

Hello everyone,

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Today I will be discussing about Void agreements under Indian contract. The outline of this is, we will discuss about kinds of void agreements, exceptions, enforceability..

Learning outcome will be ( the students will be able to ) explaining the Void agreements and enforceability of the void agreements.

Now what is void agreement?

Agreements that are not enforceable by law are called as void agreements. It means you cannot go to the court and ask the other party to perform his part of obligation. Suppose, there is agreement between two parties. One party enters into an agreement which is void agreement, may be with a builder. Then, the customer cannot go to the court and tell the court to give him direction to perform because the agreement is void.

There are various void agreements

Trading with enemy.

Agreement for stifling prosecution.

Contracts in nature of champerty and maintenance

Agreement for sale of public office and titles.

Agreements in restraint of marriage.

Agreement in restraint of legal proceedings.

Agreements in restraint of trade.

And wagering agreements.

Now what is Trading with enemy agreement.

If an Indian citizen made an agreement with the citizen of a country that is at war with India, this agreement is void. This agreement is illegal on the ground of public policy. No Indian citizen can supply goods to another citizen of a country which is at war with India because it is against public policy.

Second one is agreement for Stifling Prosecution. if suppose , a criminal promises to pay rupees one lakh to a witness if he does not tell the court that he saw him committing the murder. This agreement is void.

It means. even suppose the criminal pays Rs. one lakh to the witness and witness does not say about it, then, the criminal cannot go to the court to recover his money. Your money will be lost. So you should not enter into void agreements which are stifling the case of the prosecution.

Next is about contracts in nature of Champerty and Maintenance. You cannot encourage unwholly litigation giving financial support for filing the case and then taking large sum of money from the party who has received

money from the other party. This is also invalid. The court will not search. Court will not allow such agreements.

Another kind of Void agreement is agreement for sale of public office and titles.

Suppose 'A' promises to pay Rs. 5 lakh if 'B' secures a man employment in government office. This agreement is void. It is not enforceable by law. It means that suppose you have given Five lakh rupees and if he does not pay you back or does not give the job then this agreement is invalid. You will lose the money.

Next is about agreement in Restraint of Marriage.

One point you should know here that if you enter into an agreement restraining the marriage of a minor, then such an agreement is valid. But, suppose we enter into an agreement for restraint of marriage of an adult then this agreement is invalid.

'B' pays one lakh rupees to 'C' because he agreed to marry 'A'.

This agreement is void. B cannot recover money if C marries 'A'. This is about void agreement because there is freedom of marriage, you cannot force a person to marry a particular person.

Agreement in Restraint of Legal Proceedings.

Nobody can make an agreement saying that we will not go to the court in case of dispute of business. Such an agreement is absolutely void. You can enter into agreement you put any terms, but if such a term is there which provides that parties cannot go to the court in case of dispute, then this agreement is also void. But an agreement for arbitration and conciliation is valid.

#### Agreement in Restraint of Trade.

Now, agreement of Restraint of trade means you cannot put a restraint in on any trade. There is freedom of trade in India. Now one of the parties agrees to close his business in consideration of payment of certain sum of money. This agreement is in the restraint of trade. For example, suppose, 'A' agrees to sell his shop to 'B' for ₹25,00,000. This agreement is valid. But, suppose, 'B' tells him that you don't do business throughout your life, I will pay you more ₹25,00,000. The second part of the agreement is invalid. The first part of the agreement is valid.

Then there are certain exceptions in case of agreement in restraint of trade, for example, Sale of Goodwill, Partners agreement, Service agreement.

Suppose, a company like Coca Cola sells its brand name to any other company. In this case, the agreement is valid. This agreement is not in restraint of trade because there is sale of goodwill.

Coca Cola Company cannot start products with brand name Coca Cola, because it has sold its goodwill.

Second is about partners agreement. If one partner retires. You can put some restrictions on the partner that he will not start or compete with the same business which he was engaged with. In such a case, this agreement is also valid and it is not a void agreement. You can put some restrictions on partners not to carry on same trade or compete with the previous partnership firm.

So these are void agreement exceptions. You can do these agreements, It is valid. It is not void.

Next is Wagering agreement.

What is the meaning of Wagering agreement ?

wagering agreement means money is payable on happening or non happening of a future uncertain event.

Suppose consideration is payable on happening or non -happening of a future uncertain event. Then, in that case the agreement is void..It is not enforceable by law.

Suppose 'X' says that if India wins, he will pay ₹10,000 to 'Y' and if Pakistan wins, 'Y' has to pay him ₹10,000. This is wagering agreement. This is gambling agreement. This is invalid. It is not enforceable by law. However, there are certain exceptions to wagering agreement. For example lottery tickets. casino

gambling, horse-racing and game of skills. These agreements are valid because they are made so valid by law.

Thank you.