• Theory of Contracts
  - An agreement between two or more parties enforceable under law
  - Purpose: to tie down the future (predictability)
  - Involves a bargain or trade, a “meeting of the minds”

• Types of Contracts, by Expression of Agreement
  - Express contracts
    * Written contracts
    * Oral contracts
  - Implied contracts
  - Quasi-contracts

• Bilateral and Unilateral Contracts
  - Bilateral contracts involve an exchange of mutual promises (or completed performance and a promise of future performance)
  - Unilateral contracts are like a contest, with no promise of performance by the contestant

• Types of Contracts as to Validity
  - Valid contract
  - Void contract
  - Voidable contract
  - Unenforceable contract
- **Elements of a Valid and Enforceable Contract**
  - Proper offer
  - Proper acceptance
  - Mutual consideration
  - Absence of a valid defense to enforcement

- **Termination of the Offer and Timing of Acceptance**
  - Recipient may reject offer or make a counter-offer; both terminate the offer
  - An offer terminates after a “reasonable” period of time
  - Offer terminates as a matter of law upon death or insanity of the parties or destruction of the subject matter
  - The offeror may revoke the offer, effective upon communication to the other party
  - Timing problems with acceptance/revocation
    * Offers and their revocation are effective when received by the second party
    * But acceptances are effective when made, even if not yet received by the offeror
    * The “mailbox rule” and the risk of multiple acceptances

- **The Legal Concept of “Consideration”**
  - Giving or agreeing to give something of value
  - Doing or offering to do something of detriment
  - Examples: payment of money, performing a service, giving up ownership of something, agreeing to forego anything that has the possibility of being valuable
  - “Illusory” promises do not constitute consideration
  - Consideration may go to a third party (“third party beneficiary”)
  - A substitute for consideration: detrimental reliance/promissory estoppel
Defenses to an Otherwise Valid Contract

- Mutual Mistake of Fact
- Unilateral Mistake (*Not Usually a Defense*)
- Fraud
- Illegality
- Lack of Capacity to Contract
- Duress or Coercion
- Statute of Limitations
  - Ten years for written contracts
  - Five years for oral or implied contracts
  - Special statute for design/construction in Illinois (Section 13-214)
    * Four years from discovery of problem
    * Ten years from date of act or omission
- Unconscionability
Assignment of Rights and Delegation of Duties

- Assignment: Giving a Contract Right or Duty to Another Party and Being Disconnected from the Transaction

- Delegation: Same as Assignment, Except that the “Giver” Stays Involved in the Transaction

- What Can be Assigned or Delegated?
  - Personal duties usually cannot be assigned/delegated
  - General/generic duties usually can be assigned/delegated