

DOCTRINE OF QUANTUM MERUIT UNDER INDIAN CONTRACT ACT

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Abstract

There is a risk of violation of the contract when parties enter into a contract and a breach of a contract will occur for several reasons. It is important that the remedies should either be rendered or should be issued by any Court in order for any violation of a contract to happen. From the five remedies available to the aggrieved party, one is a quantum meruit suit. A solution which is available under Indian contract law is Quantum meruit. The whole concept behind this solution is that the work they have done should be paid to a worthy party and another party should not be unjustly enriched by the former party's act. 'Quantum meruit' is a Latin word meaning 'what one has won.' So, what this essentially means is that the amount of work that is carried out should be accounted for by a person who deserves to be paid for his services. Applying this solution in a suit includes a detailed understanding of quantum meruit and its nature. Also, the usage of quantum meruit should be understood as to when and when this can be done or when the aggrieved party can use it. Under the Indian Contract Act, the concept is also incorporated. In this review paper the researcher will discuss the meaning; concept and relevant cases related to doctrine of the Quantum Meruit.

Keywords: Breach, Contract, Court, Indian Contract Act, Quantum meruit.

I. INTRODUCTION

The Quantum Meruit doctrine is rooted in common English law. Since the Indian Contract Act of 1872 itself is based on the principles of common English law, Indian law has found its place in this theory. In addition, in separate Indian cases, the judgements of the English courts have been used to explain this theory. In this section, by using judgments from English as well as Indian courts, we will address this doctrine in depth. In contract law, Quantum meruit can be defined as a remedy that compensates a party for a job they have done or services they have rendered to another party. This is a very rudimentary concept solely for description purposes [1]. Let's take a

very fundamental instance of saying that 'A' is an individual who agrees to fix 'B's vehicle. 'B' declines to take A's services halfway through. But the vehicle was 50 percent fixed already. Therefore, 'A' will file a claim against 'B' on quantum meruit to recover the fees for the work 'A' has done.

II. THEORY OF QUANTUM MERUIT

Quantum meruit covers situations in which someone gets a profit and nothing is earned by the other party. In contracts, this applies to the gain or enrichment earned by one party as a consequence of the conduct of the other party. In other words, it suggests that it is unjustly benefited by the other party that received the services and must return it to the party that offered the benefit [2]. For instance, the daughter is 'S' and the father is 'M'. They entered into an arrangement where, when he was ill, 'M' asked 'S' to provide medical treatment for him. In addition, 'M' decided not to write a will and agreed to give 'S' his assets after he dies in order to give her a fair portion of the services rendered. 'M' soon died, however, leaving all of his brother's estates and nothing for 'S'. Here 'M' was disproportionately enriched as he received the services, but 'S' received nothing in exchange. In this case, by claiming the remedy of quantum meruit, 'S' seeks to recover a portion of 'M's' assets. This theory is based on the premise that one party should be given recovery if they have not earned the benefit for the services they provided or have been unlawfully and unfairly enriched by another party. An unusual restitutionary solution is Quantum meruit. The key concept behind this theory is that a person who has done some work needs to be paid for that job. So, whether or not there is a legally enforceable contract doesn't matter. If a court of law feels that the services you rendered should be paid for, you will obtain benefits under quantum meruit.

A. Quantum meruit vis-à-vis quasi contract: -

A quasi-contract is nothing but an example where, while there is no legal contract, the conditions suggest the existence of a contract. Thus, quasi-contracts make a party bound to meet another party's needs. Quasi contracts, thus, are also known as tacit contracts. Therefore, a claim of quantum meruit is a type of quasi contract. Thus, even though there is no valid written contract between two parties, the aggrieved party can, on the basis of an inference in the agreement, file a quantum meruit lawsuit. To illustrate this point further, we have a case law [3].

In the case of William Lacey (Hounslow) Ltd v. Davis [4], the plaintiff filed a quantum meruit claim in this case in the absence of a formal agreement. The defendant alleged that quantum meruit was necessarily a contractual assertion and that the suit was frivolous as such. However, the court held that there was an implicit contract between the parties, i.e. under a quasi-contract, quantum meruit was valid.

B. Quantum meruit vis-à-vis Unjust enrichment: -

For individuals, it is very common to get confused between the two definitions. The purpose of preventing one party from executing the contract and the individual preventing the other from taking advantage of the services obtained without even paying for their values are discussed in both definitions. The distinction between the two principles is that if there is a failure to pay for the services, the unfair enrichment deals with problems, and quantum meruit deals with those problems where the fair or rational sum should be paid.

The service provider, i.e. the complainant, must show that the beneficiary of the services, i.e. the defendant agreed to the services rendered, knowing that he must pay the complainant for the services provided and that the defendant was wrongly enriched, which means that he got anything for nothing, in order to be successful in a quantum meruit suit. In simpler words, it suggests that he got but did not pay for the services in exchange, which was not the deal. In general, the amount provided in the quantum meruit suit, in particular where there is no written contract specifying the amount, is dependent on the fair market value for the services rendered [5].

C. Suit upon quantum meruit: -

1. Quantum Meruit is a quasi-contract assertion. In a breach of contract, the recourse to a party is the quantum meruit lawsuit. The quantum meruit lawsuit occurs when one party performs a part of a contract and then there is a breach of contract or the contract is discovered to be invalid or void. In the following cases, the aggrieved party may file a quantum meruit complaint and may demand reimbursement in proportion to work performed or products supplied:
2. Where the role of one party in the execution of a contract has been completed but the other party refuses to play its part. Or prevent the person from carrying out the contract.
3. Section 65 of the Indian Contract Act, 1872 addresses the situation where work has been performed in the execution of the contract, but it is later discovered that the contract is null or void.
4. If an individual enjoys the benefit of a non-free act (given or obtained without payment but where the party has been obliged to pay) despite the fact that there is no express agreement between the parties, the person who has enjoyed the benefit must reimburse the other party or recover the delivered object.
5. In such a case, a reasonable remuneration is due and what is a reasonable remuneration would be decided by the Court and this reasonable remuneration is the quantum meruit. Whether the contract is implied or communicated to provide services but there is no agreement with regard to remuneration. Under Section 70 of the Indian Contract Act, 1872, this idea is clarified [6].
6. If the contract is divisible and a contracting party has done its part, other parties that have not performed for quantum meruit will be sued.

This rule also applies to a person who claims to be quantum meruit and is himself guilty of violation of the contract, but for that reason the following two conditions should be met: -

1. The contract has to be divisible.
2. While he had the option of refusing it, the other party would have enjoyed the advantage of the portion that was carried out.

If the contract is indivisible and done in a bad way, the party can demand a lump sum amount by default and can decrease the amount of the bad work performed if the following conditions are met: -

1. The contract should be indivisible,
2. For a lump sum, the deal should be
3. The contract should be fully enforced and,
4. The contract was poorly executed.

D. Relevant Judicial Pronouncement: -

1. In the case of the State of Madras vs Gannon Dunkerley & Co. the court explained, commenting on section 65, that a claim for damages is compatible with the claim of quantum meruit [7]. In order to determine the compensation, the supplied material serves as a component. So, we see that the courts have not made any distinction between damages and the quantum meruit solution in the Indian sense.
2. In the case of the M/s. Alopi Parshad & Sons Ltd. v. The Union of India [8] The court held that claims for quantum meruit are applicable only if the price is not specified in a contract. If a certain price is stated in a contract as compensation for the violation of the contract, then only that amount is payable as compensation.
3. In the case of Mulamchand v. State of M.P. the court held that arguments cannot be made under article 70 on the basis of an enforceable contract [9][10]. The court clarified that the principle behind section 70 of compensation is that of quasi-contracts or restitution.

III. CONCLUSION

It is obvious, after a careful review of the remedy of quantum meruit, that the law demands that it be fair and rational. The principle encourages the equality of the parties and seeks to ensure that if a person performs a service or a good, then if that person receives nothing, he should obtain the benefit of the contract and in corollary, then that person may use the remedy by filing a quantum meruit lawsuit. A useful solution is Quantum meruit, if one knows how to use it correctly. In India, as we noted in the MTNL vs. Tata Communications case, the doctrine has not been exercised by the courts in the "pure sense" And maybe this Indian court idiosyncrasy is for the good because it creates an obligation for individuals to write well-thought-out contracts. Legal scholars in India, however, want the Hon'ble Court to amend its stance in order to eventually allow reimbursement above the price set out in a contract. People should draw up their contracts in such a way that the

amount stipulated is always equal to or greater than the resulting quantum meruit demand for liquidated damages. Think this way, in India, fines are always set aside for breach of contract and only fair damages are given as relief. So, a carefully planned contract will save time and money for the executors.

IV. REFERENCES

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