seller meant the later one.

The court ruled that there was no “consensus ad idem” (meeting of minds) due to the mutual mistake about a fundamental term of the contract. Therefore, the contract was deemed void. This case is a foundational precedent in contract law regarding mutual mistake.

Merrick v. Horsfall

Merrick entered into a contract with Horsfall, but the terms of the agreement were ambiguous and lacked sufficient clarity regarding the essential obligations of the parties.

The court held that a contract must have clear and definite terms to be enforceable. If essential terms are vague or uncertain, the contract may be void for vagueness. This case established that certainty in contractual terms is crucial for legal enforceability.

Dunlop Pneumatic Tyre Co. Ltd. v. Selfridge & Co. Ltd.

Dunlop sold tires to a distributor with an agreement that the tires would not be resold below a certain price. The distributor sold the tires to Selfridge, who then sold them below the agreed price. Dunlop sued Selfridge for breach of contract.

The House of Lords held that Dunlop could not sue Selfridge as there was no privity of contract between them. The doctrine of privity of contract was reaffirmed, establishing that only parties to a contract can sue or be sued under it.

Holland v. Wiltshire

Holland agreed to sell land to Wiltshire, specifying a deadline for acceptance. Wiltshire failed to accept the offer by the deadline but later tried to accept within what he claimed was a "reasonable time."

The court held that an offer can be accepted within a reasonable time unless the offeror has explicitly stated that the offer lapses after the deadline. The case emphasized the concept of "reasonable time" for acceptance in contract law.

Fisher v. Bell

A shopkeeper displayed a flick knife with a price tag in his shop window. The display was alleged to constitute an "offer for sale," contrary to the Restriction of Offensive Weapons Act 1959.

The court ruled that displaying goods in a shop window is not an offer but an invitation to treat. The contract is formed only when the customer makes an offer to buy, and the seller accepts it. This case clarified the distinction between an offer and an invitation to treat in contract law.

Foakes v. Beer

Foakes owed Beer a debt and agreed to pay it in installments. Beer promised not to claim interest on the debt if Foakes adhered to the payment schedule. Later, Beer sued for the interest.

The House of Lords held that part payment of a debt does not discharge the full debt unless there is additional consideration or a valid agreement to that effect. This case reinforced the principle that consideration is essential for contract modification.

Harvey v. Facey

Harvey telegraphed Facey, asking, “Will you sell us your property? Telegraph lowest cash price.” Facey replied, “Lowest price £900.” Harvey then attempted to accept this as an offer.

The Privy Council held that Facey’s statement of price was merely an invitation to negotiate, not an offer. A contract requires a clear offer and acceptance, and a mere quotation of price does not indicate an intention to be bound.

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