

An Overview of Types of Mistakes

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ABSTRACT:

Agreements between parties are created and enforced under the rules of contract law. During the creation of a contract, mistakes might be made that could have legal repercussions. This abstract examines many contract law errors, emphasising their features and ramifications. Mutual, unilateral, and error by one side about the identification of the other party are the three main kinds of mistakes that are generally acknowledged. Mutual error occurs when both parties to a contract have a basic misunderstanding or mistaken perception of a crucial element of the contract. When such an error happens, the contract may become voidable, enabling the harmed party to pursue remedies like rescission or reformation. To be regarded grounds for invalidating a contract, a mutual error must, however, fulfil certain requirements. For example, it must affect the fundamental terms of the contract and not just be a difference of opinion or speculative reasoning. Both legal experts and anyone engaged in contractual agreements must have a thorough understanding of the numerous kinds of errors that may be made in contract law. Understanding the traits and effects of these errors enables parties to evaluate their alternatives for pursuing legal remedies, whether it entails cancelling the contract, renegotiating its terms, or demanding damages for any consequent injury.

KEYWORDS:

Common Mistake, Contract Law, Mutual Error, Unilateral Error.

I. INTRODUCTION

Errors or inaccuracies committed by one or both parties during the negotiation or construction of a contract are referred to as mistakes in contract law. Mistakes may have a big impact on a contract's enforceability and legality [1], [2]. The following three errors are often seen in contract law:

Mutual Error: A mutual error happens when both parties to a contract have the same false perception about a crucial element of the agreement. This error might be a false assumption about a material fact or the existence of a topic. An example of a joint error would be if both parties believed an artwork that was being sold to be an original piece when it was really a reproduction.

Unilateral Error: A unilateral error happens when just one party to a contract gets something important wrong. This kind of blunder might happen as a result of poor judgement, inaccurate information, or a misinterpretation of the terminology. However, a unilateral error often has to be a major error and the non-mistaken party must have been aware of the mistake in order for it to affect the enforceability of a contract [3], [4].

Mistake as to Identity: Also known as a mistake of identity, a mistake as to identity takes place when one party thinks they are entering into a contract with a different person or entity. This inaccuracy could be the result of fraud, clerical mistakes, or poor communication. A mistake as to identification might exist, for instance, if a person erroneously entered into a contract with someone who mistookly pretended to be the person they had planned to sell a vehicle to [5], [6].

It is important to remember that the effect of errors on a contract may change based on a number of variables, including jurisdiction and the kind of error. A mistake may sometimes make a contract invalid or voidable, enabling the party that was wronged to pursue remedies including rescission, reformation, or damages. While dealing with contractual errors, legal counsel from a competent expert should be sought in order to comprehend

the precise ramifications and potential remedies in a given circumstance because contract law may be complicated [7], [8].

II. DISCUSSION

A contract that is properly drafted but was created under mistaken assumptions by one or both parties is said to be mistakenly drafted. This is a case where a misleading assumption about the items or the circumstance is real rather than one where one party intentionally tried to deceive the other. During the establishment of a contract, any party may make an error that is inconvenient but does not, legally, impact the contract's legality. Other errors, however, can be considerably more serious and render the contract unenforceable. Since the notion of mistake is still growing, there are many different methods to categorise the instances when error has occurred. Cheshire and Fifoot categorise the situations into three broad categories, and that is how they will be treated here. A fourth category has been added for errors that specifically pertain to documents. These are the categories:

1. Common mistake where both parties are labouring under the same false assumption.
2. Mutual mistake sometimes known as shared mistake, where the parties are at cross purposes.
3. Unilateral mistake where only one party is mistaken and the other is aware of this.
4. Mistake over documents.

Common Mistake

When one or both parties misinterpret a crucial phrase or component of the contract, it is a frequent blunder in contract law. This error, which might occur during the contract's discussion, writing, or execution, could have serious repercussions [8], [9]. Here are a few examples of typical contract law errors:

Mutual Mistake: Mutual error happens when both parties to an agreement have the same misperception or misunderstanding about an important portion of the contract. This can include making the wrong assumptions on the topic, the cost, the quantity, or other key terms. The contract may be voidable or rescindable if the error is serious enough to make it fundamentally different from what the parties intended [10].

Unilateral Mistake: A circumstance when just one person is wrong regarding a crucial phrase or fact is referred to as a unilateral error. Unless specific requirements are satisfied, a unilateral error often does not offer a foundation for invalidating the contract. The contract could be voidable, for instance, if the other party takes undue advantage of the error while knowing about it or should have known about it.

Mistake as to Identity: This kind of error happens when one party signs a contract with someone or something they think is someone else but are really someone else. The misidentification might be grounds for contract cancellation or voiding if it is significant to the agreement.

Mistake of Law: A mistake of law occurs when one party misunderstands the legal ramifications or effects of a contract. In general, a misunderstanding of law is not a sufficient reason to void a contract. Everyone is supposed to be aware of the legal repercussions of their acts under the rule that "ignorantia juris non excusat" (ignorance of the law excuses no one).

Mistake by Misrepresentation: Occasionally, an error in a contract might result from misrepresentation by one party. This might entail making false claims, keeping important facts secret, or acting in a way that deceives the opposing party into signing the contract. The misrepresentation may be grounds for contract revocation or other legal remedies if it was severe enough to alter the parties' consent. It's crucial to remember that the precise legal repercussions and remedies for a contract error rely on the jurisdiction's relevant contract laws as well as the particulars of each case. In the event of a contract error, parties should seek legal counsel to understand their rights and choices. Additionally, avoiding problems in the first place may be accomplished by implementing preventative actions including rigorous contract preparation, review, and explanation.

Where the subject matter is non-existent

The scenario is characterised as *res extincta* the item is annihilated when the error relates to the existence of the contract's subject matter. As a result of the contract being established over an unavailable item, it is invalid since the error was so basic. Examples of this include the situations below, which include a fictitious grain shipment, a fictitious marriage, and a fictitious person! The Sale of commodities Act of 1979, Section 6, which reads that

"Where there is a contract for the sale of specific goods, and the goods have perished without the seller's knowledge at the time the contract is made, the contract is void," codifies this common law issue.

The courts may conclude that even if the situation seems to be one of *res extincta*, one party has warranted (or guaranteed the other party of) the existence of the subject matter because of the terms of a contract and in light of the contract's very nature. The following incident gave rise to this. It should be emphasised that the concept has a strong relationship to contract cancellation by frustration. When a prospective employer inspects a conference facility, but before the contract is signed and unbeknownst to either party, the facility is destroyed by fire, the contract is invalid for obvious error. However, if the agreement was made but the fire broke out between that point and the day of hire, the agreement would be nullified. Therefore, there is no difference between the two other than the moment the calamity occurs.

Mistake over title

The concept of *res sua* (literally, "the thing is his own") is an extension of the *res extincta* notion. Rarely would this situation happen, however in the *Cooper v. Phibbs* case (1867), a lease was drafted to transfer a fishery, and both parties were unaware that the buyer was already the owner at the time. The court determined that the contract was null and invalid due to error, but that the person who believed he was the owner should have a lien (a legal claim over) the property until he had received compensation for the costs of repairs and upkeep. This is a nice illustration of how the courts have used their equitable authority to provide a workable remedy when the common law remedy would not suffice.

Mistake over quality of subject matter

According to the common consensus, a mistake made by one of the parties will not render a contract unenforceable if it just causes that party to get a poor deal. This is in line with the idea that the law simply needs adequate compensation and not fair market worth. This came up in the next leading instance. Lord Atkin outlined the standards by which the court would determine if an error was made about the presence or calibre of the subject matter in the case. According to him, unless both parties make the error and it is in regards to the presence of a characteristic that fundamentally alters the object as it was thought to be, acquiescence will not be affected in such a circumstance.

The court is thus searching for a basic characteristic that fundamentally alters the contract from what was anticipated, but in the instance of *Bell v. Lever Bros.*, it found that the gifting of £30,000 did not fall into that category. Given that the case was tried in 1932, it must be inferred that a severe approach is being taken here since even for a firm, this would have been a sizable sum of money to lose. The same standard was used in *William Sindall v. Cambridgeshire County Council* (1994), when it was determined that a plot of property was undervalued and had sewers that weren't first believed to exist. It was claimed that the contract was just worth less than the original, rather than being "essentially and radically different."

It is impossible to say that there is ever a genuine agreement between the parties in instances of shared error. There isn't a *consensus ad idem*, or "meeting of the minds," and it may be claimed that the contract was improperly drafted as a result. This is unquestionably the case when the court declares the contract unenforceable because of an error about the existence of the subject matter. However, when a mistake outweighs quality The major points of the contract are, it may be claimed, unambiguous, and only the intrinsic worth is in question, leaving the contract itself unaffected.

Mistake over quality of subject matter

The courts maintain that just being incorrect about the nature or worth of the commodities is not a sufficient ground to terminate the contract. According to the court, even if the seller knew that the customer was misinformed about the quality of the oats he purchased, this would not render the contract unlawful. This was one of the arguments made in *Smith v. Hughes*. In contrast, the court deemed unlawful a contract in *Scriven v. Hindley* (1913) where a bidder at an auction had paid a very high price for a consignment of a fibre called tow, thinking it to be hemp, which was more precious. Taking this a step further, there are certain errors that may be so basic and evident that it will be assumed that one side was aware of the other's error. A error about the pricing of hare skins was determined to be so evident and basic to a buyer who was acquainted with the market that he was

presumed to have known about it, leading to the contract being ruled invalid in *Hartog v. Colin and Shields* (1939).

Mistake as to identity

This is a kind of unilateral error that often happens when someone impersonates another person to get a vendor to sell them things on credit. Whether the matter really involves identification or creditworthiness is the question before the courts. Lord Denning used the chance to review the two preceding decisions and concluded that the legal precepts in *Phillips v. Brooks* were preferable. When parties are interring praesentes, their agreements are enforceable since they were made with the person in front of them who might be recognised by sight, hearing, etc. It is an issue of creditworthiness rather than identity.

With the exception of the plaintiffs in *Ingram v. Little* being elderly women and the seller in *Phillips v. Brooks* being a business owner, there aren't many differences between the instances in actuality. It might also be argued that the risk is taken on by the seller who starts the discussions. Lord Devlin proposed in *Ingram v. Little* that the court divide the loss between two innocent people in some manner, but despite the validity of his ideas, they have not yet been implemented. The policy approach of Lord Denning in *Lewis v. Avery*, where he posed the question, "Which is the better law?" was rejected by the court in *Shogun*. According to Lord Phillips, the innocent party "will have in mind both the person with whom he is in contact and the third party whom he imagines that person to be when considering with whom he is contracting." The *Lewis v. Avery* decision was upheld by the court, who said that there should be a "strong presumption" that each party intended to enter into a contract with the other while they are both present. Rarely, this might be refuted, for example, in an impersonation case if the parties are acquainted.

Mistake over the law

Up until recently, a legal error would not have resulted in a contract being voided since ignorance of the law was not an acceptable defence. A contract that is created based on an incorrect interpretation of the law, on the other hand, is logically not a valid agreement in the increasingly complicated legal environment. In *Kleinwort Benson v. Lincoln City Council* (1999), the House of Lords adopted this stance, and the Court of Appeal upheld it in *Brennan v. Bolt Burdon* (2005).

Mistake relating to documents

In principle, parties are obligated to abide by written agreements they have signed (see *L'Estrange v. Graucob* in Chapter 6). The contract will, nevertheless, be voidable if a party was coerced into signing by unjust pressure or deception. Additionally, there are two actions that may be helpful when a written agreement does not reflect the parties' initial objectives.

1. The plea of non-est factum,
2. Rectification.

III. CONCLUSION

Finally, contract law covers a range of errors that may happen during the creation or performance of a contract. A contract's legality and enforceability may be greatly impacted by these errors, with the possibility for cancellation or modification as a result. Legal remedies, such as contract rescission, reformation, or an award of damages, are possible when an error in a contract is established. The type and severity of the error, as well as other elements like the existence of fraud or unconscionability, as well as their effect, all affect the availability and scope of these remedies. It is essential to get legal advice in order to comprehend the precise ramifications of contract law errors and to make sure that the right steps are taken to resolve them.

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