

BALFOUR VS BALFOUR

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INTRODUCTION

A father tells his son that if he gets the first rank, he would give him a gift. A husband tells his wife he would take her to a restaurant. Now the question arises: what if the father doesn't give a gift to his child and the husband doesn't take her to a restaurant? Can the child file a lawsuit against his father? Can the wife sue her husband for the breach of the promise? Read the following case to find answers to the above questions.

*Balfour vs Balfour*¹ is a landmark judgement in the area of social agreement and explains whether that comes under the jurisdiction of the law of contracts. It is the case that gave birth to the theory of legal relationship and that is considered essential for the formation of a valid contract. It is one of the important cases in the law of contracts because it was the first case that dealt with the "doctrine of intention to create legal relationships".

CASE HISTORY

At first, Mrs. Balfour brought an action against Mr. Balfour in the King's Bench Division or Lower Court to enforce the contract and obtained the verdict in her favour. It was presided over by Justice Sargant. The lower court held that the husband was liable to pay her as he promised. Subsequently, Mr. Balfour wasn't satisfied with the Lower Court judgement and filed a suit in the Court of Appeal (civil division) against the judgement of the Lower Court.

FACTS OF THE CASE

A couple was residing in Ceylon (now Sri Lanka). Mr. Balfour was the Appellant and Mrs. Balfour was the Respondent. The Appellant was the Director of Irrigation under the Ceylon (Sri Lanka) government. During holidays Mr. Balfour and Mrs. Balfour went to England for a vacation in 1915. Unfortunately, while on vacation Mrs. Balfour contracted rheumatoid arthritis. Her doctor advised her to stay back in England because the climate in Ceylon was detrimental to her health. Mr Balfour's leave for vacation had expired so he had to return to

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¹ [1919] 2 K.B.571

his work. They agreed that Mrs. Balfour would remain in England until she recovered and Mr. Balfour would go back to Ceylon and send 30 pounds a month for maintenance until she returned to Ceylon. This implies that when they entered into an agreement their marriage was fine. Later, their marriage deteriorated; he stopped sending money to her and they got separated and were divorced. Mrs. Balfour filed a lawsuit against Mr. Balfour for non-payment of 30 pounds.

ISSUES INVOLVED

- Was the contract between the husband and wife valid?
- Whether Mr. Balfour intended to enter into a contract.
- Whether the agreement entered a valid contract.
- Whether the domestic agreements fall under the purview of the Law of Contracts.

ARGUMENTS OF THE APPELLANT

The agreement entered between Mr. Balfour and Mrs. Balfour was social and domestic in nature and he never had an intention to enter into contact. Hence, it was not a legal agreement and does not hold any legal enforcement.

ARGUMENTS OF THE RESPONDENT

The husband offered to pay 30 pounds a month during her stay in England and the wife agreed and stayed back. Hence, the Agreement entered was legally enforceable and Mr. Balfour was under obligation to provide maintenance to her.

RULE OF CONTRACT

To form a valid contract, it must satisfy the essential requirements of *Section 10 of the Indian Contract Act, 1872*.

- Intention to enter into a contract.
- Offer + Acceptance = promise.
- Consideration.

In this case, the husband offered 30 pounds to stay back in England to which the wife accepted and stayed back. But there was no intention to create a contract. Hence, the contract doesn't fall within the scope of contract Law.

JUDGEMENT

This case was decided by the Court of Appeal in 1919. LJ Warrington, LJ Duke, and LJ Atkin were the judges. As Evidence, Mrs. Balfour submitted the letters which were sent by Mr. Balfour before the court.

LJ Warrington questioned whether the agreement fulfills the requirements of a contract and whether it could be called a contract or a mere agreement. He added that the agreement did not take place in "Expressed terms". He concluded that the justice sargant's ruling was unacceptable and that an Appeal should be allowed.

LJ Atkin said that the agreement made in personal family relations cannot be called a contract. This agreement cannot be called a contract because the parties did not intend to enter into a legal contract. He also agreed that the Appeal should be allowed. He emphasised the importance of the doctrine of intention in creating legal relationships.

LJ Duke agreed with the opinion of both LJ Warrington as well as LJ Atkin.

The court ruled that the domestic agreements don't come under legal contracts. At the time of entering into the agreement, the parties had no intention to enter into a contract. It is essential that both parties must have the intention to create a contract. Generally when a husband and wife enter into an agreement they never intended to create a lawful contract. It is outside the purview of the Law of Contracts. The circumstances of the agreement determine whether the parties had the intention to create a contract. The court held in favour of Mr. Balfour saying it was a social and domestic agreement and it cannot be enforced.

CONCLUSION

The dispute between the husband and wife gave birth to the principle of intention to create a legal relationship to create a legally binding contract. *Balfour vs Balfour* is a landmark case that says social agreements Cannot be enforced under the Law of Contracts. It signifies the importance of the intention to create a legal relationship. The agreements made among the family members cannot be enforced in a court of law.

Initially, Mrs. Balfour had obtained the judgement in her favour in the Lower Court. Later, it was overturned by the Court of Appeal. The Court of Appeal ruled that the friendly promises made between the husband and wife in everyday life were just mere promises. In a nutshell, a social agreement cannot be called a contract.

