

Unit: 05 Breach

* Failure of parties to perform their duties.

Types of Breach:-

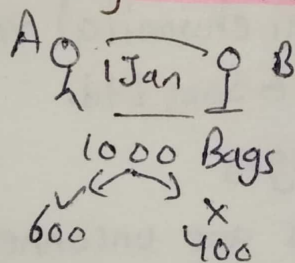
A) Actual breach:- Breach on due date

B) Anticipatory breach:- Before due date, it may be express or implied.

Sec: 39 Effect of anticipatory breach

- ① Rescind Contract immediately
- ② Consider operative till due date.

C) During Performance



Remedies for Breach [Sec. 73-75]

- ① Rescission (cancellation)
- ② Suit for Damages (Monetary)
Sec: 73 (compensation)

Types of Damages

• General/Ordinary damages

Difference between \rightarrow Market Price - Contract Price.

• Special Damages: (profit of second stage). claimable only if communicated in adv.

Exemplary/Vindictive/ Punitive damage.

- loss of Goodwill on.
- Mental Shock Suffered due to breach (Marriage).

Damage for deterioration caused by Delay.

In case of Perishable goods & loss opportunity for sale.

Pre-fixed Damages

- Liquidated damage is a genuine pre-estimate of compensation of damages
- Penalty is an extravagant amount and is clearly unconscionable.

Case law: Shri chunnilal v/s Mehta & Sons Ltd.

Remote Damages

These damages are unconnected to the contract & baseless

Case law: Hadley vs Baxendale

Nominal Damages

When party does not suffer actual damage.

3) Suit for Special performance.

Not granted when:-

- When monetary compensation is adequate relief.
- Contract is of personal nature.
- When it is not possible for court to supervise.

- When the contract is made by a company beyond its powers.
- When one of the party is minor.

4) Suit for injunction:-

Where a party to a contract is violating the terms of a contract, the court may issue injunction order, restrain him from doing what he promised not to do. Eg. film star.

5) Suit upon Quantum Meruit.

Quantum Meruit means as much as is earned (if separable) - when further performance impossible - can claim payment for work he already done.

Unit-06 Contingent & Quasi-Contracts

Sec: 31 Contingent Contract

it is one which is dependent on the happening or non-happening of a future uncertain event.

eg: Insurance/guarantee/Indemnity.

Features:-

1. Depend on future event
2. Event is uncertain - May or May not Happen.
3. Beyond Control of any party
4. Contract is Beneficial for Both parties
5. No Element of winning or losing.

Rule-1: A Contract dependent on happening of a future event; Becomes **VOID**, if the event becomes impossible.

Rule-2: A contract dependent on non-happening of event; can be enforced if event does not happen.

Rule-3: Contingent on an impossible event are **VOID**, whether that impossibility is known or not.