

12.3: Types of Contracts

Bilateral and Unilateral Contracts

In a **bilateral contract**, both parties make a promise of performance. These contracts are also called mutual or reciprocal contracts. Bilateral contracts are the most common form of contracts. They include ordering food in a restaurant, buying gas for vehicles, purchasing goods and services, etc.

A **unilateral contract**, on the other hand, is a contract where one party makes a promise that the other party can accept only by doing something. For example, a business offers a reward for information leading to the arrest of a thief. A person cannot collect the reward money by promising to give information—he or she must perform under the contract by providing the information.

Express and Implied Contracts

An **express contract** is a contract in words (orally or in writing) in which the terms are spelled out directly. The parties to an express contract, whether written or oral, clearly intend to make a legally enforceable agreement. For example, an agreement to buy a car for \$1,000 and to take title next Monday is an express contract.

An **implied contract** is a contract that is inferred from the parties' actions. Although no discussion of terms took place, an implied contract exists if it is clear from the conduct of the parties that they have an agreement. A delicatessen patron who asks for a "turkey sandwich to go" has made a contract and is obligated to pay when the sandwich is made. By ordering the food, the patron is implicitly agreeing to the price, whether posted or not.

Quasi-contract: Contract Implied in Law

Both express and implied contracts embody an actual agreement of the parties. A **quasi-contract**, by contrast, is an obligation imposed by law to avoid unjust enrichment of one person at the expense of another. In fact, a quasi-contract is not a contract at all. It is a judicial remedy in which the court decides what a contract should look like between the parties to prevent injustice. For example, a carpenter mistakenly believes a homeowner hired him to repair her porch, when it was actually the neighbor who hired him. One morning the carpenter arrives and begins work. Rather than stop him, the homeowner lets him proceed, excited to get her porch fixed for free. Although no contract exists because there was no offer, acceptance or consideration, the law will imply a contract between the carpenter and homeowner for the value of the work.

Enforceability

A contract that is fully enforceable and reflects the parties' intent is **valid**. Conversely, an **unenforceable contract** is a contract where the parties intend to form a valid bargain but the court declares that it cannot be enforced for legal reasons. For example, Ramesh owes Jai money, but Jai has waited too long to collect it and the statute of limitations has run out. The contract for repayment is unenforceable and Jai is out of luck unless Ramesh makes a new promise to pay or actually pays part of the debt.

An agreement that is lacking one of the legal elements of a contract is **void** because it never was a contract. In other words, it is not legally enforceable because it is not a contract at all. An agreement that is illegal is also void. For example, a promise to commit a crime in return for payment is void because neither side can enforce the agreement in court.

By contrast, a **voidable contract** is a contract that can be annulled. It is a contract that is unenforceable by one party but enforceable by the other. For example, a minor may "avoid" a contract with an adult; meaning the adult may not enforce the contract against the minor if the minor refuses to carry out the bargain. The adult must comply if the minor wishes the contract to be performed. A contract may be voidable by both parties if they are both minors. Usually, the parties to a voidable contract are entitled to be restored to their original position.

A voidable contract remains a valid contract until it is voided. Thus, a contract with a minor remains in force unless the minor decides he does not wish to be bound by it. When minors become adults, they have two choices:

1. **Ratify** the contract—that is, agree to be bound by it; or
2. **Disaffirm** the contract—that is, disavow or avoid it.

Ratification may be explicit or implicit. For example, by continuing to make payments or retaining goods for an unreasonable period of time, a party may ratify the contract. If a party has not disaffirmed the contract while still a minor, she may do so within a reasonable time after becoming an adult.

Degree of Completion

An **executory contract** is a contract that has yet to be completed. Most executory contracts are enforceable. If some, but not all, of the terms of the contract have been performed, the contract is called **partially executed**. A contract that has been completed or carried out fully by both parties is called an **executed contract**.

12.3: Types of Contracts is shared under a [not declared](#) license and was authored, remixed, and/or curated by LibreTexts.

- **10.3: Types of Contracts** by [Melissa Randall and Community College of Denver Students](#) is licensed [CC BY 4.0](#). Original source: <https://introductiontobusinesslaw.pressbooks.com>.