

CONTRACT

Agreement – Breach of contract – Letter of quotation – Letter of award – Letter of acceptance – Whether there was a valid binding contract – Whether there was a breach of such contract

Percetakan Kolombong Ria Sdn Bhd v Wawasan Iktisas Sdn Bhd

[2016] 6 MLJ 584, Court of Appeal

Facts Based on a letter of quotation provided by the appellant (a printing company), the respondent (a private company), by a letter of award (“letter of award”), awarded the appellant the contract for the printing and supply of parking coupons (“the coupons”) for a period of two years, subject to certain terms and conditions¹. The appellant accepted (“letter of acceptance”) the letter of award and executed the ‘agreement to print and supply’ (“the agreement”). The respondent however did not sign the agreement, and failed to accept delivery, failed to order the coupons as agreed, and failed to pay the costs for the change of design of the coupons which had already been printed in large quantities by the appellant. The appellant commenced an action for breach of contract. The High Court dismissed the appellant’s claim. The appellant appealed.

Issue The main issue was whether there was a valid binding contract between the appellant and the respondent in respect of the printing and supply of the coupons.

Held In allowing the appeal, the Court of Appeal held that the letter of quotation, letter of award, and the letter of acceptance showed the intention of both parties to have a valid binding contract in the absence of a formal agreement. Thus, it was held that the respondent had breached the contractual obligation to accept delivery of or to order the estimated volume of coupons from the appellant as agreed in the contract.

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¹ “...Until a formal contract is executed, your letter of quotation and this letter of award shall form a binding contract between us.”