



TU 122 LAW IN EVERYDAY LIFE

Contract Law
(3)

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Basic Principles of Contract

VALIDITY OF A CONTRACT

- 1) Objects
- 2) Intention
- 3) Forms
- 4) Capacity

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Validity of a Contract

1. OBJECTS

Section 150 of TCCC
“An act is void if its object is expressly prohibited by law or is impossible, or is contrary to public order or good morals.”

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Validity of a Contract

2. INTENTION

- Mistake (Sections 156 and 157) - **Void / Voidable**
- Fraud/deception (Section 159) - **Voidable**
- Duress (Section 164) - **Voidable**

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Validity of a Contract

- **Mistake**
 - A mistake as to an essential element of the contract → void (Section 156 TCCC)
 - A mistake as to a quality of the person or property → voidable (Section 157 TCCC)

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Validity of a Contract

- **Fraud/deception**
 - Casual Fraud: A contract is voidable only when it is such that without the fraud such contract would not have been made. (Section 159 TCCC)
 - Incidental Fraud: A party can only claim compensation for damage resulting from such fraud. (Section 161 TCCC)

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Validity of a Contract

▪ Duress

- In order to make an act voidable, duress must be *imminent* and *so severe* that makes him fear and without it, the act would not have been made. (Section 164 TCCC)

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Validity of a Contract

3. FORM

Section 152 of TCCC

"An act which is not in the form prescribed by law is void."

Example: "A sale of immovable property is void unless it is made in writing and registered by the competent official."
(Section 456 TCCC)

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Validity of a Contract

4. CAPACITY

Section 153 of TCCC

"An act which does not comply with the requirements concerning capacity of person is voidable."

Example: "For the doing of a juristic act, a minor must obtain the consent of his legal representative. All acts done by him without such consent are voidable unless otherwise provided." (Section 21 TCCC)

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Exercise

Chip, an elementary school student, bought a notebook and a pencil from Dale for THB 25, without having received consents from his parents.

Is the sales contract between Chip and Dale legally valid?



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Exercise

Goofy lent Donald money in an amount of THB 100,000, without knowing the fact that Donald intended to spend this money on buying narcotics.

Is the loan contract between Goofy and Donald legally valid?

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Exercise

A 20-year-old girl, Wendy, sold a plot of land to Peter, without having received consents from her parents. The sales contract was made in writing.

Is the sales contract between Wendy and Peter legally valid?

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**Exercise**

Pinocchio lied to Alice that the doll Alice wanted to buy from him is made of hardwood. Alice knew that Pinocchio was telling her a lie. The doll is actually made of softwood. However, she still bought it from Pinocchio because of a bargain price.

Is the sales contract between Pinocchio and Alice legally valid?

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**Exercise**

Flynn bought a silver necklace from a jewelry shop as a gift for his girlfriend, because he understood that it is made of white gold. If he had known that the necklace is made of silver, he would not have bought it because his girlfriend is allergic to silver.

Is the sales contract legally valid?

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