

PROMISSORY ESTOPPEL UNDER CONTRACT LAW. IT'S APPLICATION IN MALAYSIA

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PREFACE

PROMISSORY ESTOPPEL UNDER CONTRACT LAW  
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In Malaysia, contract law is governed by the Contracts Act 1950. In other words the transaction regarding contract law is covered by statutory provisions.

The doctrine of promissory estoppel has been introduced by the judge to fulfill the loophole in the contract law. In brief law of equity has been given to help the innocent party from being injured by contract statute. Since our contract law is governed by the contract act, the issue raises whether promissory estoppel can apply in Malaysia. This project paper aim to discuss the promissory estoppel under contract law and it's application in Malaysia.

Under the contract law the doctrine of promissory estoppel is being discuss under consideration. This project paper is being divided into parts viz part one concern the doctrine of promissory estoppel itself under contract law and part two concern with the application of doctrine promissory estoppel in Malaysia.

In Part One of the project paper, the discussion will be based on the historical, definition and promissory estoppel under contract law. It will also include comparative aspect from different point of view regarding the doctrine of promissory estoppel.

In Part Two of the project paper, the discussion will be based on the application in Malaysia. Although Malaysia Contract Law is governed by the Contracts Act 1950, we can still apply equity under common law for promissory estoppel. Common law can be apply in Malaysia by virtue of section 5 of Civil Law Act 1950. Under Part Two of this project paper there will be discussion base on Judges decision and how the doctrine promissory estoppel apply in Malaysia.

## CHAPTER ONE

### INTRODUCTION

1. The law of contract can be described on that branch of the law which determines the circumstances in which a promise shall be legally binding on the person making it. A contract is also an agreement enforceable at law. Contract is a species off an agreement whereby a legal obligation is constituted and define between the parties to it.<sup>1</sup>

In the American Restatement of the law of contract defines a contract as a promise or set of promises for the breach of which the law gives a remedy, or the performance of which the law in some way recognises it as a duty.<sup>2</sup>

The word 'contract' in a legal sense, is an agreement that is legally binding between the parties as stated under section 2(b) Malaysian Contract Act 1950.

"An agreement enforceable by law is a contract" Thus, all contracts must be built upon an agreement although not all agreements are automatically contracts. Most contracts take the form of an agreement, that is each party agrees to accept the promise or promises made by himself.