

Exercise 1

Read the page from the statute, *Contracts (Rights of Third Parties) Act 1999*, on the previous page. Some of the words and expressions used in the statute are explained below to help you.

a contract provision is a term contained in a contract.

a third party to a contract is a person who has not signed the contract but may be affected by it.

to enforce a term is to make sure that the term is obeyed.

to expressly confer a right or a benefit upon someone is to write in a contract that a person definitely has that right or benefit.

the construction of a contract is the interpretation of it. The verb is to construe, meaning to interpret.

an enforceable term or an enforceable contract is a term or a contract that a court will recognise as valid and will give a solution,

known as a remedy, to the injured party if the term or contract is breached.

to be a member of a class is to be a member of an identifiable group of people.

a remedy for breach of contract is a solution provided to an injured party in cases of breach. It is sometimes called 'relief'. The remedy is usually damages but there are other solutions, or relief, available at the discretion of the court.

an injunction is a court order that orders the party in breach to stop behaving in a way that breaches the contract. It is generally an order to stop doing something.

specific performance is an order from the court that obliges the party in breach to do what they promised to do under the terms of the contract.

Match each explanation below with the correct subsection of the statute. The statute has five subsections, which are clearly numbered 1–5.

- a** This subsection says that a third party may not enforce a right if a correct interpretation of the contract concludes that the parties did not actually intend that the third party should be able to enforce that right.

This describes subsection _____

- b** This subsection says that the third party who wishes to enforce a right must be clearly named in the contract or be a member of a group of people that is clearly named in the contract. This section also says that the third party does not need to exist at the time the contract is made. This gives rights to third parties such as unborn children or future husbands or wives of the contracting parties.

This describes subsection _____

- c** This subsection says that a third party can enforce a right if the contract clearly states that he or she may do so. This section also says that if a contract term clearly gives a benefit to a third party, then he or she can enforce that term.

This describes subsection _____

- d** This subsection says that if a term is enforced the court can give the third party any of the usual remedies available to any person who brings a claim for breach of contract. This section also says that the normal rules of law that apply to remedies will apply in the normal way to third party claims.

This describes subsection _____

- e** This subsection says that if a third party wishes to enforce a contract term he or she can only do so subject to any other term in the contract that is relevant. This means that the parties to the contract can limit or place conditions on the third party's right. There may be another term, for example, that says that any dispute must be resolved by mediation. The third party would have to comply with this term when enforcing his or her right.

This describes subsection _____