

11 Introduction to the law of contract

Here is a brief summary of the law of contract. Complete the texts using the words in the box.

agreement breach capacity consideration damages fraud
illegal obligation oral performance property signed terms

What is a contract?

It is an agreement that creates a binding (1) obligation upon the parties. The essentials of a contract are as follows: mutual (2) _____; a legal (3) _____, which in most instances need not be financial; parties who have legal (4) _____ to make a contract; absence of (5) _____ or duress; and a subject matter that is not (6) _____ or against public policy.

What form does a contract take?

In general, contracts may be either (7) _____ or written. Certain types of contracts, however, in order to be enforceable, must be written and (8) _____. These include contracts involving the sale and transfer of (9) _____.

How does a contract end?

In case of a (10) _____ of contract, the injured party may go to court to sue for financial compensation (or (11) _____), or for rescission, for injunction, or for specific performance if financial compensation would not compensate for the breach. Specific (12) _____ of a contract is the right by one contracting party to have the other contracting party perform the contract according to the precise (13) _____ agreed.