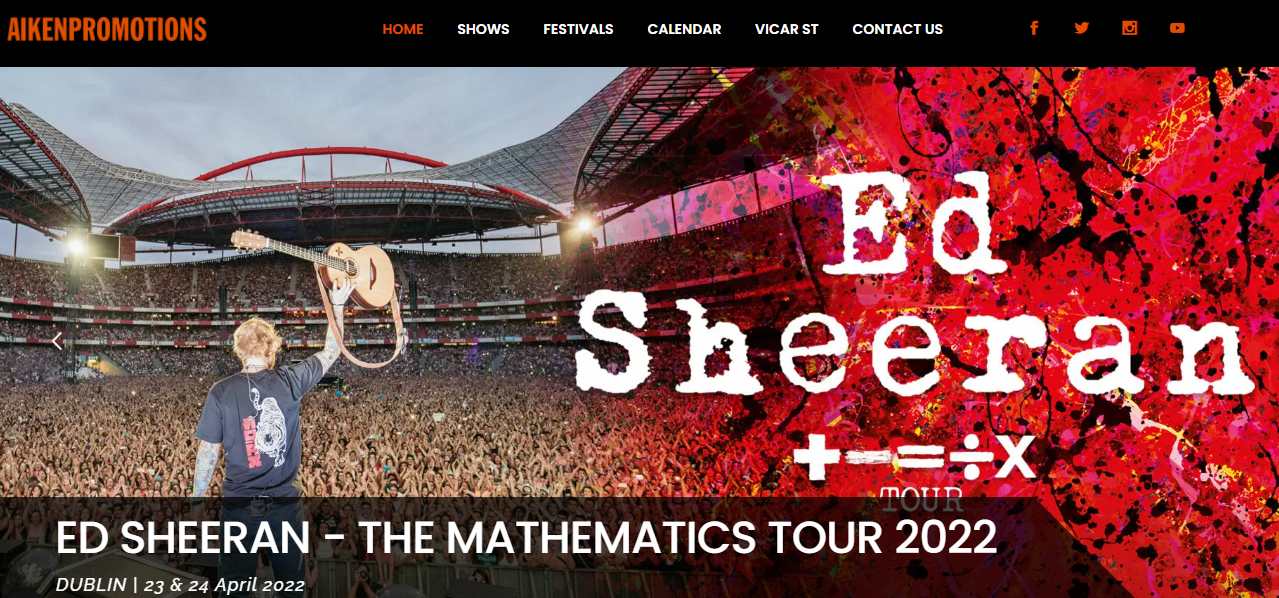
**People in Business: Stages of Contract Law**

**Ed Sheeran Tour 2022**

**\*Fee Quoted from Irish Independent Article 2015 so for simplicity applied to ths tour**

[**https://www.independent.ie/entertainment/music/music-news/ed-sheeran-rakes-in-reported-88000-from-each-show-on-x-tour-34161745.html**](https://www.independent.ie/entertainment/music/music-news/ed-sheeran-rakes-in-reported-88000-from-each-show-on-x-tour-34161745.html)



**2. Acceptance**

Acceptance is when a party who receives an offer agrees to all the terms of the deal without any conditions.

They can accept it by speaking, in writing or by conduct and it then becomes legally binding. The party who receives the offer must accept all the conditions exactly as the contract lays them out and cannot change them.

To change any conditions is called a counter offer. A counter offer is considered as a new offer and also as an automatic rejection of the first offer.

**Example: The offer of €88,000 per night is accepted by Ed Sheeran**.

1. **Offer**

An offer is a promise by the person making the offer to be **bound** **by the terms of the offer**, if the offer is accepted properly. The offer can be made orally, in writing, or by conduct and is a clear indication of the offeror’s willingness to enter into an agreement under specified terms.

**Example: Aiken Promotions offer Ed Sheeran €88,000 a night to play at Croke Park.**

It is important to note that an **OFFER IS NOT AN INVITATION TO TREAT.**

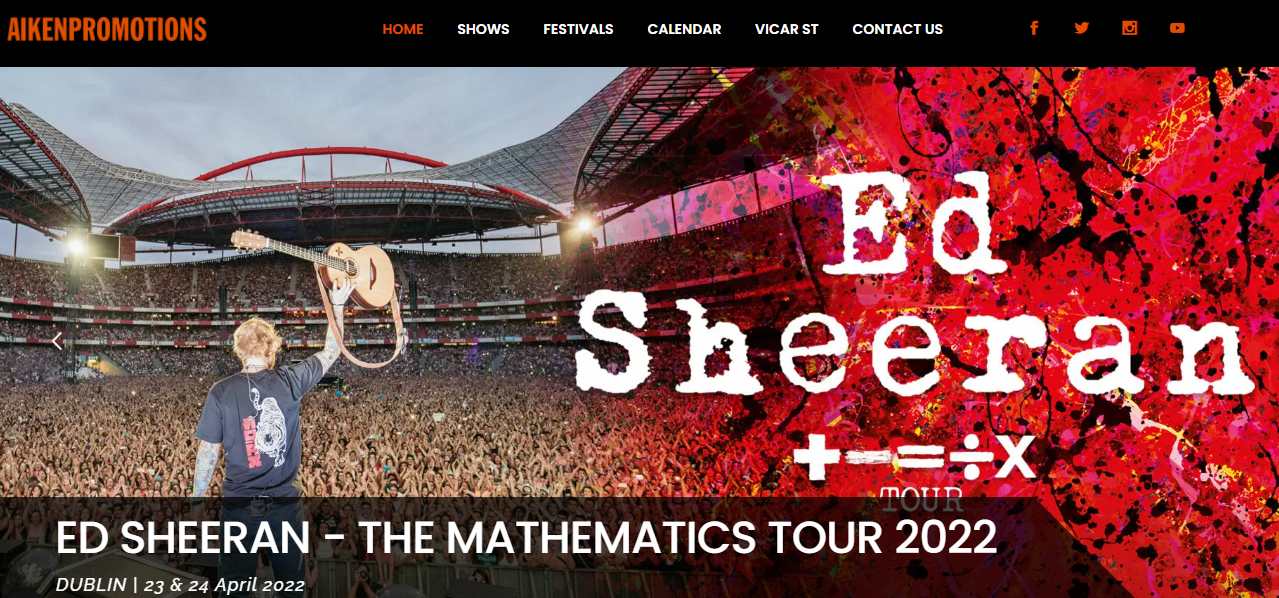
An Invitation to Treat is only an invitation to make an offer; it can be accepted or rejected. These are goods on display where you are invited to make an offer to purchase, such as to placean offer on a house or goods at a checkout. A price tag is not an invitation to treat.

**Sometimes Agreement is mentioned- The combination of Offer and Acceptance**

For agreement to exist there must be a clear, **complete and unconditional offer and acceptance of that offer**.

**Offer**: A promise to be bound provided the terms of the offer are accepted. The offer can be made orally, in writing, or by conduct and is a clear indication of the offeror's willingness to enter into an agreement under specified terms. E.g. The price of €88,000 per night is offered to Ed Sheeran by Aiken Promotions to play Croke Park.

**Acceptance:** The party answering the offer agrees to the terms of the offer orally, in writing, or by conduct. Offer must be accepted and taken up by other party as it stands, without any conditions. E.g. The offer of €88,000 per night is accepted by Ed Sheeran.



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**(Only A Crazy Idiot Could Consider Leaving Liverpool)**

**4. Intention to Contract**

The **parties** signing or agreeing to a contract **must know that they are entering a legal agreement which cannot be broken**. There must be an intention by both parties to create a contract or legal agreement. They could end up in court if the contract is broken.

With domestic and social arrangements there is no intention to create a legally binding contract.

**Example: Both Ed Sheeran and Aiken promotions are now aware that each are liable for the agreed dates, and both could end up in court if either fail to honour the contract. Ed Sheeran cannot accept other requests for the same date at Wembley or Aiken advertise a ‘Dave’ concert at Croke Park for these dates.**

**3. Consideration**

This refers to the **exchange of value** in a contract.

Each party in a contract must give something of value to the other party. So long as consideration exists, a court of law will not question its adequacy, provided it is of some value.

Consideration is usually some monetary payment, but it could also be something valuable exchanged as part of the contract

**Example: Aiken Promotions can run a concert and sell tickets; Ed Sheeran gets €88,000 per show.**

**5. Capacity to Contract**

**All-natural persons** (human beings) and legal/corporate persons, such as companies, have the **legal right (able to) (capable of) to enter freely into a contract**.

**Example: If Aiken Promotions were bankrupt they could not legally enter into this contract for the concert.**

The following generally do not have the capacity to contract:

- Infants (those under 18 years of age) except in certain cases e.g. necessities

- Persons under the influence of drink or drugs

- Insane persons

-Bankrupt persons

- Companies operating outside their powers/ Ultra Vires.

Ultra Vires is known as not having/exceeding the legal power to enter into a contract, such as attempting to sell a business without the knowledge of your equal partners.

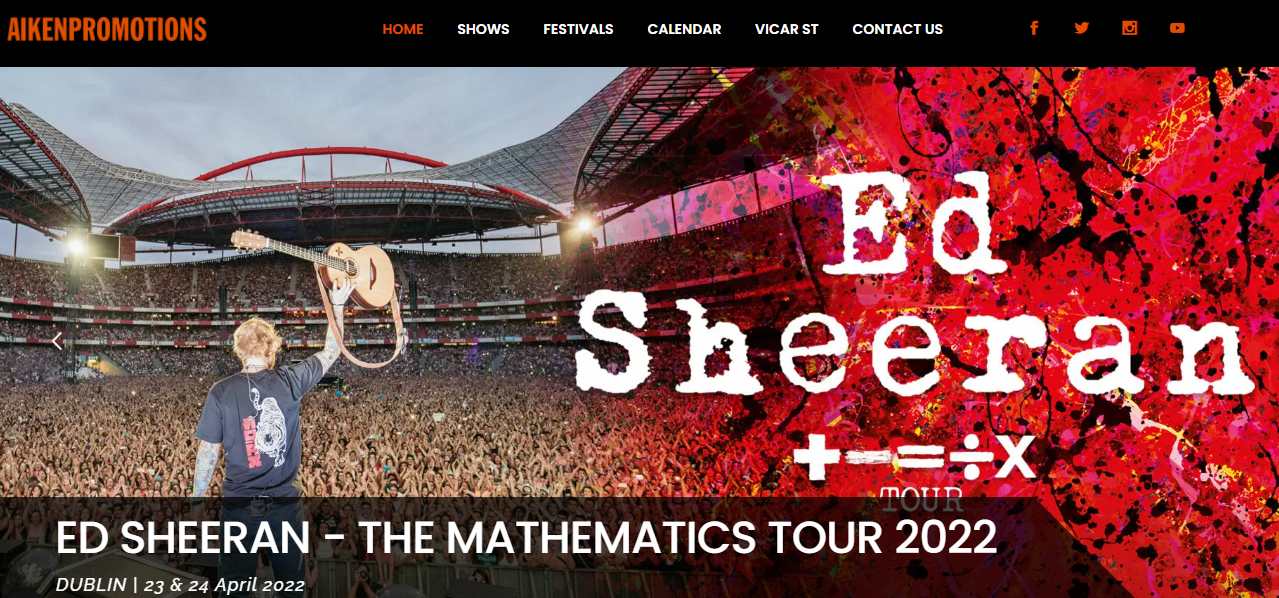
**6. Consent to Contract**

Both parties must enter the contract on **their own free will**.

They must agree to the contract without undue influence. If there is no choice, there is no consent.

One party cannot force another into a contract. Both parties must understand the conditions of the contract.

**Example: Neither Ed Sheeran or Aiken Promotions can force or threaten each other to enter into the contract against their will.**



**8. Legality of Purpose**

For a contract to be valid it must be for a legal purpose- **it must comply with all laws**.

**Example: If there is a pre-contractual agreement has been in place with local residents that no more than 3 concerts can take place at Croke Park each year, then Aiken Promotions cannot sell tickets for 5 shows as this venue, or if it is in law that concerts must finish by 22.30 then these shows cannot still be running at 22. 31.**

**7. Legality of Form**

This refers to **the manner in which the contract is made- must be legal**

1. Contracts can be made orally – simple contracts

2. Contracts may have to be written down due to their complexity- example would be for a house there must be a written contract for it to be legal

**Example: There is a formal written contract outlining all terms and conditions for the concert such as start time and payment structures.**

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