

LEGALITY

Como

CONTRACT LAW: LEGALITY

Mr. Como
Business Law

I. **Legality:** the sixth and final requirement of a contract that states that an agreement must have a legal purpose.

A. Contracts are illegal if their purpose or manner in which they are carried out illegal, violates a statute, or is contrary to public policy.

*This varies in different states because state legislature of each state decide on the statutes, and public policy (health, safety, general welfare) of the individual state.

1. Agreements that Violate Statutes: These agreements are illegal and void because they violate individual state statutes such as;

a. Civil and Criminal Statutes -

b. Usury Statutes

c. Gambling Statutes

d. Sunday Statutes

e. Licensing Statutes

2. Agreements Contrary to Public Policy An agreement that requires the performance of an act harmful to the public benefit.

a. Agreements in Unreasonable Restraint of trade

1. Contracts not to compete

2. Price fixing

3. Competitive bidding

b. Agreements to obstruct justice

c. Agreements interfering with marriage

Restraint
of
Trade