Contracts: An Introduction

Contracts can be confusing to get your head around. This information sheet is an introduction to contract basics.

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A contract is a legally enforceable understanding between two or more persons or legal entities (the contracting parties). The essence of a contract is that it consists of an exchange of promises ("something for something") that is legally enforceable. The "something" can be money, services, property, rights… almost anything.

A 'contract' describes an agreement that meets the legal requirements to be enforced as binding on the parties by a court of law – offer, acceptance, consideration and intention (discussed in more detail below).

While 'agreement' is often used as a synonym for 'contract', some agreements are unenforceable because they lack an essential element to be a legally binding contract.

Throughout life you will enter into thousands of contracts without even realising it. For example: getting on a bus; buying ticket to attend a concert; subscribing to a pay TV service; or downloading music from iTunes, are activities that involve entering into a contract. The terms and conditions of the use of the service may simply be referred to on the back of the ticket, or may be a written agreement you are expected to sign, or you 'clickthru' a button on a website that has the legal effect that you are accepting terms and conditions – whether you choose to read or choose to ignore the terms and conditions. Read on to learn about the basics of contracts in the arts.

For more information see the Arts Law information sheet Contracts: a glossary of jargon and the Arts Law information sheet Contracts: getting it write/right for information on some contractual pitfalls, when terms are implied in contracts and the rectification of omissions of terms.

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